



GAUTENG PROVINCIAL GOVERNMENT **SOCIO-ECONOMIC REVIEW AND OUTLOOK 2012**



GAUTENG PROVINCE
FINANCE
REPUBLIC OF SOUTH AFRICA

SOCIO-ECONOMIC REVIEW AND OUTLOOK 2012

Gauteng Provincial Government



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MEC: Finance

Foreword

It is an honour to present the annual Gauteng Socio-Economic Review and Outlook (SERO). This year, 2012, is the fifth year in which the SERO has been published. The publication analyses the province in terms of a number of economic and social variables. It seeks to inform the public and other stakeholders about the current state and future expectations of the province, and is a valuable resource for the consideration of policy options. The SERO 2012 examines Gauteng's economy and, more importantly, the effect which the economy and the policies of government have on the citizens of the province.

This edition of the SERO begins by considering the goals set by national government as they relate to Gauteng. Attention is given to such targets as the New Growth Path and the Millennium Development Goals.

Thus far, 2012 has seen the world's economic recovery gradually picking up, though it has been threatened by the sovereign debt crisis in the Euro-zone. The forecasts for South Africa and the province are cautiously optimistic. While global events have the potential to affect the economy adversely, there is still every possibility that the crisis will be averted before serious harm is done.

In his previous State of the Nation Address, President Jacob Zuma declared 2011 the year of job creation. In this year's address, the President highlighted that 365,000 people became employed in 2011 and that all of these jobs were in the formal sector. Looking to the future, government has developed a beneficiation strategy which aims to identify opportunities in sectors of the South African minerals industry currently substantially neglected. Government also intends to establish a Durban - Free State - Gauteng logistics and industrial corridor to improve the movement of goods between the major economic centres of Gauteng and Durban/Pinetown. This will enhance export capacity through the ports of Durban and Richards Bay.

In her 2012 State of the Province Address, Gauteng Premier Honourable Nomvula Mokonyane outlined government's achievements. By December 2011, the Gauteng Provincial Government had enabled the creation of 281,686 jobs, exceeding the target of 229,904 set for March 2012. The province was also successful in the delivery of education, with access to schooling improved for learners in both primary and secondary schools. The Premier has assured the citizens of Gauteng that in the year ahead government will be focusing on accelerating delivery through concrete programmes.

To conclude, I wish to thank the Head of Department for Finance, Mr Stewart Lumka, and the Head of Treasury Division, Ms Nomfundo Tshabalala, for their diligence in ensuring the successful completion of this publication, and the core project team for their efforts.

Mandla Nkomfe
MEC: Finance

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List of Abbreviations

AEI	Adcorp Employment Index
ANA	Annual National Assessment
ART	Antiretroviral Therapy
ARV	Antiretroviral
ASGISA	Accelerated and Shared Growth Initiative for South Africa
ASSA	Actuarial Society of South Africa
ATM	Automated Teller Machine
BBBEE	Broad Based Black Economic Empowerment
BER	Bureau for Economic Research
BRICS	Brazil, Russia, India, China and South Africa
BUR	Bed Utilisation Rate
BWASA	Business Women Association of South Africa
CEO	Chief Executive Officer
CGE	Commission for Gender Equality
CHC	Community Health Centre
CIA	Central Intelligence Agency
CO ₂	Carbon Dioxide
CoJ	City of Johannesburg
COP 17	17 th Conference of the Parties
CoT	City of Tshwane
CSG	Child Support Grant
DHB	District Health Barometer
DWA	Department of Water Affairs
EC	Eastern Cape
EPWP	Expanded Public Works Programme
ESR	Educator School Ratio
ESSA	Economic Society of South Africa
FFC	Financial and Fiscal Commission
FIFA	Fédération Internationale de Football Association
FS	Free State
G2055	Gauteng Vision 2055
GCRO	Gauteng City Region Observatory
GDF	Gauteng Department of Finance
GDHSD	Gauteng Department of Health and Social Development
GDP	Gross Domestic Product
GDP-R	Gross Domestic Product by Region
GEAR	Growth, Employment and Redistribution
GEGDS	Gauteng Employment Growth and Development Strategy
GER	Gross Enrolment Ratio
GHS	General Household Survey
GIPF	Gauteng Industrial Policy Framework
GP	Gauteng
GPC	Gauteng Planning Commission
GPG	Gauteng Provincial Government
GPI	Gender Parity Index
GVA	Gross Value Added
HCFC	Hydro-Chlorofluorocarbon
HDI	Human Development Index
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HSRC	Human Sciences Research Council

ICT	Information and Communications Technology
IDZ	Industrial Development Zone
IEB	Independent Examination Board
IED	Integrated Early Development
IHD	Ischemic Heart Disease
ILO	International Labour Organisation
IMF	International Monetary Fund
IPAP	Industrial Policy Action Plan
JSE	Johannesburg Stock Exchange
Km ²	Square Kilometres
KZN	KwaZulu-Natal
LER	Learner Educator Ratio
LP	Limpopo
LSM	Living Standard Measure
LSR	Learner School Ratio
MD	Managing Director
MDG	Millennium Development Goal
MDGR	Millennium Development Goal Report
MET	Metsweding
Metro	Metropolitan
MMR	Maternal Mortality Ratio
MP	Mpumalanga
MRC	Medical Research Council
NC	Northern Cape
NDP	National Development Plan
NEA	Not Economically Active
NGP	New Growth Path
NHI	National Health Insurance
NPC	National Planning Commission
NSC	National Senior Certificate
NSSF	National Social Security Fund
NW	North West
OAG	Old Age Grant
PHC	Primary Health Care
PMI	Purchasing Managers Index
PoA	Programme of Action
PRB	Population Reference Bureau
PTB	Positive Pulmonary Tuberculosis
QLFS	Quarterly Labour Force Survey
RDP	Reconstruction and Development Programme
S&P	Standard & Poor's
SAARF	South African Advertising Research Foundation
SADC	Southern African Development Community
SANAC	South African National AIDS Council
SARB	South African Reserve Bank
SASSA	South African Social Security Agency
SERO	Socio-Economic Review and Outlook
SME	Small and Medium Enterprise
SoNA	State of the Nation Address
SoPA	State of the Province Address
SSA	Sub-Saharan Africa
Stats SA	Statistics South Africa
STI	Sexually Transmitted Infection
STP	Service Transformation Plan
T&C	Transfer & Compatibility

TB	Tuberculosis
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations' Population Fund
USA	United States of America
VAS	Volunteer Activity Survey
VR	Volunteer Rate
WC	Western Cape
WEO	World Economic Outlook
WHO	World Health Organisation
WVG	War Veterans Grant
Y-o-Y	Year-on-Year

Executive Summary

This is the fifth Socio-Economic Review and Outlook (SERO) published by the Treasury Division of the Gauteng Department of Finance. The purpose of the SERO is to provide a detailed analysis of the socio-economic indicators affecting the quality of life of the people of the province. The publication is therefore a tool for determining the potential for and constraints to economic development. It also helps to inform government on areas that need attention with respect to service delivery. After an initial overview of national and provincial strategies, the publication looks in depth at demographic profiles, economic performance, labour markets, access to service delivery and the status of human development in the province.

Chapter One deals first with three national strategies: the New Growth Path (NGP), the National Development Plan (NDP) and the National Health Insurance (NHI) plan. This is followed by reviews of the Gauteng Programme of Action (PoA) for 2009-2014 and of progress made on the Millennium Development Goals (MDGs) by the country and the province.

The NGP is a strategy that focuses on ways in which economic growth can be linked to job creation, and aims to create five million jobs by 2020. To achieve this, it has identified five job drivers which the government should invest in. These are infrastructure development, the main labour-intensive economic sectors, potential new (green) economies, social capital and spatial development.

The NDP is a long-term development strategy presented by the National Planning Commission (NPC) in November 2011. Its long term vision is to address poverty and inequality. Its main targets include the creation of 11 million jobs by 2030; and improving the education system through improved education infrastructure, educator training and access to education. About R300 million has been set aside to build two new universities in the country. The NDP endorses spatial development that meaningfully integrates the poor into the economy by constructing housing near places of employment and improving public transport for those who have to travel to work.

The purpose of the NHI is to provide access to quality health care for all South Africans. The government plans to do this by improving the public health care system as well as by providing access to private health care for those who need but cannot afford it.

The chapter also reviews the Gauteng PoA that outlines seven strategic priorities to be pursued by the Gauteng Provincial Government (GPG). These are: creating decent work opportunities and building an inclusive and equitable provincial economy; promoting the quality of education and skills development; better healthcare for all; stimulating rural development and food security; intensifying the fight against crime and corruption; building cohesive and sustainable communities; and strengthening good governance and the developmental state. Progress made on the priorities during 2011 includes the creation of 281,686 jobs, building new schools, increased roll out of Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) treatment, construction and maintenance of national and regional roads and setting up the Gauteng Planning Commission (GPC).

South Africa has adopted eight MDGs, which include eradicating extreme poverty, universal access to primary education and forming global partnerships for development. All are connected to the socio-economic well being of the population. The country and the province have met some of the goals. However, the gap between the present situation and the achievement of the health related goals is large and concerning. These goals include reducing child mortality, improving maternal health, and combating HIV/AIDS, tuberculosis (TB), malaria and other diseases.

The demographic information in Chapter Two provides the context for the discussions in the other chapters of the publication. The first section of the chapter analyses the national population profile in the global context. This is followed by a comprehensive analysis of the provincial demographic profile, and a brief focus on the social

profiles of the vulnerable population groups of children, youth, women and the elderly in the country and the province.

By late 2011, the global population had grown to over 7 billion people, from 6 billion in 1999. It is growing by approximately 83 million per annum, with the fastest growth rates in less developed countries including Sub-Saharan Africa. The Statistics South Africa (Stats SA) Mid-Year Population Estimates for 2011 revealed that the country's population is 50.587 million, or 0.72 percent of the global total. At 79.5 per cent, by far the largest numbers of South Africa's people are in the Black population group. Black females make up 41 percent of the total and Black males 38.5 percent.

Since 2003, Gauteng has been the country's most populous province, overtaking KwaZulu-Natal. About 22.4 percent of the country's population, or 11.328 million people, live in the province. The City of Johannesburg (CoJ) has the largest population share of the province, at 34.3 percent or 3.884 million people. This is followed by Ekurhuleni at 26.8 percent and the City of Tshwane (CoT) at 23.2 percent. The incorporation of Metsweding into the CoT has increased the population of this metro by 221,244 people, or by 9 percent. There was a net inflow of 367,076 people into Gauteng between 2006 and 2011; this in-migration places pressure on the resources of the province. HIV/AIDS reduces life expectancy, and this also has an impact on the province. HIV prevalence is highest among females in the Black population group between the ages of 25 and 29.

The chapter focuses on the demographic profiles of children, youth and elderly people as they are vulnerable members of society. Children made up about 30 percent of the provincial population, or 3.357 million, in 2010. Of these children, 24.5 percent were living in households with food shortages. Stats SA's Social Profile publication (2002-2010) shows a high percentage of youth and children living with skip-generations (living with grandparents) in 2010. Households headed by females have higher levels of poverty than those headed by males, and people living in female-headed households are therefore more vulnerable. The percentage of female-headed households is lower in Gauteng and the Western Cape than in the more rural provinces. The elderly are particularly vulnerable and burdened due to the pre-1994 government policies that did not provide adequate education, employment and socio-economic opportunities; many are therefore entrenched in extreme poverty. The opportunity to accumulate savings for retirement has already passed them by, thus making assistance necessary.

Chapter Three begins with an overview of the world economy. It then focuses on the South African economy, followed by a more detailed analysis of that of the province. South Africa was pulled into recession with the rest of the world in 2009, with a Gross Domestic Product (GDP) growth rate of negative 1.7 percent; this turned around, in 2010, to 2.9 percent growth. Gauteng followed the country's trends. In 2012, forecasts for world output remain comparatively optimistic, although this is somewhat threatened by debt crises in the advanced economies and particularly in the Euro-zone. The 2012 National Budget speech indicates that government is prepared for this crisis and forecasts that it will be less harmful to South Africa than was the previous one.

The expectations for South Africa's economy are largely optimistic. Both business and consumer confidence are rising, and the International Monetary Fund (IMF) forecasts growth in the country's GDP. Increasing cash withdrawals and retail sales are indications of improving consumer confidence, while a rising Purchasing Managers' Index (PMI) points to the same for business confidence. A particularly welcome sign is the increase in the PMI's leading indicator, as it implies the possibility of a rise in employment in the manufacturing sub-sector for 2012. In his 2012 National Budget speech, Finance Minister Pravin Gordhan stated his expectation that South Africa's GDP growth rate would fall to 2.7 percent in 2012 but that it would recover to 3.6 percent in 2013 and to 4.2 percent in 2014.

Gauteng remains the province that makes the highest contribution to South Africa's GDP, contributing more than a third of the total. The sub-sectors of government, personal & social services, and finance & business services, make the largest contributions to the economy of the province, at 22.9 and 21.6 percent respectively in 2010. In the short term, government's expansion of infrastructure, mentioned in both the 2012 Budget speech and the Gauteng State of Province Address (SoPA), should increase the share of the economy accounted for by the secondary sector's construction sub-sector. In the longer term, new and upgraded infrastructure will benefit all sectors of the economy.

Gauteng is becoming an increasingly modern economy, with the tertiary sector replacing the primary sector. The tertiary sector contributed 71.1 percent of the province's Gross Domestic Product by Region (GDP-R) in 2010, compared with 4.1 percent from the primary sector. Not only in Gauteng's metropolitan municipalities (metros) but also in the province's district municipalities (districts) the role of the tertiary sector is growing. The metros, however, make far larger contributions to the province's GDP-R than do the districts. The CoJ made the largest single contribution, at R307.4 billion in 2010.

Chapter Four analyses the performance of the labour market nationally, and in Gauteng and its municipalities. It breaks down employment by variables such as gender and level of education. The chapter also discusses the position of women in the workplace, volunteer work and unemployment. The country's labour force decreased by 0.1 percent in the fourth quarter of 2011, to 17.7 million; that of the province fell by 0.4 percent in the same period. At 2.5 million, the CoJ had the largest labour force amongst the municipalities, with CoT at 1.3 million and Ekurhuleni at 1.3 million.

The government is the largest employer in the province, although this has declined over the years. Employment in the government, social & personal services sub-sector accounted for 27.2 percent of the provincial total in 2001, but 25 percent in 2010. The finance & business services sub-sector is the second highest employer in the province and accounted for 23.3 percent in 2001 and 24.2 percent in 2010. Employment figures by occupation and gender indicate that in the fourth quarter of 2011 more females than males worked as clerks, domestic workers, professionals and technicians & associated professionals.

On the question of education, about 30.6 percent of employed females and 29 percent of males had attained Grades 8 to 11 in 2010. By contrast, only 10.9 percent of employed females, compared with 11.2 percent of males, had a formal tertiary qualification, suggesting a shortage of skills in the province. With the exception of the West Rand, employment in the primary sector has been decreasing in all municipalities, with the lowest shares of employment being in agriculture, forestry & fishing and mining & quarrying. The highest share of employment in the CoJ was in the finance & business services sub-sector. In both the CoT and Ekurhuleni, employment was dominated by government, social & personal services, at 28.2 and 24.2 percent respectively. At 21.5 percent, the mining & quarrying sub-sector accounted for the highest share of employment in the West Rand, and in Sedibeng the highest share, at 21.5 percent, was in the manufacturing sub-sector.

Gender inequality in the workplace remains a challenge for the country. According to the Commission for Gender Equality (CGE), South African companies are performing poorly on issues of gender transformation. Among Johannesburg Stock Exchange (JSE) listed companies, around 95.6 percent of CEOs & MDs were male and approximately 4.4 percent female. There were more males than females in senior management positions in government, at 65 percent and 35 percent respectively in 2011.

Until recently, little has been done to measure volunteer work in South Africa. Stats SA has produced its first Volunteer Activities Survey (VAS) for 2010. The volunteer rate (VR) by gender shows that more females than males participated in volunteer work, with 4.7 percent of females and 2.5 percent of males in Gauteng doing so. The growth rate in informal employment shows an improvement after being negatively affected by the recession. At 46.1 percent, the wholesale & retail trade sub-sector accounted for the highest share of informal employment in 2010.

Analysis of unemployment shows that new entrants to the labour market make up the largest percentage of the unemployed. At the national level, Mpumalanga had the highest unemployment rate, with females at 32 percent and 25.4 percent males in 2010. In Gauteng in the same year, the female unemployment rate was 31.7 percent and the male rate 23.1 percent. Sedibeng district had the highest unemployment rate in 2010, at 41.1 percent, followed by Ekurhuleni and the West Rand at 31.1 percent and 24.6 percent respectively.

Chapter Five details the access to services enjoyed by the citizens of South Africa and Gauteng. In her 2012 SoPA, Premier stated that the 2012/13 financial year would be primarily focussed on accelerating service delivery. The province has one of the lower learner-to-educator ratios in the country and the highest educator-to-school ratio. In the 2011 Annual National Assessment, Gauteng's learners scored an average of 35 percent for Grade 3 and for Grade 6 in literacy. For numeracy, Grade 3 scored 30 percent and Grade 6 scored 37 percent.

The chapter shows that nearly half of the country's private school population, or 46.7 percent, is to be found in Gauteng.

The largest share of the province's households live in a formal or better dwelling and this share is increasing. However, in the CoT and the West Rand the share of households in informal dwellings has risen. With regard to health care, the province has 11 district hospitals with an estimated 2,063 usable hospital beds between them. The SoPA states that there has been a major breakthrough in reducing childhood mortality due to the introduction of two new vaccines against pneumococcal diseases and rotavirus diarrhoea.

The percentage of households with access to piped water at or above the Reconstruction and Development Programme (RDP) minimum standard is larger in Gauteng, at 92 percent in 2010, than in the country as a whole, at 79.4 percent in the same year. At 88.1 percent in 2010, the share of households in the province with access to a hygienic toilet is also larger than that of the country, at 65 percent. Provincially and nationally, these percentages are improving over time, as the bucket system is further eradicated and some sort of toilet facility is provided to those who have none. At the municipal level, the CoJ had the largest share of households with access to a hygienic toilet, at 92.9 percent in 2010. The Sedibeng Regional Sanitation Scheme, mentioned in the SoPA, will expand the capacity of two treatment plants in the district. Approximately 88 percent of households in the province had access to formal refuse removal in 2010, with the national percentage significantly lower at 61.4 percent. The CoJ had the highest proportion of households with weekly local authority refuse removal. The Sedibeng district had the highest proportion of households with no refuse removal.

One area of service delivery where Gauteng is not among the leading provinces is access to electricity. In 2010, 82.1 percent of households in the province had an electricity connection, down from 83.5 percent in 2001. Sedibeng was the municipality with the highest percentage of households with electrical connections in 2010, at 91.4 percent; the lowest was the West Rand, at 77 percent.

Chapter Six assesses human development in terms of the Human Development Index (HDI), the percentage of people living in poverty, income inequality, and the literacy rate. These four development indicators are configured into a 'development diamond', where the larger diamond signifies a lower level of development. The Gini coefficient is used to measure income inequality. Gauteng's development diamond was smaller than that of the country in 2010, with an HDI of 0.66, a Gini coefficient of 0.63, a poverty rate of 56 percent and a literacy rate of 85 percent. Amongst the population groups, the Black population had the largest development diamond, which means the lowest level of development. The White population had the highest level of development.

The province's poverty rate decreased from 30 percent in 2001 to 29 percent in 2005 and to 26 percent in 2010. Sedibeng had the highest poverty rate over the reviewed period, although this also has been declining. CoJ and CoT had the lowest poverty rates, at 22 percent for both in 2010. The poverty gap, which is the amount of money that would be required to pull all poor households out of poverty, increased from R2.9 billion in 2001 to R5.9 billion in 2010. The largest amount was that required to pull poor Black households out of poverty. The Black population group was the only one where the largest share of households had an annual average income of between R30,000 and R42,000. Whites, Coloureds and Asians had a larger share of their populations with incomes between R192,000 and R360,000.

At 24.7 percent, KwaZulu-Natal was the province with the highest number of social grant beneficiaries in 2011. Only 9 percent of households in Gauteng were dependent on social grants as their main source of income. In Limpopo, by contrast, for 33.1 percent of households these grants were the main source of income in 2010. Education levels have been improving in the country and in the province. In Gauteng, the share of people with no schooling decreased from 15 percent in 2005 to 13 percent in 2010, while the share of those who had completed matric increased from 20 to 24 percent. The proportion of the population in the lower living standard measure (LSM) categories (LSM 1 to 3) declined between 2006 and 2010, matched by an increase in the share of households in the LSM 4 to 6 categories. In Gauteng in 2011, 27 percent of the population were in LSM 6 and none in LSM 1.

Chapter 1: Review of Strategies and Goals for South Africa and Gauteng

1.1 Introduction

This chapter describes the strategies and goals by which government seeks to address socio-economic conditions in South Africa and Gauteng. It presents three national strategies with the potential to affect the socio-economic landscape in South Africa positively. These are the New Growth Path (NGP) which seeks to unlock growth linked to job creation, the National Health Insurance (NHI) plan aimed at providing universal access to quality health care, and the National Development Plan (NDP) which focuses on eliminating poverty and reducing inequality.

The chapter also discusses the Programme of Action (PoA) for Gauteng that was adopted for 2009-2014, and reviews progress that has been achieved to date. This PoA was drafted after the current administration was mandated to govern in the elections of 2009. It therefore encapsulates the plan of action of the Gauteng Provincial Government (GPG) for addressing socio-economic challenges within the province.

South Africa is a signatory to the Millennium Development Goals¹ (MDGs) as declared by the United Nations' (UN) General Assembly in 2000. The country adopted eight of these goals. This chapter looks at progress made by the country and the province in relation to the MDGs.

1.2 National Strategies

The NGP is the economic strategy to be followed and promoted by the South African government. Government anticipates working with the private sector to ensure that the goals of the NGP are met. Major strategies by which the government has steered economic growth since 1994 include the Reconstruction and Development Programme² (RDP), the Growth, Employment and Redistribution (GEAR) strategy³, the Accelerated and Shared Growth Initiative for South Africa⁴ (ASGISA) and currently the NGP. The RDP, initiated in 1994, promulgated equality as the basis for development, with the equitable distribution of national wealth seen as a precondition for economic and social development. The objectives of GEAR, launched in 1996, were similar to those of the RDP, and it sought to fast track economic growth, employment creation and the redistribution of wealth. Its targets included an average economic growth rate of 4.2 percent between 1996 and 2000, an inflation rate of 8.2 percent and a fiscal budget deficit of 3.7 percent of Gross Domestic Product (GDP). The actual average economic growth rate was only 2.5 percent while average inflation was lower than expected, at 6.7 percent. The budget deficit was close to the target, at 3.74 percent⁵ of GDP. Employment was to be a by-product of the successful achievement of these targets; however, this did not happen to the extent that had been anticipated.⁶

ASGISA was launched in 2006, with the aims of halving unemployment by 2014 by stimulating economic growth, and reaching a growth rate of more than 4.5 percent between 2004 and 2009. A 6 percent growth rate was targeted in the second phase from 2010 to 2014. Until 2008, ASGISA's economic growth targets appeared to be on track, with GDP growth between 2004 and 2007 averaging 5.4 percent. However, this fell to 3.6 percent in 2008, the year in which the world economy was hit by the global financial crisis. Statistics South Africa (Stats SA) recorded a negative GDP growth rate of 1.5 percent for the country in 2009, when aggregated world output was negative 0.663 percent according to the International Monetary Fund (IMF). In 2010, the country's

¹ To view the full text of the United Nations Millennium Declaration, see <http://www.un.org/millennium/declaration/ares552e.htm>

² Information sourced from <http://www.nelsonmandela.org/omalley/index.php/site/q/03lv02039/04lv02103/05lv02120/06lv02126.htm>

³ Information sourced from <http://www.info.gov.za/view/DownloadFileAction?id=70507>

⁴ Information sourced from http://www.info.gov.za/asgisa/ASGISA_Annual_Report.pdf

⁵ This fiscal deficit average was calculated from data from the South African Reserve Bank. See <http://www.resbank.co.za/Research/Statistics/Pages/OnlineDownloadFacility.aspx>

⁶ See <http://richardknight.homestead.com/files/sisaconomy.htm>

growth rate increased to 2.8 percent. The NGP framework takes 2004 as its base year; throughout this section, the same year is also used as a base.

The NGP seeks to revitalise government's commitment to national growth and employment creation. The country has a high unemployment rate by international standards. The American Central Intelligence Agency (CIA)⁷ has ranked South Africa 173 out of 199 countries in terms of employment; the country with the lowest unemployment rate amongst the BRICS⁸ nations is Brazil, at rank 62 with 6.1 percent unemployment. The dynamics of labour are explored in the Chapter Four of this publication. In 2004, the national unemployment rate was 24.7 percent. It decreased to 22.3 percent in 2007, but increased again to 24.9 percent in 2010. The most recent unemployment figures from Stats SA, for the fourth quarter of 2011, show that 23.9 percent of South Africa's working population is unemployed.

The NHI is an unprecedented effort by the South African government to use both the private and public health systems to provide quality health care for all of the country's population. The need for the NHI arises from the fact that the public health system is over-burdened with high volumes of patients, and lack of infrastructure and human resources. The private health care system is unaffordable to the majority of South Africans.

In November 2011, the National Planning Commission (NPC), which consists of 26 members appointed by the President to advise him on long-term national development, proposed the NDP. The strategy is intended to eliminate poverty and reduce inequality in South Africa by 2030, and follows from a diagnostic report presented by the NPC in June 2011. It proposes solutions to nine main challenges impeding development in South Africa.⁹ The province has its own planning commission, the Gauteng Planning Commission (GPC).¹⁰ Established to facilitate short, medium and long term planning and to develop a shared vision for all in the province, the GPC is located within the Office of the Premier.

Box 1.1 illustrates the process that any policy document undergoes to become a fully fledged law.

Box 1.1: Process of Making a Law

A policy paper can be written by any person or persons in South Africa who has identified a need for a new policy or law. It may then become a Green Paper after consultation with relevant stakeholders and the relevant government department has rewritten the policy paper. A Green Paper may be further refined as a White Paper. If it is necessary for a Green or White Paper to become a Bill or Act, it may be presented to parliament or a provincial legislature. It is then redrafted by a relevant ministry and presented to parliament. First, it is presented to a committee then to the first and/or the second house depending on the nature of the bill. If approved by the relevant house or houses, the President can at this stage approve the Bill as an Act of Parliament. If rejected, the proposed Act is debated with the Mediation Committee. If still not approved, it is voted on by the National Assembly. If the assembly approves it, the President may approve the Bill to become an Act.

Sourced from http://www.info.gov.za/faq/machinery_of_government.pdf

1.2.1 The New Growth Path

The Minister of Economic Development, Mr Ebrahim Patel, released the NGP framework in November 2010. Stats SA data shows that, except for 2009, South Africa experienced economic growth between 2001 and 2010.¹¹ However, this has not translated into significant job creation or equitable distribution of national income; this is what the NGP seeks to address. It aims to create five million jobs by 2020, thus reducing unemployment to 15 percent.

⁷ The CIA is an independent United States (US) Government agency responsible for providing national security intelligence to senior US policymakers. (Source: <https://www.cia.gov/index.html>).

⁸ The acronym BRICS stands for Brazil, Russia, India, China and South Africa. The economist Jim O'Neil coined the term BRIC in 2001 to indicate the four emerging economies which he felt would be the most important to the future of the world's economy. South Africa joined the group in April 2011.

⁹ Information in this section is mainly derived from the framework of the New Growth Path (See: <http://www.info.gov.za/aboutgovt/programmes/index.html>), the Green Paper on the National Health Insurance (See: http://www.info.gov.za/view/DynamicAction?pageid=554&tabfield=kcYY&tabval=2011&sdate=&orderby=document_date_orig%20desc) and the National Development Plan document (See: <http://www.npconline.co.za/>).

¹⁰ For information on the GPC, see <http://www.gautengonline.gov.za/Government/Documents/Gauteng%20Provincial%20Government%20Programme%20of%20Action%20-%202009-2014.pdf>

¹¹ According to Stats SA, the average GDP growth rate between the years 2001 to 2010 was 3.5 percent.

This increase in employment would reduce income inequality through wages and salaries earned by those five million additional members of the workforce.

The world economy is facing major challenges arising from efforts to change methods of production and to use energy in more environmentally friendly ways. The NGP addresses the creation of a new, green economy to mitigate damage caused to the environment, in addition to encouraging new and labour-intensive industries. South Africa has committed to and initiated steps towards building this green economy. These commitments include ratifying the Kyoto Protocol. Also, South Africa recently hosted the 17th Conference of the Parties (COP 17) on the United Nations Framework Convention on Climate Change (UNFCCC).¹² In November 2011, Eskom was granted a loan of US\$250 million by the World Bank¹³ for a solar power plant in Upington and a wind farm in the Western Cape, supporting South Africa's move towards cleaner energy.

Unemployment in South Africa is structural¹⁴. There is a significant lack of skills and, as a result, available employment opportunities are not always filled. Through the NGP, government seeks to create an environment for the business sector to employ more workers. Incentives that promote employment creation will be provided to the private sector, where the majority of new jobs are expected to be located. The public sector will also have a role in direct job creation, through implementing projects arising from the NGP.

The NGP focuses on developing sections of the economy that have been identified by the Economic Affairs Cluster¹⁵ as drivers of human capital intensive job opportunities. Five drivers have been identified, namely infrastructure development, main economic sectors, potential new industries, social capital and spatial development.

Infrastructure Development

The NGP plans to create employment through high levels of public investment in infrastructure development. The jobs are expected to come from the construction of new infrastructure, operation of new facilities, and manufacturing components for and maintaining infrastructure in the energy, transport, water, communication and social services & housing sub-sectors. It is anticipated that infrastructure developments will directly create 25,000 jobs by 2015. The focus on infrastructure development will also address issues of economic inefficiency created by the backlog in infrastructure development. Infrastructure is necessary for the development of other sectors; for example, well operated rail lines are necessary to transport products from one part of the country to the other.

Main Economic Sectors

The four most labour-intensive economic sub-sectors in South Africa identified by the NGP are agriculture, mining, manufacturing and tourism & services. It is envisaged that 300,000 jobs will be generated in agriculture by 2020. Steps to be taken towards this include accelerating land reform; providing assistance to smallholders¹⁶ with infrastructure, marketing, finance and other services; and upgrading employment conditions in commercial farms. In mining, there will be more beneficiation of the materials extracted from the country's mines. Enhanced platinum and coal exports will be explored; this is expected to create 140,000 jobs by 2020. Tourism infrastructure and services will be strengthened through support for young entrepreneurs and employment seekers in this sub-sector.

¹² As a member of the UN, South Africa is also a member of the UNFCCC and supports efforts made by the UNFCCC to reduce climate change. In the SERO 2010, South Africa's involvement with the Kyoto Protocol is discussed. For more information on the activities of South Africa within the UNFCCC, see <http://unfccc.int/2860.php>

¹³ See: <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/0,,contentMDK:23048255~pagePK:146736~piPK:146830~theSitePK:258644,00.html>

¹⁴ Structural unemployment is the result of changes in the basic composition of the economy; these may simultaneously create new opportunities for trained workers. See <http://www.investopedia.com/terms/s/structuralunemployment.asp#ixzz1mMLXMDUg>

¹⁵ The Economic Affairs Cluster consists of the Government Communication and Information System, and the Departments of Public Enterprises, Agriculture, Forestry & Fisheries, Economic Development, Energy, Environmental Affairs, Mineral Resources, Rural Development & Land Reform, Science & Technology, Tourism, Trade & Industry and Transport. Information sourced from <http://www.treasury.gov.za/CO7E25BA-569C-47AF-B775-E91C57F42D0C/FinalDownload/DownloadId-E2F46489D8837923AABAB3CCFB5D7605/CO7E25BA-569C-47AF-B775-E91C57F42D0C/documents/national%20budget/2011/ene/FULLENE.pdf>

¹⁶ Smallholdings refer to land under 50 acres (202,342.8 m² or 20.2 hectares) that is sold or let to someone for cultivation. See <http://dictionary.reference.com/browse/smallholding>. Smallholders are owners or tenants of these farms.

Potential New Industries

The new industries for South Africa identified by the NGP are the green economy, which is energy efficient and reduces carbon dioxide (CO₂) emissions; and the information and communications technology (ICT) sector. The world is now focusing on mitigating the effects of the CO₂ emissions that have resulted from industrialisation, and there are efforts to re-industrialise the world's economies in a manner less harmful to the environment. South Africa is no exception; by 2020, the NGP expects that 300,000 jobs will have been generated by the creation of a green economy. It is expected that this target can be achieved through public employment in recycling schemes, and programmes that encourage the production of solar water heaters, for example. In ICT, the government plans to institute programmes that will diffuse new technologies to small and medium enterprises (SMEs) and households, invest more in research and development and in tertiary education in this sector, and continue to reduce the costs of and improve access to broadband technology.

Social Capital

In South Africa, the social sub-sector, largely consisting of non-profit institutions, lags behind its potential growth. Government aims for 260,000 jobs to be created in this sector by 2015. The public sector will have to provide support by investing in skills development and assisting in the management of these institutions. The support will be in the form of marketing, bookkeeping, technology and financial services.

Spatial Development

Government plans to build houses and public infrastructure in the rural areas of the country in order to stimulate economic activity in these areas and increase employment. It will assist further by supporting programmes such as small-scale agriculture and community gardens, marketing and service co-operatives and accessible banking facilities. An estimated 500,000 households are projected to benefit from this job driver.

The creation of five million jobs by 2020 is an enormous task. Over a 10 year period, it translates into creating 1,370 jobs per day¹⁷, or 500,000 per year. In 2011, only 365,000¹⁸ jobs were created, the equivalent of 1,000 jobs a day.

1.2.2 National Health Insurance

A Ministerial Advisory Committee was established in August 2009 to advise the Minister of Health on health system reforms aimed at improving access to health care. A policy paper on the NHI was submitted for public comment in August 2011.

The problem statement in the NHI policy paper indicates that there is a need to review the country's health system, which is divided into public and private health sub-sectors. Each has different challenges. The public health system has shortages of key human resources, poor management, underfunding and dilapidating infrastructure. In the NHI framework it is indicated that the private health sector is unsustainable as it is only accessible to a small section of the country's population who often have to pay high prices for the services. This health system structure means that, for the most part, only those who can afford quality health care are able to access it while the majority of the population, given the high unemployment rate in the country, are rarely able to get quality health care.

The policy paper indicates that structural and infrastructural challenges face the country's health care system. South Africa is also burdened by four epidemics: the Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS); tuberculosis (TB); maternal, infant & child mortality and non-communicable diseases; and injury & violence. Another key factor is dilapidating health infrastructure due to maintenance backlogs. This has affected the accessibility of quality health care for the majority of the population. It is intended that all citizens will contribute to the NHI according to their ability to pay, and will receive the health care that they need regardless of their contributions. The NHI will focus on universal coverage as defined by the World Health Organisation (WHO). The NHI has been allocated R1 billion for pilot phase projects to be implemented as from 2012/13 financial year¹⁹. Gauteng has been identified to benefit from the pilot projects to be implemented.

¹⁷ This was calculated by taking the 10 year period of 365 days a year. Five million jobs divided by 3650 days equals 1,370 jobs per day, including weekends, but excludes extra days during leap years.

¹⁸ Information sourced from the Quarterly Labour Force Survey for Quarter 4, 2011 published by Stats SA.

¹⁹ This information is according to the 2012 National Budget speech. See <http://www.treasury.gov.za/documents/national%20budget/2012/speech/speech.pdf>

Box 1.2: The World Health Organisation

The WHO is the authority for health within the United Nations system and was established in April 1948. It provides leadership on critical health issues, shapes health research agendas and articulates ethical and evidence-based policy among other functions for UN countries. The WHO defines universal coverage, as in the NHI Green Paper, as “the progressive development of a health system including its financing mechanisms into one that ensures that everyone has access to quality, needed health services and where everyone is accorded protection from financial hardships linked to accessing these health services”.

Sourced from <http://www.who.int/about/en/>

1.2.3 National Development Plan

At this stage, the NDP can be regarded as a policy paper. In May 2010, the NPC was appointed to develop a long-term vision and strategic plan for development in the country. In November 2011, the NPC presented the NDP to the nation. The NDP aims to deal holistically with the causes of poverty and income inequality in the country, identifying the challenges and targeting specific sectors in order to achieve the desired outcomes. In the document, the NPC outlines projects that the nation should engage in order to eliminate poverty and income inequality. The NDP identifies nine challenges that hinder these national developments. The challenges and proposed solutions are discussed below.

The first challenge is that there are too few people working in the country; the solution proposed by the NDP is the creation of 11 million jobs by 2030.²⁰ The NDP notes the second challenge as the fact that the quality of education, particularly for Black learners, is poor. This worsens the poverty cycle. To improve the quality of education, the NDP recommends that each learner should have two years of pre-schooling, that teacher skills should be improved and that more teachers should be incentivised to enter teaching. Good school management is also vital for improved learning and teaching, and it is proposed that principals receive more managerial training. To reduce placement pressure on existing universities and to improve tertiary education levels, there are plans to build new universities in Mpumalanga and in the Northern Cape, the two provinces that currently have none. In his 2012 State of the Nation Address (SoNA), President Zuma announced that R300 million has been set aside for this.

Thirdly, infrastructure is poorly located, under-maintained and insufficient in quantity to foster increased economic growth. The NPC proposes a new heavy-haul rail system, and that the current rail network be improved. It also recommends investment in water management, and the improvement of the power supply by Eskom. Internet infrastructure should be improved and the cost of accessing it reduced.

Current spatial patterns exclude the poor from economic opportunities. This is the fourth challenge identified in the NDP. Housing needs to be nearer to places of employment and public transport improved. Incentives should be given to businesses that create employment in the townships. The fifth challenge is that the South African economy is unsustainably resource-intensive, and there needs to be an expansion of renewable energy and waste recycling. Investment in research and development of new green technologies will be encouraged.

South Africa faces a major HIV/AIDS epidemic, further complicated by the opportunistic disease TB. To deal with this sixth challenge, the country needs to extend coverage of antiretroviral treatment to all HIV-positive people. The NDP proposes speeding up training of community specialists, and the recruitment and training of 700,000 to 1,300,000 community health care workers. Hospital management is vital, and there should be a minimum qualification standard for hospital managers. Active lifestyles and balanced diets should be promoted to reduce the incidence non-communicable diseases.

To support the NDP with its HIV and TB strategy, a five year strategy has been developed by the South African National AIDS Council (SANAC).²¹

²⁰ This would translate into the creation of 1,674 jobs per day including weekends. This was calculated on the following basis: 2030 – 2012 = 18 years. 18 years X 365 days = 6,570 days. Hence 11,000,000 (job target) / 6,570 days = 1,674 jobs a day.

²¹ *The National Strategic Plan on HIV, STI, and TB (2012-2016)*.

This has four objectives: to address social and structural barriers to HIV, Sexually Transmitted Infection (STI) & TB prevention & care; to prevent new HIV & TB infections; to sustain health & wellness; and to increase the protection of human rights and improve access to justice.

The NDP has highlighted a seventh challenge, the fact that public services are uneven and often of poor quality. A capable state should be built through improved relationships between political parties and government officials. High quality public servants should be attracted by making public service a career of choice. There should be an improvement in relations between national, provincial and local government.

The eighth challenge, wide-spread corruption in South Africa, has the potential to slow down development. The NDP suggests centralisation of the management of large and long-term tenders issued by government departments. Political interference with corruption fighting should be curbed, and participation by public servants in certain businesses should be illegal. To ensure prosecution of corrupt officials, specialised prosecution teams, courts and judges should be instituted.

South Africa remains a divided society. This is the final challenge. To unify the nation, the NDP proposes that the Bill of Responsibility²² be popularised and that South Africans pledge to live by it. Those who cannot speak an African language should be encouraged to learn to do so, and employment equality and other redress measures should be used more effectively.

1.3 Provincial Strategic Priorities

The GPG's Programme of Action, developed within the Office of the Premier, outlines the provincial strategic priorities and programmes for 2009 to 2014. The GPG has seven strategic priorities. These are creating decent work and building a growing, inclusive economy; promoting quality education and skills development; ensuring better healthcare 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.

1.3.1 Creating Decent Work and Building a Growing, Inclusive Economy

The strategic priority of creating decent work opportunities and building an inclusive and equitable provincial economy is to be achieved by making use of the Gauteng Employment Growth and Development Strategy (GEGDS)²³ and through the implementation of nine key programmes. These include the development and implementation of a new Gauteng Trade and Industrial policy and the implementation of the second phase of Gauteng's Expanded Public Works Programme (EPWP). According to the 2012 State of the Province Address (SoPA) presented by Honourable Premier Nomvula Mokonyane, in 2011 employment in the province increased by 4.1 percent and 281,686 jobs were created. Of these, 235,159 were created through the EPWP.

The Premier spoke of projects to be initiated in 2012, such as the ICT G-link project which will be a job-creating project. The project aims at achieving 95 percent broadband coverage in the province to narrow the digital divide, roll out e-government services and grow the economy. Another project is the Gauteng Industrial Development Zone (IDZ) which will link the Tambo Springs Inland port, West Rand Logistics hub, Rosslyn Logistics hub and Vaal Logistics hub to OR Tambo International Airport.

1.3.2 Promoting Quality Education and Skills Development

Programmes that were put in place to promote the quality of education and skill development include making schools centres of excellence and improving the quality of schooling and efficiency of the public education

²² The Bill of Responsibility was launched by the Department of Basic Education, LeadSA and the National Religious Leaders' Forum. It is meant as a pledge to honour the South African Constitution by taking up responsibilities associated with the rights in the Constitution. See http://leadsa.co.za/?page_id=7094

²³ According to the Medium Term Budget Policy Statement of 2011, the vision of the Gauteng Department of Economic Development is to put the GEGDS into operation and align its implementation with other departmental and inter-departmental initiatives. The Department has in addition created a roadmap towards the implementation of the Strategy, which was completed in the 2010/11 financial year. The roadmap places the GEGDS within the national and provincial economic and political contexts, and addresses the baseline forecasts of both economies.

system. Another is the implementation of Integrated Early Development (IED) programmes for children from birth to nine years. In addition, the number of no-fee schools is being increased. The SoPA reported that during 2010 the province achieved 84 and 83 percent enrolment rates in primary and secondary schooling respectively, that 88 percent of primary schools now have Grade R and that 1.1 million children are attending no-fee schools in the province. Construction of a boarding school in the West Rand has begun and a similar school will be constructed in the 2012/13 financial year.

1.3.3 Ensuring Better Healthcare for All

There are seven programmes in this strategy, including improving access to health care and the performance of the public health system. This will be done through the implementation of the Service Transformation Plan (STP). The province will be focusing on the young, monitoring their health and educating them to prevent diseases among themselves. In 2011, close to 250,000 learners in over 1,200 public schools were screened for early identification of health problem. The HIV/AIDS programme, including prevention, care and treatment, will be expanded. The Premier reported in her SoPA that Gauteng now has over 300 facilities providing anti-retroviral drugs to over 500,000 people; this number is expected to increase to one million during the 2012/13 financial year. It was also reported that AIDS deaths have decreased from 38.5 percent of all deaths in the province in 2009 to 35 percent in 2011. The province will participate in the NHI through re-opening the Kempton Park Hospital and establishing new Folateng²⁴ wards in hospitals.

Future initiatives to begin in the 2012/13 financial year include a revision of the health funding model and the vigorous collection of debt owed to Gauteng by other provinces and the national government.

1.3.4 Stimulating Rural Development and Food Security

Through infrastructure projects such as building roads, schools and clinics and by providing water, sanitation and electricity and revitalising the rail infrastructure, GPG is aiming to stimulate rural development. The GPG will engage in programmes such as protecting arable land, and promoting agricultural co-operatives, agribusiness and the agro-processing sector. To ensure food security, in addition to providing food relief to the poorest, there will be projects such as Letsema and Ilima initiatives, the Homestead Food Gardens Project and empowerment projects using school land. The Bontle ke Botho campaign will be revised and izimbizo (public consultations) to educate communities on sustainable management of natural resources and the environment will be held. The SoPA noted that infrastructure support such as irrigation equipment, water tanks and generators were provided for 21 farms in 2011. Also, about 1,488 hectares of maize were planted with the assistance of tractor services provided to small farmers. Technical and advisory assistance for farmers was provided by 20 extension officers and eight mentors.

In 2012, GPG will spend over R500 million on the construction and maintenance of roads in the province. These include the N14 (linking the north of the province with the west), R25 (which connects Johannesburg with Groblersdal via Kempton Park and Bronkhorstspuit), R82 (the old Vereeniging road).

1.3.5 Intensifying the Fight against Crime and Corruption

Part of this strategy is to encourage increased public participation through izimbizo to ensure community relevant policing. Social crime prevention measures will include supporting community police forums, supporting victims of violent and sexual crimes and increasing visibility in rural areas of the province. In 2012, Gauteng will pay particular attention to training laboratory technicians, forensic officers and forensic pathologists to increase conviction rates. Provincial ethics and anti-corruption strategies will be put in place to tackle fraud and corruption. During 2011, 150 cases of alleged fraud and corruption by public servants were unearthed. The province's police will work with traffic management authorities to reduce road fatalities by removing unlicensed drivers and non-roadworthy vehicles from the road. The Premier has reported that, murders in Gauteng have decreased by 16 percent since 2007, car hijackings by 20.5 percent, truck hijackings by 30 percent, residential robberies by 12.5 percent and non-residential robberies by 12.9 percent.

²⁴ Folateng is a network of private wards within Gauteng's public hospitals. See <http://www.healthandsocdev.gpg.gov.za/Services/Pages/FOLATENG.aspx>

1.3.6 Building Cohesive and Sustainable Communities

To achieve this priority, the province will roll out the Gauteng Infrastructural Renewal and Investment Plan, and infrastructure budgets will be consolidated to better leverage private sector investment. This infrastructure development includes building human settlements for the poor and ensuring that available land is effectively utilised to de-racialise settlement patterns. Progress reported in this regard by the SoPA is that 14 mixed housing developments have been established across the province, contributing to the development of non-racial human settlements. About 69 informal settlements have been formalised and 12 eradicated. Over 26,000 serviced stands and close to 51,000 houses were delivered.

1.3.7 Strengthening the Developmental State and Good Governance

The seventh priority is to strengthen governance and the developmental state. To achieve this, the GPC will establish a long-term vision for the province. The GPC has started consultations on drafting this plan, called Gauteng vision 2055 (G2055). Among the organisations consulted is the Gauteng City Region Observatory (GCRO). This will provide intellectual input, feed in research findings on key trends and dynamics and act as an initial sounding board for the strategic analysis as it develops.²⁵ Service delivery needs to be effective so that there is integrity in the GPG. Middlemen in service delivery should be phased out as much as possible so that public servants can serve the public in a professional, courteous and efficient manner.

The Gauteng Department of Finance (GDF) should be a strategic, developmental and activist department with effective controls, discipline and compliance. The Department should also provide municipal financial management support through the deployment of qualified accountants in all municipalities, and ensure that municipalities act transparently and achieve clean audits. There should be an undertaking to join national government in promoting economic regional integration and improving governance relations with African countries. This should include reviewing government's international membership agreements to give effect to government objectives and working with the National Department of International Relations to build targeted relations on the continent.²⁶

In her 2012 SoPA, the Premier of Gauteng stated that GPG intends to position the province as a gateway to the rest of Africa's opportunities for investment and trade. This will be investigated within the Southern African Development Community (SADC) region and other parts of Africa. It was also noted that expanding South Africa's exports into Africa would benefit the country's economy.

1.4 The Millennium Development Goals

In 2000, South Africa and 188 other United Nations (UN) member countries committed themselves to improving the lives of their citizens. They endorsed eight development goals, broken down into measurable targets to be met by 2015. South Africa's progress in relation to these goals is captured in this section; where possible, data for Gauteng is included. Various data sources are used because of the lack of an appropriate single source. These include the 2008 model of the Actuarial Society of South Africa (ASSA), Stats SA, NPC and the Health Systems Trust.

The Financial and Fiscal Commission²⁷ (FFC) has built a simulation model that advises on methods by which public expenditure can be increased in ways that can improve the probability of meeting the MDG targets by 2015. It proposes that government prioritise universal education and combating HIV, as these goals have an impact on other goals. For example, combating HIV means that there are fewer HIV pregnant women who give birth to HIV positive babies, thus reducing child mortality. Box 1.3 lists the eight millennium goals, followed by a discussion of the goals.

²⁵ See: <http://www.gcro.ac.za/project/gauteng-g2055>

²⁶ See: <http://www.gautengonline.gov.za/Government/Documents/Gauteng%20Provincial%20Government%20Programme%20of%20Action%20-%202009-2014.pdf>

²⁷ To view the full text of this document, see: <http://www.ffc.co.za/index.php/policy-briefs.html>

Box 1.3: The MDGs

In order of priority, the eight MDGs, excluding the targets, are:

- End poverty and hunger
- Universal access to education
- Gender equality
- Child health
- Maternal health
- Combat HIV/Aids
- Environmental sustainability
- Global partnership

Source: <http://www.un.org/millenniumgoals/>

1.4.1 Eradication of Extreme Poverty

Eradication of poverty is critical for South Africa, as the country has a high rate of unemployment by international norms. The table below shows the advances made by the country thus far.

Table 1.1: Status on MDG One, SA & Gauteng, 2001 & 2010

	Target	2001		2010	
		SA	Gauteng	SA	Gauteng
Proportion of population living below US\$1.25 per day	<8.5%	5.6%	2.9%	0.2%	0.1%

Sources: Stats SA MDG Report & IHS Global Insight, 2012

Table 1.1 shows that South Africa has met its poverty target by the criterion of the proportion of people living on less than US\$1.25 a day.²⁸ This target allows for 8.5 percent of the population to live under US\$1.25. In 2001, 5.6 percent of the South African population lived on this amount or less, and in Gauteng 2.9 percent of the population. By 2010, only 0.2 percent of South Africans and 0.1 percent of the people of Gauteng lived on US\$1.25 a day or less.

1.4.2 Achievement of Universal Access to Primary Education

Education is regarded as one of the fundamental ways for a developmental state to transform into one that is developed, as it unlocks the potential of the population to be more productive and innovative, and develops employability and entrepreneurial skills.

Table 1.2: Status on MDG Two, SA & Gauteng, 2002 & 2009

	Gender	Target	2002		2009	
			SA	Gauteng	SA	Gauteng
Literacy rate of 15 – 24 year olds	Female	100%	88.4%	81.1%*	93.1%	84.6%*
	Male		83.4%		89%	
Gross enrolment ratio in primary education	Female	100%	114%	109%	96%	82%
	Male		120%	115%	99%	84%

Sources: Stats SA MDG Report, IHS Global Insight & Quantec Research, 2012

Note: * Literacy data differentiated between male and female is unavailable at the provincial level and is based on persons aged 20 and above who have completed Grade 7.

Table 1.2 shows South Africa and Gauteng's status in relation to achieving universal access to education.²⁹ The literacy rate in South Africa for females between 15 and 24 years of age was 88.4 percent in 2002 and 93.1 percent in 2009. For males, it was 83.4 percent and 89 percent for the same years; both were still below the target of 100 percent. More recent data on literacy, which for comparability reasons was not used in this table, is reviewed in Chapter Six of this publication. Data on literacy in the province relates only to persons aged 20 and above. Literacy in this category has also improved, from 81.1 percent to 84.6 percent.

²⁸ The targets in this section are taken from Stats SA's Millennium Development Goals Report 2010 (MDGR). The data on the proportion of the population living on or below US\$1.25 is from IHS Global Insight.

²⁹ Information on the national literacy rate is from Stats SA, on Gauteng's literacy rate from IHS Global Insight and on enrolment ratios from Quantec Research, 2012.

The gross enrolment ratio is the total number of persons, regardless of age, who are enrolled in primary education expressed as a percentage of the total children in the official school age population.³⁰ In 2002, the number of persons enrolled in primary school was larger than the corresponding age group of 7 to 13 year olds; hence, the values of over 100 percent in the table. For the country as a whole, the decrease between 2002 and 2009 left the ratio close to the 100 percent target. In 2009, the ratio was 96 percent for females and 99 percent for males. For Gauteng, gross enrolment was 82 percent for females and 84 percent for males in 2009.

1.4.3 Promotion of Gender Equality and Empowerment of Women

In countries where women are marginalised, development tends to be slower. When women are empowered, they have a greater ability to lift their families out of poverty.

Table 1.3: Status on MDG Three, SA, 2001 & 2009

	Target	Status	
		2001	2009
Secondary level Gender Parity Index	0.97 :1 to 1.03:1	1.12:1	1.01:1
Top female managers in companies	50%	11.9%	18.0%
Senior female managers in companies	50%	17.7%	26.7%
Seats held by women in Parliament	50%	29.8%	43.3%

Sources: Stats SA MDG Report & National Planning Commission, 2012

Table 1.3 shows the progress made between 2001 and 2009 towards MDG Three (gender equality and empowering women). South Africa is doing well in empowering women through education, and is promoting gender equality by appointing women to leadership positions in Parliament. The secondary level Gender Parity Index (GPI)³¹ target is between 0.97 and 1.03 female students in secondary education for every one male. In 2001, the index was at 1.12, which was outside the target range, but by 2009 the ratio was 1.01:1. Equality in the business environment, although improving, is a challenge in the country. A target of 50 percent of top positions held by females has been set.

Table 1.3 also shows positions held by top and senior female managers in companies. In 2001, females occupied only 11.9 percent of positions in top management and 17.7 percent in senior management. By 2009, 18 percent of top management positions were held by women, and 26.7 percent of senior management positions. Women held 43.3 percent of the seats in Parliament in 2009, a 13.5 percentage point improvement from the 29.8 percent of 2001.

1.4.4 Reduction of Child Mortality

All countries monitor their population growth, and this is particularly important for developing countries which need healthy, strong working populations in order to be productive. Managing child mortality helps to insure that children survive childhood and grow to adulthood.

Table 1.4: Status on MDG Four, SA & Gauteng, 2002 & 2011

	Gender	Target	2002		2011	
			SA	Gauteng	SA	Gauteng
Life Expectancy	Male	70	49.9	52.2	55.2	57.6
	Female	70	55	57.4	61.7	63.5
Infant Mortality Rate		18	59	46	33.8	24.7
Under Five Mortality Rate		20	100	82	48.8	37.1

Source: Health Systems Trust, 2012

Table 1.4 shows life expectancy at birth, and child mortality, for 2002 and 2011 for South Africa and Gauteng. For males, life expectancy at birth in 2002 was 49.9 years and in 2009 was 55.2 years. For females in the country, it was 55 years in 2002 and 61.7 in 2011. The province also saw an increase in life expectancy for

³⁰ This definition is adopted from the United Nation Education, Scientific and Cultural Organization (UNESCO). See <http://glossary.uis.unesco.org/glossary/en/home>

³¹ This GPI is the ratio of the number of female students enrolled at a secondary education to the number of male students at that level. See <http://mdgs.un.org/unsd/mdg/Metadata.aspx?IndicatorId=9>

both genders. Life expectancy for males increased from 52.2 to 57.6 years, and for females from 57.4 to 63.5. Despite this improvement, the figures are still far below the 70 years target. HIV/AIDS has had an impact on these figures. South Africa needs to take drastic measures in order to improve this situation. The NHI is promising to assist with more health workers who will be trained in managing community health, and by increasing access to antiretroviral drugs. Further analysis of life expectancy and HIV/AIDS can be found in Chapter Two.

The target for child mortality is that for every 1,000 live births there should be no more than 18 infant deaths and no more than 20 deaths of children below five years of age. Improvements have been made, but the target is still to be met. Per 1,000 live births, the mortality rate of infants has decreased from 59 to 33.8 nationally and from 46 to 24.7 in Gauteng in 2011. For children under the age of five, it has decreased from 100 to 48.8 for South Africa and from 82 to 37.1 for the province.

1.4.5 Improvement of Maternal Health

To increase the likelihood of children living to adulthood, it is important that their mothers, who tend to be the primary care givers, survive when giving birth.

Table 1.5: Status on MDG Five, SA & Gauteng, 2003 & 2010

	Target	2003		2010	
		SA	Gauteng	SA	Gauteng
Maternal Mortality Ratio	38	147*	129	100	135
Antenatal Care Coverage (at least one visit)	≈100%	91.7%	89.9%	99.7%	113.0%
Proportion of births attended by skilled health personnel	≈100%	74.3%	79.7%	85.8%	98.3%

Source: Health Systems Trust, 2012

Note: The National Maternal Mortality Ratio is not available for 2003; * indicates 2004 data.

Table 1.5 shows the Maternal Mortality Ratio (MMR), antenatal care coverage and the proportion of births attended by skilled health personnel for Gauteng and South Africa. In 2004 in the country as a whole, of 100,000 women who gave birth, 147 died; this improved to 100 in 2010. Gauteng's MMR was 129 in 2003; this increased to 135 deaths per 100,000 births in 2010. These MMRs show that South Africa and Gauteng are far from meeting this MDG target. The antenatal care coverage target, as measured by the number of visits to a health care provider before birth, has been achieved, having increased from 91.7 percent in 2003 to 99.7 percent in 2010 for South Africa. For Gauteng, it has increased from 89.9 percent to 113.0 percent over the same period, suggesting that some of Gauteng's expectant mothers have paid more than one visit to a health care provider before giving birth. There have been improvements in the proportion of births attended by skilled health personnel, from 74.3 percent in 2003 to 85.8 percent by 2010 for the country. Gauteng saw an improvement from 79.7 percent in 2004 to 98.3 percent in 2010.

1.4.6 Combat HIV/AIDS, Malaria and Other Diseases

As already mentioned, HIV/AIDS and TB are two of the four epidemics burdening the health system, the population and the economy. Methods to deal with HIV/AIDS currently promoted by the UN through the MDG are prevention and management. These are the same methods promoted by the SANAC's National Strategic Plan, mentioned earlier.

Table 1.6: Status on MDG Six, SA & Gauteng, 2003, 2008 & 2011

	Target	2003		Latest	
		SA	Gauteng	SA	Gauteng
HIV prevalence among population of 15 - 24 year olds	<9.3%	9.2%	9.6%	7.4%	6.6%
Population with advanced HIV infection with access to antiretroviral drugs	≈100%	3%	N/A	40.2%	43.5%
New cases of malaria	<6,800	13,057	515*	6,792	1,483
Death rates associated with TB per 100,000 population	<147	148	117	153	110

Sources: ASSA 2008 Model & Health Systems Trust, 2012

Note: * indicates earliest available data for new cases of malaria in Gauteng is for 2009.

Table 1.6 shows four indicators of progress on Goal Six for South Africa and Gauteng. The review period starts in 2003 and the latest period refers either to 2008 or 2011 as per data availability. The first is prevalence³² of HIV/AIDS among the youth (15-24 years, as defined by the WHO), who are the group most at risk. About 9.2 percent of this population group in South Africa was HIV infected in 2003; this had decreased to 7.4 percent by 2011.

In the same period, prevalence also decreased in Gauteng, from 9.6 percent to 6.6 percent. The target is to increase access to antiretroviral drugs to 100 percent coverage. In 2003, coverage was 3 percent in South Africa; this had increased to 40.2 percent by 2008. The Health Systems Trust only had 2008 data for Gauteng. In that year, the coverage rate for Gauteng was 43.5 percent; thus, neither the country nor the province met the target.

The country seems to be winning the battle against malaria, with the number of new cases dropping from 13,057 in 2003 to 6,792 in 2011. The earliest record available for Gauteng is 2009, with 515 new cases. There is a marked increase since then, with 968 more cases reported in 2011. TB is an opportunistic disease that thrives in people who have HIV/AIDS and thus have weak immune systems. The death rate target for TB is 147 or fewer deaths per 100,000 of the TB infected population. In 2003, the TB death rate for South Africa was 148; this had increased further from the target by 2008, at 153. The TB death rate for Gauteng in 2003 was 117; it decreased to 110 in 2008.

1.4.7 Ensure Environmental Sustainability

Goal Seven aims to leave a habitable planet for succeeding generations, and to make efforts to reduce the carbon footprint.

Table 1.7: Status on MDG Seven, SA, 2008 & 2010

		Target	Status	Year of last survey
Consumption of ozone depleting substances		Freeze by 2013 and phase out by 2040	209.2 tons of HCFC	2008
Proportion of area protected	Terrestrial	9%	6.2%	2010
	Marine	14%	6.5%	2010
Number of vegetation species threatened with extinction		676	2,458	2010

Source: Stats SA, MDG Report (2010), 2011

Table 1.7 shows the latest statistics on environmental targets. The first is to freeze and phase out ozone depleting substances such as hydro-chlorofluorocarbon³³ (HCFC). At 209.2 tons of HCFC in 2008, the Stats SA MDG Report (MDGR) for 2010 indicates that it is likely that by 2013 emissions will have ceased increasing and will be phased out by 2040. This means that no HCFCs would be emitted into the atmosphere by South Africa. Conservation of areas and species threatened with extinction is vital in reversing the country's carbon footprint and maintaining biodiversity. The target for conservation is to have 9 percent of terrestrial land protected, and 14 percent of marine areas. The MDGR stated that it is likely the 9 percent target will be met by 2015. The currently protected marine area is 6.54 percent, less than half of the 14 percent target. The target for the number of vegetation species threatened is set at a maximum of 676; currently, 2,458 plants are faced with extinction in South Africa.

1.4.8 Global Partnership for Development

Global partnership (also known as integration) for development is the ability of a country to meaningfully participate in the global economy. A range of variables are used to measure participation. The most basic is the ability to communicate with the world. For this reason, we will look below at fixed telephone, cellular telephone and internet access.

³² Prevalence of a condition is the number of people who currently have the condition, whereas incidence is the annual number of new persons who have a case of the condition. See <http://www.rightdiagnosis.com/admin/preval.htm>

³³ Hydro-chlorofluorocarbon is a colourless gas commonly used as a propellant in air conditioning applications such as refrigeration and air conditioning. See <http://www.wikipedia.org/>

Table 1.8: Status on MDG Eight, SA & Gauteng, 2001, 2007 & 2010*

	Target	2001		2007		2010*	
		SA	Gauteng	SA	Gauteng	SA	Gauteng
Fixed telephone lines per 100 population	≥50	24.4	31.8	18.5	24.4	17.1	23.6
Cellular telephone subscribers per 100 population	≥50	32.3	44.7	72.7	80.3	88	92.8
Internet access per 100 population	≥50	N/A	N/A	7.2	11.7	27.5	41.6

Source: Stats SA, MDG Report, 2012

Note: * figures are for households rather than persons.

Access to telecommunications for South Africa and Gauteng is indicated in the table by information from Stats SA³⁴. Landline subscriptions have fallen from 24.4 persons per 100 people in 2001 to 18.5 in 2007 for the country, and from 31.8 to 24.4 for Gauteng. The growth in cellular telephone subscriptions had already surpassed the MDG target by 2007, increasing from 32.3 to 72.7 nationally and from 44.7 to 80.3 in Gauteng. There was no data available for internet access prior to 2007. In that year, internet access was far below the target of at least 50 persons per 100 in the population, at 7.2 and 11.7 for South Africa and Gauteng respectively. As discussed earlier, according to the NDP, internet access is expected to drastically increase as internet fees are expected to drop. By 2010, about 27.5 percent of households in the country had access to the internet and 41.36 percent in Gauteng. Even at household level, subscriptions to fixed telephone lines are lower than the target, though this is offset by the target for cellular telephone access being exceeded. The 2010 General Household Survey (GHS) by Stats SA indicates that 17.1 percent of households in South Africa and 23.6 percent in Gauteng had fixed telephone lines. Cellular phone subscriptions showed that 88 percent of households in South Africa and 92.8 percent in Gauteng have access.

1.5 Conclusion

This chapter reviews strategies that have been developed to address socio-economic conditions in South Africa and Gauteng. Three strategies discussed are the New Growth Path, which seeks to unlock growth linked to job creation; the National Health Insurance plan, with its aim of providing universal access to quality health care; and the National Development Plan, tasked with eliminating poverty and inequality. These are ambitious strategies, but are necessary in order to improve the lives of South Africans and of the people of Gauteng. The provincial strategic priorities, although drafted before the NDP, NGP and NHI, play a supportive role in relation to the three national strategies discussed.

Progress made so far by the country and the province in relation to the MDGs was also reviewed. The data shows that key goals that have the potential to move the country from a developmental state to a developed state still lag behind. Attention is drawn to MDG Two, which relates to education, where literacy among people between the ages of 15 and 24 is not yet 100 percent. Child and infant mortality are decreasing but not at a rate sufficient to meet MDG Four. The disease burden of HIV/AIDS still weighs heavily on South Africa and on the province. In relation to most of the goals, there has been improvement even though targets have not yet been met.

³⁴ Both the Community Survey of 2007 and the General Household Survey of 2010 were used.

Chapter 2: Demographics

2.1 Introduction

The characteristics of the province's population provide the context for interpreting the information and discussions in the other chapters of this publication. The findings of demographic research can be applied by policy decision makers and transferred directly to social policy. The aim of this chapter is therefore to inform options for policy formulation and implementation to address socio-economic challenges in the Gauteng Province.

The chapter is divided into three main sections. Firstly, there is an analysis of South Africa's demographic profile within a global context. This is followed by the demographic profile of Gauteng, which examines the composition of the population by population group, gender, age and the provincial share thereof. Included are the profiles of the province's municipalities, and an analysis of migration, life expectancy, and fertility and mortality. The last section briefly addresses vulnerable groups: children, the youth, women and the elderly.

2.2 Overview of South African Demographics

According to the United Nations' Population Fund¹ (UNFPA), the global population passed seven billion people in late 2011. In the last half of the twentieth century, the world population more than doubled, reaching six billion in 1999. The global population continues to increase, and is larger than at any time in history, growing by about 83 million annually. According to the UNFPA, the rapid growth mainly comes from less developed countries. This includes Sub-Saharan Africa, which is projected to triple its population by 2100 when the global population is forecast to reach over 10 billion. Lack of family planning services and access to contraceptives are identified as key factors in the high population growth rate in less developed countries. Others include falling mortality rates, longer life expectancy and large youth populations in countries where fertility remains high.

South Africa has a population of 50.589 million², or approximately 0.72 percent of the global total and 4.84 percent of that of Africa³. South Africa is now a member of the BRICS⁴ group of countries and a comparison of the populations in this group is shown below.

Table 2.1: Comparison of Population Statistics for BRICS, 2011

BRICS	Population (Million)	Births per 1,000 population	Deaths per 1,000 population	Rate of Natural Increase	Projected Populations (Million)		Percent of Population Ages	
					2025	2050	<15	65+
Brazil	196.7	15	6	0.9%	216.2	222.8	25%	7%
Russia	142.8	13	14	-0.2%	139.0	126.2	15%	13%
India	1,241.3	23	7	1.5%	1,458.7	1,691.7	33%	5%
China	1,345.9	12	7	0.5%	1,404.2	1,312.6	17%	9%
South Africa	50.5	21	14	0.6%	53.8	56.8	30%	5%

Source: World Population Data Sheet, PRB, 2011

Table 2.1 compares the BRICS member states' population statistics for 2011.⁵ At 1.3 billion and 1.2 billion respectively, China and India have populations significantly larger than those of other BRICS members; South Africa's is the lowest population. Due to its one-child policy, China has the lowest number of births per 1,000 people, at 12 per 1,000. South Africa has the second highest birth rate, at 21 per 1,000 people, just below India's at 23 births per 1,000 people. Although South Africa has the lowest total population, it is tied with Russia in having 14 deaths per 1,000 of the population; this may be related to lower access to quality health care services. Russia is the

¹ The UNFPA was formerly known as the United Nations Fund for Population Activities.

² This information is according to Stats SA's *Mid-Year Population Estimates* for 2011.

³ Africa has an approximate population of 1.046 billion according to www.7billionactions.org

⁴ BRICS is an acronym used to describe the following group of emerging markets countries; Brazil, Russia, India, China and South Africa.

⁵ This information is from the Population Reference Bureau (PRB).

only member country to have a negative natural rate of increase⁶; total population in 2025 and 2050 is projected to decline from 142.8 million to 139 million and 126.2 million respectively. India has the highest natural rate of increase, due to a high birth rate and low death rate. By 2050, its population is projected to increase by 450 million people to 1.69 billion people, surpassing China as the country with the largest population.

Like India, a comparatively high percentage of South Africa's population is under 15 years (30 percent), and a low percentage over 65 years (5 percent). This low percentage for 65 years and older could be due to the country's life expectancy, which according to the Population Reference Bureau (PRB) is 53 years. This is well below the other BRICS members; life expectancy in mainland China⁷ and Brazil is 74 years, in Russia it is 69 and in India 64. The following figure looks at the country's demographic profile in more detail.

Figure 2.1: Total Population & Growth Rate, SA, 2002-2011



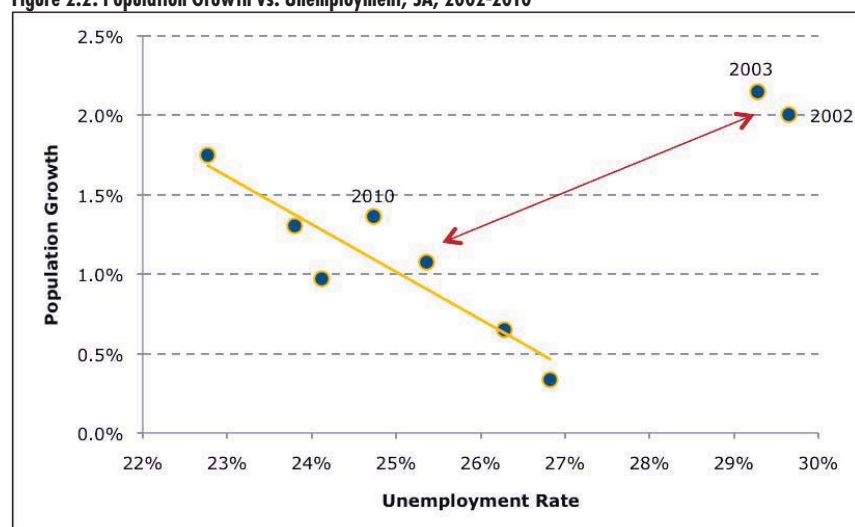
Sources: Stats SA Mid-Year Population Estimates & GDF's own calculations, 2011

Figure 2.1 shows the total population and growth rate for South Africa from 2002 to 2011. Over the 10 year period, South Africa's population grew steadily by 5.1 million people from 45.5 million to 50.6 million. The highest annual growth rate in the period was in 2003 with an increase of 2.15 percent, or approximately an additional 975,612 people. In 2004, coming off the higher base created in 2003, the rate slowed to 0.34 percent and steadily increased to 1.75 percent in 2008 before slowing to 1.3 percent in 2009. Financial stresses on households due to difficult economic conditions created by the global financial crisis can be a factor when planning for a family. However, a significant proportion of South Africa's population has low levels of educational attainment. There is a strong inverse relationship between women's education and fertility, with the mean age at marriage increasing steadily with education.⁸ Thus, difficult economic conditions may not be a significant factor in determining population numbers amongst the less formally educated proportion of the population. In 2010, growth increased slightly to 1.36 percent and then slowed to 1.19 percent in 2011, as growing economic uncertainty emerged following troubled economic conditions in Europe.

⁶ The natural rate of increase is the birth rate minus the death rate, indicating the annual rate of population growth without regard to migration.

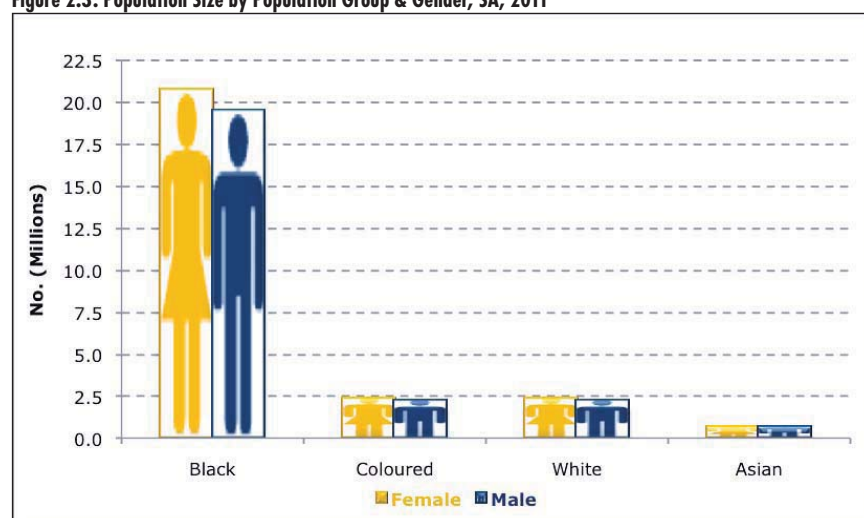
⁷ Hong Kong's life expectancy is 83 years.

⁸ RA Kavutari, 2005, *Effect of Women's Education on Fertility in Rwanda: Evidence from the 2000 RDHS* (Source: http://wiredspace.wits.ac.za/bitstream/handle/10539/1699/07Kavutari_Chapter2.pdf?sequence=7).

Figure 2.2: Population Growth vs. Unemployment, SA, 2002-2010

Sources: Stats SA Mid-Year Population Estimates (2002-2010) & IHS Global Insight, 2011

Theoretically, with effective family planning, population growth should increase depending on economic conditions such as relatively low unemployment rates. It should therefore be expected that population growth will tend to fall in response to rising unemployment. Figure 2.2 shows that from 2004 to 2010 there was a high correlation between unemployment and population growth. However, the 2002 and 2003 periods seem to be outliers from the rest of the data. As discussed in Chapter Four, unemployment was influenced significantly by events such as those leading up to and including the invasion of Iraq in this period.

Figure 2.3: Population Size by Population Group & Gender, SA, 2011

Source: Stats SA Mid-Year Population Estimates, 2011

Figure 2.3 shows the share of each population group in South Africa by gender in 2011. For all population groups, female numbers were higher. The Black female population, the largest group by both ethnicity and gender, is 20.7 million or 41 percent of the total population of the country. The Black male population is approximately 19.5 million, or 38.5 percent of the total. Together, Black females and males make up about 79.5 percent of the total population. The Coloured and White population groups show very similar numbers, at 8.97 percent and 9.03 percent of total population respectively. There were 162,226 more females than males in the Coloured population group, and 110,773 more females in the White population group. The Asian population group made up the smallest share, at 2.5 percent of total population, with 21,487 more females than males. Overall, South Africa's population is 51.54 percent female and 48.46 percent male.

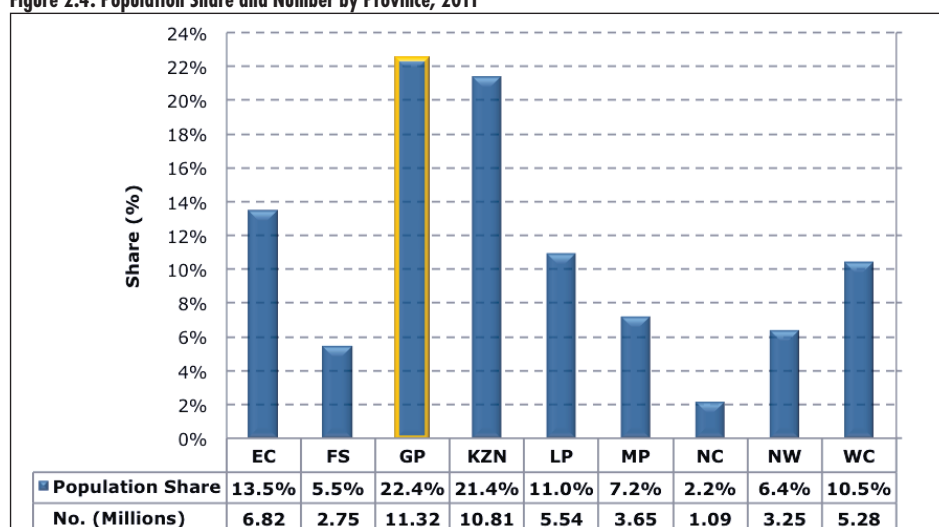
2.3 Gauteng's Demographic Profile

Demographic statistics are important in assisting to direct policy decisions. Information provided in this chapter is data necessary for informing policy formulation and implementation. This demographic profile provides an outline of the Gauteng population by age, gender, population group, migratory patterns, life expectancy, fertility and mortality rates. The section also provides an analysis of the Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) in the province.

2.3.1 Population Profile

According to Statistics South Africa (Stats SA), in 2011 Gauteng had a population of 11.3 million people, 136,503 more than in 2010. The provincial share of the national population numbers has steadily grown over the last ten years.

Figure 2.4: Population Share and Number by Province, 2011

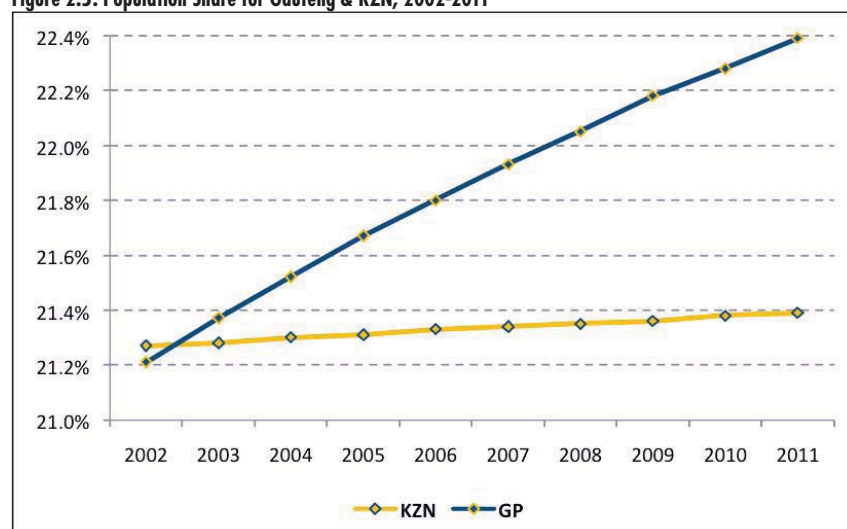


Source: Stats SA Mid-Year Population Estimates, 2011

Note: LP=Limpopo, MP=Mpumalanga, GP=Gauteng, NW=North West, KZN=KwaZulu-Natal, FS=Free State, NC=Northern Cape, EC=Eastern Cape and WC=Western Cape

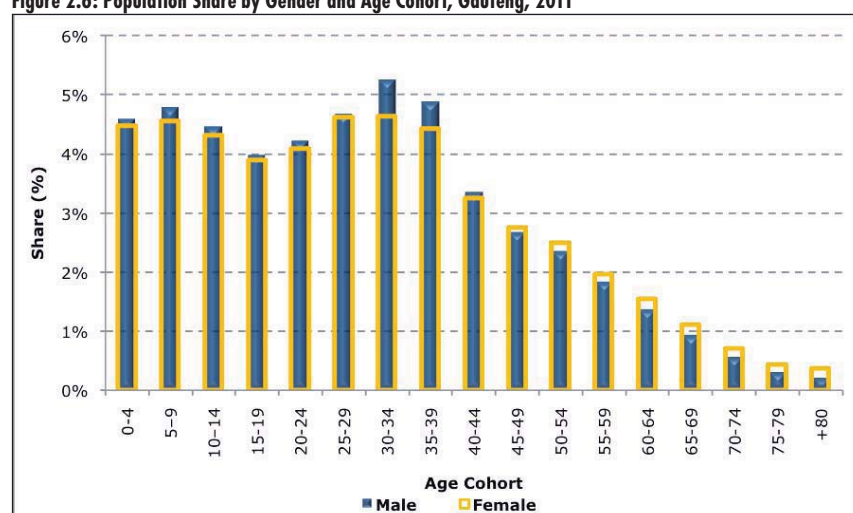
The provincial share of South Africa's total population for 2011 is shown in Figure 2.4. Gauteng is the most populous province, with 22.4 percent of the total, followed by KwaZulu-Natal with 21.4 percent. The Northern Cape and the Free State have the two smallest population sizes, at 1.1 million (2.2 percent) and 2.8 million (5.5 percent) respectively.

According to the Stats SA Mid-Year Population Estimates for 2011, Gauteng became the province with the highest population proportion in 2003, when it overtook KwaZulu-Natal. Since then, Gauteng has remained the most populous province, with its share rising each year. Figure 2.5 shows how the respective shares of these two provinces have increased between 2002 and 2011.

Figure 2.5: Population Share for Gauteng & KZN, 2002-2011

Source: Stats SA Mid-Year Population Estimates, 2011

Between 2002 and 2003, Gauteng's population share overtook that of KwaZulu-Natal. On average, Gauteng's share has grown more rapidly than KwaZulu-Natal's, increasing its share by approximately 0.0039⁹ each year compared to 0.0004 by KwaZulu-Natal. Higher net in-migration from other provinces, as discussed in section 2.3.2 and a high population growth rate is one of the reasons for Gauteng's share increasing at a steeper rate.

Figure 2.6: Population Share by Gender and Age Cohort, Gauteng, 2011

Source: Stats SA Mid-Year Population Estimates, 2011

Figure 2.6 shows the proportion of females and males by age group in Gauteng. In contrast to the South African gender profile shown in Figure 2.3, the province has more males (50.53 percent of the total) than females (49.57 percent). This may be due to the in-migration of males who come to search for work in Gauteng, leaving their female partners in other provinces, thus increasing women headed households as shown in Figure 2.15. The age categories by gender show that, from years 0 to 44, males had the higher share; from 45 to 80 years and above, females have the higher share.¹⁰ Those aged 30 to 34 make up 9.88 percent, the highest of all categories, totalling 1.12 million people. Of these, 594,401 are male and 524,812 are female. After the cohort of 30 to 34 years, the share for each age group decreases fairly rapidly. According to the Stats SA Mid-Year

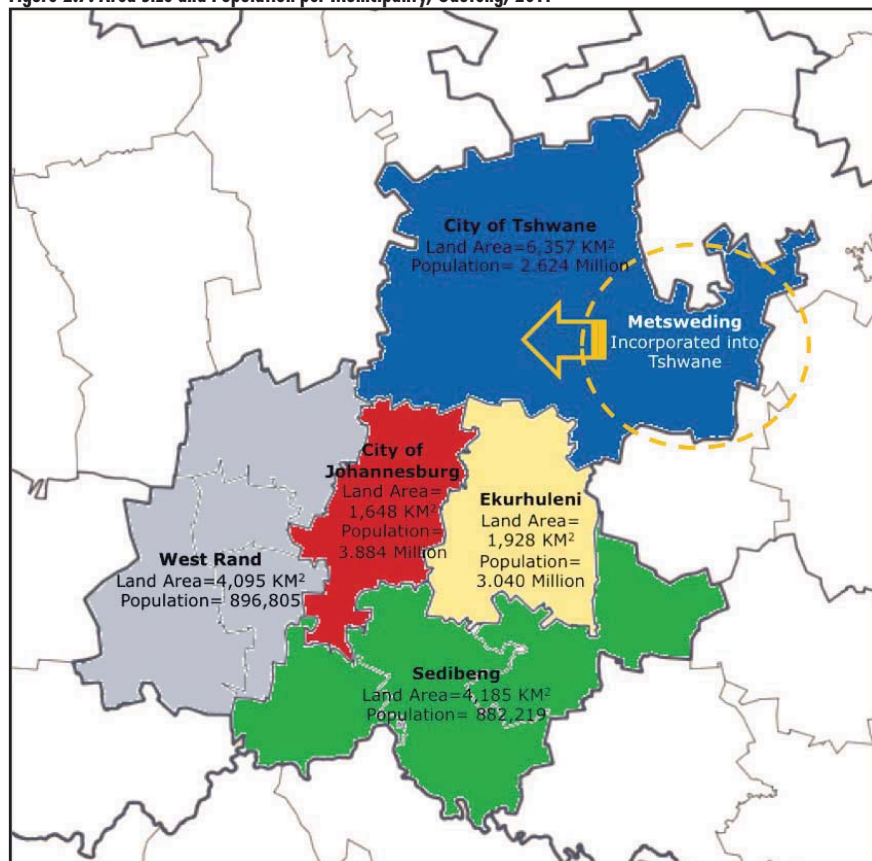
⁹ This number represents the standard deviation which measures the spread of the data about the mean value. It is useful in comparing sets of data which may have the same mean but a different range. (Source: <http://www.mathsrevision.net/gcse/pages.php?page=42>).

¹⁰ According to Dr. Thomas Perls, founder of the New England Centenarian Study at Boston University and co-author of the book *Living to 100*, "across the industrialized world, women still live 5 to 10 years longer than men. Among people over 100 years old, 85% are women". The main reason for this is due to the late development of cardiovascular disease in females as compared to males. (Source: <http://www.time.com/time/health/article/0,8599,1827162,00.html>)

Population Estimates for 2011, the life expectancy for males in Gauteng is 55.4 and of females 59.1.

For more in-depth information about Gauteng's population profile, the following analysis looks at the population profiles of the provinces' municipalities. Gauteng has three of the country's eight metropolitan municipalities¹¹ (metros): the City of Johannesburg (CoJ), City of Tshwane (CoT) and Ekurhuleni.

Figure 2.7: Area Size and Population per Municipality, Gauteng, 2011



Sources: Stats SA Mid-Year Population Estimates, IHS Global Insight & GDF's own calculations, 2011

Figure 2.7 gives a map of Gauteng Province and its municipal boundaries. The province has a land area of 18,213 square kilometres (km²). Until the municipal elections in 2011, it had three districts; it now has two, following the incorporation of Metsweding into the CoT (see Box 2.1 for more information). The CoJ is the central urban area for the province, and is the financial hub for the province. It has the smallest land size, at 1,648 km², but has the largest population (3.884 million, or 34.3 percent of the provincial total). Ekurhuleni has the second largest area at 1,928 km², is the manufacturing hub of the province and has the second largest population at 3.04 million, or 26.8 percent of the total. CoT, home to many national government departments, has the largest land area, at 6,357 km², and a population of 2.62 million. The two districts of Sedibeng and the West Rand have 7.8 percent and 7.9 percent respectively of the province's population and land sizes of 4,185 km² and 4,095 km² respectively.

¹¹ The other metros in South Africa are Buffalo City (East London), City of Cape Town (Cape Town), eThekweni (Durban), Mangaung (Bloemfontein) and Nelson Mandela Bay (Port Elizabeth).

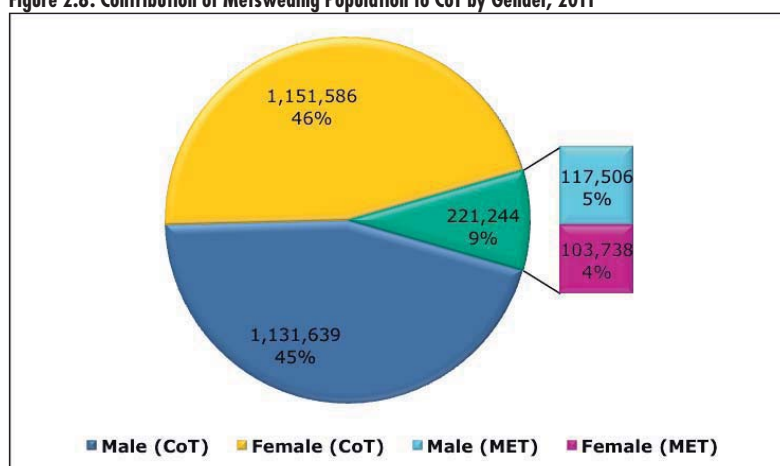
Box 2.1: Metsweding Incorporated into CoT

After the 2011 Municipal elections, Metsweding District Municipality, consisting of Nokeng tsa Taemane and Kungwini Local Municipalities, was incorporated into the CoT. The aim of this was to fulfil local government responsibilities and improve effective service provision. The merger added responsibilities to the CoT. It is recognised as being important that, in the transition period while the metro is transformed into a new organisation, critical services to communities are not disrupted. Processes taking place include developing the new CoT organisational design, budget allocations and appointing a new municipal manager.

Source: Technical Guidelines and Implementation Plan (Final) 14 July 2010

As figure 2.7 shows, the 'new CoT', incorporating the 'old CoT' and Metsweding, has the largest land size in square kilometres of the municipalities in Gauteng. It has a population share of 23.2 percent.

Figure 2.8: Contribution of Metsweding Population to CoT by Gender, 2011

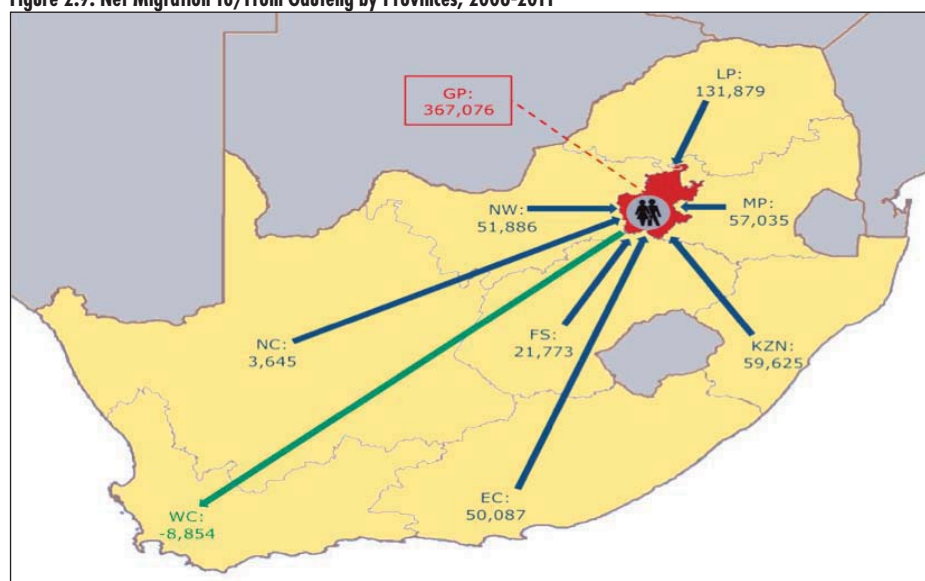


Sources: Stats SA Mid-Year Population Estimates, IHS Global Insight & GDF's own calculations, 2011

Figure 2.8 shows how the added population of Metsweding changed the CoT's population profile in 2011. Approximately 221,244 additional people (117,506 males and 103,738 females) now fall into CoT. This is about 9 percent of the present CoT total.

2.3.2 Migration

The physical movement by humans from one area to another, sometimes over long distances or in large groups, is known as migration. It has many causes, including wars, the search for employment opportunities, political conflicts and natural disasters. However, migration is usually predominantly economically motivated.

Figure 2.9: Net Migration To/From Gauteng by Provinces, 2006-2011

Source: Stats SA Mid-Year Population Estimates, 2011

Figure 2.9 shows a map of net migration¹² into and out of Gauteng between 2006 and 2011. The province has had a net inflow of 367,076 people, with the single largest number coming from Limpopo province (131,879). All provinces, except for the Western Cape which received a net outflow from Gauteng of 8,854 people, showed a net inflow of migration to Gauteng. The Northern Cape showed the smallest number flowing into Gauteng; the Eastern Cape, North West, Mpumalanga and KwaZulu-Natal showed significant inflows of above 50,000 people. The numbers in the text exclude legal and illegal foreign immigrants. The Human Sciences Research Council (HSRC) estimates that the number of undocumented foreigners could be as many as 4.1 million.¹³

Table 2.2: Immigration Rate by Population Group, Gauteng, 2002-2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Black	1.29%	1.26%	1.24%	1.21%	6.66%	0.70%	0.55%	0.43%	0.34%	0.27%
White	-0.53%	-0.53%	-0.53%	-0.53%	-0.58%	-0.38%	-0.33%	-0.28%	-0.24%	-0.20%
Coloured	0.31%	0.30%	0.30%	0.29%	1.10%	0.23%	0.20%	0.18%	0.16%	0.14%
Asian	1.84%	1.79%	1.75%	1.70%	1.64%	1.27%	1.10%	0.95%	0.83%	0.72%

Source: ASSA Model (2008), 2011

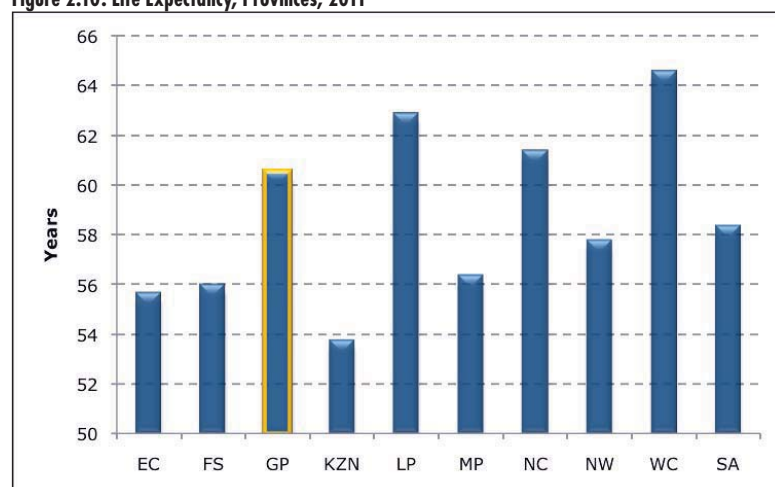
Table 2.2 shows net immigration growth rates by population group in Gauteng from 2002 to 2011. Three of the four population groups have a positive immigration growth rate, meaning a net inflow into the province by these groups. The White population group has a negative net immigration growth rate; this rate has slowed from negative 0.53 percent in 2002 to negative 0.2 percent in 2011. Although not shown in the figure, this rate was as high as negative 3.34 percent in 1990, the year in which former President Nelson Mandela was released from prison. The Asian population had the highest immigrant inflow rate over the review period, except for 2006 when a significant increase of 6.66 percent in the Black population was recorded. This could be due to the influx of Zimbabweans seeking asylum.

2.3.3 Life Expectancy

Based on particulars linked to mortality information, the average number of complete years of life remaining can be estimated. This provides a picture to the level of development for a particular region. For example, low levels of access to modern medicine, high infant mortality, high number of accidents, and wars and other conflicts can lower the overall life expectancy in a region.

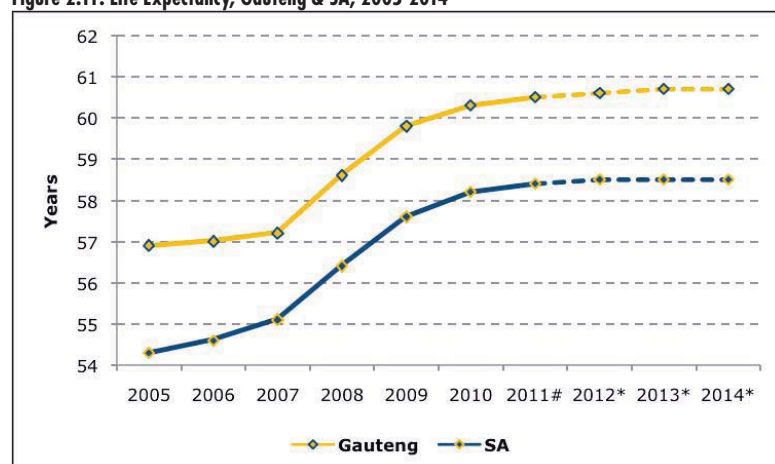
¹² Calculated as in-migration minus out-migration.

¹³ See: <http://www.news24.com/SouthAfrica/News/How-many-Zimbabweans-in-SA-20090621>

Figure 2.10: Life Expectancy, Provinces, 2011

Source: Health Systems Trust, 2011

Figure 2.10 shows the life expectancy in South Africa's provinces in 2011. The Western Cape and Limpopo had the highest life expectancies, at around 64.6 and 62.9 years respectively. In fourth position, Gauteng had a life expectancy of 60.5 years; KwaZulu-Natal had the lowest, at 53.8 years. The differences between the provinces relate mainly to the prevalence of HIV/AIDS. According to IHS Global Insight, Limpopo and the Western Cape have lower HIV prevalence at 4.5 and 6.4 percent respectively whereas KwaZulu-Natal and Mpumalanga have relatively higher shares of HIV/AIDS at 13.6 and 11.8 percent; this influences the life expectancy in each province. Gauteng has a moderate level of HIV at 8.7 percent compared to the other provinces; it thus has a moderate life expectancy.

Figure 2.11: Life Expectancy, Gauteng & SA, 2005-2014*

Source: Health Systems Trust, 2011

Note: # indicates estimates and * forecasts

Between 2005 and 2011 life expectancy in Gauteng and South Africa increased, and is expected to continue doing so, albeit at a slower pace. Estimated figures for 2014 are shown in Figure 2.11. Health services in Gauteng are more widely accessible than in other parts of the country, and it has a moderate HIV prevalence compared to other provinces; these are factors underlying the higher life expectancy. The province's life expectancy increased from 56.9 in 2005 to 60.5 in 2011, and is expected to increase slightly to 60.7 by 2014. Nationally, average life expectancy in 2005 was 54.3 years; this had increased to 58.4 by 2011 and is expected to increase to 58.5 by 2014. The roll out of antiretroviral drugs in 2004 by the Department of Health has contributed to this increase in life expectancy. Figure 2.13 shows that the rate of increase of HIV infections has been falling, resulting in an increase in life expectancy.

2.3.4 Fertility and Mortality

This section analyses fertility and mortality, two key variables that provide vital information about the level of development within a society. Enhanced development is usually associated with declining fertility rates. This is a result of increases in educational levels among the population. In South Africa, reduced fertility is also associated with the high prevalence of HIV/AIDS.

Fertility

Table 2.3: Births per 1000 People and Fertility Rate, by Population Group, Gauteng, 2002-2011

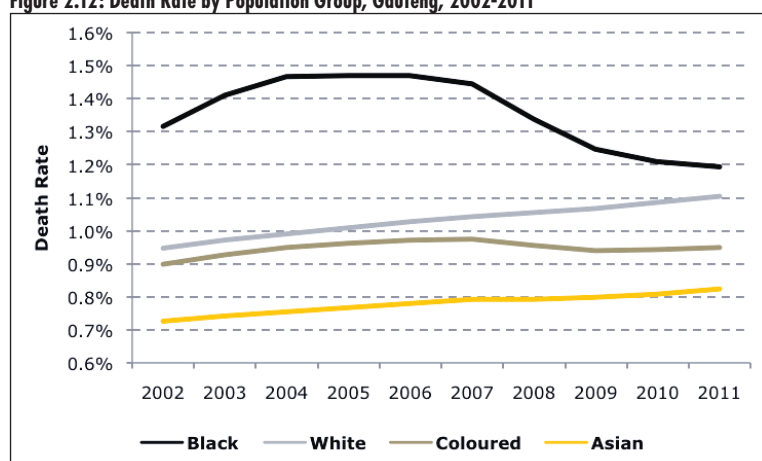
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Births/ 1,000	Black	25	24	23	22	22	21	21	20	20	19
	White	13	13	12	11	11	10	10	10	10	9
	Coloured	23	23	22	22	21	21	21	20	20	19
	Asian	18	17	16	15	14	14	13	13	12	12
Fertility Rate	Black	2.44	2.40	2.36	2.32	2.30	2.26	2.23	2.21	2.19	2.17
	White	1.68	1.62	1.56	1.51	1.46	1.42	1.39	1.37	1.35	1.33
	Coloured	2.44	2.41	2.37	2.34	2.31	2.29	2.28	2.26	2.25	2.24
	Asian	1.82	1.72	1.62	1.53	1.45	1.43	1.41	1.40	1.39	1.38

Source: ASSA Model (2008), 2011

Table 2.3 shows two measurements of fertility by population group from 2002 to 2011 within the province. Both indicators show the movements and trends experienced. They track closely with each other, correlating to variations over time. The number of births per 1000 population and the fertility rate¹⁴ have both declined for the Black population group over the 10 year period. In 2011, the Black population group had approximately 19 births per 1000 people. This is a decrease from 25 births per 1000 in 2002. Their fertility rate decreased from 2.44 to 2.17 births per female from 2002 to 2011. The Coloured population had the highest fertility rate in 2011, at 2.24 per female. The number of births and fertility rate are lower in the Asian population group, and significantly lower in the White population group, than in the other two groups. Asians have approximately 12 births per 1000 people and Whites nine per 1000; these figures declined from 18 per 1000 and 13 per 1000 in 2002, respectively.

Mortality

Figure 2.12: Death Rate by Population Group, Gauteng, 2002-2011



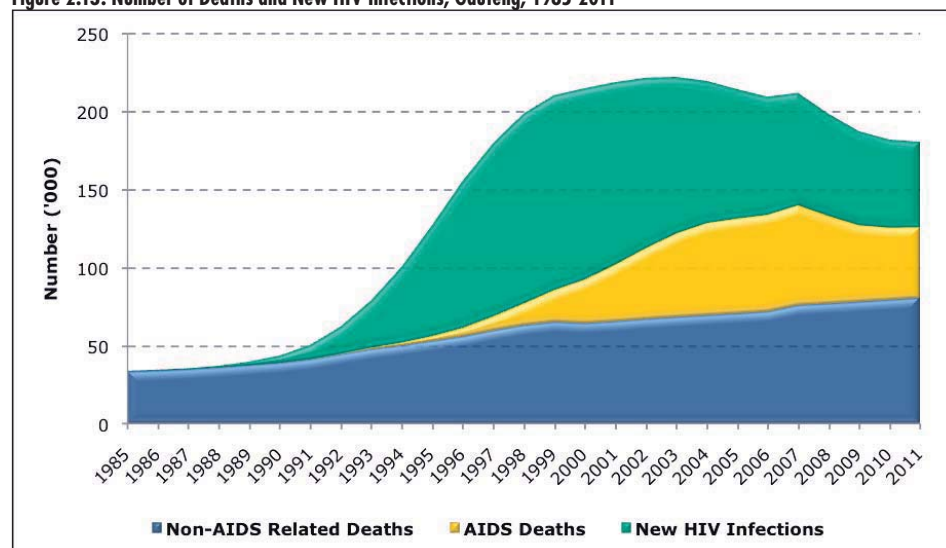
Source: ASSA Model (2008), 2011

Figure 2.12 shows the death rate by population group in Gauteng from 2002 to 2011. From 2007, the death rates among the Black and Coloured groups declined. There was a consistent increase in the death rates in the White and Asian population groups. The death rate in the Black population group increased from 1.31 percent in 2002 to 1.47 percent in 2004, where it hovered for two years before declining to 1.19 percent in 2011.

¹⁴ Fertility rate refers to the average number of children born to a woman over her lifetime.

The Coloured population group showed a similar trend, dipping from 0.97 percent in 2007 to 0.95 percent in 2011. The White population, which has the second highest death rate, had a consistent increase over the review period from 0.95 percent in 2002 to 1.1 percent in 2011. Net emigration among the White population group, shown in table 2.2, most likely takes place among those of working age; an older generation is left behind, thus increasing the death rate. Also, according to the Medical Research Council¹⁵ (MRC), the death rate among the White population has increased as a result of Ischemic Heart Disease¹⁶ (IHD) and increasing lung cancer rates.

Figure 2.13: Number of Deaths and New HIV Infections, Gauteng, 1985-2011



Source: ASSA Model (2008), 2011

The long-term trend in mortality is greatly influenced by HIV/AIDS. Figure 2.13 illustrates the significant impact that this has had on overall deaths in the province. Also shown in the figure is the number of new HIV infections and how the roll out of antiretroviral (ARV) drugs¹⁷ has sought to reduce the number of new infections and ultimately reduce the number of deaths. In 1985, there were very few instances of AIDS and therefore almost no deaths caused by it. Government announced in 2003 the rollout of ARV drugs nationally.¹⁸ This was followed by a decline in the number of new HIV infections in the province. The number of AIDS deaths peaked in 2007, when 63,794 people died. There were 75,835 non-AIDS related deaths during this year, bringing the provincial total to 139,629. In 2011, the number of non-AIDS related deaths increased to 80,531. Combined with 45,082 AIDS-related deaths, the total was 125,613.

Between 1997 and 2002, new HIV infections in the province increased very significantly to over 100,000 people per year, many of whom went on to develop full-blown AIDS. This figure peaked in 1999, with 124,346 people¹⁹ contracting the disease. By 2011, the number had halved to 54,562.

¹⁵ D. Bradshaw, M. Schneider, R. Norman, D. Bourned, *Mortality Patterns of Chronic Diseases of Lifestyle in South Africa (1995-2005)*. See: <http://www.mrc.ac.za/chronic/cdlchapter2.pdf>.

¹⁶ A disease characterised by reduced blood supply to the heart muscle.

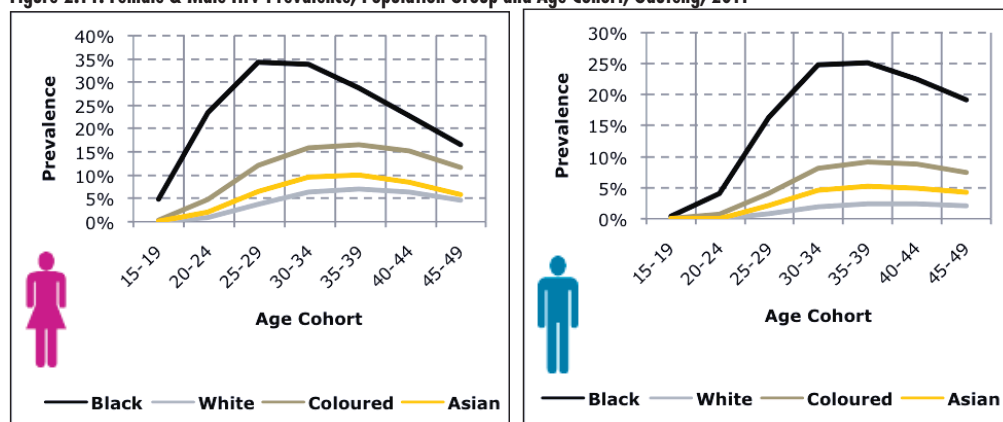
¹⁷ According to the World Health Organisation (WHO), "standard antiretroviral therapy (ART) consists of the combination of at least three antiretroviral (ARV) drugs to maximally suppress the HIV virus and stop the progression of HIV disease. Huge reductions have been seen in rates of death and suffering when use is made of a potent antiretroviral regimen, particularly in early stages of the disease. Furthermore, expanded access to ART can also reduce the HIV transmission at population level, impact orphanhood and preserve families." See: <http://www.who.int/hiv/topics/treatment/en/index.html>.

¹⁸ See: <http://www.scienceinfrica.co.za/2003/september/aids.htm>

¹⁹ This value and the one following it were calculated by subtracting non-AIDS related and AIDS deaths from the total to arrive at the total number of new HIV infections.

HIV/AIDS

Figure 2.14: Female & Male HIV Prevalence, Population Group and Age Cohort, Gauteng, 2011



Source: ASSA Model (2008), 2011

Figure 2.14 shows the HIV prevalence by age cohort and population group among females and males in Gauteng in 2011. The order of HIV prevalence by population group is the same for both females and males, with the Black group having the highest share and Whites the lowest, for all age groups. Prevalence among females is higher than males, occurring mostly in the age group 30 to 34; male prevalence is mainly in the 35 to 39 age group. At 34.3 percent, the Black female group had its highest prevalence in the 25 to 29 age cohort; for Black males, the highest prevalence (25.1 percent) was in the 35 to 39 age cohort. For the 45 to 49 year old cohort, prevalence in Black males is higher than among Black females by 2.6 percentage points. In the Coloured, White and Asian groups, prevalence was highest among ages 35 to 39 for both females and males. In this cohort, the highest prevalence was 16.6 percent for Coloured females and 9.1 percent for Coloured males, 10 percent for Asian females and 5.2 percent for Asian males, and 7 percent for White females and 2.4 percent for White males.

Box 2.2: ASSA 2008 Model

The ASSA 2008 model was released in March of 2011, and is the most recent version of the ASSA AIDS and Demographic model. The most significant changes from the previous version of the model are greater estimates of the impact of antiretroviral treatment in recent years, and a significant increase in condom usage over the last decade.

The model splits the population by sex and population group, and into three age groupings: young (up to age 13), adult (14-59) and old (60 and above). The adult group is divided into four risk groups, differentiated by their levels of exposure to the risk of contracting the HIV virus. The model captures the progress through a number of stages and at specific points in the development of the disease before death from AIDS.

Stages of HIV/AIDS

Stage	Description
1	Acute HIV infection
2	Early disease
3	Late disease
4	AIDS
5	Receiving anti-retroviral treatment
6	Discontinued anti-retroviral treatment
7	Death

Source: ASSA Guidelines, 2011

2.4 Selected Demographic Social Profiles of Children, Youth, Women and the Elderly in Gauteng

This section provides an overview of selected demographic profiles of children, youth, women and elderly people. The reason for focusing on these four groups is because of their vulnerability in society; this makes them susceptible to factors such as hunger, poor health, poverty, dependence on social grants, lack of economic participation opportunities, poor education, housing and access to basic services. Definitions of these groups differ from country to country. Each sub-section below provides insight into these definitions by providing age cohort limits as provided for by South African legislation and by international standards. For comparative and statistical reasons, these cohorts are often adjusted and are therefore not strictly followed.²⁰

2.4.1 Children

According to the Children's Act (Act No. 38 of 2005, as amended by the Children's Amendment Act No. 41 of 2007), the word "child" refers to any person under the age of 18 years.

Table 2.4: Selective Demographic Indicators for Children, Gauteng & SA, 2010

		Gauteng		SA	
Population	Black	2,689,366	24.0%	16,957,049	34.2%
	White	456,621	3.9%	1,059,816	2.2%
	Coloured	110,798	1.2%	1,599,722	3.3%
	Asian	100,725	1.2%	379,934	0.8%
	Total	3,357,510	30.0%	19,996,520	40.0%
% children with inadequate access to food			24.5%		33.3%
% who are orphans* (double)			2.6%		4.4%
% living without employed adult			16.8%		36.0%
New Cases of AIDS sick children (<14) (2011)			7,054		94,409

Sources: Stats SA Social Profile (2002-2010), ASSA Model (2008) & GDF's own calculations, 2011

Note: *Orphans shown here are categorised as double, meaning both biological parents have died

Table 2.4 gives an overview of the demographics and sociological makeup of children in Gauteng and in South Africa. Children in the province constitute approximately 30 percent (3.4 million) of the total population (11.19 million), and about 40 percent of the country's total population at 19.9 million children for 2010. Of this 30 percent, the Black population group contributed about 24 percent. This share was higher at the national level at 34.2 percent.

Access to food is essential to human well-being and development. Hunger affects vulnerable groups living in poverty, and is particularly severe in conditions of high inequality, low household income and unemployment. In 2010, 24.5 percent of Gauteng's children were living in households with food shortages; the figure for the country as a whole was 33.3 percent. Orphans are persons under the age of 18 who have lost a biological mother, father or both. About 2.6 percent (about 85,000) of the children in Gauteng have lost both parents.

Unemployment, described in more detail in Chapter Four, perpetuates and compounds the vulnerability of children. Having one or more employed adults in the household tends to benefit children by providing them with opportunities for a better livelihood and future, and with social networks for employment opportunities and development. Approximately 16.8 percent of children in the province live without an employed adult, compared to 36 percent in the country as a whole.

According to the Stats SA Mid-Year Population Estimates of 2011, there was an estimated 63,600 new HIV infections among children aged 0–14 years; for the whole country, approximately 2.01 million orphaned children are infected with AIDS. The ASSA 2008 model estimates that 7,054 children in Gauteng, and 94,409 children in South Africa, were sick with AIDS in 2011. In the same period, although not shown in the table, 4,237 children died due to AIDS-related causes in Gauteng and 22,022 across South Africa.

²⁰ Please refer to Box 2.4 regarding the reasons for adjustments due to the differences on the definitions of youth for statistical purposes.

Three social support grants to benefit children are provided by government through the Social Assistance Act of 2004: the Child Support Grant, the Foster Child Grant and the Care Dependency Grant.²¹ These aim to ensure that people living in poverty are able to meet basic subsistence needs.

Box 2.3: Grant Recipient Vs Beneficiary

According to the South African Social Security Agency (SASSA) Third Quarter Indicator Report (01 October to 31 December 2011), a recipient refers to an adult who receives the grant, in the case of an adult grant he or she is also the beneficiary, in the case of a child grant, he or she will be a parent/legal guardian. A beneficiary refers to any person who receives social assistance.

Table 2.5: Proportion of Grant Recipients for Child Social Assistance, Provincial, December 2011

	Child Support	Foster Children	Care Dependency
EC	16.1%	20.6%	16.1%
FS	6.1%	8.6%	4.6%
GP	14.2%	11.5%	12.4%
KZN	23.2%	26.2%	30.2%
LP	13.4%	9.9%	9.9%
MP	9.2%	6.4%	6.9%
NW	7.4%	8.4%	7.5%
NC	2.4%	2.8%	3.7%
WC	8.0%	5.6%	8.7%
Total	100%	100%	100%

Source: SASSA, 2011

Table 2.5 shows the proportions of types of social assistance for children by province as of April 2011. For all three grant types, the largest number of recipients is in KwaZulu-Natal with 23.2 percent of the child support, 26.2 percent of the foster care and 30.2 percent of the care dependency grants. Gauteng had the third highest number of recipients of child support, at 14.2 percent amounting to 831,170 recipients: third highest for foster care at 11.5 percent (40,488 recipients) and third position for the care dependency grant at 12.4 percent (13,935 recipients). The Northern Cape received the lowest percentages of all three child grant types. These grants are discussed further in Chapter Six.

2.4.2 Youth

Box 2.4: Definition of Youth

The term 'youth' tends to vary from country to country, depending on the specific socio-cultural, institutional, economic and political factors. Based on the National Youth Commission Act of 1996 and the National Youth Policy of 2000, 'youth' in South Africa is defined as persons between the ages of 14 and 35 years. This definition does not wholly align with other globally recognised meanings. For example, the African Youth Charter (African Union, 2006) defines youth as between 15 to 35 years, and the World Health Organisation (WHO) and the United Nations (UN) as those aged between 15 to 24 years. Within the category of 'youth', there is a distinction between teenagers (13-19) and young adults (20-24), as the sociological, psychological and health problems they face may differ. Stats SA, for statistical reasons, in their Social Profile of South Africa uses ages 15 to 34 years, segmented into two cohort groups: 15-24 and 25-34. These correspond to the five-year age groups used to weight the General Household Survey (GHS) sample and therefore ensure more accurate estimates.

²¹ The Child Support Grant is given to caregivers of children where the caregivers have very low, or no, incomes. According to the Finance Minister Pravin Gordhan's 2012 budget speech, this grant's value increases from R270 to R280 per month per child from April 2012 onwards. The Foster Child Grant is designed to support foster parents who have had children placed in their care by the Children's Court because the children have suffered abuse or neglect. This grant will have a value of R770 per month as of April 2012. The Care Dependency Grant is given to the caregivers of children who are severely disabled and who need permanent care. It will amount to R1,200 per month as of April 2012. See: 2012 Budget Speech, National Treasury, <http://childrencount.ci.org.za> & South African Child Gauge 2010/11.

The section below uses Stats SA's definition of youth to analyse a few indicators of this section of the population, for the country and the province. The youth makes up a significant proportion of the population in the province and the country.

Table 2.6: Selective Demographic Indicators for Youth, Gauteng & SA, 2010 & 2011

		Gauteng		SA	
Population (2011)	15-19	891,706	7.9%	5,175,448	10.2%
	20-24	939,639	8.3%	4,900,375	9.7%
	25-29	1,050,362	9.3%	4,598,176	9.1%
	30-34	1,119,213	9.9%	4,040,751	8.0%
	Totals	4,000,920	35.3%	18,714,750	37.0%
% Youth living in low income households (2010)	15-24		35.5%		57.0%
	25-34		28.2%		42.7%
% Inadequate access to food (2010)	15-24		23.00%		30.80%
	25-34		21.80%		26.90%
% of households headed by youth (2010)	15-24		5.70%		6.60%
	25-34		23.60%		20.70%

Sources: Stats SA Mid-Year Population Estimates & Social Profile (2002-2010), 2011

Note: Population data is for 2011. For the other indicators, information relates to 2010

For the age groups 15 to 34 years, Table 2.6 gives a selected number of demographic and socio-economic indicators for youth, as defined by Stats SA. The Stats SA Mid-Year Population Estimates show that, compared with the country as a whole, the province has a higher proportion of youth in the older cohorts. Youth make up approximately 35 percent (4 million) of the population of the province, with those in the 30 to 34 cohort contributing 9.9 percentage points (or 9.9 percent to the entire provincial population²²). At 37 percent (18.7 million), the country has a slightly higher proportion of youth contributing to the 2011 population. Of this 37 percent, the 15 to 19 cohort contributed the highest percentage at 10.2 percentage points or 10.2 percent of the total South African population.

Youth aged 15 to 24 are more likely to be living in low-income households²³ than older youth, who are more likely to engage in business and employment. Approximately 35.5 percent of Gauteng's youth aged 15 to 24 live in low income households compared to 57 percent for the country. For the older youth age cohort of 25 to 34, 28.2 percent in the province and 42.7 percent in the country as a whole live in low income households. Of those aged 15 to 24 in the province, 23 percent live in households reporting hunger due to inadequate food; the figure for the country was about 30.8 percent.

Social impact can be made through the inter-generational transfer of literacy, knowledge and skills from parent to child / employee to community. According to Louw, Van Den Berg and Yu (2007)²⁴, parents' schooling outcomes feed through into children's educational achievements. The level of educational attainment by the head of a household can greatly influence future generations' human capital potential. Stats SA's Social Profile publication (2002-2010)²⁵ shows a high percentage of youth and children living with skip-generations (living with grandparents) in 2010. This pattern differs significantly between the population groups. Of 15 to 24 year olds in the Asian and White population groups, 78.2 percent and 79.7 percent respectively live in a two generational household (meaning with their parents or guardians). Only 38.4 percent and 58.7 percent respectively of the equivalent Black and Coloured population groups were living in such two-generational households.

²² The percentage shares next to each age cohort numbers of the population sizes add up to the total youth share, which is 35.3 percent of the total South African population. Thus they can also be viewed as a percentage of the total population and contributing percentage points to the youth's share.

²³ A low income household is defined by assigning the poor to the lowest 40 percent of the income distribution. Using the 40th percentile as an arbitrary cut off point, this creates a low income threshold of R570 per capita. This simply identifies low income households and should not be considered an official poverty line.

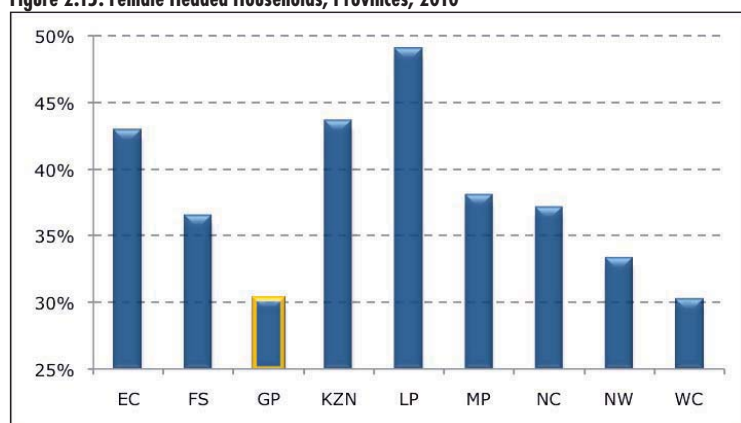
²⁴ Louw M, van der Berg S and Yu D, 2007. *Convergence of a Kind: Educational Attainment and Intergenerational Social Mobility in South Africa*. Volume 75, issue 3. Economic Society of South Africa (ESSA) published by Blackwell Publishing.

²⁵ Stats SA, *Social Profile 2002-2010*, Report number 03-19-00.

2.4.3 Women

South Africa's visions for gender equality, and the means of realising this ideal, are described in the National Policy Framework for Women's Empowerment and Equality²⁶. Empowerment of women refers to actions to overcome structural inequalities that have previously placed them in a disadvantaged position. The goal of gender equality is to ensure equal rights, responsibilities and opportunities for women and men, girls and boys, while gender equity ensures the fair and just distribution of opportunities and resources between women and men.²⁷

Figure 2.15: Female Headed Households, Provinces, 2010



Source: Stats SA Social Profile (2002-2010), 2011

Figure 2.15 shows the proportion of female-headed households by province in 2010. At around 30 percent each, Gauteng and the Western Cape had the lowest percentages of these households and the more rural provinces had higher percentages. At almost 50 percent, Limpopo had the highest proportion, followed by KwaZulu-Natal at 43.7 percent. Information from Stats SA shows that the distribution of female-headed households seems to increase with age, due to the greater prevalence of widowhood among women. According to the Department of Social Development, individuals living in households headed by females are more vulnerable, with these households experiencing higher levels of poverty than male-headed households regardless of the poverty line used.

Educational attainment and employment are fundamental to the empowerment of women and gender equality. Functional literacy remains lower for females than males, and unemployment has consistently remained higher for females than for males. This is analysed further in Chapter Four. Access to reproductive health care services²⁸ has increased, reducing illness and deaths amongst women. Very poor women in rural areas are however much more likely to give birth at home, exacerbating their vulnerability and undermining development potential. In the discussion of mortality in section 2.3.4, it was shown that HIV/AIDS affects women proportionally more than men and that the incidence of new infection is higher amongst girls than boys.

2.4.4 Elderly

This generation of the elderly are particularly burdened by the pre-1994 government system that did not supply adequate education, employment and socio-economic opportunities, thus entrenching their extreme poverty. The opportunity to accumulate sufficient savings through retirement security mechanisms has already passed them by; therefore assistance is necessary.

²⁶ Dr Ellen Kornegay, and prepared by the Office on the Status of Women. See: www.info.gov.za/otherdocs/2000/gender.pdf

²⁷ Information accessed from the Department of Social Development Fact sheet, *Gender Equality and Equity in South Africa: 1996-2008*.

²⁸ Reproductive health is defined as physical, mental and social well-being in all matters relating to the reproductive system at all stages of life. It includes female's childbearing years. See: <http://www.hfs.illinois.gov/mch/reprohealth.html>

Box 2.5: Definition of Elderly

Older persons were defined by the Older Persons' Act, No. 13 of 2006 as males of 65 years and above, and females of 60 years and above. This differentiation based on age and gender was found to be unfair because of eligibility for social grants, and the discrepancy was corrected through the Social Assistance Amendment Act, No.6 of 2008. Since 2010, this has defined the elderly as all those of 60 years and above.

The absolute and relative numbers of older people in the country has increased considerably over the past decades. This is known as 'population aging', and results when fertility declines in conjunction with an increase in the percentage of people who reach old age.

Table 2.7: Population Profile of Elderly by Gender & Age Cohort, Gauteng & SA, 2011

		Male	Female	Total	% of Region Population
Gauteng	60–64	155,189	175,176	330,365	2.9%
	65–69	106,464	126,462	232,926	2.1%
	70–74	65,079	79,782	144,861	1.3%
	75–79	35,883	49,817	85,700	0.8%
	80+	24,492	41,632	66,124	0.6%
Total				859,976	7.6%
SA	60–64	582,801	768,502	1,351,303	2.7%
	65–69	419,152	569,547	988,699	2.0%
	70–74	289,184	425,931	715,115	1.4%
	75–79	172,858	288,117	460,975	0.9%
	80+	125,028	249,138	374,166	0.7%
Total				3,890,258	7.7%

Source: Stats SA Mid-Year Population Estimates, 2011

Table 2.7 shows that the proportion of the elderly relative to the total populations of Gauteng and South Africa is similar, at 7.6 percent and 7.7 percent respectively. The share by age cohort declines as the groupings become older, as shown in figure 2.6 for Gauteng where the number of females is larger than that of males for all age cohorts of 45 and above. Of people over 60 years of age, Gauteng has approximately 859,976 and the country about 3.9 million.

Disjointed families are caused by issues such as HIV/AIDS (see figure 2.13), labour migration and poverty. These cause many elderly to take on the role of supporting and caring for households. Since 2002, the percentage of elder-headed households has increased from 13.5 percent to 15.7 percent in 2010 for the province, and from 18.7 percent to 20.5 percent for the country. Households in the Black and Coloured population groups are more likely to be skip-generation households than in the Asian and White population groups, who tend to live in two-generational households.

In 2010, approximately 40.7 percent of older persons lived in households with a per capita income of less than R570 per month. In Gauteng, this figure was about 27.7 percent. The main source of income for households headed by older persons is pensions and grants. About 68 percent of older persons received some kind of government grant in 2010. In the same year, more than 70 percent of the elderly White population had access to a medical aid; the equivalent figure in the Asian population group was 32.1 percent, in the Coloured population group 15 percent and in the Black population group 5.4 percent.²⁹

²⁹ Information accessed from Stats SA *Social Profile 2002-2010*. Report number 03-19-00.

2.5 Conclusion

This chapter has outlined the demographic profile of the populations of South Africa and of Gauteng. It has provided an analysis that locates the population profile of the country in a global context and then examines the provincial population's characteristics. The world population had grown to over 7 billion people by 2011, from 6 billion in 1999. South Africa has a population of 50.5 million, or 0.72 percent of the global total. The Black population group is the largest, and women have slightly higher shares in all population groups.

The Stats SA Mid-Year Population Estimates showed that Gauteng had a population of 11.3 million people, or 22.4 percent of the national total. At 3.884 million, the CoJ contributes the most to the provincial population. The CoT has an additional 221,244 people with the incorporation of the Metsweding district. Pressure on government to provide services has been increased by in-migration patterns, with approximately 367,076 people moving into the province between 2006 and 2011. HIV/AIDS has significantly reduced life expectancy in the country; provinces with higher life expectancy tend to have lower HIV/AIDS levels. Prevalence of HIV is highest among females from the Black population group between the ages of 25 and 29 years.

Vulnerable groups such as children, youth, women and the elderly are particularly susceptible to under-development. To improve overall prosperity and to reduce their vulnerability, it is vital that policy-makers direct their attention to these groups. Factors such as hunger, poor access to health care, high levels of poverty, low levels of economic participation, low educational attainment, and poor housing and access to basic services are among the hardships that these people face.

Chapter 3: Economic Performance

3.1 Introduction

This chapter provides an overview of the global economy and focuses to examine the economies of South Africa and Gauteng. Recent years have been characterised by a time of tumult, with the world dragged into recession and then sluggishly emerging into some economic growth. The crisis originated in the advanced economies and had a particularly severe impact on them, while emerging and developing economies were not affected to a comparable magnitude to advanced economies.

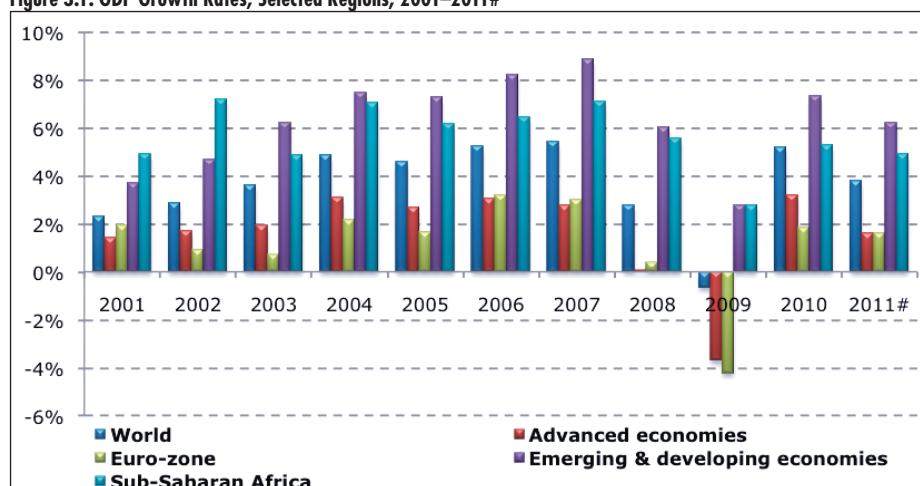
South Africa, as a developing economy, was not affected by recession to a comparable extent to advanced economies, mainly due to government's prudent legislation. However in 2009, trade pressures eventually dragged the country's economy down to join its Euro-zone trading partners. South Africa was in recession for a shorter time than the advanced economies, returning to positive growth in 2010. Now, new debt crises in the Euro-zone threaten the well-being of the advanced economies and once again the country must brace itself for a potential impact not initially conceived in such a short space of time. The 2012 National Budget speech, however, included an expectation of this crisis and forecast that South Africa would again weather the storm.

Gauteng contributes over a third of the country's Gross Domestic Product (GDP). As the provincial economy becomes increasingly modernised, the finance & business services and government, social & personal services sub-sectors make up an increasing proportion of it.

3.2 Global Overview

After years when world output was growing at an increasing rate, particularly in emerging & developing economies, advanced economies were struck by the 2007/08 financial crisis. This resulted in their importing less from emerging & developing economies, making the recession a global phenomenon. While many emerging & developing economies managed to retain positive GDP growth in spite of the fall in world output, growth was at a slower rate than before the crisis period. By 2010, the world was recovering from recession, and the rate of growth in emerging & developing economies began to increase again. The recovery is estimated to have continued in 2011, though more slowly than in 2010.

Figure 3.1: GDP Growth Rates, Selected Regions, 2001–2011#



Source: WEO Update, January, 2012

Note: # indicates estimates

Figure 3.1 illustrates the GDP growth rates of selected world regions for the period from 2001 to 2010, with estimates for 2011. The statistics are provided by the World Economic Outlook (WEO) of the International Monetary Fund (IMF). The period reviewed in the figure began with a growth rate of 2.3 percent for the world in

2001. Advanced economies grew slower than this average, at 1.4 percent, while emerging & developing economies grew more rapidly, at 3.7 percent. Emerging & developing economies maintained a faster growth rate than advanced economies throughout the period. In 2001, at 2 percent the Euro-zone was growing faster than the average for advanced economies. In 2001 and 2002, the GDP of Sub-Saharan Africa (SSA) also grew more quickly than emerging & developing economies as a whole, with rates of 4.9 percent and 7.2 percent respectively; the 2002 growth rate was 2.5 percentage points above that of other emerging & developing economies. In 2002, growth rates increased, except for that of the Euro-zone which fell to 0.9 percent and remained below the average for advanced economies until 2006.

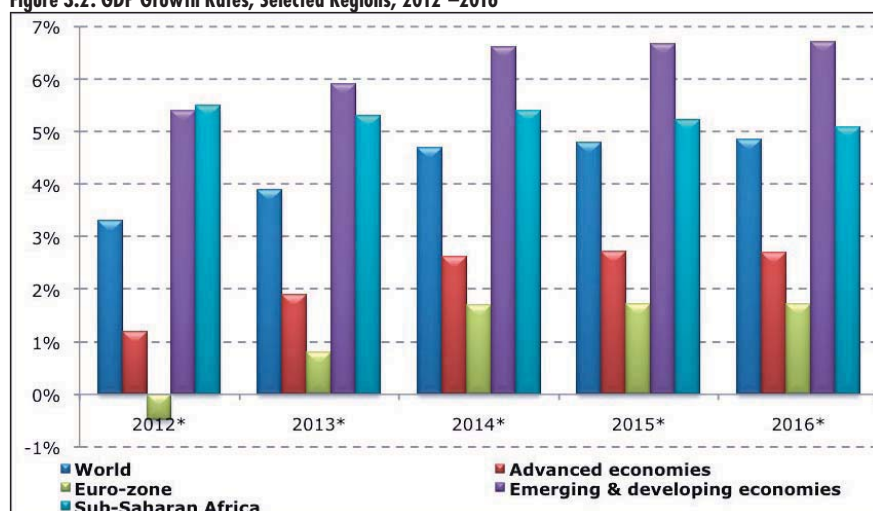
In 2003, the global average of economic growth increased to 3.6 percent, with both advanced and emerging & developing economies increasing their growth rates. However, the Euro-zone and SSA both recorded slowing rates, with SSA falling below the average for emerging & developing economies; it remained there for the rest of the period. In 2004, growth rates increased, but this was followed by a general slowdown in 2005 although rates remained above their 2003 levels. They continued to fluctuate moderately until 2008.

The effect of the global financial crisis can be observed in 2008, as all GDP growth rates fell that year and particularly in the advanced economies where the rate dropped to 0.1 percent. SSA recorded 5.6 percent growth in 2008, a 1.5 percentage point decrease from 2007's 7.1 percent. In 2009, the crisis and the resulting fear that spread through financial markets pushed the world economy into recession; growth in world output fell to negative 0.7 percent. The crisis was born in advanced economies and it was those economies which suffered the most damage, with their GDP falling by an average of 3.7 percent in 2009. The effect in the Euro-zone was particularly severe; GDP growth fell to negative 4.3 percent there. Emerging & developing economies faced slowed growth rates during the recession, with the group's average GDP growth rate falling 3.2 percentage points from 6 percent in 2008 to 2.8 percent in 2009.

Recovery from the recession is evident in the figures for 2010, with positive growth rates across the board once more. The world's economic growth rate increased 5.9 percentage points to 5.2 percent, advanced economies returned to positive growth at 3.2 percent and the emerging & developing economies increased their already positive growth to 7.3 percent. In 2010, the Euro-zone's GDP grew by 1.9 percent and that of SSA 5.3 percent.

The IMF forecasts for 2011 show a recovery which has lost some of its momentum, although the 2010 figures were off a lower base and thus at least some reduction in growth rates could have been expected. World output is forecast to have increased by 3.8 percent by the end of 2011, and the expectation for SSA is a growth rate of 4.9 percent. A number of global events have contributed to the recovery's slowdown; from the European debt crises, discussed in section 3.2.2, to civil wars in countries such as Libya and Egypt, to the downgrading of the United States of America's (USA) credit rating mentioned in section 3.2.1, this has been a period of turmoil.

Figure 3.2: GDP Growth Rates, Selected Regions, 2012*–2016*

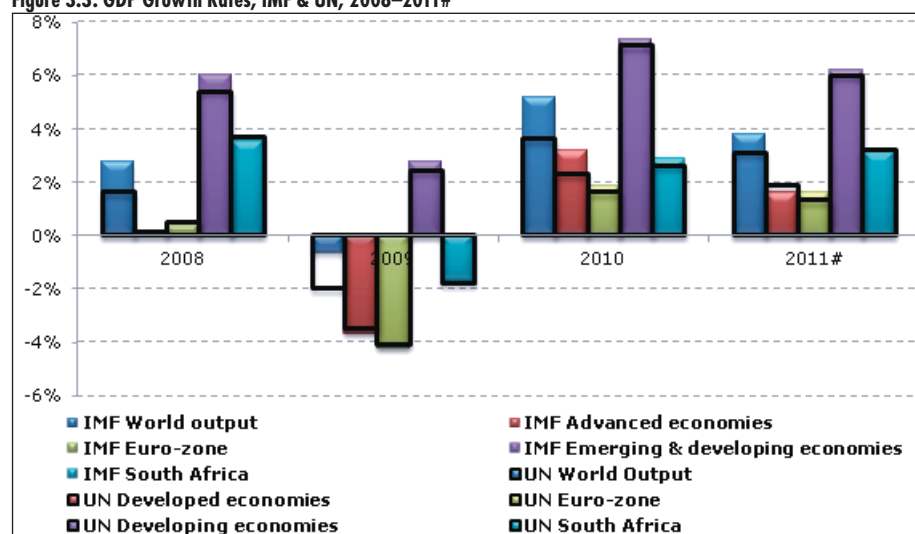


Source: WEO Update, January 2012

Note: * indicates forecasts

Figure 3.2 is an extension of figure 3.1, showing the GDP growth forecasts through to 2016. The IMF's predictions are on the whole optimistic, with positive and increasing growth rates; no double-dip recession is expected, except for the Euro-zone. Growth in the Euro-zone is anticipated to be negative 0.5 percent in 2012, though it is predicted to reach 1.7 percent in 2016. It would appear that the IMF expects the European sovereign debt crisis to have some negative impact on the region's economy but to be resolved satisfactorily after a short, mild recession in the Euro-zone. The European debt crisis is examined in more detail in section 3.2.2 of this chapter. Moderate increases in GDP growth rates of between 3 and 7 percent are predicted for the rest of the world, except for SSA where strong trade ties with Europe could cause the region to be adversely affected by comparatively slow growth in the Euro-zone.

Figure 3.3: GDP Growth Rates, IMF & UN, 2008–2011#



Sources: WEO Update, January 2012 & UN World Economic Situation and Prospects, 2012

Note: # indicates estimates

Figure 3.3 compares the GDP growth figures recorded by the IMF and the United Nations (UN) for the years 2008 to 2010; both organisations' forecasts for 2011 are also included. The IMF's advanced economies classification is compared to the developed economies grouping of the UN. Similarly, the IMF's emerging & developing economies category is compared to the UN's developing economies. The IMF's figures paint a more positive picture of the world economy, with output growth of 2.8 percent in 2008 compared to 1.6 percent from the UN. The IMF's higher figures for the world are largely a result of its higher figures for emerging & developing economies. In 2008, the IMF's GDP growth rate for emerging & developing economies was 6 percent, 0.6 percentage points higher than the UN's figure of 5.4 percent for developing economies. Both organisations gave the rate for advanced economies as 0.1 percent.

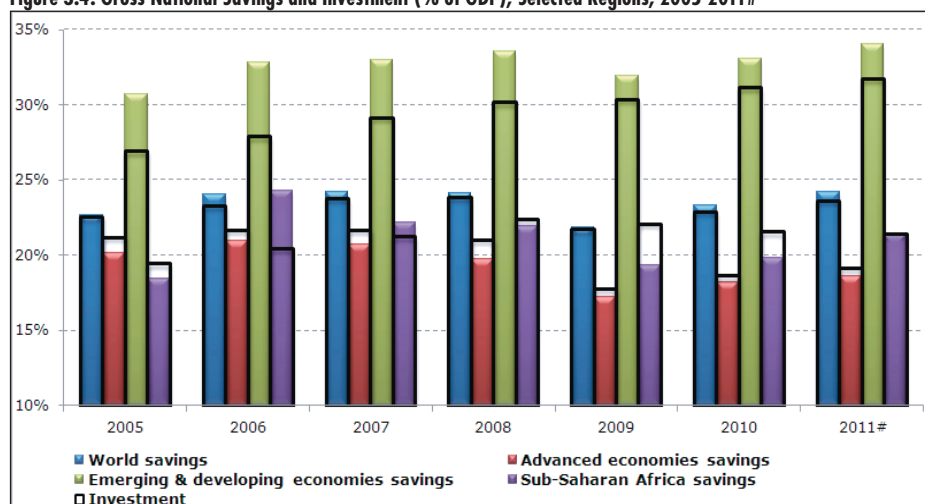
This trend continued into 2009, when both entities recorded negative growth for world output. The growth rates recorded for the IMF's advanced economies and the UN's developed economies were very similar, at negative 3.7 percent and negative 3.5 percent respectively. The IMF recorded a noticeably larger growth rate for emerging & developing economies than the UN did for developing economies, at 2.8 and 2.4 percent respectively. This led to the IMF recording a smaller reduction in world output in 2009, at negative 0.7 percent, than the UN at negative 2 percent.

In 2010, the IMF's figure for growth in world output remained higher than that of the UN, but now the organisation's figure for advanced economies was higher than that of the UN by a greater degree than their figure for emerging and developing economies. The 2011 IMF estimate of world output growth (3.8 percent) continues to be higher than that of the UN (3.1 percent). This is despite the IMF's estimating a lower growth rate for advanced economies than did the UN. The IMF's higher estimate for emerging and developing economies raised its global estimate more than its lower advanced economies estimate pulled it down.

3.2.1 Savings and Investment

Domestic savings reduce reliance on foreign investment. A country's credit rating is considered when attempting to access foreign investment. Investment is important for the future of an economy; it allows producers to create or upgrade infrastructure to increase production at a later date.¹

Figure 3.4: Gross National Savings and Investment (% of GDP), Selected Regions, 2005-2011#



Source: WEO Update, January 2012

Note: # indicates estimates

Figure 3.4 gives the gross national savings and investment, as a percentage of GDP, for advanced economies, emerging & developing economies and SSA for the period 2005 to 2010, with estimates for 2011. The world average for savings has been very slightly higher than for investment in most years of the period under review and almost exactly equal in 2005 and 2009. This is in line with economic theory, since savings are an important source of investment. For advanced economies, savings and investment have been lower than the global average throughout the period. In every part of the period under review, emerging & developing economies have saved more than the world average, and have also enjoyed more investment. Although not shown in the figure, China in particular has saved even more of its GDP than other emerging & developing economies, at an average of 52.2 percent of GDP from 2005 to 2011. The country has also enjoyed higher investment, at an average of 45.1 percent of GDP for the same period. Given these high levels of savings and investment, and China's large GDP (US\$5.9 trillion in 2010), it clearly contributed significantly to the emerging & developing economies' averages. SSA has differed from most other emerging & developing economies by saving less of its GDP than the world average percentage in all periods except 2006. SSA countries have also received less investment than the world average in every period, except for 2009.

Savings are, to a large extent, made available for investment through the extension of credit. Countries and other legal entities are assigned credit-worthiness ratings based on their past behaviour as recipients of credit. A country's credit rating affects its ability to attract investment. The credit rating assigned to an entity is an opinion on the likelihood that the entity will default on one or more payments towards the debt that it has incurred.² Credit ratings are internationally recognised when formalising opinions of organisations specialising in assessing credit worthiness. Agencies such as Standard & Poor's (S&P), Fitch, Morgan Stanley or Moody's are well known for credit rating/worthiness assessments, thereby providing guidance for investment, debt and or debt issuance considerations. Box 3.1 gives Standard and Poor's definitions and descriptions of their credit rating symbols.

¹ This is according to *Golden Rules of Economic Growth*. New York: Norton. 1966. Edmund P.

² Definition obtained from <http://www.standardandpoors.com/ratings/definitions-and-faqs/en/us>

Box 3.1: Selected Credit Rating Definitions

AAA	An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.
BBB	An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.
B	An obligation rated 'B' is more vulnerable to non-payment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.
C	A 'C' rating is assigned to obligations that are currently highly vulnerable to non-payment, obligations that have payment arrearages allowed by the terms of the documents, or obligations of an issuer that is the subject of a bankruptcy petition or similar action which have not experienced a payment default. Among others, the 'C' rating may be assigned to subordinated debt, preferred stock or other obligations on which cash payments have been suspended in accordance with the instrument's terms or when preferred stock is the subject of a distressed exchange offer, whereby some or all of the issue is either repurchased for an amount of cash or replaced by other instruments having a total value that is less than par.
D	An obligation rated 'D' is in payment default. The 'D' rating category is used when payments on an obligation, including a regulatory capital instrument, are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action if payments on an obligation are jeopardized. An obligation's rating is lowered to 'D' upon completion of a distressed exchange offer, whereby some or all of the issue is either repurchased for an amount of cash or replaced by other instruments having a total value that is less than par.

Source: Standard & Poor's, 2012

S&P assigns country credit ratings, using definitions such as those in Box 3.1, in three categories. These are the local currency risk (the ability of a country to repay debts denominated in its local currency); the foreign currency risk (the ability to repay debts in other currencies); and the transfer & compatibility (T&C) risk (the risk that the country will restrict access to foreign currency and thereby prevent domestic businesses from paying their foreign-currency-denominated debts).

Table 3.1: Credit Ratings, Selected Countries

Entity	Local Currency Rating	Foreign Currency Rating	T&C Assessment
Angola	BB-	BB-	BB-
Brazil	BBB+	BBB-	BBB+
China	AA-	AA-	AA-
Germany (Unsolicited Ratings)	AAA	AAA	AAA
India (Unsolicited Ratings)	BBB-	BBB-	BBB+
Japan (Unsolicited Ratings)	AA-	AA-	AAA
Russia	BBB+	BBB	BBB
South Africa	A	BBB+	A
United Kingdom (Unsolicited Ratings)	AAA	AAA	AAA
United States of America (Unsolicited Ratings)	AA+	AA+	AAA

Source: Standard & Poor's, 2012

South Africa has a lower foreign than local currency rating; this is probably due to its having less extensive reserves than some other countries. The country's credit ratings from S&P are A for local currency and T&C assessment,

and BBB+ for foreign currency. With the exception of China, this is better than the country's BRICS³ partners. It is also higher than Angola, the second largest economy in the Southern African Development Community (SADC) region.

On the 5th of August 2011, S&P downgraded the USA's local and foreign currency credit ratings from AAA to AA+. Ripples were sent through global financial markets as fears built that US Treasury bonds would no longer be a safe haven investment. S&P attributed the downgrade to the belief that the predictability, effectiveness and stability of the USA's political institutions and policy-making had become weaker.⁴ This happened at a time when the USA faced serious economic and fiscal trials. It was S&P's view that the recently agreed-to USA fiscal plan was less than the minimum needed to rein in the country's medium-term debt prospects. Also, S&P no longer had as much faith as it previously did in the ability of the USA's major political forces to come to enduring agreements that would form the basis of a broader plan to stabilize the country's debt prospects. There was in fact less fallout from the USA downgrade than had been feared, and financial markets carried on.

More recently, South Africa also fell afoul of a credit rating agency. While the country's rating has not currently been lowered, Moody's Investor Service adjusted South Africa's credit outlook from stable to negative, thus declaring a risk of a downgrade.⁵ Moody's is primarily concerned that increasing pressure on government to address poverty and unemployment quickly may undermine its current prudent commitment to low budget deficits, particularly given the recent lowering of South Africa's GDP growth forecasts. The agency was also concerned by calls for the nationalisation of sectors of the economy. It believes that this is harming the country's prospects of receiving private investment; that nationalisation would most likely fail to achieve its aims; and that such state intervention in the economy would reduce South Africa's appeal as an investment destination for both foreign and local investors and would encourage the exodus of business and citizens. This would in turn increase the risk premium on South African government debt, further inflating the country's debt servicing costs.

3.2.2 Euro-zone Debt Crisis

In his 2012 National Budget speech, Finance Minister Pravin Gordhan highlighted the uncertainty of the global economy. He mentioned the economic troubles currently being experienced in Europe through unsustainable sovereign debt problems. This sub-section provides a brief overview of these issues faced by the Euro-zone debt troubles.

The unsustainable debt incurred by countries such as Greece and Italy has been brought to light by the recent global recession because it lowered tax revenue and necessitated increased government spending.⁶ Fear of debt default by these countries damaged financial markets' trust in even the comparatively strong Euro-zone economies. Euro-zone banks also became suspect as they held much of their governments' debt and had extended credit to projects which proved unsustainable. With trust lost in both governments and banks, sources of foreign credit dried up.

As expectations rose that some countries would begin to default, albeit in an orderly fashion, runs⁷ began on the banks of exposed countries such as Greece and Portugal. Billions were transferred out of the banks of suspect countries to safer places such as Switzerland and Germany. Even as measures were put in place to set the continent on the road to recovery, the austerity required by these measures for those weaker countries which had been enjoying unsustainably good times previously sparked protest from their populations who did not wish the good times to end. In countries such as Greece, these protests went as far as violent rioting in the streets.

Even moving deposits to safer countries can do little to soften the blow if weaker Euro-zone countries suffer economic collapse. South Africa, for example, would be impacted negatively by reduced demand for its exports in these countries. It is to be hoped that the Euro-zone can resolve this problem without plunging the world economy back into recession.

³ The acronym BRICS stands for Brazil, Russia, India, China and South Africa.

⁴ See *Research Update: United States of America Long-Term Rating Lowered To 'AA+' On Political Risks And Rising Debt Burden; Outlook Negative*, Standard & Poor's, 2011.

⁵ See: http://www.moody.com/research/Moodys-changes-outlook-on-South-Africa-A3-government-ratings-to-PR_230435

⁶ This is according to the research publication "A Maturing Crisis Approaches Catharsis" by Cees Bruggemans, FNB Chief Economist. 2011.

⁷ According to www.investopedia.com, a run is, "[a] situation in which numerous bank customers try to withdraw their bank deposits simultaneously and the bank's reserves are not sufficient to cover the withdrawals".

3.3 The National Economy

South Africa is the largest economy in Africa. Home to Gauteng, its economy is intrinsically connected with that of the province. Finance Minister Pravin Gordhan's 2012 National Budget speech highlighted the country's growth prospects and drew attention to the strength of the national finances. The national deficit budgeted for in the 2012/13 financial year is 4.6 percent of GDP, intended to be reduced to 3 percent in 2013/14. This deficit reflects estimated government revenue of R905 billion and total government spending of R1.1 trillion. This spending is equal to approximately 32 percent of the country's expected GDP in 2012/13. This section examines the national economy to give context to the subsequent analysis of the economy of the province.

Figure 3.5: GDP, Percent Change, SA, 2001–2011#



Source: WEO Update, January 2012

Notes: # indicates estimates

Figure 3.5 presents the GDP growth rate for South Africa for the period 2001 to 2011. From 2001 to 2006, it shows a positive trend. The dip in the growth rate in 2003 was due to the effect on the world economy of the invasion of Iraq. Thereafter, from 2005 to 2007, South Africa enjoyed an economic growth rate of over 5 percent. However, the global financial crisis struck in 2008. Despite the purely financial nature of the crisis, it had a far greater impact on the economy of the world than did the war in Iraq. While South Africa experienced little direct effect from the crisis, reduced demand for the country's exports from its more heavily affected trading partners slowed growth. In 2009, the after-effects of the crisis worsened, and the damage transmitted to the national economy from the advanced economies via trade channels dragged the country into recession along with most of the world. The country did not, however, remain in recession for long, and returned to positive growth in 2010. The IMF expects that once the data for 2011 has been compiled, it will show that South Africa grew faster in 2011 than in 2010. In his speech, Finance Minister Gordhan stated his expectation that the South African economy would experience a reduction in its GDP growth rate to 2.7 percent in 2012, from an estimated 3.1 percent in 2011, due to an expected global slowdown. He then forecast that growth would recover to 3.6 percent in 2013 and then 4.2 percent in 2014.

Table 3.2: Sectoral Contributions by GVA, 2003, 2010 & 2015*

	2003	2010	2015*
Agriculture, forestry & fishing	3.4%	2.4%	2.1%
Mining & quarrying	7.4%	9.4%	9.2%
Primary Sector	10.9%	11.8%	11.3%
Manufacturing	19.4%	13.8%	13.5%
Electricity, gas & water	2.6%	3.0%	3.1%
Construction	2.3%	4.3%	4.3%

	2003	2010	2015*
Secondary Sector	24.3%	21.0%	20.8%
Wholesale & retail trade	13.7%	14.2%	14.1%
Transport & communications	9.8%	8.4%	8.9%
Finance & business services	20.0%	21.6%	22.0%
Government, social & personal services	21.4%	22.9%	22.9%
Tertiary Sector	64.9%	67.2%	67.9%

Source: IHS Global Insight, 2012

Note: * indicates a forecast

Table 3.2 shows the contributions of each sector and sub-sector to Gross Value Added⁸ (GVA), for the years 2003 and 2010, with forecasts for 2015. The primary sector makes the smallest contribution to the economy, at 11.8 percent in 2010. Agriculture, forestry & fishing had a smaller share of the GVA in 2010 than in 2003, at 2.4 and 3.4 percent respectively. However, the 2 percentage point increase in the mining & quarrying share of GVA resulted in the sector as a whole raising its share of the economy. Conversely, as the country continues its drive towards the modernisation of its economy, the forecast for 2015 predicts a decline in the share of the primary sector and both of its sub-sectors.

The secondary sector is the second largest contributor to the country's GVA, despite a declining share between 2003 and 2010. Decreased demand for South African exports caused by the global recession hit the manufacturing sub-sector hard. Its share of GVA fell from 19.4 percent in 2003 to 13.8 percent in 2010. By 2015, the sub-sector's share is predicted to have declined still further. Electricity, gas & water and construction both increased their share of GVA between 2003 and 2010. Construction in particular recorded a 2 percentage point rise to 4.3 percent in 2010; this was most likely aided by government's Gautrain and Reya Vaya public transport projects and by construction in preparation for the 2010 Fédération Internationale de Football Association (FIFA) World Cup. The 2012 National Budget speech highlighted that government aims to once again begin expanding the country's infrastructure. This should raise construction's share of the economy past the forecast figures in the shorter term. However, improved infrastructure will also support other sectors of the economy in the longer term. This can be directly, such as electricity, gas & water benefitting from improvements in electricity generation infrastructure. Infrastructure development can also have an indirect effect, such as the benefit to wholesale & retail trade from improved roads and ports.

The largest contributor to GVA in 2010 remained the tertiary sector. At 67.2 percent, it had increased by 2.3 percentage points from 64.9 percent in 2003. The first, second and third biggest contributing sub-sectors are all within the tertiary sector. The government, social & personal services sub-sector is the leading contributor to GVA. Its growth from 21.4 percent in 2003 to 22.9 percent in 2010 was probably due to increased spending by government to counter the recession. At a forecast of 22.9 percent, the sub-sector is expected to maintain its dominance in 2015. The finance & business services sub-sector is the second largest in the country, at 21.6 percent of GVA in 2010; it is predicted to increase further by 2015, to 22 percent. The increase in this sub-sector is a further sign of the modernisation of the South African economy. The third largest contributor, wholesale & retail trade, contributed 14.2 percent to the country's GDP in 2010.

3.3.1 Consumer and Business Confidence

The future actions of economic entities whether consumers or businesses, are greatly influenced by their confidence in the prospects of their economy. Consumers who are confident generally spend more, and businesses with confidence are more likely to make long-term investments. The December 2011 Quarterly Bulletin of the South African Reserve Bank (SARB), gives the background to the economic environment being navigated by South African consumers. Households in the country have enjoyed an increase in their disposable incomes. While they have also increased their final consumption expenditure, this has been at a rate in line with that of their rise in income; as this has kept the amount of debt approximately unchanged, the ratio of debt to disposable income has fallen slightly.

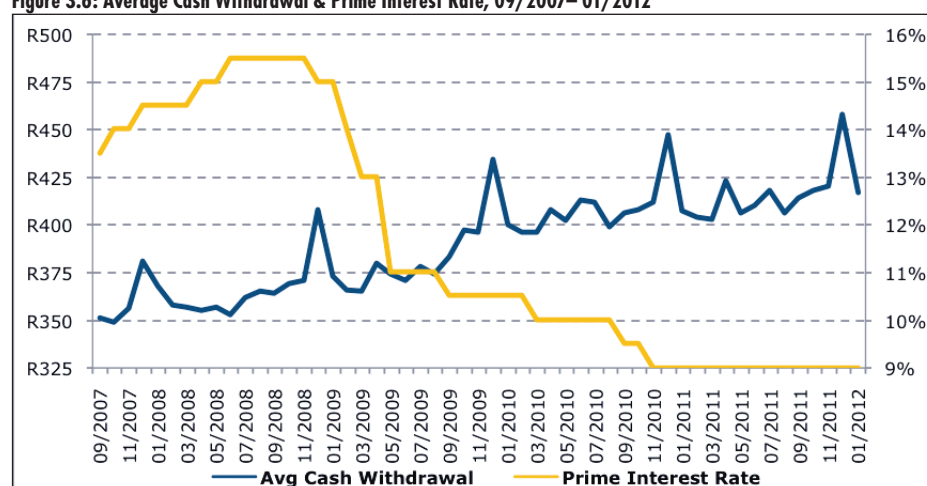
⁸ According to the Oxford Economic Dictionary, value added is, "The total sales of a firm minus purchases of inputs from other firms... National income is the sum of value added in all enterprises in the economy."

Confidence is often measured by surveys, such as the Kagiso Purchasing Managers Index (PMI) or by other indicators such as the Spark Cash Index. After noting correlations between the withdrawals of cash from its Automated Teller Machines (ATMs) and a number of economic variables including consumer confidence, Spark ATM Systems has begun presenting its Spark Cash Index in South Africa,

ATM Withdrawals

The Spark Cash Index is calculated by dividing cash dispensed during a particular month by the number of cash withdrawals that month. The data is drawn from a selection of Spark ATM Systems' network of ATMs. This gives a sample of hundreds of thousands of transactions made in urban and rural areas across all nine provinces.⁹ The withdrawal of cash can be influenced by interest rates as these form the price of money, although the effect on consumer confidence of the prime interest rate may be more significant.

Figure 3.6: Average Cash Withdrawal & Prime Interest Rate, 09/2007–01/2012



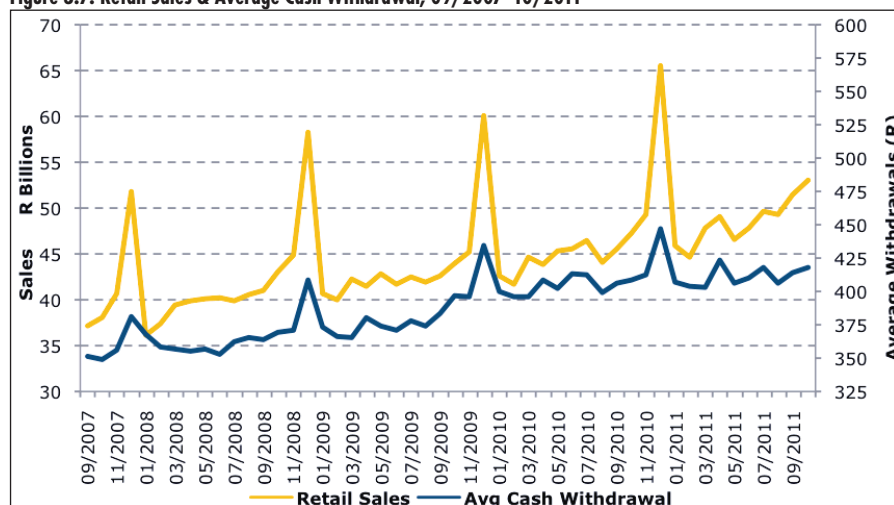
Source: Spark Cash Index, 2012

Figure 3.6 shows the prime interest rate¹⁰ and the average size of cash withdrawals from ATMs owned by Spark for the period from September 2007 to January 2012. The correlation coefficient between the prime rate and Spark's average cash withdrawals is negative 0.815. This means that just over 81 percent of the movement in average cash withdrawals can be explained by movement in the prime rate, and that they move in opposite directions. From this, it would appear that the prime rate affects not only credit extension but also spending patterns. Credit extension probably explains some of the impact on spending, and the cost of debt repayment even more, but Spark's analysis suggests that the effect of the prime rate on consumer confidence also plays a part. Cash withdrawals do not, by definition, include any sort of payment by credit card, cheque or any other such instrument; they thus ignore the majority of credit transactions and particularly the largest ones. The effect of the prime rate on cash withdrawals may therefore be less direct than one might assume at first glance.

Given the above, it appears that the reduction in the prime rate has bolstered consumer confidence, at least enough to keep cash withdrawals on an upward trend while the rate was falling, although in late 2010 to January 2012 the prime rate remained steady but low, and the average increase in cash withdrawals slowed down. Despite this, the average withdrawal size in July 2011 was the highest for any July in the five years of the Spark Cash Index's existence. The Managing Director of Spark ATM Systems said that, "This is positive news for the South African economy and a sure indicator that South African consumer confidence is steadily returning". The positive effects of increased cash withdrawal can be seen in its relation to retail sales, as shown in figure 3.7.

⁹ Information obtained from The Spark Cash Index Release version: December 2011.

¹⁰ According to www.investopedia.com, the prime interest rate is defined as the interest rate that commercial banks charge their most credit-worthy customers. Generally, a bank's best customers consist of large corporations.

Figure 3.7: Retail Sales & Average Cash Withdrawal, 09/2007–10/2011

Source: Spark Cash Index, 2012

Figure 3.7 shows Stats SA's retail trade sales value and the Spark average cash withdrawal size from September 2007 to October 2011. Retail sales and average cash withdrawals track each other very closely; the correlation coefficient between the two is 0.826. This is particularly apparent around the festive season spikes in both variables, though the significantly larger spike in retail sales suggests that much expenditure during that period is credit driven.

Purchasing Managers Index

The PMI is based on a survey conducted by the Bureau for Economic Research (BER) and the Chartered Institute for Purchasing & Supply Southern Africa.¹¹ It is sponsored by Kagiso Tiso Holdings. The survey asks purchasing managers a number of questions to ascertain their opinions of current business conditions and their confidence in the future. The Index and its various sub-indices, such as the employment sub-index, are rated from 0 to 100. A rating above 50 indicates expansion, and a rating below 50 indicates contraction.

The overall PMI has been on the rise; it was at 46.7 index points in August 2011 and rose to 50.2 in September and to 50.5 in October. This indicates that business conditions were contracting in August, became mildly expansionary in September and experienced further, though marginal, improvement in October. Kagiso PMI's leading indicator is its ratio between new sales orders and inventories. A ratio of less than 1 indicates that the level of inventories is too high in relation to the volume of orders for new manufactured goods. A ratio above 1 indicates that inventories are insufficient to meet orders, and that more goods need to be manufactured. August 2011's leading indicator was 0.86, its lowest since early 2009. In September, it rose to 0.95, as new sales orders increased and inventories fell. In October, the leading indicator rose above 1, although barely, to 1.01. October's improvement suggests that manufacturers now need to expand their manufacturing levels to meet demand, a good sign for the sector.

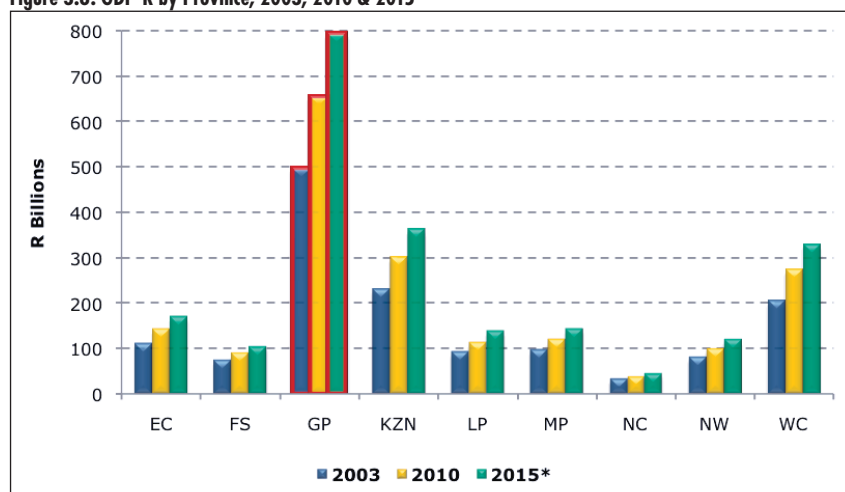
A value of 44 index points was recorded for the employment sub-index in August 2011, indicating a reduction in employment that month; whether this was caused by underemployment or outright job losses is not captured in the PMI. In September and October of 2011, the sub-index fell to 43.9 but then rose to 45.6, indicating that employment continued to decline, but at a slower rate, in October. This is in line with the leading indicator levels reported above. An expansionary leading indicator in October indicates improved conditions in a later month, and employment in turn most often lags behind improved conditions. Thus, assuming a continued positive outlook, employment gains would be likely to be seen in early- to mid-2012. Further details on employment can be found in Chapter Four of this publication.

¹¹ Information accessed at www.kagiso.com

3.4 The Economy of Gauteng

Gauteng remains the economic cornerstone of South Africa, with the province contributing more than a third of the country's GDP. The province's economy is primarily tertiary sector based, with large contributions from the finance & business services and the government, social & personal services sub-sectors. The secondary sector's manufacturing also makes a significant contribution.

Figure 3.8: GDP-R by Province, 2003, 2010 & 2015*



Source: IHS Global Insight, 2012

Note: * indicates forecast

Figure 3.8 indicates that, in 2010, every province had a higher real Gross Domestic Product by Region (GDP-R) than in 2003, and that all are forecast to further increase their GDP-R by 2015. The province with the lowest GDP-R in every year is the Northern Cape followed by the Free State, at R38.6 billion and R91.7 billion respectively in 2010. Gauteng has the highest GDP-R, followed by KwaZulu-Natal, with the Western Cape in third place. KwaZulu-Natal's real GDP-R of R301.5 billion in 2010 was R70.1 billion higher than its 2003 figure of R231.4 billion. The Western Cape's GDP-R increased from R204.7 billion in 2003 to R273.6 billion in 2010. In 2015, the GDP-R of KwaZulu-Natal is forecast to rise to R362.5 billion and that of Western Cape to R333.2 billion.

Gauteng's GDP-R is more than double that of any other province. Its GDP-R in 2003 was R495.9 billion; by 2010 this had grown to R653.8 billion, an increase of R157.9 billion or 31.8 percent. By 2015, Gauteng's GDP-R is expected to have grown by a further 17.4 percent, reaching R791.8 billion. It appears that there is confidence in the province's economic growth potential, and that it is in no danger of losing its place as the country's economic hub.

Table 3.3: Sectoral Contributions by GVA, 2003, 2010 & 2015*

	2003	2010	2015*
Agriculture, forestry & fishing	0.7%	0.5%	0.3%
Mining & quarrying	3.0%	3.6%	3.6%
Primary Sector	3.7%	4.1%	3.9%
Manufacturing	23.0%	16.5%	15.8%
Electricity, gas & water	2.5%	2.9%	2.9%
Construction	2.8%	5.4%	5.5%
Secondary Sector	28.3%	24.8%	24.2%
Wholesale & retail trade	14.3%	14.6%	14.5%
Transport & communications	8.9%	7.9%	8.4%
Finance & business services	22.4%	25.2%	25.7%
Government, social & personal services	22.4%	23.4%	23.3%
Tertiary Sector	67.9%	71.1%	71.9%

Source: IHS Global Insight, 2012

Note: * indicates forecasts

Table 3.3 shows the contributions of each sector and sub-sector to the GVA of the province, for the years 2003 and 2010, with forecasts for 2015. As is the case with the economy of the country as a whole, Gauteng's GVA is dominated by the tertiary sector, with the primary sector making the smallest contribution. These patterns are even more marked in Gauteng than in the country as a whole, as the province is the centre of South Africa's financial sector and most national government departments are located there.

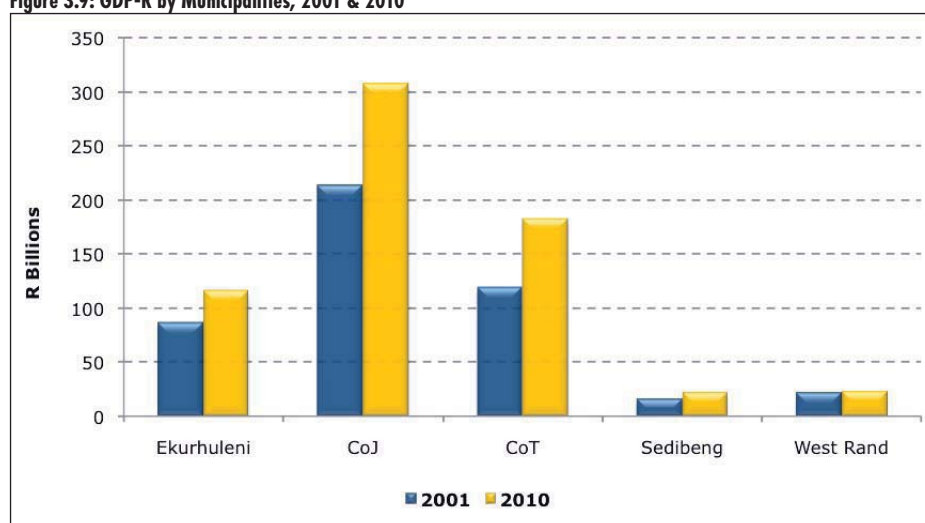
In 2010, the primary sector contributed 4.1 percent of Gauteng's GVA. This was an increase on its 3.7 percent share in 2003. While the share of the agriculture, forestry & fishing sub-sector fell, that of mining & quarrying rose from 3 percent to 3.6 percent. Agriculture, forestry & fishing is forecast to have a smaller share in 2015, while mining & quarrying is expected to remain at its present levels. The secondary sector contributed 28.3 percent of GVA in 2003, falling to 24.8 percent by 2010. Electricity, gas & water increased its share slightly and that of construction rose somewhat more significantly. However, the share of manufacturing fell by 6.5 percentage points, enough to reduce the share of the overall secondary sector. The forecast for the sector in 2015 is just below the figure for 2010. Construction should gain further support soon, however, as government introduces new infrastructure developments. The National Budget speech declared an intention to expand infrastructure and the SoPA also stated this intention. One of the infrastructure expansions highlighted in the SoPA is the Tembisa Master Plan. This plan includes 54 separate projects which focus primarily on the development and upgrading of public infrastructure such as the upgrading of the water system, the rehabilitation of steel pipes and the construction of roads.

The tertiary sector dominates Gauteng's economy even more than it does South Africa's. The finance & business services sub-sector is the largest element in the tertiary sector, and has been larger than any sub-sector of the primary or secondary sectors since 2005. In 2003, it accounted for 22.4 percent of the province's GVA; this increased to 25.2 percent in 2010, and is forecast to grow to 25.7 percent by 2015. Government, social & personal services is the second largest tertiary sub-sector, and has also been larger than any primary or secondary sub-sector since 2006. It contributed 22.4 percent of the province's GVA in 2003; this rose to 23.4 percent in 2010 and is expected to fall slightly to 23.3 percent by 2015.

3.5 Economic Contributions by Municipalities

The three metros, particularly City of Johannesburg (CoJ), account for far larger shares of the province's GDP-R than do the districts. The economies of the metros are also focussed more on the tertiary sector than are those of the districts. Nevertheless, by 2010 the tertiary sector was the largest sector in the district economies as well.

Figure 3.9: GDP-R by Municipalities, 2001 & 2010

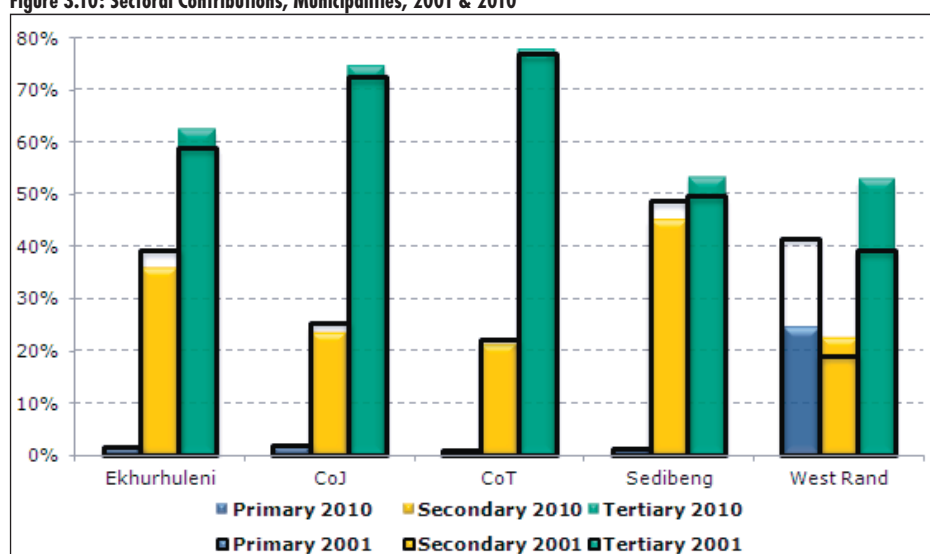


Source: IHS Global Insight, 2012

Figure 3.9 shows the GDP-R of Gauteng's three metros and two districts, for the years 2001 and 2010. While Ekurhuleni's GDP-R was much lower than that of the other two metros, it was still significantly higher than either of the districts. The CoJ has the largest GDP-R of the municipalities, at R213 billion in 2001 and R307.4 billion in 2010. The GDP-R of the City of Tshwane (CoT) is just over half that of CoJ, at R119.8 billion in 2001 and R183.1 billion in 2010. The West Rand has the highest GDP-R of the districts, but this was only R22.6 billion in 2001 and R23.6 billion in 2010.

It is unsurprising that the metros have higher GDP-R's than the districts. The metros are the built-up areas, the cities, where almost all of the province's major businesses are based. This contrasts with the districts, which include more rural or at least less-developed areas.

Figure 3.10: Sectoral Contributions, Municipalities, 2001 & 2010



Source: IHS Global Insight, 2012

Figure 3.10 illustrates the percentage shares contributed by the three broad economic sectors to Gauteng's five municipalities for the years 2001 and 2010. In 2010, all five municipalities received most of their GDP-R from the tertiary sector, though in 2001 the West Rand received slightly more from the primary sector. The primary sector contributed the least to the other four Gauteng municipalities in both 2001 and 2010.

In Ekurhuleni, the 3.6 percentage point increase in the percentage share contributed to the metro by its tertiary sector was almost exactly matched by a decline in the contribution from its secondary sector. The manufacturing sub-sector of the secondary sector was the metro's largest sub-sector in 2001. The trade effects of the world recession hit the manufacturing sub-sector hardest in many of Gauteng's municipalities, and manufacturing contributed a lower percentage of Ekurhuleni's GDP-R in 2010. However, manufacturing remained the metro's largest sub-sector in 2010. The decline in manufacturing's contribution was largely offset by the finance & business services of the tertiary sector, which was the metro's second largest sub-sector in both years.

The contribution by the tertiary sector to the GDP-R of CoJ grew by 2.2 percentage points between 2001 and 2010. Over the same period, the primary sector's contribution fell by 0.4 percentage points and the secondary sector accounted for the rest of the tertiary sector's increase by declining 1.8 percentage points. At the sub-sector level, the finance & business services and government, social & personal services sub-sectors account for the largest and second largest shares of the metro's GDP-R respectively. The manufacturing sub-sector was the third largest in CoJ in 2001 and 2010.

The share contributed by the tertiary sector to the GDP-R of CoJ is slightly lower than that of CoT, while the secondary sector's share is slightly larger. However, with its far larger GDP-R, CoJ's tertiary sector is still larger than that of CoT; it is simply that CoJ's secondary sector is larger than that of CoT by an even greater amount. The government, social & personal services sub-sector is the largest in CoT, with finance & business services second, though the gap between them had narrowed by 2010.

In Sedibeng, the secondary sector's contribution was almost as large as that of the tertiary sector in 2001, with less than a percentage point between them, but the difference had increased to 8 percentage points by 2010. The district's manufacturing sub-sector lost a portion of its share of GDP-R by 2010, while the construction sub-sector grew but from a low base. The district's finance & business services, by contrast, experienced comparatively brisk growth. Its larger base, however, resulted in manufacturing remaining the largest sub-sector in Sedibeng in 2010.

The West Rand saw a decline in the share of its GDP-R contributed by the primary sector. This was led by mining & quarrying; not only did this sub-sector lose much of its percentage share, but its actual value dropped in real terms. This was due to the mine closures which took place in the district. Similarly to Sedibeng's manufacturing, mining in the West Rand had such a large base in 2001 that, even with its decline by 2010, it remained the largest sub-sector of the West Rand.

3.6 Conclusion

South Africa was dragged into recession with the rest of the world in 2009 and emerged in 2010, with Gauteng following suit. This serves as a reminder that the province is not an island, and events that affect the country also affect the province, whilst the country in turn is affected by events that affect the world. It therefore bodes well for the province that world output forecasts remain optimistic, although this is threatened somewhat by debt crises in the advanced economies, particularly the Euro-zone.

Domestically, South Africa's outlook is optimistic. The IMF expects increased GDP growth for the country while consumer and business confidence are both improving. Gauteng remains the province with the largest economy in South Africa. The province's economy is dominated by the finance & business services and government, personal & social services sub-sectors, with contributions in 2010 of 25.2 percent and 23.4 respectively. Confidence in the country's future is improving. Rising consumer confidence can be seen in increasing cash withdrawals and retail sales, while rising business confidence is visible in the PMI. The improvement in the index's leading indicator is particularly encouraging, suggesting as it does an improvement in manufacturing employment for 2012.

Gauteng's metros, particularly the CoJ, make far larger contributions to the province's GDP-R than do the districts. This is unsurprising given that it is in the metros that most businesses are located. The province is becoming modernised and is moving towards tertiary sector activities over those of the primary sector. Also, the secondary sector has contracted as the global recession has struck manufacturing harder than most sub-sectors, and construction is no longer buoyed by preparations for the FIFA World Cup. Not only in the metros but also in the districts, the tertiary sector is becoming increasingly dominant.

Chapter 4: Gauteng Labour Market

4.1 Introduction

This chapter provides information on the performance of the labour market in South Africa, Gauteng and municipalities in the province. According to the International Labour Organisation's¹ (ILO) unemployment trends, in 2010 there were 205 million unemployed people in the world. This is an unemployment rate of 6.2 percent, a 0.1 percentage point decrease from 6.3 percent in 2009. South Africa and Gauteng are not immune to this unemployment challenge. The unemployment rate for South Africa during the fourth quarter of 2011 was 23.9 percent and that of Gauteng 25.1 percent. This chapter discusses total employment by occupation and breaks it down by variables including gender and level of education. It also shows sectoral employment by municipalities. Special attention is paid to women in the workplace, their challenges, positions held by females in Johannesburg Stock Exchange (JSE) listed companies and volunteer work activity. The latter parts of the chapter look at informal employment in the provinces and by sector, and give the total informal employment for Gauteng. The last part examines firstly the profile of the unemployed in the province, the unemployment rate by gender, within the municipalities, and amongst youth.

4.2 Gauteng Labour Force Profile

This section looks at the latest labour statistics from the Stats SA Quarterly Labour Force Survey (QLFS)² before looking at municipal labour data from IHS Global Insight. Gauteng as the most populous³ province, and economic hub of the country, has the highest labour force participation rate⁴ and the second highest labour absorption rate⁵ compared to all other provinces. In 2010, the province's labour participation rate was 70.2 percent, a decline of one percentage point from 71.2 percent in 2009. The labour absorption rate was 51.4 percent in 2010, a decline of 2.8 percentage points from 54.2 in 2009.⁶ This publication uses the narrow definition of unemployment⁷, which includes the economically active population who are actively looking for work and did not have a job during the seven days before the survey. This definition excludes those who are not employed and not seeking work.

Table 4.1: Labour Force Profile, Gauteng & SA, Q3 & Q4, 2011

	Gauteng			South Africa		
	Q3 ('000)	Q4 ('000)	% change	Q3 ('000)	Q4 ('000)	% change
Labour force	5,517	5,493	-0.4%	17,761	17,741	-0.1%
Employed	3,983	4,115	3.3%	13,318	13,497	1.3%
Unemployed	1,533	1,379	-10.0%	4,442	4,244	-4.5%
Not economically active	2,305	2,354	2.1%	14,795	14,929	0.9%
Discouraged work-seekers	235	309	31.5%	2,204	2,315	5.0%

¹ The ILO is a tripartite United Nations (UN) agency involving government, employer and labour representatives. It provides a forum in which governments and social partners from its 183 member states can debate labour standards and policies. See <http://www.ilo.org/global/about-the-ilo/who-we-are/lang-en/index.htm>

² This information is from the fourth QLFS of 2011.

³ For more information on population figures, refer to Chapter 2 of this publication (Demographics).

⁴ The labour force participation rate is the proportion of the working age population that is employed, or unemployed, in relation to the total working age population. The working age population is the number of individuals aged between 15 and 64 years.

⁵ *Labour Market Dynamics in South Africa*, 2010, published by Statistics South Africa, defines the labour absorption rate as the proportion of the working age population that is employed in relation to the total labour force. See <http://www.statssa.gov.za/PublicationsHTML/Report-02-11-022010/html/Report-02-11-022010.html>

⁶ Information was obtained from the *Labour Market Dynamics in South Africa*, 2010.

⁷ The narrow definition is used as it is the official unemployment definition adopted by Government.

	Gauteng			South Africa		
	Q3 ('000)	Q4 ('000)	% change	Q3 ('000)	Q4 ('000)	% change
	Rates		% Point change	Rates		% Point change
Unemployment	27.8%	25.1%	-2.7%	25.0%	23.9%	-1.1%
Employed/population ratio	50.9%	52.4%	1.5%	40.9%	41.3%	0.4%
Labour force participation rate	70.5%	70.0%	-0.5%	54.6%	54.3%	-0.3%

Source: Stats SA, QLFS, 2012

Table 4.1 shows the labour force profile in Gauteng and South Africa for the third and fourth quarters of 2011. In the fourth quarter, Gauteng had a labour force⁸ of 5.5 million, a decrease of 0.4 percent from the third quarter. South Africa had a labour force of about 17.7 million in the fourth quarter, a decrease of 0.1 percent from the third quarter. The number of employed people in the fourth quarter of 2011 was approximately 4.1 million; that of South Africa was 13.5 million. The number of unemployed in the province in the fourth quarter (about 1.4 million) had declined by 10 percent from the third quarter. The number of unemployed in the country as a whole fell by 4.5 percent to 4.2 million in the fourth quarter. The number of Not Economically Active (NEA) persons in Gauteng increased by 2.1 percent to 2.3 million in the fourth quarter. For the country as a whole, the NEA number increased by 0.9 percent to 14.9 million. The unemployment rate for the province declined by 2.7 percentage points to 25.1 percent in the fourth quarter and that of the country by 1.1 percentage points to 23.9 percent.

Table 4.2: Municipal Labour Force Profile, 2010

	Ekurhuleni	CoJ	CoT	Sedibeng	West Rand
Labour force	1,269,748	2,491,570	1,332,287	268,620	350,047
Economically active population	1,397,159	2,064,227	1,249,925	343,154	389,012
Employment	835,234	2,016,983	1,156,679	127,697	254,194
Unemployed	434,514	474,587	175,608	140,923	95,853
	Rate				
Unemployment rate	31.1%	23.0%	14.0%	41.1%	24.6%
Employment as % of labour force	65.8%	81.0%	86.8%	47.5%	72.6%

Source: IHS Global Insight, 2012

Table 4.2 shows selected labour market indicators by municipality for 2010. Quarterly data for municipalities is not available, and the only available annual data was for 2010. The table reveals that the metros have the highest values for most of the selected indicators. The City of Johannesburg (CoJ) had the largest share of the labour force at 2.5 million, followed by the City of Tshwane (CoT) at 1.3 million and Ekurhuleni at 1.27 million. Sedibeng had the smallest share at about 268,000. The CoJ also had the largest share of employment, with approximately 2 million people employed, followed by CoT with approximately 1.2 million and Ekurhuleni with about 835,000. Sedibeng had the smallest share of employment at 128,000 and the West Rand the second smallest at 254,000. Sedibeng had the highest unemployment rate, at 41.1 percent, followed by Ekurhuleni at 31.1 percent and the West Rand at about 24.6 percent. The CoT had the lowest rate of unemployment at about 14 percent, and the CoJ the second lowest at 23 percent. The weak manufacturing sub-sector in Sedibeng and the shedding of jobs by larger companies in the district has affected employment levels. This is also reflected in the unemployment rate of Ekurhuleni, as the metro has the second largest manufacturing sub-sector in the province, as discussed in Chapter Three.

⁸ The labour force is defined as all individuals between the ages of 15 and 64 who are employed, unemployed and actively seeking work.

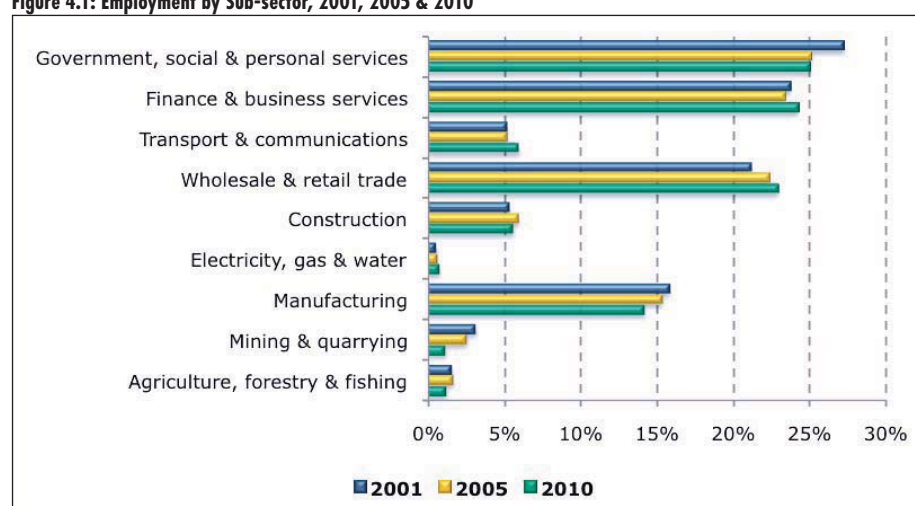
4.3 Employment

The Adcorp⁹ Employment Index (AEI)¹⁰ report for August 2011 points to the uncertainty currently surrounding economic conditions in the country. According to the report, Stats SA's July 2011 figures for mining and manufacturing indicate a slowdown in production. This suggests that global economic weakness continues to affect South African producers adversely. The report argues that employment levels are not a barometer for economic conditions because job creation tends to lag behind improved economic conditions, usually by 24 to 36 months. The 2011 fourth QLFS indicates that 179,000 jobs were created in the country, a drop of 7.3 percent from the third quarter.¹¹ The QLFS also shows that year-on-year (y-o-y) employment for the country increased by 365,000, with the government, social & personal services sub-sector accounting for the largest increases followed by the manufacturing sub-sector and then wholesale & retail trade. The job gains for these sectors were 66,000, 52,000 and 48,000 respectively in the fourth quarter of 2011. According to the Annual Labour Market Bulletin¹² for the 2010/11 financial year, the Expanded Public Works Programme¹³ (EPWP) created 120,000 jobs nationally, of which 66,000 benefited women and 960 people with disabilities.

The EPWP is one of the interventions that Gauteng is pursuing in order to alleviate the pressures of unemployment and poverty. In the 2012 SoPA, the Premier pointed out that the province had already created 281,686 jobs against a target of 229,904 by the end of March 2012. About 235,159 of these jobs were created through the EPWP.

4.3.1 Sectoral Employment

Figure 4.1: Employment by Sub-sector, 2001, 2005 & 2010



Source: Quantec Research, 2011

Figure 4.1 shows employment by economic sub-sector for Gauteng for 2001, 2005 and 2010. It indicates that government remains one of the biggest employers in the province, with the government, social & personal services sub-sector accounting for 27.2 percent of total employment in 2001, 25.1 percent in 2005 and 25 percent in 2010. The finance & business services sub-sector was second, at 23.7 percent in 2001, 23.3 percent in 2005 and 24.2 percent in 2010. The wholesale & retail trade sub-sector was third, at 21.2 percent in 2001, 22.3 percent in 2005 and 22.9 percent in 2010. The electricity, gas & water sub-sector accounted for the lowest employment over the review period. This could be as a result of the relatively small size of the sub-sector.

⁹ Adcorp is a diversified employment services company.

¹⁰ The AEI report is produced monthly by Adcorp Analytics. It covers a range of forms of employment (permanent, temporary, fixed-term, flexible and seasonal), macro-economic factors, and the remuneration dynamics that affect the labour market. For the August 2011 report, see <http://www.adcorp.co.za/Industry/Pages/AEIAugust2011.aspx>

¹¹ Information obtained from Stats SA's *Quarterly Labour Force Survey*, 4th quarter 2011. Accessed at www.statssa.gov.za

¹² The Annual Labour Market Bulletin was accessed from www.labour.gov.za

¹³ The EPWP is one of the programmes government is using for poverty and income relief through temporary work for the unemployed to carry out socially useful activities.

Gauteng Industrial Policy Framework

The Gauteng Industrial Policy Framework (GIPF) was approved by the Gauteng Provincial Legislature in July 2010, and supports the Gauteng Provincial Government (GPG) vision for industrial development. According to the GIPF, industrial development must move away from dependence on natural resources and capital-intensive industrial sectors towards sectors that facilitate the expansion of decent work opportunities. The framework strategy recommends that Gauteng increase its food production while generating employment and building a stronger regional food economy through diversification and value adding initiatives. It also argues that government should assist the automotive industry. In relation to the construction industry, it notes the trend towards construction companies with larger contracts sub-contracting smaller jobs to small construction companies thus giving growing construction companies the opportunity to work on bigger projects.

The sub-sectors with the highest labour absorption rate formed the basis on which the GIPF has been developed. The GIPF was used as a guiding tool for the development of the provincial Industrial Policy Action Plan (IPAP).¹⁴

4.3.2 Employment by Occupation and Skills

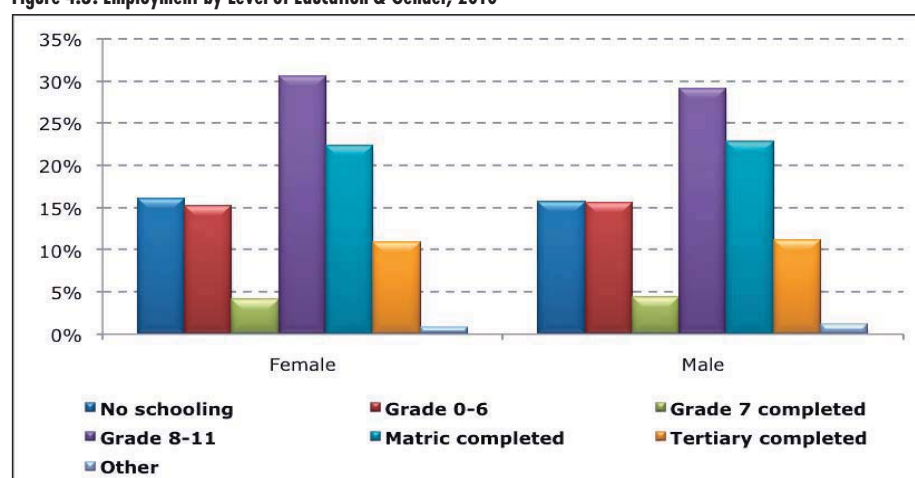
Figure 4.2: Employment by Occupation and Gender, Gauteng, Q4 2011



Source: Quantec Research, 2011

Figure 4.2 shows employment by type of occupation and gender in Gauteng for the fourth quarter of 2011. It indicates that more females than males worked as clerks, domestic workers, professionals and technicians & associated professionals. About 21.1 percent of females and 6.7 percent of males were clerks. About 15 percent of females were domestic workers and 13.7 percent were technicians & associated professionals. The remaining occupations were dominated by males; about 16.8 percent of craft & related trade workers were males compared to 2.1 percent of females in the same field. In elementary occupations, 15.8 percent of males and 15.1 percent of females were employed. The smallest numbers were skilled agriculture & fishery workers, with 0.3 percent of females and 0.4 percent of males. Section 4.3.3 further analyses issues related to females in the workplace and the challenges that they face.

¹⁴ Information about the GIPF can be accessed from www.ecodev.gpg.gov.za, and about IPAP from www.thedti.gov.za

Figure 4.3: Employment by Level of Education & Gender, 2010

Source: Quantec Research, 2011

Figure 4.3 shows employment by level of education and gender in Gauteng for 2010. About 30.6 percent of employed females, compared with 29 percent of males, had an educational attainment of Grade 8 to 11. Amongst employed females, 22.4 percent had completed matric (Grade 12), 16 percent had no schooling and about 10.9 percent had obtained a formal tertiary qualification. Among employed males, 22.9 percent had completed matric, about 11.2 percent had a formal tertiary education qualification and as with females, 16 percent had no schooling. The figure shows significant percentage differences between those who attained Grade 8 to 11 and those who completed tertiary education. This is an indication of the shortage of skills in the province.

Table 4.3: Sectoral Share of Employment by Municipality, 2010

	Ekurhuleni	CoJ	CoT	Sedibeng	West Rand
Agriculture, forestry & fishing	0.7%	0.4%	0.8%	2.3%	3.7%
Mining & quarrying	1.3%	0.8%	0.2%	0.1%	21.5%
Primary Sector	2.0%	1.2%	1.0%	2.4%	25.2%
Manufacturing	19.8%	13.0%	11.5%	21.5%	11.0%
Electricity, gas & water	0.7%	0.6%	0.4%	1.3%	0.5%
Construction	7.1%	7.0%	8.2%	7.0%	5.9%
Secondary Sector	27.6%	20.6%	20.1%	29.8%	17.4%
Wholesale & retail trade	21.7%	24.1%	23.7%	17.7%	16.5%
Transport & communication	8.1%	6.6%	6.8%	5.2%	4.3%
Finance & business services	16.5%	25.2%	20.2%	11.4%	10.1%
Government, social & personal services	24.2%	22.4%	28.2%	33.4%	26.6%
Tertiary Sector	70.5%	78.3%	78.90%	67.7%	57.5%

Source: IHS Global Insight, 2012

Table 4.3 shows the sectoral share of employment by municipality for 2010. Employment in the primary sector in the province has been decreasing; hence the lowest shares of employment were found in agriculture, forestry & fishing and mining & quarrying across all municipalities, with the exception of the West Rand which had the highest rates for both sub-sectors. At 21.5 percent, Sedibeng had the highest share of employment by manufacturing, followed by Ekurhuleni at 19.8 percent. The largest share of employment in the CoJ was in finance & business services (25.2 percent), followed by the wholesale & retail trade (24.1 percent) and manufacturing (13 percent). The CoJ is the financial hub of the province and thus has the largest share of employment in the finance & business services sub-sector. The CoT is the hub of national government departments; at 28.2 percent, government social & personal services made up the second largest share of employment and Sedibeng was first at 33.4 percent. Gauteng is mostly urban in nature; thus the agriculture, forestry and fishing sub-sector does

not provide a substantial amount of employment in any of the municipalities, compared with other sub-sectors. The West Rand had the largest amount of employment in mining & quarrying, with 21.5 percent of its workers in this sub-sector.

4.3.3 Women in the Workplace

According to the Commission for Gender Equality (CGE), South African businesses are performing poorly in relation to gender transformation.¹⁵ The Commission reveals that women are more represented in administrative work as opposed to decision making functions. The progress made regarding gender transformation in Parliament, Cabinet, Premierships and state entities has not been replicated in the corporate arena. According to the Commission, despite the country leading internationally in terms of gender transformation in government leadership, women continue to be under represented at all levels in the workplace. Gender transformation continues to be a challenge in the country, and those already employed in male dominated industries still face obstacles. These include policies and practices, access to training, harassment and the sense that men are taken more seriously and that women have to earn their stripes, a situation which is more difficult for Black women.

Organisations such as the Business Women Association of South Africa (BWASA) act as lobby groups on womens' business issues, highlighting and publicising not only the barriers to success that still exist but also the opportunities available to women in the country. Since its introduction in 1980, the Business Woman of the Year Award has honoured the work done by business women in the country.

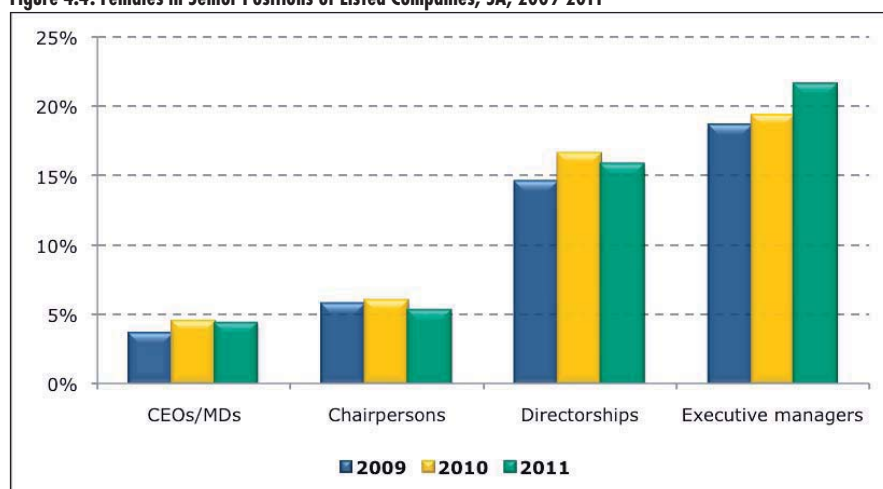
Box 4.1: BWASA

BWASA was formed in 2000 when three women's organisations merged and is now the largest association of business and professional women in South Africa. The merged organisations were the Executive Women's Club, the National Association of Women Business Owners and the Professional Women's Leadership Development Organisation.

Source: www.bwasa.co.za

The CGE argues that the country needs to critically examine the achievements of Broad Based Black Economic Empowerment (BBBEE) and the extent to which women-headed businesses benefit from it. Figure 4.4 below shows the female shares of managerial positions in companies listed on the Johannesburg Stock Exchange (JSE).

Figure 4.4: Females in Senior Positions of Listed Companies, SA, 2009-2011



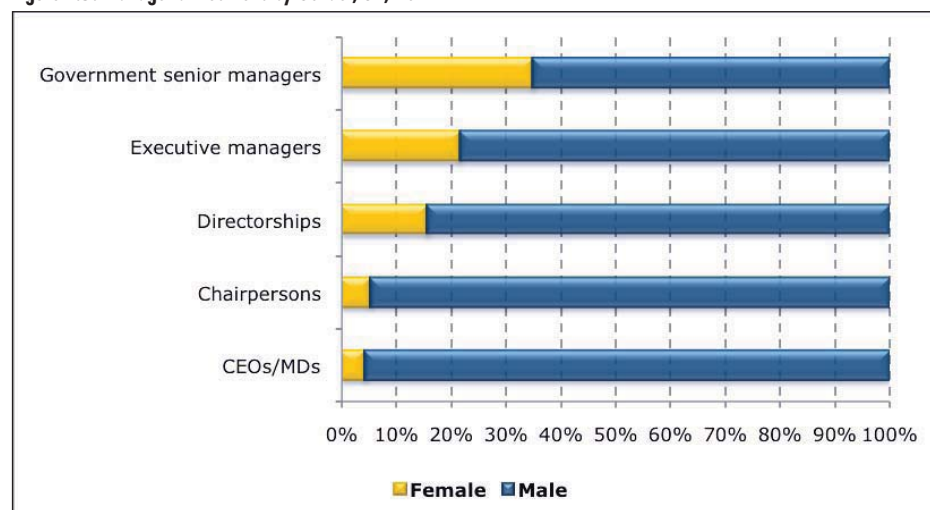
Source: BWASA, Women in Leadership Census, 2011

Figure 4.4 shows the percentage share of females employed in managerial positions in JSE listed companies for the years 2009 to 2011. It shows that there are more female Executive managers in listed companies than in other managerial positions; this percentage increased from 2009 (18.6 percent) to 2011 (21.6 percent). This is

¹⁵ See the opinion piece: *Gender Transformation in the Workplace* (Janine Hicks: Commissioner, Commission for Gender Equality). Accessed from www.cge.co.za

closely followed by women in Directorships, where the figures increased between 2009 (14.6 percent) and 2010 (16.6 percent) before declining to 15.8 percent in 2011. There are markedly fewer female Chairpersons and CEOs/MDs. Chairpersons made up 5.8 percent in 2009, 6 percent in 2010 and 5.3 percent in 2011. CEOs/MDs constituted less than 5 percent throughout this period. Figure 4.5 below extends the above graph to include management and other senior positions in State departments.

Figure 4.5: Managerial Positions by Gender, SA, 2011



Source: Source: BWASA, Women in Leadership Census, 2011

The figure gives the representation of female managers in government and in JSE listed companies. It shows that, including in government, over 65 percent of all categories of senior management positions are held by males. At 35 percent, little over a third of senior management jobs are held by females. For JSE listed companies, about 95.6 percent of CEOs/MDs are males and 4.4 percent females. Over 94 percent of Chairpersons were males, and 5.3 percent females. Executive managers and Directorships have relatively high percentages of women compared with the other two categories, at 21.6 and 15.8 percentages respectively.

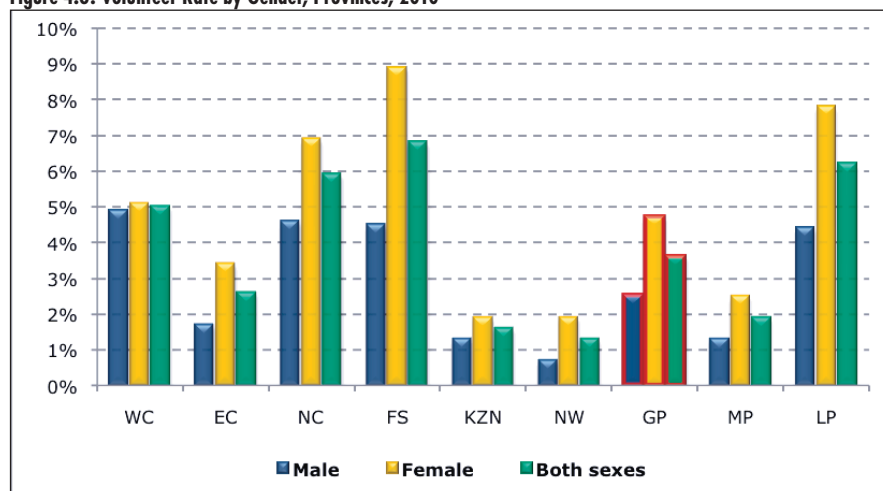
4.3.4 Volunteer Work Activities

According to the ILO, volunteer work¹⁶ is a crucial renewable resource for social and environmental problem-solving in the workplace. Despite its importance, until recently little has been done to measure it. Stats SA conducted its first Volunteer Activity Survey (VAS)¹⁷ in the second quarter of 2010. The results showed that volunteer work by individuals accounted for 53.9 percent of the total volunteer work in the country. About 36.8 percent of volunteer work was through organisations, and the remaining 9.3 percent was a combination of both. The extent to which the country's population engage in volunteer work is referred to as the Volunteer Rate (VR)¹⁸. The figure below provides the VR by gender and province.

¹⁶ Volunteering is an activity willingly performed for little or no payment, to provide assistance or promote a cause, either through an organisation or directly for someone outside one's own household or immediate family. The definition is sourced from the Stats SA Volunteer Activities Survey of 2010. Accessed at <http://www.statssa.gov.za/publications/P02113/P021132010.pdf>

¹⁷ The VAS is a household-based survey that collects data on the volunteer activities of individuals aged 15 years and older who live in South Africa.

¹⁸ VR is calculated by dividing the number of volunteers identified through the volunteering module by the population (15 years and older) of the country.

Figure 4.6: Volunteer Rate by Gender, Provinces, 2010

Source: Stats SA, VAS, 2011

According to the figure, more females than males participated in volunteer work in all provinces. At 4.9 percent, males had their highest VR in the Western Cape followed by the Northern Cape at 4.6 percent and the Free State (4.5 percent). Gauteng had the fifth highest VR amongst males at 2.5 percent; the lowest was in North West, at 0.7 percent. The female VR was highest in the Free State, at 8.9 percent, followed by Limpopo at 7.8 percent. The third highest was Northern Cape, with 6.9 percent. Gauteng had the fifth highest VR at 4.7 percent; the lowest were North West and KwaZulu-Natal, both at 1.9 percent. For both males and females, Free State had the highest VR at 6.8 percent, followed by Limpopo and the Northern Cape at 6.2 and 5.9 percent respectively. The VR for Gauteng was 3.6 percent for both sexes, and the lowest was North West at 1.3 percent. The VR tends to be higher in provinces with higher unemployment rates and lower in those with a lower unemployment rate. This may be because those who are unemployed view volunteer work as a way of earning pocket change, work experience and food.

It is of interest to note that, although not disaggregated by province, of people doing volunteer work those with tertiary education made up the second highest number of volunteers by education level, at 269,000 for the country as whole. The highest was those who had completed Grade 7, at 424,000; those who attained Grade 8 to 11 were about 268,000. The number of people surveyed in 2010 was 1.2 million.

4.3.5 Informal Employment

One of the most pressing socio-economic challenges facing the province and the country is unemployment, which affects a quarter of the country's work force. The informal sector can employ people who are not working in the main stream economy. As people struggle to find work in the formal economy, they will turn to the informal sector.¹⁹ South Africa has a relatively small informal sector compared to other countries at similar income levels.²⁰ The high levels of crime and the lack of formal funding in this sector continue to be barriers to entry for those who cannot find work in the formal economy. This section compares informal employment by province and economic sector, and examines employment in the informal sector of Gauteng.

¹⁹ The informal sector consists of those organisations not officially registered in any way. They are generally small, and are not always run from business premises.

²⁰ This is according to a study done by Economic Research Southern Africa, titled Formal-Informal Economy Linkages and Unemployment in South Africa. The Report was accessed from http://www.hsrc.ac.za/research/output/outputDocuments/5811_Davies_Formalinformallinkages.pdf

Table 4.4: Informal Employment, Provinces, 2009 & 2010

	Informal Sector			
	2009	2010	Change	% Change
	(‘000)			
WC	185	192	7	4%
EC	286	287	1	0%
NC	28	29	1	4%
FS	131	123	-8	-6%
KZN	464	425	-39	-8%
NW	101	95	-6	-6%
GP	480	529	49	10%
MP	199	188	-11	-6%
LP	255	291	36	14%
Total	2,129	2,159	30	1%

Source: Stats SA, Labour Market Dynamics, 2010

Table 4.4 shows change and percentage change in informal employment for 2009 and 2010, by province. Gauteng had the largest number of informally employed people, with 480,000 in 2009 and 529,000 in 2010, an increase of 10 percent over the two years. KwaZulu-Natal had the second largest, although the numbers declined from 464,000 in 2009 to 425,000 in 2010. In third place was the Eastern Cape, with 286,000 in 2009 and 287,000 in 2010, an increase of 1,000 over the two years. Limpopo had 255,000 informally employed people in 2009 and 291,000 in 2010, an increase of 36,000 or just over 14 percent, the highest percentage increase of any province. The Northern Cape had the smallest number of informally employed people at 28,000 in 2009 and 29,000 in 2010, an increase of approximately 4 percent.

Table 4.5: Informal Employment by Sector, 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Agriculture, forestry & fishing	1.2%	0.9%	0.9%	1.0%	1.2%	1.2%	1.3%	1.1%	1.0%	0.9%
Primary Sector	1.2%	0.9%	0.9%	1.0%	1.2%	1.2%	1.3%	1.1%	1.0%	0.9%
Manufacturing	12.4%	11.4%	10.8%	10.8%	10.4%	10.0%	11.3%	9.6%	9.0%	9.0%
Electricity, gas & water	0.4%	0.0%	0.2%	0.1%	0.2%	0.1%	0.4%	0.2%	0.1%	0.1%
Construction	11.3%	11.9%	11.8%	14.6%	14.5%	16.8%	15.8%	12.6%	11.7%	11.7%
Secondary Sector	24.1%	23.4%	22.7%	25.5%	25.1%	26.9%	27.5%	22.4%	20.9%	20.9%
Wholesale & retail trade	50.1%	52.4%	51.3%	49.7%	50.7%	48.9%	46.8%	44.7%	45.1%	46.1%
Transport & communication	7.4%	7.2%	8.9%	8.7%	8.3%	8.0%	8.4%	10.4%	10.6%	11.0%
Finance & business services	8.3%	6.3%	6.8%	6.2%	5.3%	5.6%	4.4%	9.1%	9.1%	9.1%
Government, social & personal services	8.9%	9.8%	9.4%	8.9%	9.4%	9.4%	11.6%	12.2%	13.4%	12.1%
Tertiary Sector	74.7%	75.7%	76.4%	73.6%	73.7%	71.8%	71.2%	76.5%	78.2%	78.2%

Source: Quantec Research, 2011

Table 4.5 shows informal employment by sector in Gauteng for the years 2001 to 2010. The mining sub-sector is not shown in the table as it does not form part of informal activities. The table shows that the largest share of informal employment was within the wholesale & retail trade²¹ at 50.1 percent in 2001; this declined to 46.1 percent in 2010 but remained the largest informal employer. About 12.4 percent of informal employment in 2001 was in manufacturing; this had declined to 9 percent by 2010. Construction accounted for 11.3 percent in 2001 and increased to 16.8 percent in 2006 before declining to 11.7 percent by 2010. Electricity, gas & water accounted for the lowest share of informal employment at 0.4 percent in 2001, further declining to 0.1 percent in 2010. The sub-sector with the second lowest share was agriculture, forestry & fishing (the only primary sub-sector with informal activities), at 1.2 percent in 2001 and 0.9 percent in 2010.

²¹ Informal wholesale & retail traders are typically tuck shops and cafes which are not on the register of companies or registered for tax purposes.

Figure 4.7: Total Informal Employment and Growth Rate, 2001-2010

Source: Quantec Research, 2011

Figure 4.7 plots the level of informal employment and its growth rate in Gauteng from 2001 to 2010. The bars show the informal employment levels and the line graph plots the growth rates of these employment levels. The bars reveal that informal employment gradually increased from 2001 (396,868) and reached a peak in 2006 (558,452) before declining from 2007 (546,156) to 2010 (532,268). The growth rate shows a slight increase between 2001 and 2002 from 10.3 to 10.4 percent. It decreased to 3 percent in 2003 before reaching a peak of 14.5 percent in 2006. It again decreased to negative 2.2 percent in 2007, increasing slightly to negative 0.3 percent by 2008. It fell once more to negative 0.5 percent by 2010. The decline in employment in the informal sector in 2009 could indicate that informal activities were also affected by the recession.

Box 4.2: Informal Sector

The ILO's Global Employment Trends for 2011, notes that the South African informal sector is relatively small. This is partly attributed to the legacy of apartheid policies which discouraged entrepreneurship amongst Blacks.

4.5 Unemployment

The South African economy emerged from recession in the third quarter of 2009 after three consecutive quarters of negative economic growth from the fourth quarter of 2008. However, positive growth since then has not translated into employment opportunities. According to the Department of Labour²², it should take about six quarters for employment to recover from decline associated with the financial crisis. According to Abebe Aemro Selassie²³, the slow economic growth and increasing levels of unemployment in South Africa may be the result of three shocks that hit the country's economy. First there was the electricity shortage that started in 2007, precipitated mainly by a failure to invest in new power generating capacity that forced company expansion to slow down. The second shock was South African Reserve Bank (SARB) raising interest rates by five basis points to combat price increases between 2008 and 2009; this contributed to slow economic growth. The third shock was the global financial crisis which affected the country's exports to Europe and the USA. Further details of unemployment are given in Box 4.3.

²² Information accessed from Job Opportunities and Unemployment in the South African Labour Market 2010, Department of Labour. See <http://www.labour.gov.za/documents/annual-reports/job-opportunities-and-unemployment-in-the-south-african-labour-market/2010/job-opportunities-and-unemployment-in-the-south-african-labour-market-2010>

²³ Abebe Aemro Selassie, 2011, What Ails South Africa. See: <http://www.imf.org/external/pubs/ft/fandd/2011/12/pdf/selassie.pdf>

Box 4.3: Unemployment

According to the ILO Global Employment Trend for 2011, the number of unemployed people in the world was 205 million, essentially unchanged from the previous year. This was 27 million higher than the 2007 figure. The global unemployment rate was 6.2 percent in 2010, down from 6.3 percent in 2009. However, this was still higher than the pre-crisis rate of 5.6 percent.

The ILO report further points out that about 55 percent of the increase in global unemployment between 2007 and 2010 occurred in developed economies such as the European Union, although this region accounts for only 15 percent of the world's labour force. In Sub-Saharan Africa, about three-quarters of workers are in vulnerable employment and live on less than US\$2 a day. The region was faced with a daunting decent work challenge even before the crisis.

Recent statistics from the QLFS show that the unemployment rate for the country declined from 25 percent in the third quarter of 2011 to 23.9 percent in the fourth quarter, a decrease of 1.1 percentage points. Provincial unemployment also declined, from 27.8 percent in the third quarter to 25.1 percent in the fourth quarter, a decrease of 2.7 percentage points. However, it remained above the national average. This was eight quarters after the country's emergence from recession, and thus two quarters later than the International Monetary Fund (IMF) prediction.

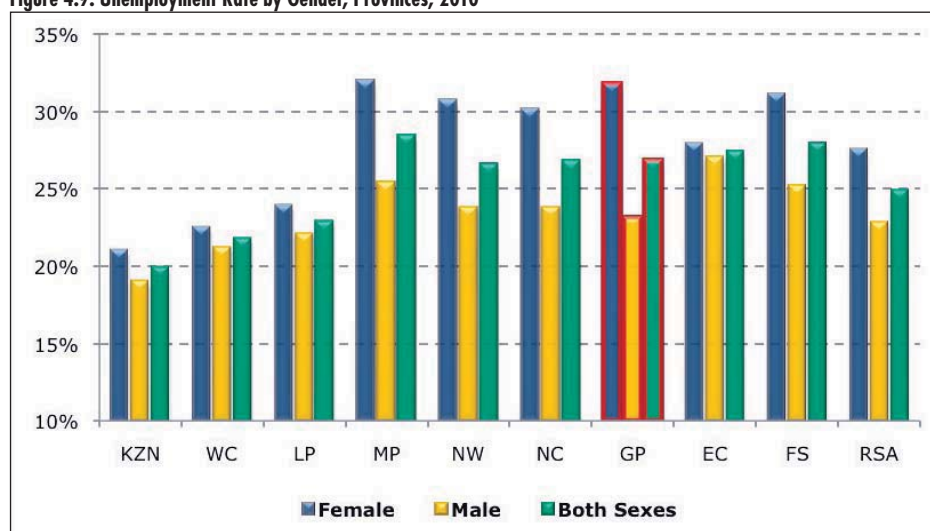
Figure 4.8: Unemployment Profile by Province, 2010



Source: Stats SA, Labour Market Dynamics, 2011

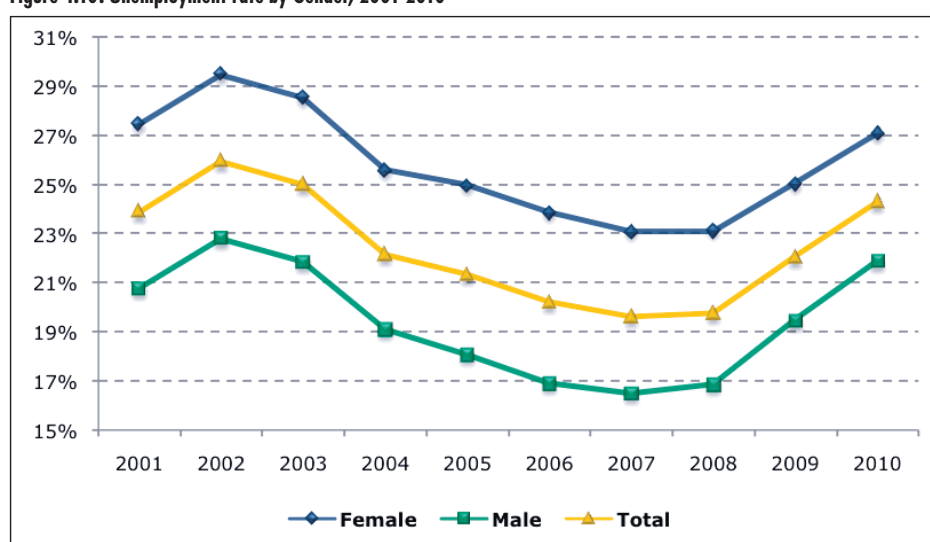
Figure 4.8 shows the profile of the unemployed by province, and gives the national average for 2010. The unemployed are divided according to the reason they are out of work: those who have lost their jobs and have not found another; new entrants to the labour market who have not yet found their first job; and those who gave other reasons. The category of 'Other' includes job leavers, re-entrants to the job market and those who last worked more than five years ago.

Job losers accounted for the highest share of the unemployed in the Western Cape, at 51.9 percent. The figures for other provinces were: Northern Cape (38.5 percent), Gauteng (27.4 percent) and Mpumalanga (23.6 percent). Compared with other provinces, Mpumalanga had the largest share of unemployed who were new entrants to the job market, (52.7 percent); this was followed by North West at 51.5 percent. Limpopo was third with 46.9 percent and Gauteng fourth at 45.5 percent. The youth employment subsidy which government has proposed (see section 4.5.1) is intended to reduce the number of new labour force entrants who remain unemployed because of a lack of relevant experience.

Figure 4.9: Unemployment Rate by Gender, Provinces, 2010

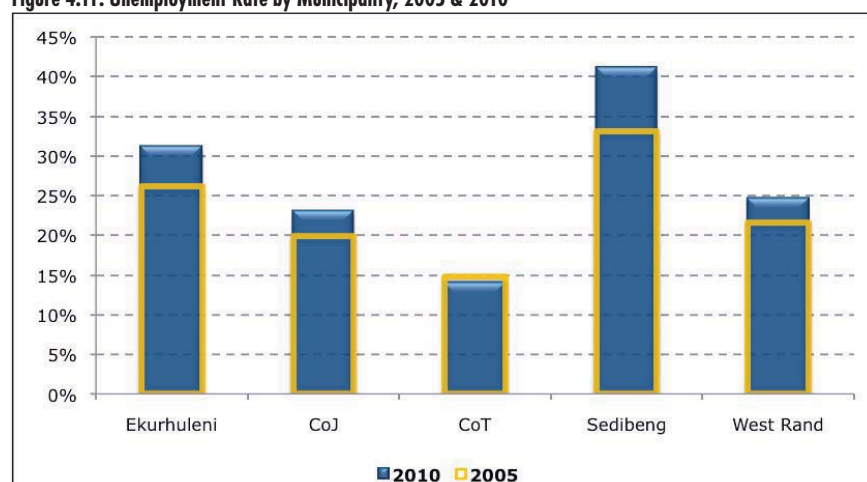
Source: Stats SA, Labour Market Dynamics, 2011

Figure 4.9 shows the unemployment rate by province and gender in 2010. Mpumalanga had the largest share of female unemployment at 32 percent, followed by Gauteng at 31.7 percent, Free State at 31.1 percent and North West at 30.7 percent. At 27 percent, the highest male unemployment rate was in the Eastern Cape, followed by Mpumalanga at 25.4 percent and the Free State at 25.2 percent. At 15 percent, KwaZulu-Natal had the lowest male unemployment rate. Mpumalanga had the highest total unemployment rate at 28.4 percent, followed by Free State at 27.9 percent. Gauteng's total unemployment rate was 26.8 percent; KwaZulu-Natal's was the lowest, at 19.9 percent.

Figure 4.10: Unemployment rate by Gender, 2001-2010

Source: IHS Global insight, 2012

Figure 4.10 shows the unemployment rate by gender for Gauteng from 2001 to 2010. Females had a higher unemployment rate than males throughout the review period. The female unemployment rate increased from 27.4 percent in 2001 to 29.4 percent in 2002 before declining to 28.5 percent in 2003. The rate continued to decline to 2008 when it reached 23.1 percent, before rising again to 25 percent in 2009 due to the recession, and to 27.1 percent in 2010. The total unemployment rate followed a similar trend, increasing from 23.9 percent in 2001 to 25.9 percent in 2002 before declining to 20.2 percent in 2008. For similar reasons to that of the females, the total unemployment rate reached 22 percent in 2009 and 24.3 percent by 2010. The male unemployment rate for the province increased to 22.8 percent in 2002, declined to 16.8 percent in 2008 and increased to 21.9 percent in 2010.

Figure 4.11: Unemployment Rate by Municipality, 2005 & 2010

Source: IHS Global Insight, 2012

Figure 4.11 shows the unemployment rate by municipality between 2005 and 2010. Sedibeng had the highest unemployment rate for both 2005 (33.1 percent) and 2010 (41.1 percent). Second was Ekurhuleni, with 26.2 percent in 2005 and 31.1 percent in 2010. The CoT had the lowest rate, at 14.8 percent in 2005 and 14 percent in 2010. Reasons for the high unemployment rate in Sedibeng may include the shedding of jobs by the Arcelor Mittal steel company which is situated in the district.

4.5.1 Youth Unemployment

Both the country and the province are faced with a severe youth unemployment problem. This requires a comprehensive strategy to increase employment and support social cohesion. Rising youth unemployment means that young people are not acquiring the skills and experience needed to drive the economy forward. South Africa is not alone in its problem of youth unemployment. The ILO's Global Employment Trends for Youth²⁴ reveals that massive youth unemployment occurred in developed economies during the recent global crisis, and was accompanied by a large decline in youth labour force participation, indicating widespread discouragement among young people.

According to data from Labour Market Dynamics, in 2010 the unemployment rate in South Africa for those between the ages of 15 and 24 years was 50.5 percent.²⁵ In the 2011 National Budget Speech, Minister of Finance, Pravin Gordhan announced that government was planning to introduce a youth employment subsidy.²⁶ This will provide a subsidy to private companies that hire youth between the ages of 18 and 29 to reduce the employment cost and thus improve demand for young workers. The proposed subsidy is to be implemented from the 1st of April 2012. According to a discussion paper by the National Treasury on youth unemployment²⁷, the subsidy is expected to create 423,000 new jobs for young and less skilled people. Net jobs created by the subsidy are expected to reach 178,000 and to cost R28,000 per opportunity created. The subsidy is expected to cost R5 billion in tax expenditure over three years.

One of GPG's plans to tackle the challenge of youth unemployment was highlighted in the 2012 State of the Province Address (SoPA). The GPG has established the Gauteng Youth Employment Strategy, which includes the development of Township Enterprise Hubs as a path to encourage entrepreneurship and the creation of employment opportunities. These Youth Hubs will each host three clusters of work such as the Automotive Cluster, Service Cluster and Light Manufacturing Cluster. These Clusters will focus on body repairs and spraying, wheel

²⁴ See: <http://www.ilo.org/global/topics/youth-employment/lang-en/index.htm>

²⁵ This information was accessed from the publication Labour Market Dynamics for 2010, accessed from www.statssa.gov.za

²⁶ The budget speech was accessed from www.treasury.gov.za

²⁷ South African National Treasury, Confronting Youth Unemployment: Policy Options for South Africa, 2011. See: <http://www.treasury.gov.za/documents/national%20budget/2011/Confronting%20youth%20unemployment%20-%20Policy%20options.pdf>

and tyre, audio and sound fitment and repairs, auto spares and general motor mechanic. The Service Cluster will focus on providing general services ranging from car wash, internet cafes and related services, while the Manufacturing Cluster will focus firstly on furniture, cleaning chemicals, clothing, textiles and fast moving goods.

4.5 Conclusion

Between the third and fourth quarters of 2011, Gauteng's labour force decreased by 0.4 percent, the number of those employed increased by 3.3 percent and the unemployed decreased by 10 percent. The share of female Executive managers increased from 18.6 percent in 2009 to 21.6 percent in 2011, while those in Directorship positions increased from 14.6 percent in 2009 to 15.6 percent in 2010 before declining to 15.8 percent in 2011. The share of managerial positions by gender continues to show very significant inequalities between females and males. Males had a share of 65 percent or more, while females' highest share was 35 percent. Although the informal sector is relatively small, it plays a vital role in the province. About 529,000 persons were employed in the sector in 2010, up from 480,000 in 2009. Unemployment tends to be higher among females than males; for both, it decreased between 2003 and 2007 before increasing from 2008 to 2010. The effects of the global financial crisis are abating, and the unemployment challenge remains critical for the country and for the province.

Chapter 5: Access to Services

5.1 Introduction

This chapter examines the level of service delivery provided by the South African government in general and by the Gauteng Provincial Government (GPG) specifically. Provision of basic services affects the lives of citizens, particularly the poor, and can aid in economic development through improved education and infrastructure. In the 2012 State of the Province Address (SoPA), Gauteng Premier, Honourable Nomvula Mokonyane stated that the coming financial year would primarily focus on accelerating service delivery.

From 2009, municipalities in South Africa and in Gauteng have seen service delivery protests and demonstrations. The chapter looks at access to education, health care, water, sanitation, waste management and electricity. Subsections examine the extent to which citizens enjoy the services that help them to improve their living standards and quality of life.

5.2 Education

One of the biggest challenges facing the country, and the province, is to ensure that the large budget allocations to education translate into learner performance and improved results. This section looks at the share of learners in public and private schools by province and Gross Enrolment Ratio (GER). It also describes the Annual National Assessment (ANA) initiated by the Department of Basic Education in 2011, with the aim of improving the quality of educational attainment. This is followed by an analysis of the Grade 12 National Senior Certificate (NCS) assessment.

Table 5.1 Share of Learners in Public & Private Schools by Province, 2009

Province	Inter-Provincial			Intra-provincial	
	Public Schools	Private Schools		Public Schools	Private Schools
EC	17.2%	11.1%		97.9%	2.1%
FS	5.4%	3.7%		97.8%	2.2%
GP	14.5%	46.7%		90.4%	9.6%
KZN	23.5%	11.5%		98.4%	1.6%
LP	14.1%	9.1%		97.9%	2.1%
MP	8.6%	4.9%		98.2%	1.8%
NC	2.2%	0.7%		98.9%	1.1%
NW	6.5%	3.3%		98.4%	1.6%
WC	8.0%	9.1%		96.3%	3.7%
Total	100%	100%		96.8%	3.2%

Source: Department of Basic Education, Education Statistics in South Africa (2009), 2011

Table 5.1 shows the inter- and intra-provincial share of learners in public and private schools for 2009. The inter-provincial shares compare the share of learners in one province with national totals, while intra-provincial shares are the shares within a particular province. KwaZulu-Natal had the largest share of learners in public schools, at 23.5 percent, and had the second highest share in private schooling, at 11.5 percent. In second place in terms of share of public school learners was the Eastern Cape, at 17.2 percent. Gauteng was third, with 14.5 percent of its learners in public schools; it had the largest share of those in private schools, at 46.7 percent. The province with the lowest share of learners in public schools was the Northern Cape, at 2.2 percent; it had 0.7 percent of those in private schools. This relates to that province's comparatively small population.

The intra-provincial share shows that, for all provinces, the share of those in public schools is significantly higher than those in private schools. In Gauteng, 9.6 percent of learners were in private schools compared to the 90.4 percent in public schools. The province's relatively high private school figure may relate to a high demand for private education. The relatively high per-capita income in the province means that more parents can afford private schooling.¹ The Western Cape had the second largest share of those in private schools, at 3.7 percent, with 96.3 percent attending public schools. The province with the lowest share of learners in private schools was the Northern Cape, at 1.1 percent; 98.9 percent of the province's learners were in public schools.

Table 5.2: Selected Education Indicators, Provinces, 2009

	LER	LSR	ESR
EC	29.8	357	12.0
FS	27.5	409	14.9
GP	28.7	797	27.8
KZN	31.6	464	14.7
LP	29.2	416	14.3
MP	29.4	535	18.2
NC	29.4	434	14.8
NW	29.1	440	15.1
WC	28.5	614	21.5

Source: Department of Basic Education, Education Statistics in South Africa (2009), 2011

Note: LER= Learner Educator Ratio, LSR=Learner School Ratio and ESR= Educator School Ratio

Table 5.2 shows the Learner Educator Ratio (LER), the Learner School Ratio (LSR) and the Educator School Ratio (ESR) by province for 2009. The LER is the mean number of learners per educator at a specific level of education in a given school year. The higher the LER, the less personal attention educators are able to give to learners. Conversely, a lower LER makes personal attention more possible. The LSR refers to the mean number of learners per school, and the ESR to the mean number of educators per school. The higher the ESR, the more educators there are in a school.

The table shows that KwaZulu-Natal has the highest LER, at 31.6 learners per teacher, followed by the Eastern Cape at 29.8. Mpumalanga and Northern Cape both had LERs of 29.4, and North West 29.1. The Free State had the lowest LER, at 27.5. Gauteng's LER, at 28.7, was the third lowest ratio. The LSR shows that Gauteng had the most learners per school, at an average of 797 per school, followed by the Western Cape at 614 per school. The ESR figures show that Gauteng had the most teachers per school, at 27.8, followed by the Western Cape at 21.5, Mpumalanga at 18.2, North West at 15.1 and the Free State at 14.9. The Eastern Cape's ESR, at 12, suggests a shortage of teachers in the province or a very large number of educator vacancies.

Table 5.3: Gross Enrolment Ratio, Gauteng & SA, 2006-2009

	Gauteng			South Africa		
	Female	Male	Total	Female	Male	Total
2006	92%	92%	92%	95%	94%	94%
2007	90%	90%	90%	95%	94%	94%
2008	87%	87%	87%	93%	92%	93%
2009	82%	82%	82%	92%	92%	92%

Source: Department of Basic Education, Education Statistics in South Africa (2009), 2011

¹ According to IHS Global Insight, in 2009 the annual personal per capita income (in Rands at current prices) in Gauteng was R55,259 followed by the Western Cape at R49,762. The Northern Cape had a per capita income at R 27,798.

Table 5.3 shows the GER² for Gauteng and South Africa from 2006 to 2009. It shows that, for both the province and the country, GER declined during this period. Gauteng's female, male and total GER fell from 92 percent in 2006 to 82 percent in 2009. For the same period, female GER declined from 95 percent to 92 percent, and that of males and the country overall dropped from 94 percent to 92 percent.

Box 5.1: Gross Enrolment Ratio

The Global Education Digest Report, released annually by the United Nations Educational, Scientific and Cultural Organisation (UNESCO), shows that secondary education is a major area of focus for education policy makers and researchers as it plays an important role in creating healthy, cohesive societies and encourages economic growth. According to the Report, enrolment in secondary education in Sub-Saharan Africa grew from 2.3 million in 1970 to 39 million in 2009. The GER for secondary schooling in South Africa for 2009 was 94 percent.

There has been a strong tradition in South Africa of focusing on Grade 12 examination results and aiming to improve learner performance in this grade. Over the past decade, however, the emphasis has changed towards monitoring learner performance in the lower grades as well, particularly in the foundation and intermediate phases. In 2008, the state introduced the Foundation for Learning Campaign, which focused on the foundation and intermediate phases. This included clearer specifications about learner materials, and the time per week to be allocated to the different learning activities. The campaign involved a number of teacher training and material distribution initiatives, and trial runs of a new National Assessment System known as ANA.³ This new assessment system was to cover every school and involve teachers in marking tests in order to facilitate teacher training and expose them to better assessment and marking practices. In 2008 and 2009, tests were distributed across the country with most schools participating in the programme. The Department of Basic Education decided on a major roll-out of the ANA at the beginning of 2011, with compulsory participation by state schools.

The main purpose of the ANA is to improve learning in schools. It has four key impact areas:

- Encouraging teachers to assess learners using appropriate standards and methods;
- Encouraging better targeting of support to schools;
- Encouraging the celebration of success in schools; and
- Encouraging greater parent involvement in improving the learning process.

The 2011 ANA programme involved 19,470 Grade 3 learners and 19,397 Grade 6 learners in 827 and 840 schools respectively. The findings of the ANA show that major challenges remain in the schooling system, but the 2011 assessments provide the basis for future optimism. The ANA concluded that the decision to provide all Grade 1 to 6 learners with national workbooks in 2011 shifted the classroom practices in the right direction. The table below analyses the average scores in literacy and numeracy by province.

Table 5.4: Average Literacy and Numeracy Scores, Grade 3 & 6, Provinces, 2011

	Grade 3		Grade 6	
	Literacy	Numeracy	Literacy	Numeracy
EC	39%	35%	29%	29%
FS	37%	26%	23%	28%
GP	35%	30%	35%	37%
KZN	39%	31%	29%	32%
LP	30%	20%	21%	25%
MP	27%	19%	20%	25%
NC	28%	21%	27%	28%
NW	30%	21%	22%	26%

² The GER is the number of learners or students enrolled at a given level of education, regardless of age, expressed as a percentage of the population in the theoretical age group (7-13 years for primary phase) for the same level of education. The information was accessed from the Department of Basic Education, *Education Statistics in South Africa for 2009*, November 2010. See: <http://www.education.gov.za/ArchivedDocuments/ArchivedPublications/tabid/454/ItemId/4583/Default.aspx>

³ The information was obtained from the Department of Basic Education, *Report on the Annual National Assessment*, 2011.

	Grade 3		Grade 6	
	Literacy	Numeracy	Literacy	Numeracy
WC	43%	36%	40%	41%
SA	35%	28%	28%	30%

Source: Department of Basic Education, Report on the Annual National Assessment, 2011

Table 5.4 shows the average literacy and numeracy scores for Grades 3 and 6 by province in 2011. The Western Cape had the highest average percentage scores in literacy and numeracy for both grades. For Grade 3, it had average scores of 43 and 36 percent in literacy and numeracy respectively. At 35 percent, the Eastern Cape had the second highest average numeracy score for Grade 3. KwaZulu-Natal was third, with an average percentage score of 31 percent for numeracy. Gauteng had average percentage scores of 35 and 30 percent for literacy and numeracy.

For Grade 6, the Western Cape had average scores of 40 and 41 percent for literacy and numeracy respectively. Second was Gauteng with average percentage scores of 35 for literacy and 37 percent for numeracy, followed by KwaZulu-Natal with 29 and 32 percent respectively. The average percentage scores for the country as a whole were 35 percent in literacy and 28 in numeracy for Grade 3, and 28 and 30 percent respectively for Grade 6.

The ANA report indicates that, compared with other countries, learner performance in South Africa is unacceptably low. Challenges here are similar to those in other developing nations, such as ensuring that educational resources translate into better performance. The report shows that in the Progress in International Reading Literacy Study in 2006, South Africa had the lowest score in learners passing the low reading benchmark; 22 percent of learners passed in South Africa, 33 percent in Qatar, 26 percent in Morocco and 54 percent in Indonesia. The challenges remain great; however, the 2011 ANA report provides for the first time a range of information that can be used as the basis for improvement.

National Senior Certificate Examination

The National Senior Certificate (NSC) is the final Grade 12 examination in South Africa. The share of learners gaining a NSC is regarded as one of the most important indicators of the performance of the country's schooling system. According to the Minister of Basic Education, A.M. Motshekga, in 2011 there was an overwhelming response by educators, learners, parents, business and civil society at large to improve education. This is shown by the improvements in the NSC achievement rate, from 67.8 percent in 2010 to 70.2 percent in 2011.⁴ This section looks at the candidates that enrolled for and wrote the NSC examination in 2011, and compares the achievement rates of 2008 and 2011.

Table 5.5: Candidates, Enrolled & Wrote the NSC, 2011

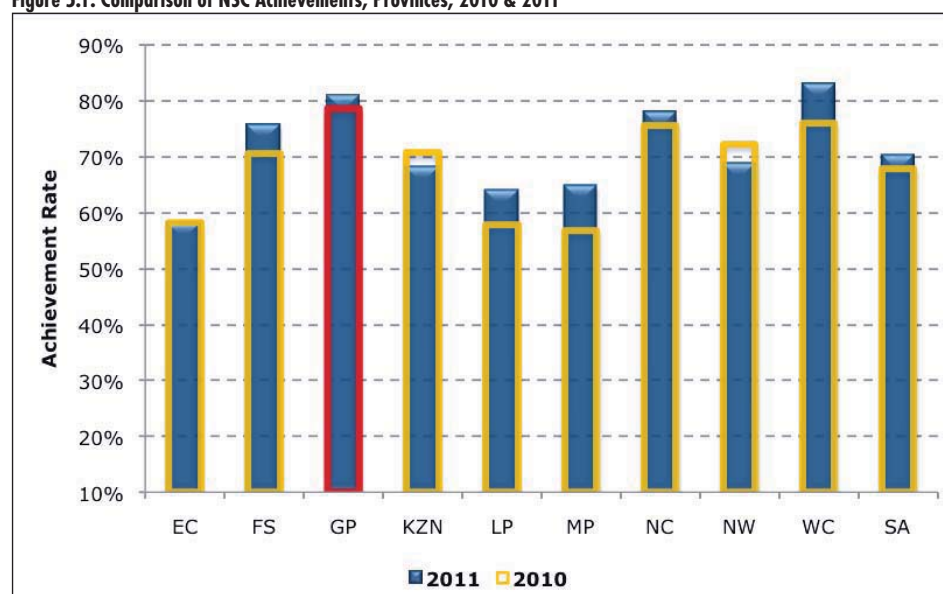
Province	Number enrolled	Number wrote	Difference
EC	68,069	65,359	2,710
FS	26,394	25,932	462
GP	87,630	85,367	2,263
KZN	127,056	122,126	4,930
LP	74,673	73,731	942
MP	49,600	48,135	1,465
NC	25,930	25,364	566
NW	10,425	10,116	309
WC	41,261	39,960	1,301
Total	511,038	496,090	14,948

Source: Department of Basic Education, Technical Report on National Senior Certificate Exam (2011), 2012

⁴ Information obtained from www.education.gov.za/linkclick.aspx?fileticket=mRfjgaj9fThM%3d&tabid=1325.

Table 5.5 shows the number of candidates who enrolled for and wrote the NSC in 2011, by province. In all provinces, fewer candidates sat the examination than enrolled for it. KwaZulu-Natal had the highest number of enrolled candidates, at 127,056, and had 122,126 candidates who wrote the examination. Gauteng was second, with 87,630 enrolled and 85,367 writing the examination; Limpopo was third, with 74,673 and 73,731 respectively. The North West had the fewest candidates who enrolled and who wrote the NSC examination, at 10,425 and 10,116 respectively. For the whole country, 511,038 candidates enrolled for the examination, and 496,090 sat for it. The difference between the numbers enrolling and those subsequently sitting the examination gives the approximate number of dropouts. This can be caused by financial pressures and by the complex social dynamics that result in youth disengaging from their education and dropping out of school.⁵

Figure 5.1: Comparison of NSC Achievements, Provinces, 2010 & 2011



Source: Department of Basic Education, Technical Report on National Senior Certificate Exam (2011), 2012

Figure 5.1 shows the NSC examination achievement rates by province, between 2010 and 2011. It shows an improvement in the achievement rate for the provinces other than North West, KwaZulu-Natal and the Eastern Cape. The Western Cape had the highest achievement rate, at 82.9 percent in 2011 compared with 76.1 percent in 2010. Second highest was Gauteng, at 81.1 percent, an increase of 2.5 percentage points on the 78.6 percent of 2010. The Northern Cape was third, with an achievement rate of 77.8 percent in 2011, an increase of 2.1 percentage points compared with the 75.7 percent of 2010. North West had the greatest decline, with an achievement rate of 68.8 percent in 2011 and 72.3 percent in 2010, a drop of 3.5 percentage points. The second highest decline was in KwaZulu-Natal, with an achievement rate of 68.1 percent in 2011, a drop of 2.6 percentage points from 70.7 in 2010. The achievement rate for the country as a whole was 70.2 percent in 2011, an increase of 2.4 percentage points compared with 67.8 percent in 2010.

Grade 12 students in private schools are assessed by the Independent Examination Board (IEB). This is a private assessment agency separate from the state and provincial examination boards but operating within the framework of national legislation and the provisions of the national quality assurance body Umalusi⁶. It offers external assessment for private schools registered with it for Grade 12. In 2011, there were 173 private schools, with 8,281 learners across the country writing the IEB NSC assessments. The achievement rate for private school learners in 2011 was 98.15 percent, compared with 98.38 percent in 2010. This was a decline of 0.23 percentage points.⁷

⁵ Information obtained from the Department of Basic Education Report on *Dropout and Learner Retention Strategy to The Portfolio Committee on Education*, June 2011.

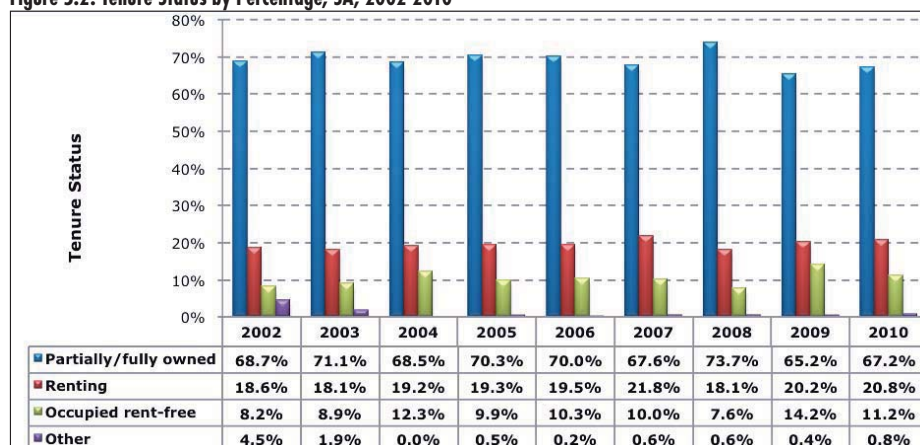
⁶ Umalusi is the educational council that sets and monitors standards for general and further education and training in South Africa, in accordance with the General and Further Education and Training Quality Assurance Act of 2001.

⁷ Information sourced from www.ieb.co.za

5.3 Access to Housing

A high percentage of households in Gauteng live in housing classified as formal or very formal; this percentage is growing in most of the province's municipalities. Informal housing is also increasing, however, with both categories rising in parallel with a reduction in the 'Other' category which includes such dwellings as tents and boats.

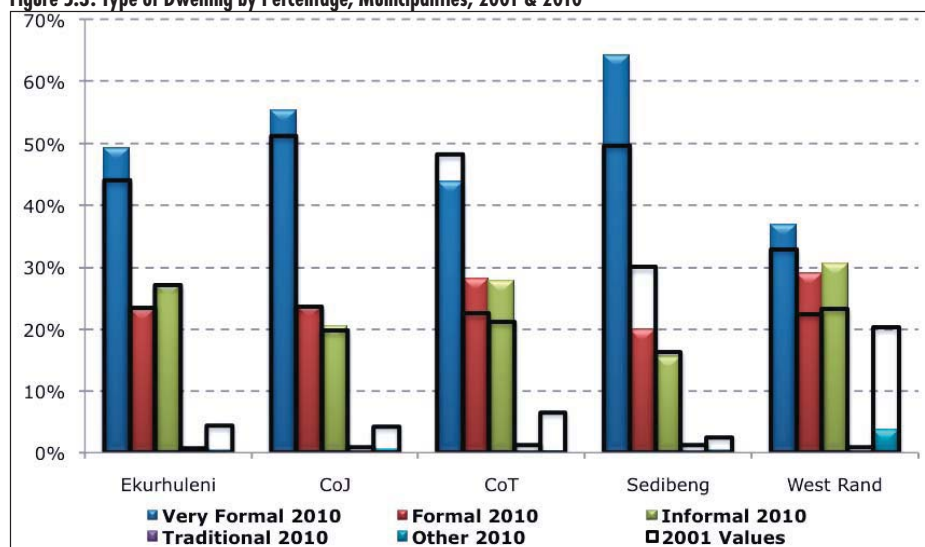
Figure 5.2: Tenure Status by Percentage, SA, 2002-2010



Source: Stats SA, GHS, 2012

Figure 5.2 shows the percentage of households by dwelling ownership status in South Africa for the period 2002 to 2010. Those who either own or partially own properties had the highest share, even in 2009 when, at 65.2 percent, it was at its lowest point in the period under review. The decrease in the share of households owning their home is likely due to the financial crisis, following as it did a high of 73.7 percent in 2008. The proportion of households renting residential dwellings increased from 18.4 percent in 2002 to 20.8 percent in 2010. In difficult economic times, households can face foreclosure by the banks on their properties. As a result, they may rent out their homes; this could be one of the reasons for the increase in the renting and the occupied rent-free categories. Between 7 and 15 percent of Gauteng's households occupied their dwelling rent-free during the period. The occupied rent-free category was at its largest in 2009, at 14.2 percent or 6 percentage points higher than in 2002 when it was 8.2 percent.

Figure 5.3: Type of Dwelling by Percentage, Municipalities, 2001 & 2010



Source: IHS Global Insight, 2012

Figure 5.3 illustrates the percentage share of households living in each dwelling type, in each of Gauteng's municipalities, for the years 2001 and 2010. All of the province's municipalities experienced a reduction in the already low number and percentage of households living in traditional housing.

In the Ekurhuleni metro, there was an increase, from 44 percent in 2001 to just fewer than 50 percent in 2010, in the percentage of households living in very formal dwellings. Most of this increase is matched by the reduction in the 'Other' category, with the remaining three categories remaining largely static. In 2001, at 51.2 percent the CoJ had the largest percentage of households in the province living in very formal housing. By 2010, while the metro had increased its percentage to 55.3 percent, it was in second place due to Sedibeng's much larger increase. As with Ekurhuleni, most of CoJ's very formal housing increase was matched by the decrease in the 'Other' category.

Box 5.2: Dwelling Type Definitions

The IHS Global Insight Regional Explorer defines a very formal house as one "in which the occupants have access to piped water and flush toilets within the dwelling".

Formal houses are "built according to approved plans i.e. house on a separate stand, flat or apartment, townhouse, room in backyard, rooms or flatlet elsewhere but without running water or without a flush toilet within the dwelling."

Informal housing refers to makeshift structures not erected according to approved architectural plans, and includes shacks or shanties in informal settlements.

Traditional dwellings are defined as being, "made of clay, mud, reeds or other locally available materials".

The 'Other' category includes such dwellings as boats, tents and caravans.

The CoT was the only municipality in Gauteng where there was a drop in the percentage of households living in very formal dwellings, from 48.2 percent in 2001 to 43.9 percent in 2010. This municipality also had a reduction in the percentage of households living in 'Other' dwelling types. As these percentages fell, the percentage of CoT's households living in formal and informal dwellings rose. It is worth noting that while the number of households in the CoT living in very formal housing increased during this period, the percentage decreased because the number of households in formal and informal dwellings grew even more rapidly. Thus, while there are more CoT households in very formal dwellings, in-migration and population growth have expanded the metro's population faster than the rate at which very formal dwellings have become available. In-migration into the Gauteng province is discussed in more detail in Chapter Two.

The proportion of Sedibeng's households living in very formal dwellings has risen sharply to 64.2 percent, a 14.5 percentage point increase from 49.7 percent in 2001. This makes it the Gauteng municipality with the highest share in this category. Most of this increase is accounted for by the district's reduction in the percentage of households living in formal dwellings; at 19.9 percent in 2010, Sedibeng had the smallest share in this category. While the district recorded small decreases in all of the other three categories, it would appear that many of its new very formal dwellers are former formal dwellers who received a plumbing upgrade. Figure 5.7 below shows that in Sedibeng, and all of Gauteng's other municipalities, there was a reduction in the share of households with access to piped water at or above Reconstruction and Development Programme (RDP) minimums. These figures appear to contradict each other; however, formal differs from very formal housing only in relation to plumbing within the dwelling while the RDP minimum relates to piped water within 200 metres of the dwelling. Thus, the categories do not match exactly, and changes in one will not necessarily be reflected in the other. Sedibeng also had the province's largest reduction in the percentage of households living in informal settlements, from 16.4 percent in 2001 to 15.6 percent in 2010.

In the West Rand, there was an increase in the percentages of households living in very formal, formal and informal dwellings. These increases were almost exactly matched by the decrease in the 'Other' category. It is possible that the mine closures in the West Rand, mentioned in Chapter Three, contributed to this reduction, and that much of the rise in the percentage of persons living in informal settlements is the result of miners losing their jobs and thus their access to accommodation provided by the mines, or being unable to afford the

dwelling in which they previously lived. It is also likely, as with the rest of Gauteng, that in-migration played a role. It is also possible that, in 2001, West Rand residents identified their dwelling type as 'Other' due to a lack of understanding of the survey.⁸

5.4 Access to Health Care

Access to health care refers to the level at which households can easily access the health care system. Higher levels of healthcare attainment require the elimination of supply- and demand-side barriers.⁹ Reducing supply-side barriers involves government initiating and ensuring implementation of sound policies that result in better access to human resources, medical equipment, knowledge of the necessary technology in treatment given, and better managerial efficiency. Factors influencing the demand-side involve the geographic, transportation, and financial characteristics of households.

Although much attention is given in the analysis to the supply-side of the healthcare system, the supply- and the demand-side are interdependent in ensuring better access to quality healthcare.

5.4.1 Gauteng Health Care System

The Gauteng Department of Health and Social Development (GDHSD), through provincial healthcare facilities, is responsible for providing health care, including primary healthcare (PHC) to the residents of the province.¹⁰ The level of PHC received contributes to residents' ability to enjoy economically productive lives.

Table 5.6: Medical Aid Coverage by Population Group, Gauteng, 2010

Population Group	Population Numbers ('000)	Number of People with Medical Aid Coverage ('000)	Share of People Covered
Black	8,321	1,082	13%
Coloured	2,188	875	40%
Asian	380	251	66%
White	302	211	70%
Total	11,191	2,419	22%

Sources: Stats SA, Health Systems Trust, DHB & GDF's own calculations, 2012

Table 5.6 shows the share of people with medical aid coverage among the various population groups in the province. There were 11.2 million people in the province in 2010. In that year, only 22 percent of the population belonged to a medical aid scheme. The White population had the highest percentage of coverage at 70 percent, followed by the Asian population at 66 percent. The Coloured and Black population groups had the lowest percentages, at 40 and 13 percent respectively. The fact that the Black population had the lowest percentage of people who belonged to a medical aid scheme can be attributed to the fact that the Black population group has a high unemployment rate, making it difficult for them to afford to join medical aid schemes.

The District Health Barometer (DHB) gives an overview of the public health care services in the country. The latest available DHB was released by the Health Systems Trust for the 2008/09 financial year. In that year, Metsweding had not yet been incorporated into the CoT, and was a district on its own. Metsweding is thus included in the tables and analysis based on the DHB.

⁸ IHS's dwelling type model is compiled from the General Household Survey (GHS) and October Household Survey from Stats SA. It is further refined using data such as deeds property transactions and building plans reported complete to municipalities. This was the 2010 GHS, and was designed to measure multiple aspects of the living conditions of South African households, as well as the quality of service delivery in a number of key service sectors.

⁹ Information sourced from *Overcoming Barriers to Health Service Access and Influencing the Demand Side through Purchasing*, Ensor T. and Cooper S. 2004.

¹⁰ According to SERO 2010, primary health care (PHC) is the term used to refer to the primary level of health services delivered by the GDHSD.

Table 5.7: Number of Clinics and Hospitals, Municipalities, 2009

	CoT	CoJ	Ekurhuleni	West Rand	Sedibeng	Metsweding
Clinics	59	111	83	29	35	10
Mobile services	6	14	7	8	12	3
District hospital	5	2	1	1	2	0
Regional hospitals	2	3	5	1	1	0
Central hospitals	2	2	0	0	0	0
Specialised hospitals	3	4	1	1	0	1
Private hospitals	25	29	16	4	7	1

Source: Health Systems Trust, DHB, 2012

Table 5.7 shows the number of health facilities in each municipality in 2009. Health facilities can take the form of clinics, mobile services or hospitals. According to the table, there are more clinics than hospitals, with the CoJ having the highest number of clinics at 111, followed by Ekurhuleni with 83. At 59, the CoT had the lowest number of clinics out of the metros. Amongst the districts, Sedibeng had the highest number of health facilities in most categories, including seven private hospitals; this was followed by West Rand and then Metsweding, with four and one private hospitals respectively.

Table 5.8: Health Statistics, Metros, 2007/08-2008/09

	CoJ		CoT		Ekurhuleni	
	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09
Total PHC Expenditure per Capita	R565	R623	R755	R816	R410	R384
Non-Hospital PHC Expenditure per Capita	R412	R456	R372	R412	R303	R275
% District Health Services Expenditure on District	6.5	6.2	42.4	41.6	13	13.3
Nurse Clinical Workload	21.7	29.5	26.7	25.2	32.3	32.9
Bed Utilisation Rate (%)	65.5	69.8	60.1	54.6	72.1	70.8
Clinic Supervision Rate (%)	75.9	57.3	69.2	71.8	94.4	96.1
TB Smear Conversion Rate (%)	75.9	75.1	71.3	82	79.2	82.4
Stillbirth Rate	17.9	19.4	25.5	22.7	21	22.8

Source: Health Systems Trust, DHB, 2012

Table 5.8 gives information about health care services in Gauteng's three metros for the 2007/08 and 2008/09 financial years. The information is taken from the Health Systems Trust's the DHB. PHC per capita expenditure increased for both the CoJ and the CoT, and decreased in Ekurhuleni. Between 2007/08 and 2008/09, expenditure per person increased in the CoJ by R58 per person from R565 to R623, and in the CoT by R61 from R755 to R816. In Ekurhuleni, PHC expenditure per capita decreased by R26 from R410 in 2007/08 to R384 in 2008/09.

Non-hospital PHC per capita expenditure¹¹ increased for both the CoJ and CoT, with the CoJ increasing by R44 from R412 in 2007/08 to R456 in 2008/09 and the CoT increasing by R40 from R372 to R412 in the same period. In Ekurhuleni, there was a decrease of R28 from R303 in 2007/08 to R275 in 2008/09.

The percentage of district health service expenditure on hospitals¹² decreased for both the CoJ and the CoT, by 0.3 and 0.8 percentage points respectively, while in Ekurhuleni it increased by 0.3 percentage points. Of all Gauteng's municipalities, the CoT's expenditure was the highest by a significant degree in both years; this could be due to the fact that CoT has more district hospitals than the other municipalities.

¹¹ Non-hospital per capita expenditure is the amount spent on non-hospital PHC services by the public sector per person without medical-aid coverage. Non-hospital PHC includes community health centres and community health clinic services.

¹² According to the Health Systems Trust, the Percentage District Health Services Expenditure on District Hospitals indicator shows the proportion of total district expenditure on hospitals; this information is helpful in assessing the focus of service delivery in the district.

The nurse clinical workload¹³ in the CoJ increased by 7.8 from an average of 21.7 patients in 2007/08 to 29.5 patients in 2008/09, indicating an increase in the number of patients that each nurse had to attend to and therefore potentially reducing the level of care given to patients. Ekurhuleni had the highest nurse clinical workload, at 32.3 patients and 32.9 patients in the 2007/08 and 2008/09 financial years respectively. Very high values of nurse clinical workload can lead to a compromise in the quality of patient care, and to the risk of tiredness in nurses. Low nurse clinical workload values can indicate that nurse time is not being optimally utilised.

The bed utilisation rate¹⁴ (BUR) in the CoJ increased by 4.3 percentage points from 65.5 percent in 2007/08 to 69.8 percent in 2008/09, indicating that more patients were admitted to hospital. In the CoT and Ekurhuleni, there were decreases of 5.5 and 1.3 percentage points respectively. The CoT decreased from 60.1 percent in 2007/08 to 54.6 percent in 2008/09, while Ekurhuleni decreased from 72.1 percent in 2007/08 to 70.8 percent in 2008/09.

The clinic supervision rate¹⁵ in the CoJ declined from 75.9 percent in 2007/08 to 57.3 percent in 2008/09. This suggests a decline in the level of assessment of the metros adherence to the prescribed quality of service delivery. Clinic supervision rates increased in the CoT (by 2.67 percentage points, from 69.2 percent in 2007/08 to 71.8 percent in 2008/09) and in Ekurhuleni (by 1.7 percentage points, from 94.4 percent in 2007/08 to 96.1 percent in 2008/09). Ekurhuleni had the highest clinic supervision rate in the country.

The tuberculosis (TB) smear conversion rate¹⁶ decreased by 0.8 percentage points in the CoJ, while in the CoT and Ekurhuleni it increased by 10.7 percentage points and 3.2 percentage points respectively. The table indicates that, in both CoT and Ekurhuleni, approximately 82 percent of TB sufferers were consistent in taking medication.

Despite an increase from 17.9 percent in 2007/08 to 19.4 percent in 2008/09, the CoJ had a lower stillbirth rate¹⁷ than the two other metros. The stillbirth rate measures the number of babies born dead out of every 1,000 total births. In the 2012 SoPA, Premier Mokonyane stated that a major breakthrough has been made in the reduction of childhood mortality due to the introduction of vaccines against rotavirus diarrhoea and pneumococcal diseases.

Table 5.9: Health Statistics, Districts, 2007/08-2008/09

	Sedibeng		Metsweding		West Rand	
	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09
Total PHC Expenditure per Capita	R557	R578	R373	R520	R476	R433
Non-Hospital PHC Expenditure per Capita	R259	R296	R318	R457	R262	R223
% District Health Services Expenditure on District Hospitals	33.8	32.6	n/a	n/a	12.4	9.6
Nurse Clinical Workload	24.2	18.9	23.2	26.7	35.7	31
Bed Utilisation Rate (BUR)	73.1	71	n/a	n/a	66.1	69.3
Clinical Supervision Rate	86.3	85.5	45.8	54.2	54.9	77.7
TB Smear Conversion Rate	61	63	64.8	85	84.9	79.1
Stillbirth Rate	26.1	21.2	n/a	n/a	14.1	14.9

Source: Health Systems Trust, DHB, 2012

Table 5.9 shows a range of health statistics for Gauteng's three districts in the 2007/08 and 2008/09 financial years. Between 2008/09 and 2007/08, total PHC expenditure per capita and non-hospital PHC expenditure per

¹³ The nurse clinical workload is defined as the average number of patients attended to by all nurses in a PHC facility per day. It is calculated by dividing the total number of patients seen by the total number of nurse clinical work days.

¹⁴ According to www.healthlink.org.za, the bed utilisation rate measures the occupancy of the beds available for use in district hospitals and therefore measures how efficiently a hospital is using its available resources. It is calculated by dividing the number of inpatient days by the usable bed days over a specific period (normally a year) and expressing this as a percentage.

¹⁵ The clinic supervision rate is the number of clinics and Community Health Centres (CHCs) which receive a supervisory visit not less frequently than once a month, expressed as a percentage of the total number of clinics and CHCs in the district or sub-district.

¹⁶ The TB smear conversion rate measures the percentage of new smear positive pulmonary tuberculosis (PTB) cases that result in a negative smear after two months of anti-TB treatment and are therefore no longer infectious.

¹⁷ According to the Health Systems Trust, stillbirths are caused by a number of factors. These include innate abnormalities, maternal factors including socio-economic and nutritional status as well as health system factors such as delays in referral of mothers with complications of delivery.

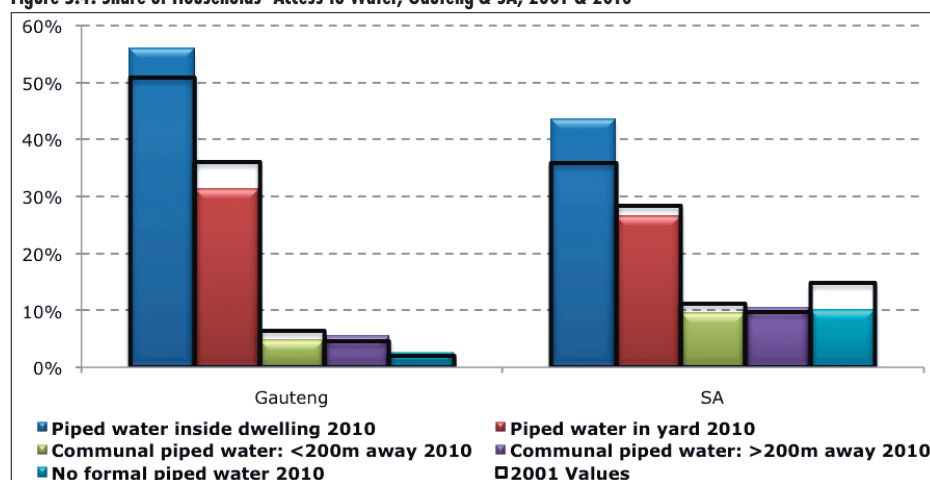
capita increased in both Sedibeng and Metsweding. In the West Rand, expenditure decreased in both of these categories. Total PHC expenditure per capita in Sedibeng increased slightly from R557 to R578 in 2008/09, while in Metsweding it increased from R373 to R520 in 2008/09. Total PHC expenditure in the West Rand decreased to R433 in 2008/09 from R476 in 2007/08. In Sedibeng, non-hospital PHC expenditure per capita increased to R296 in 2008/09 from R259 in 2007/08. Metsweding had an increase to R457 in 2008/09 from R318 in the 2007/08 financial year. At 18.9 patients in 2008/09, Sedibeng had lower nurse clinical workload levels than Metsweding and the West Rand. The West Rand had a higher bed utilisation rate in 2008/09, at 69.3 percent, compared with 66.1 percent in 2007/08; this was an increase of 3.2 percentage points.

Comparison of the BUR is made only between the West Rand and Sedibeng as Metsweding has no district or central hospital. Among Gauteng's districts, the BUR was highest in Sedibeng, at 71 percent in 2008/09, although this was a slight decrease of 2.1 percentage points compared with the 73.1 percent of 2007/08. The clinic supervision rate was also higher in Sedibeng, at 85.5 percent in 2008/09, although this was a decrease of 0.8 percentage points compared with 2007/08 at 86.3 percent. Stillbirth rates were higher in Sedibeng, at 21.2 per 1,000 in 2008/09, compared with 14.9 in the West Rand in the same financial year.

5.5 Access to Water

Gauteng provides a greater percentage of its households with access to piped water, at or above the RDP minimums, than the average for South Africa. The country has been increasing access levels faster than the province, and may eventually match it. However, it is likely that the country's growth rate in relation to access to water will begin to slow because of the comparatively rural nature, and large land area, of most of the other provinces.

Figure 5.4: Share of Households' Access to Water, Gauteng & SA, 2001 & 2010



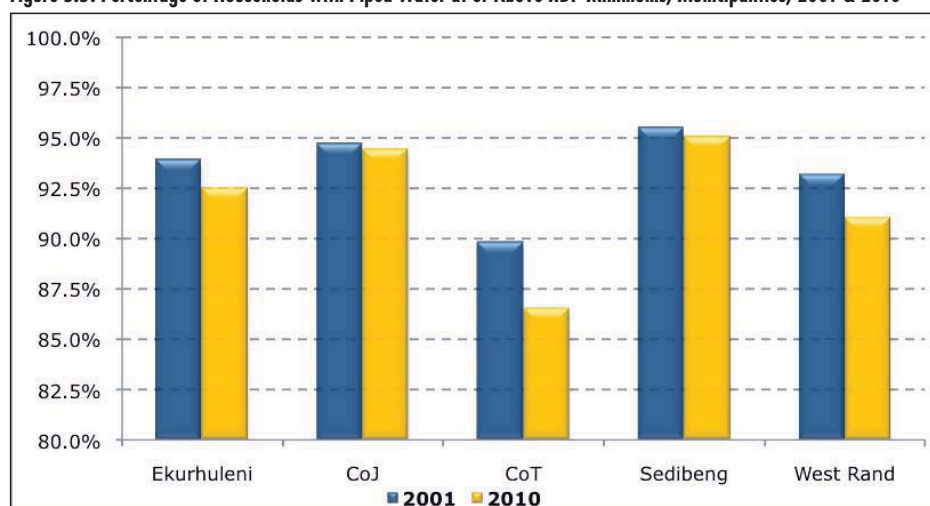
Source: IHS Global Insight, 2012

Figure 5.4 shows the percentage of households with various categories of access to piped water, for Gauteng and South Africa, in the years 2001 and 2010. The RDP minimum level of access to piped water is communal piped water within 200 metres of each household.¹⁸ Thus, the first three bars represent access to water at an acceptable level. In 2010, 56 percent of households in Gauteng had access to piped water inside their dwellings, 31.3 percent had piped water in their yard and 4.7 percent had communal water piped to within 200 metres of their dwelling. Thus, a total of 92 percent of the province's households had access to water at or above RDP minimums. This was 12.6 percentage points higher than the 79.4 percent for South Africa in the same year. However, compared with 2001, there has been a slight increase in the percentage of Gauteng households with below RDP minimum access to piped water. The 5.1 percentage point increase in the 'piped water inside dwelling' category is more than accounted for by the falls in the other two categories at or above minimum access. As mentioned in section 2.3.2, in-migration is higher into Gauteng than into the country's other provinces. As a result, simply to keep its percentages static, the province has to expand its service infrastructure faster than does the rest of the country.

¹⁸ Definition accessed from the *Regional Explorer Encyclopedia*, IHS Global Insight, 2011.

In South Africa as a whole, the percentage of households with piped water inside their dwellings increased from 35.9 percent in 2001 to 43.5 percent in 2010, a 7.6 percentage point rise. This is a larger change than that of the 'No formal piped water' category. Figure 5.4 illustrates that this is because the percentage of households without piped water in their dwellings, but still within RDP water access minimums, has decreased. Between 2001 and 2010, the percentage of households in South Africa with no access to formal piped water fell from 14.8 percent to 10.1 percent, a 4.7 percentage point decrease. Thus, not only are households previously without access to piped water gaining that access, but also those which already have access are gaining improved access above the minimum requirements.

Figure 5.5: Percentage of Households with Piped Water at or Above RDP Minimums, Municipalities, 2001 & 2010



Source: IHS Global Insight, 2012

Figure 5.5 shows the percentage of households in Gauteng's municipalities with access to water at or above the RDP minimum, for the years 2001 and 2010. A decrease was recorded in all of the province's municipalities. The smallest decrease was in the CoJ, at 0.3 percentage points, from 94.7 percent in 2001 to 94.4 percent in 2010. The largest decrease was in the CoT, at 3.2 percentage points, from 86.6 percent in 2001 to 89.8 percent in 2010. The CoT's values were also the lowest for any of Gauteng's municipalities. The second largest decrease was that of the West Rand, at 2.2 percentage points. The CoT and the West Rand were the municipalities with the largest decreases in access to water at or above the RDP minimum and with significant increases in the shares of their populations living in informal housing; this is shown in figure 5.3 above. The highest percentage of households with access to water at or above the RDP minimum was in Sedibeng, at 95.5 percent in 2001 and 95 percent in 2010.

5.5.1 Blue Drop Classification

In 2008, the Department of Water Affairs (DWA) introduced the Blue Drop incentive-based water quality regulation strategy; under this, municipal service providers are certified if they meet certain requirements.¹⁹ These include not only compliance with water quality standards but also such criteria as the existence of a water safety and security plan, and drinking water asset management. These criteria are weighted and used to generate a score out of 100 percent. A score of at least 95 percent is required for a water service authority to receive the Blue Drop award.

In 2009, Gauteng's provincial average Blue Drop score was 74.4 percent. This rose to 85.5 percent in 2010 and to 95.1 percent in 2011.²⁰ The CoJ, and Ekurhuleni metros have one water supply system each and both of these were awarded Blue Drop certification in 2009. The CoT has four water systems, and received the Blue Drop for two of these. The CoJ had an overall score of 97.7 percent, the CoT 90.4 percent and Ekurhuleni 97.4 percent.

¹⁹ Information accessed from www.dwa.gov.za

²⁰ Department of Water Affairs, *Blue Drop Report 2011*. Accessed at http://www.dwa.gov.za/dir_ws/dwqr/subscr/ViewComDoc.asp?Docid=233

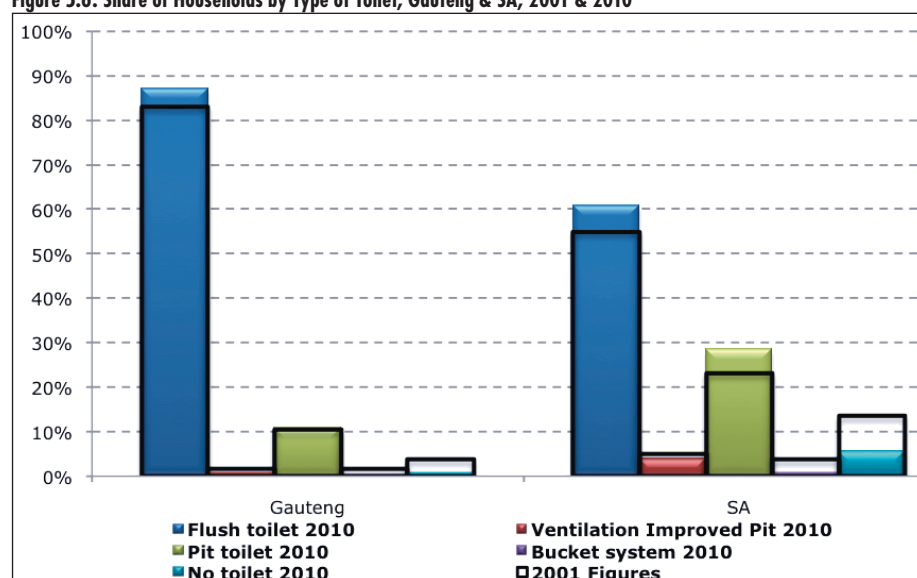
The CoJ and three of the water systems in the CoT received drinking water quality scores of 100 percent, and Ekurhuleni 92 percent. Of the water systems serving Gauteng's metros, only one, in the CoT, received less than 90 percent; it received a 60 percent rating.

The average Blue Drop score for Sedibeng's three local municipalities was 83.7 percent. The district has eight water systems; one of these was awarded Blue Drop certification. The West Rand's average Blue Drop score was 90.6 percent. There are twelve water supply systems in the district; of these, two received Blue Drop certification.

5.6 Access to Sanitation

The percentage of households within Gauteng with access to a hygienic toilet is higher than that of South Africa. In both the province and the country, these percentages are improving further over time, particularly in eradicating the bucket system and providing some sort of toilet facility to those who have none. There is room for improvement, however, in Gauteng's treatment of wastewater.

Figure 5.6: Share of Households by Type of Toilet, Gauteng & SA, 2001 & 2010

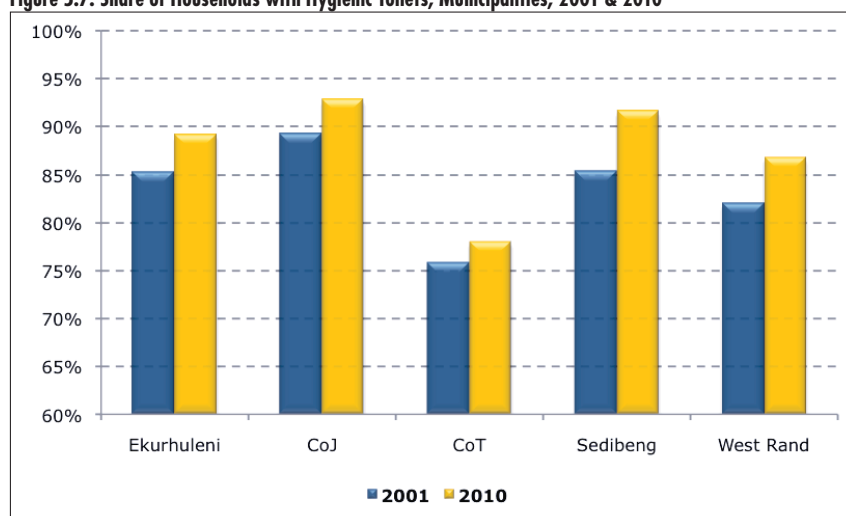


Source: IHS Global Insight, 2012

Figure 5.6 shows the households of Gauteng and South Africa, arranged according to the type of toilet to which they have access, for the years 2001 and 2010. IHS Global Insight classifies flush toilets²¹ and ventilation-improved pit latrines as hygienic. According to this classification, at 84.4 percent, households in Gauteng in 2001 already had better access to hygienic toilets than in the rest of the country. The bucket system and, of course, having no form of toilet at all are classified as inefficient systems in addition to being unhygienic and are even worse than the less-than-hygienic pit toilets. Only 1.6 percent of the province's households depended on the bucket system in 2001, and only 3.7 percent had no toilet. By 2010, only 0.3 percent of Gauteng's households were using the bucket system and just 0.8 percent had no toilet. These decreases were almost entirely accounted for by the 3.7 percentage point increase in the share of Gauteng's households with hygienic toilets, with a 0.5 percentage point increase in the use of pit toilets making up the rest.

In South Africa, 65 percent of households had access to a hygienic toilet in 2010, an improvement of 5.2 percentage points over 2001's 59.8 percent. In 2001, 17 percent of South African households had access to only the two worst classifications of toilets. This decreased to 6.4 percent by 2010; this was a 10.6 percentage point reduction in the share of households using the bucket system or having no toilet of any type. Of the households within those 10.6 percentage points, 5.2 percentage points worth gained access to a hygienic toilet and 5.4 percentage points were at least upgraded to a pit toilet by 2010.

²¹ Chemical toilets are grouped with flush toilets, according to the *Regional Explorer Encyclopedia*, IHS Global Insight, 2011.

Figure 5.7: Share of Households with Hygienic Toilets, Municipalities, 2001 & 2010

Source: IHS Global Insight, 2012

Figure 5.7 shows the proportion of households in Gauteng's municipalities with access to a hygienic toilet for the years 2001 and 2010. All of the province's municipalities increased the share of their households with access to hygienic toilets in this period. The CoJ had the highest percentage in both years, at 89.3 percent in 2001 and 92.9 percent in 2010. The largest increase was in Sedibeng, with its proportion rising by 6.3 percentage points from 85.4 percent in 2001 to 91.7 percent in 2010. The smallest increase (and the lowest values) in 2001 and 2010 were in the CoT, from 75.8 percent to 78.1 percent. The CoT's low values can be explained by its incorporation of Metsweding. The Socio-Economic Review and Outlook (SERO) publications written prior to the merger show CoT sanitation as comparable with those of the other metros; Metsweding had a significantly lower value.

5.6.1 Green Drop Classification

Similarly to the Blue Drop certification system for drinking water, the DWA also runs the Green Drop certification system for municipal wastewater treatment.²² Requirements for a Green Drop award include wastewater quality compliance, storm water management and wastewater treatment works capacity. The criteria are weighted, and a score out of 100 is assigned; a score of at least 90 percent is required for Green Drop certification.

The 2011 Green Drop Report gave Gauteng's average Green Drop score as 78.8 percent. The CoJ was the best performing area in the province, with a 90.5 percent Municipal Green Drop Score, a 67 percent improvement on its 2009 Green Drop status; all of its plants were found to be low or medium risk. Four of the CoJ's six wastewater treatment plants received Green Drop certification. The CoT had a Municipal Green Drop Score of 63.8 percent, and seven of its ten wastewater treatment plants were low or medium risk; none of these plants received Green Drop certification. Ekurhuleni's Municipal Green Drop Score was 78.8 percent and 14 of its 17 treatment plants were low or medium risk. Only one plant in Ekurhuleni received Green Drop certification.

There are eight waste treatment plants among Sedibeng's three local municipalities; they had an average Green Drop score of 62.5 percent and none received Green Drop certification. None of the West Rand district municipality's ten treatment plants received Green Drop certification, with its four local municipalities receiving an average score of 70.4 percent. The Premier, mentioned in her SoPA that the Sedibeng Regional Sanitation Scheme includes maintenance and repairs of four of the district's treatment plants to date and will concentrate on the expansion of the capacity of two of these plants.

²² The Department of Water Affairs *Green Drop Report 2011* relating to Gauteng can be accessed at www.dwa.gov.za/Documents/GD/GDGT.pdf

5.7 Waste Management

Waste is any form of redundant material that results from the use of various products.²³ While waste can take any form, typical examples are paper, plastic, glass, liquids, gaseous objects and combinations of these. The extent of the danger that discarded waste poses to the community depends on the severity of harmful effects presented by the type of object disposed of. Various municipalities in South Africa have implemented strategies based on separation of waste, as they noted that not all forms of waste should be discarded but that some can be recycled and used for different purposes. In an attempt to minimize solid waste to landfill sites, CoJ is exploring a Waste to Energy conversion project aimed at diverting a significant waste away from landfill sites. This project is also listed as one of the top 100 Global Infrastructure projects, considered for an award.²⁴

The National Environmental Management Waste Act (Act No. 59 of 2008) sets out rules and conditions on how to collect waste. It also stipulates guidelines for municipalities on how to provide suitable, affordable and sustainable waste collection services. The standards set through these guidelines create universal methods to be adhered to in waste management, and thus encourage the separation of recyclable and non-recyclable materials. This process also relates to the frequency of collection of waste.

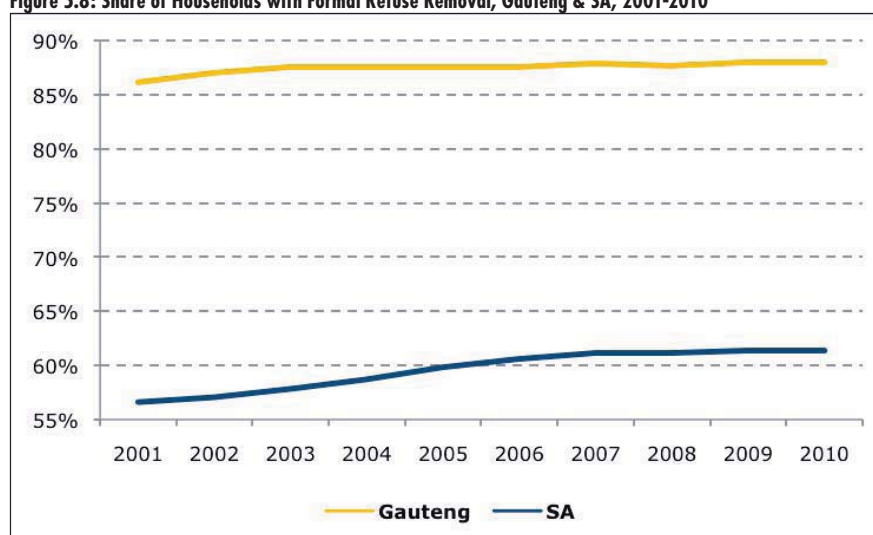
Box 5.3: Developments in the National Waste Management

Waste recycling has become an integral part of many economies around the globe. The CoJ is drafting waste management bylaws that propose the separation of waste to enable the city to meet its National Environmental Management Waste Act targets. Residents will need to separate their refuse into recyclables (paper, glass & plastics etc). Pilot projects on the separation process have been conducted with 35,000 households since 2009. The new system should reduce pressure on the city's landfills, and will impose substantial penalties for non-compliance. Other South African cities have carried out similar pilot waste recycling programmes; Durban introduced an 'orange bag' system, and there are new bin systems in Cape Town.

Source: http://www.joburg.org.za/index.php?option=com_content&view=article&id=6974&catid=88&Itemid=266

According to IHS Global Insight encyclopedia, formal refuse removal occurs when refuse is removed by local authorities. Informal refuse removal occurs when refuse is removed by community members or by the individual household, or where refuse is not removed.

Figure 5.8: Share of Households with Formal Refuse Removal, Gauteng & SA, 2001-2010



Source: IHS Global Insight, 2012

²³ According to the National Environment Management: Waste Act, 2008 (Act No. 59 of 2008), 'domestic waste' is "waste, excluding hazardous waste that emanates from premises that are wholly or mainly for residential, educational, health care, sports and recreational purposes. Domestic waste can be classified into recyclable and reusable, compostable and also non-recyclable or non-usable waste. Domestic waste for the purposes of the standards does not include commercial and industrial waste, building rubble and 'hard' or non-compostable garden waste".

Figure 5.8 shows the share of formal refuse removal for households in Gauteng and for the country as a whole, from 2001 to 2010. Over this period, the percentage of households with refuse removal by local authorities in Gauteng has consistently been above that of South Africa. In 2001, 86.1 percent of households in the province had formal refuse removal. This increased to 88 percent in 2010. The rate of increase in the country as a whole has been greater, from 56.6 in 2001 to 61.4 percent in 2010. The gap between the province and the country declined from 29.5 percentage points in 2001 to 26.6 percentage points in 2011.

Table 5.10: Refuse Removal by Type, Municipalities, 2001 & 2010

2001					
	Ekurhuleni	CoJ	CoT	Sedibeng	West Rand
Removed weekly by authority	89.1%	90.9%	78.2%	52.2%	72.3%
Removed less often than weekly by authority	1.3%	3.6%	3.4%	3.2%	4.8%
Removed by community members	2.2%	1.6%	2.0%	12.6%	3.3%
Personal removal (own dump)	4.3%	2.3%	11.3%	21.4%	15.4%
No refuse removal	3.2%	1.5%	5.1%	10.5%	4.2%
Total	100%	100%	100%	100%	100%
2010					
Removed weekly by authority	93.0%	95.5%	81.1%	60.9%	69.3%
Removed less often than weekly by authority	0.2%	0.7%	1.8%	0.0%	1.7%
Removed by community members	2.3%	1.2%	2.0%	1.6%	4.9%
Personal removal (own dump)	1.2%	0.8%	7.9%	18.0%	11.4%
No refuse removal	3.2%	1.7%	7.1%	19.4%	12.7%
Total	100%	100%	100%	100%	100%

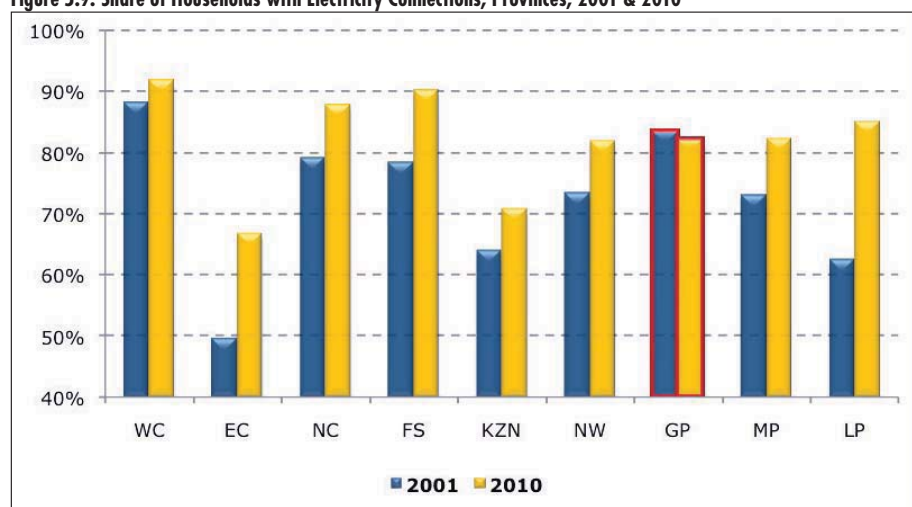
Source: IHS Global Insight, 2012

Table 5.10 shows the proportion of household refuse removal by type and municipality for 2001 and 2010. All municipalities in Gauteng, except for the West Rand, had an improvement in refuse removed weekly by local authorities in this period. At 90.9 percent in 2001 and 95.5 percent in 2010, the CoJ had the highest proportion of households whose refuse is removed weekly by local authorities. Sedibeng had the lowest share, although it improved significantly from 52.2 percent in 2001 to 60.9 percent in 2010, an 8.7 percentage point increase. It was also the district with the highest proportion of households with no refuse removal (19.4 percent) and personal removal (18 percent) in 2010. The West Rand had a decline in weekly, and less often than weekly, refuse removal by authorities for both years. The percentage of households with no refuse removal increased substantially for this municipality, from 4.2 percent in 2001 to 12.7 percent in 2010. This could be due to the significant increase in informal dwellings as shown in Figure 5.3.

5.8 Access to Electricity

The aim of the National Department of Energy is to attain universal access to electricity by 2014. The overall objective is to ensure accessible, affordable and reliable energy, especially for the poor, by diversifying primary energy sources and reducing dependence on coal.²⁴

²⁵ Information was accessed from www.energy.gov.za

Figure 5.9: Share of Households with Electricity Connections, Provinces, 2001 & 2010

Source: IHS Global Insight, 2012

Figure 5.9 gives the share of households with electricity connections, by province, for 2001 and 2010. It shows that access to electricity connections improved between 2001 and 2010 in all provinces except Gauteng, where there was a decline of 1.4 percentage points from 83.5 percent in 2001 to 82.1 percent in 2010. Limpopo had the greatest increase in the share of households with electricity connections, followed by the Eastern Cape and the Free State, with figures of 22.5, 17.1 and 11.8 percentage points respectively.

Table 5.11: Percentage of Households using Electricity, Gauteng & SA, 2002 & 2010

	2002		2010	
	Gauteng	SA	Gauteng	SA
Cooking	82.4%	57.8%	83.8%	71.1%
Heating	79.0%	51.7%	71.5%	45.6%
Lighting	88.1%	76.3%	85.7%	83.0%

Source: Quantec Research, 2012

Table 5.11 shows the percentage share of households in Gauteng and South Africa which are connected to the main electrical grid, organised according to the use to which the households put the electricity provided, for the years 2002 and 2010; data for 2001 was not available. In Gauteng, the percentage of households using electricity for cooking rose slightly, from 82.4 percent to 83.8 percent. Electricity use for heating and lighting in the province both fell, from 79 percent to 71.5 percent and from 88.1 percent to 85.7 percent respectively. This fall is likely to be related to rapid population growth, with high in-migration from other provinces. Even when the province extends services to an increasing number of households, it may not be able to keep pace with the expansion in the number of households. In South Africa, the percentage of households using electricity for cooking and lighting has increased, from 57.8 percent to 71.1 percent and from 76.3 percent to 83 percent respectively. The share of households using electricity for heating fell from 51.7 percent to 45.6 percent between 2002 and 2010.

Table 5.12: Share of Households with Electrical Connections, Municipalities, 2001 & 2010

	2001	2010
Ekurhuleni	78.8%	77.3%
CoJ	87.5%	89.1%
CoT	82.2%	75.0%
Sedibeng	87.7%	91.4%
West Rand	80.2%	77.0%

Source: IHS Global Insight, 2012

Table 5.12 shows the share of households with electrical connections at the municipal level. In 2001, Sedibeng had the highest share of households with electrical connections, at 87.7 percent, followed by the CoJ at 87.5 percent and the CoT at 82.2 percent. The municipality with the lowest share of households with electrical connections in 2001 was Ekurhuleni, with 78.8 percent. In 2010, Sedibeng remained the highest in terms of households with electrical connections, at 91.4 percent, followed by the CoJ at 89.1 percent and Ekurhuleni at 77.3 percent. At 77.0 percent, the West Rand had the smallest percentage of households with electrical connections in 2010.

5.9 Conclusion

The GPG aims to ensure a better life for all by improving the basic services provided to its citizens. These are access to education, housing, health care, water, sanitation, waste management and electricity. The Gross Enrolment Ratio in schools for the province and for the country as a whole declined between 2006 and 2009. In the ANA for 2011, the national average score for literacy at Grade 3 was 35 percent and 28 percent for numeracy; at Grade 6, the scores were 28 and 30 percent respectively. Very substantial work therefore needs to be done within the education system. The Gauteng NSC achievement rate increased to 81.1 percent in 2011 from 78.6 percent in 2010. That of the country also increased to 70.2 percent from 67.8 percent, over the same period.

South Africa, and Gauteng in particular, has more clinics than hospitals. At 111 in 2008/09, the CoJ had the highest number of clinics of all the province's municipalities. Among the districts, Sedibeng had the largest number of health facilities and had seven private hospitals; the West Rand had four private hospitals, and Metsweding one. Stats SA indicated that, in 2010, 22 percent of Gauteng's population belonged to a medical aid scheme.

Between 2001 and 2010, Gauteng's municipalities saw a reduction in the number and percentage of households living in traditional housing. At 64.2 percent in 2010, Sedibeng had the highest proportion living in very formal housing. In 2010, the percentage of Gauteng's households with access to piped water at or above the RDP minimum standard ranged from 78.1 percent in the CoT to 95 percent in Sedibeng.

Access to electricity connections improved between 2001 and 2010 in all provinces except Gauteng. At 91.8 percent of households, the Western Cape had the highest level of electrical connections in 2010, compared with 81.2 percent for Gauteng. In 2010, the Sedibeng district had a higher percentage of households with an electrical connection than did any of the metros. Overall, access to services in the province has improved, but much work remains to be done in order to ensure a better quality of life for all.

Chapter 6: Development Indicators

6.1 Introduction

South Africa is amongst the richest¹ countries in Africa but has significant levels of poverty and inequality, and high unemployment. These challenges are a threat to the socio-economic well-being of the country since many communities live in poor and unsustainable conditions. The country's economic growth has had a disappointing impact on poverty and inequality, with poverty and inequality increasing as economic performance rises. This suggests that even though economic growth is necessary to reduce poverty, it is not a sufficient condition for poverty reduction to affected communities due to the unequal distribution of resources. Government policy intervention is therefore necessary to address social imbalances.

Gauteng province, like the country as a whole, faces the socio-economic challenges of poverty and unemployment. The Gauteng Provincial Government (GPG) addresses these through a range of policies and strategies. One of these, which has recently been introduced, is the Comprehensive Rural Development Strategy². This aims to create a development environment that enables rural communities and households to achieve sustainable livelihoods. Longer-standing programmes to address poverty and reduce inequality include social grants. Development-related policies are thus being constantly improved and adjusted.

This chapter focuses on four development³ indicators to give insight into the development status of Gauteng and provide options for policy formulation. These indicators are the poverty rate, the Human Development Index (HDI), literacy and the Gini coefficient. Information about education, social grants, household income categories and the Living Standard Measure (LSM) is also provided.

6.2 Gauteng Development Indicators

The development indicators are configured into a 'development diamond', which shows the relationship between the indicators. Each corner of the diamond represents one of the four development indicators. The size of the diamond represents the level of development of the population being examined; the larger diamond or the further the points of the diamond are from the centre, the lower the level of development. Conversely, the closer to the centre the points of the diamond are, the higher the level of development. In constructing the development diamond, the HDI and literacy rates are inverted⁴. This is done to ensure that all four development indicators can be measured relative to each other.

The Gini coefficient is a summary statistic of income inequality, ranging from 0 to 1. A value of 0 represents perfect equality where all households earn equal income, and 1 inequality where one household earns all the income and others earn nothing. In practice, the coefficient is likely to vary from approximately 0.25 to 0.70.⁵

The HDI is a composite, relative index that attempts to quantify the extent of human development in a community. It is based on measures of life expectancy, literacy and income. It is thus a measure of people's ability to live a long and healthy life, communicate, participate in the life of the community and have sufficient resources to live a decent life. The value of the HDI can range from 1, indicating a high level of human development, to 0, indicating no development. The HDI originated from the United Nations Development Programme (UNDP). The purpose for developing the HDI was to have a universal standard for measuring human development globally.

¹ At R1.838 trillion in 2010, South Africa had the highest GDP in Africa.

² The Gauteng Comprehensive Rural Development Strategy was launched in March 2011. See: www.gautengonline.gov.za/.../Final%20Gauteng%20Rural%20Development%20Strategy.docx

³ Development incorporates the notion that human welfare is measurable. It is a process of economic and social transformation that is based on complex cultural and environmental factors and their interactions. See: <http://www.businessdictionary.com/definition/development.html#ixzz1laEqjxCl>. Development indicators are used to measure numerically the quality of life in a country.

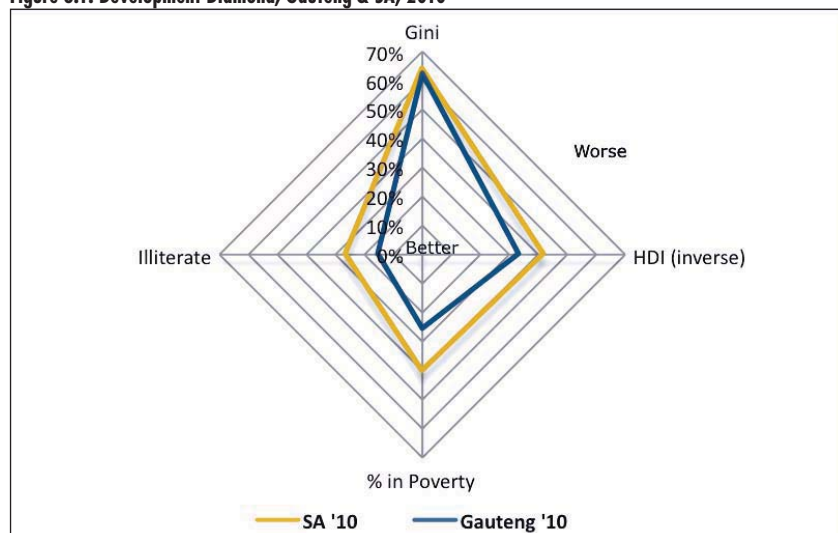
⁴ The inverse is calculated by subtracting the actual value from 1. For example, if the HDI is 0.68, the inverse is 1-0.68=0.32.

⁵ Information obtained from the *Regional Explorer Encyclopedia*, IHS Global Insight, 2011.

The functional literacy rate is the proportion of persons aged 20 and above that have completed Grade 7. The poverty rate measures the percentage of people living in households with an income less than the poverty income. This is defined as the minimum monthly income needed to sustain a household, and varies according to household size. The larger the household, the larger the income required to sustain its members.

6.2.1 Development Diamond

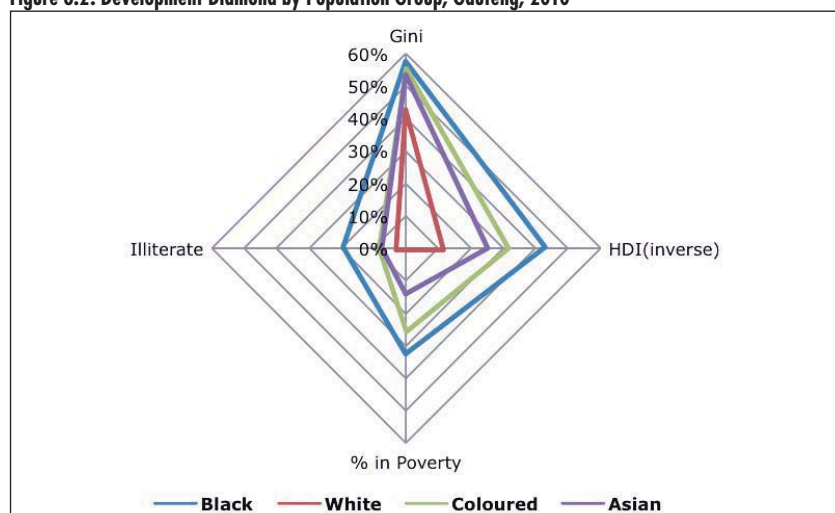
Figure 6.1: Development Diamond, Gauteng & SA, 2010



Source: IHS Global Insight, 2012

Figure 6.1 compares development in Gauteng with that of South Africa for 2010. The Gini coefficient shows that income inequality for Gauteng and for South Africa was very high, at 0.63 and 0.64 respectively. South Africa is listed amongst the top countries with a high degree of income inequality.⁶ In relation to the other indicators (HDI, illiteracy and the percentage of people in poverty), Gauteng's values are closer to the centre of the diamond, signifying a better level of development than the national average. The HDI for Gauteng was 0.67 and that for the country was 0.58, a difference of 0.09 percentage points. In Gauteng, 26 percent of the population lived in poverty compared with 40 percent nationally. Gauteng's illiteracy rate in 2010 was 15 percent, 12 percentage points lower than the national figure of 27 percent.

⁶ According to the United States Central Intelligence Agency (CIA), with regards to the Gini coefficient, South Africa is third highest out of 140 countries with a Gini of 0.65. Brazil, with a Gini of 0.53, is 13th, Russia (Gini of 0.42) is 52nd, India (Gini of 0.36) is 83rd and China (Gini of 0.41) is 53rd. See: <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2172rank.html>

Figure 6.2: Development Diamond by Population Group, Gauteng, 2010

Source: IHS Global Insight, 2012

Figure 6.2 shows the relative levels of development of the population groups in Gauteng for 2010. Due to the large share of the Black population group, the province's development indicators are skewed. The significant differences between the development indicators of the population groups is evident. The Black population's development diamond is considerably larger than those of the other population groups. This means that there is a low level of development amongst this population group. Income inequality measured by the Gini coefficient is a problem faced by all population groups, since it protrudes outwards relative to the other development indicators. However, the Gini coefficient for Whites was 0.43. There are large differences in the HDI of the population groups; for Blacks it was 0.57, for Whites, 0.89, Coloureds, 0.68 and for Asians, 0.75. The percentage of people living in poverty is a major issue within all population groups except for Whites. It is clear that the structural nature of poverty is strongly racially correlated. Fewer than 1 percent of the White population group lives in poverty; for Blacks, Coloureds and Asians the figures were 33, 26 and 14 percent respectively. At 80.5 percent, the literacy rate is lower for the Black population group than for any of the other population groups, none of which have rates lower than 91 percent. The illiteracy rate among the Black population group is 19.5 percent.

6.2.2 Poverty

Poverty is defined as the inability to afford an adequate standard of consumption.⁷ It correlates strongly with high levels of unemployment. Causative factors may include falling real wages and increases in household size.⁸ As indicated in Chapter Four, at 25.1 percent in the fourth quarter of 2011, Gauteng's level of unemployment is higher than the national average of 23.9 percent. Poverty as a development indicator is analysed in order to gain insight into the requirements of citizens. The poverty rate and the poverty gap are both used to obtain information about the level of poverty in the province.

Box 6.1: Poverty Rate and Poverty Gap

The poverty rate measures the proportion of a population living below the poverty line. It does not, however, indicate how far below the poverty line poor households are. The poverty gap measures the required annual income transfer to all poor households to bring them out of poverty.

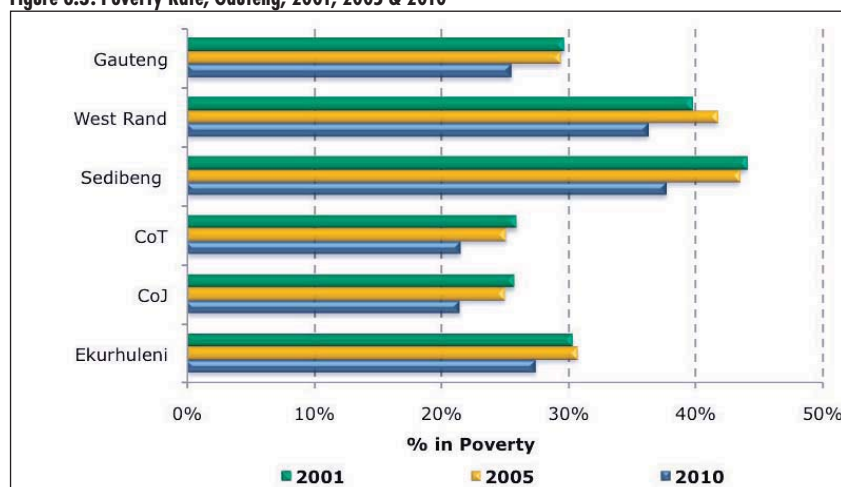
Source: IHS Global Insight encyclopedia

Research conducted by the Human Science Research Council (HSRC) suggests that much of the poverty in Gauteng is driven by migration⁹, with the province's economy attracting in-migration. These migration dynamics are discussed in more detail in Chapter Two, where it is shown that all provinces, with the exception of the Western Cape, generated a net flow of migration to Gauteng.

⁷ The definition is according to the *Oxford Dictionary of Economics*, 2003.

⁸ See: http://www.urban.org/UploadedPDF/411956_transitioningpoverty.pdf

⁹ See : http://www.hsrb.ac.za/Research_Publication-18829.phtml

Figure 6.3: Poverty Rate, Gauteng, 2001, 2005 & 2010

Source: IHS Global Insight, 2012

Figure 6.3 shows the poverty rates in Gauteng's municipalities in 2001, 2005 and 2010. Over this period, Sedibeng and West Rand had the highest percentages of their population living in poverty, although these percentages declined in 2010. The high poverty rate in Sedibeng could be explained by the fact that it is more rural in nature than the other municipalities. The poverty rate declined from 44 percent in 2001 to 38 percent in 2010. At 36 percent, the West Rand's 2010 poverty rate was slightly lower than that of Sedibeng for the same year. Both CoJ and CoT had the lowest poverty rates between 2001 and 2010, with rates of 26 percent in 2001 and 22 percent in 2010 respectively. The poverty rate in the province as a whole declined during the review period, from 30 percent in 2001 to 29 percent in 2005 and 26 percent in 2010.

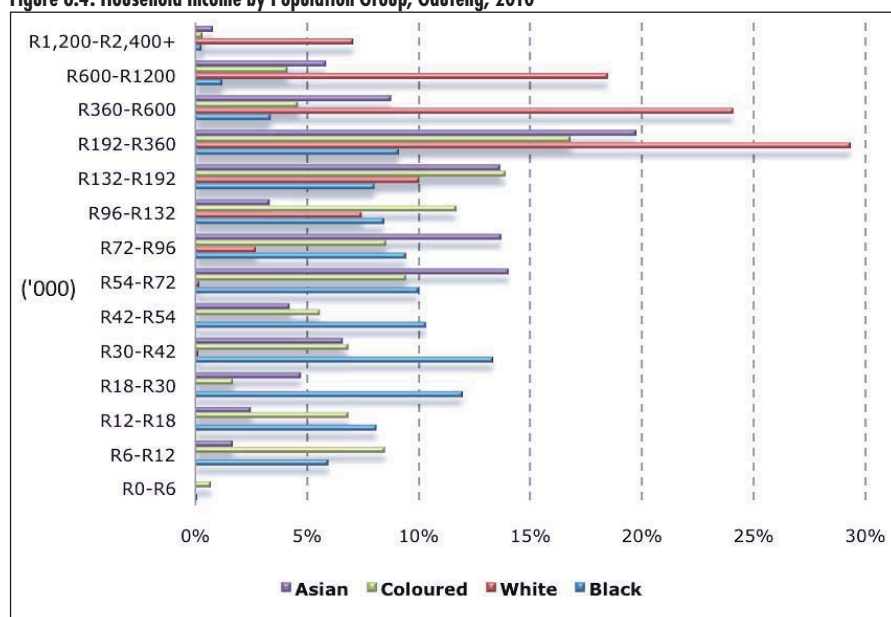
Table 6.1: Poverty Gap by Population Group, Gauteng, 2001, 2005 & 2010

	2001 (R million)	% Share of provincial Poverty Gap	2005 (R million)	% Share of provincial Poverty Gap	2010 (R million)	% Share of provincial Poverty Gap
Black	2,756	93.5	3,825	93.7	5,573	94.2
White	113	3.8	152	3.7	200	3.4
Coloured	65	2.2	86	2.1	113	1.9
Asian	15	0.5	21	0.5	29	0.5
Total	2,949	100	4,083	100	5,915	100

Source: IHS Global Insight, 2012

Table 6.1 shows the variation of the poverty gap amongst the population groups for the years 2001, 2005 and 2010. In all of these years, the Black population group's depth of poverty, as measured by the poverty gap, is the highest. The amount of money required to bring poor Black households out of poverty almost doubled between 2001 (R2.8 billion) and 2010 (R5.6 billion). These households contributed 94.2 percent of the province's total poverty gap in 2010. Only R29 million was required to take the poor Asian households out of poverty in 2010, R113 million for poor Coloured and R200 million for poor White households. The significant differences in population sizes affect the poverty gap; the larger the population, the more money is required to service that particular group.

To gain further insight into the variations between the population groups in terms of their poverty rates and the annual income transfer required to pull poor households out of poverty, household income by population group is analysed.

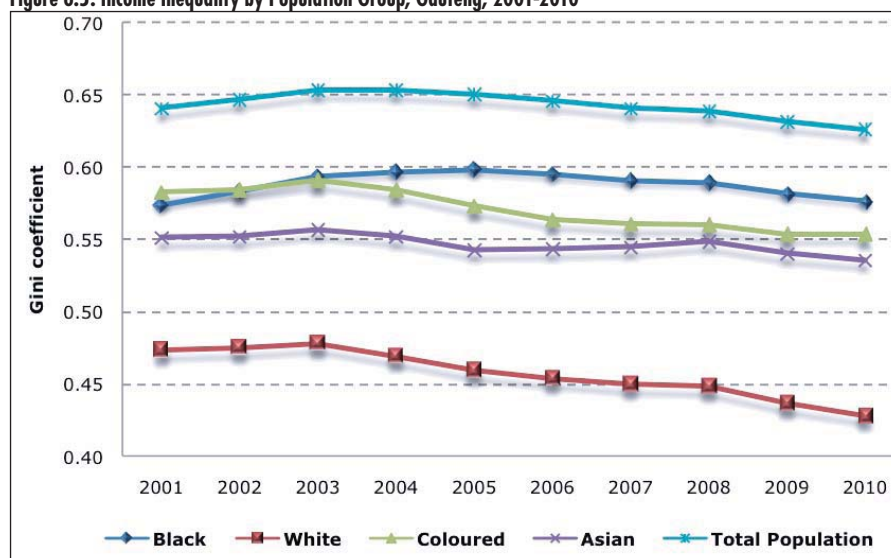
Figure 6.4: Household Income by Population Group, Gauteng, 2010

Source: IHS Global Insight, 2012

Figure 6.4 shows the distribution of household income by population group in 2010. Within the White population group, the largest single category (29 percent) of households had incomes between R192,000 and R360,000. About 20 percent of Asian households and 17 percent of Coloured households had this level of income. In the Black population, the largest single category of households was that with an income of between R30,000 and R42,000. White households dominated the higher income categories, and Black households the lower ones.

The large HDI disparities between the population groups, described in section 6.2.1, can be linked to household income. The White population, with the highest HDI, dominates the higher household income categories; the Black population, with the lowest HDI, dominates the lower household income categories.

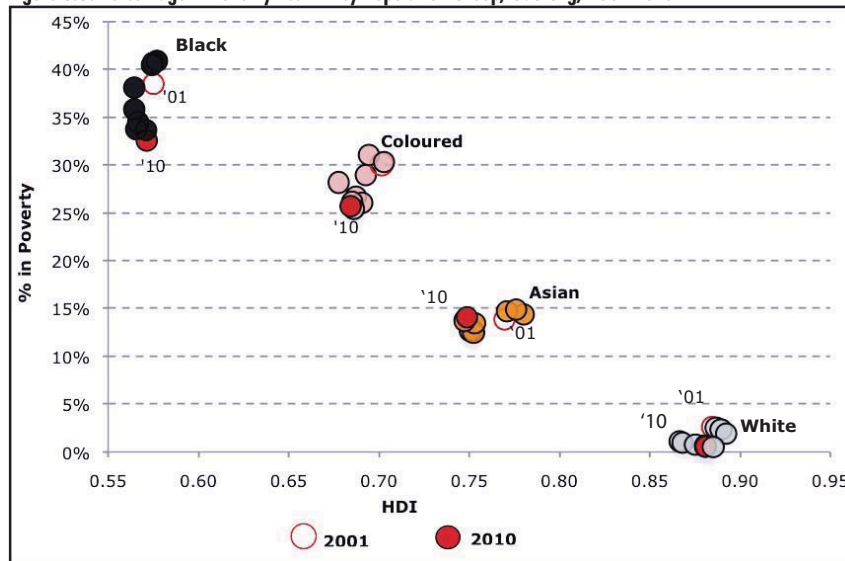
Gauteng's Gini coefficient was 0.60 in 2000 and 0.64 in 2010. Since the main source of household income is salaries or wages, inequality is strongly driven by income disparities.

Figure 6.5: Income Inequality by Population Group, Gauteng, 2001-2010

Source: IHS Global Insight, 2012

Figure 6.5 shows the trend in income inequality by population group. The data indicates that, for all population groups, income inequality decreased over the period, as measured by the Gini coefficient. Income inequality within the White population group was the lowest, ranging between 0.43 and 0.48. Within the Black population group, income inequality increased from 0.57 in 2001 to 0.60 in 2005; in 2006 to 2008, the Gini coefficient was around 0.59. From 2009 to 2010, it fell to 0.58, although it was still the highest level of income inequality amongst all population groups. Income inequality for the total population of Gauteng almost mirrors that of the Black population group. This suggests that income inequality is no longer only driven by the Black/White divide but that it exists within groups, especially between rich and poor Black groups¹⁰.

Figure 6.6: Percentage in Poverty vs. HDI by Population Group, Gauteng, 2001-2010

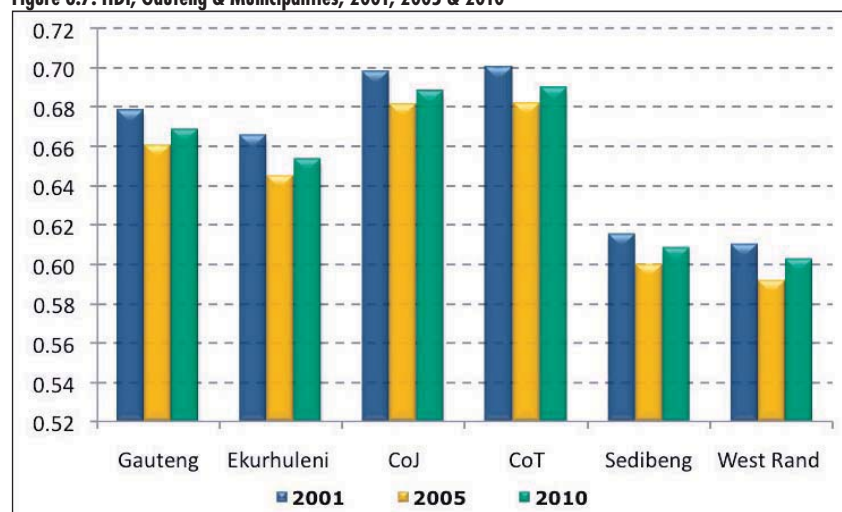


Source: IHS Global Insight, 2012

Figure 6.6 gives a time series using a scatter plot, to illustrate the relation between poverty and HDI within the different population groups for the years 2001 to 2010. Throughout the review period, the Black population had the highest poverty rate and the lowest HDI. The poverty rate for Blacks was 39 percent in 2001, dropping to 33 percent in 2010; it however remains the highest of all the population groups. The HDI for Blacks was 0.58 in 2001, falling to 0.57 in 2010. At 26 percent, the Coloured population group had the second highest poverty rate and the second lowest HDI (0.68) in 2010. The Asian population group had the second lowest poverty rate, at 14 percent, and an HDI of 0.75 in 2010. The White population group had the highest HDI (around 0.88), and the lowest poverty rate at 2.6 percent in 2001 and 0.5 percent in 2010.

There is a very strong negative correlation of 0.97 between the poverty rate and the HDI of the different population groups; the population groups with the highest poverty rates have low HDIs. The great disparities in the poverty rate and the HDI can be clearly distinguished in the different population groups. A similar relationship can be seen between household income by population group and the illiteracy rate. A higher literacy rate correlates positively with a higher income. This tallies with the high household income of the White population group, which also had the highest literacy rate of 96.8 percent in 2010.

¹⁰ This is also suggested in a report by Dr. Haroon Borat, Prof. Servaas van der Berg and Prof. Carl van Aardt, *Breaking the Grip of Poverty and Inequality in South Africa 2004-2014*.

Figure 6.7: HDI, Gauteng & Municipalities, 2001, 2005 & 2010

Source: IHS Global Insight, 2012

Figure 6.7 shows the HDI for Gauteng and its municipalities for 2001, 2005 and 2010. In all municipalities, the HDI declined between 2001 and 2005 before increasing slightly in 2010. At 0.69, the CoJ and the CoT had the highest HDIs in 2010. The West Rand had the lowest HDI, ranging between 0.59 and 0.61 for the reviewed years.

Poverty is expected to reduce in the period ahead as a result of the measures proposed by government to accelerate employment creation.¹¹ Job creation was the focal point of the Gauteng government in the 2011/12 financial year. Employment creation is necessary but is not sufficient in itself to reduce poverty. For the majority of the population trapped in poverty, finding employment is the beginning of the process of breaking the chains of poverty. The reality is that a very large part of the population lacks the education, skills and credentials needed for finding employment in a sophisticated economy such as South Africa's, which requires a skilled labour force.

The province's Comprehensive Rural Development Strategy seeks to alleviate poverty by empowering and equipping rural people and communities to create their own businesses, opportunities and employment. Central to the strategy is an integrated programme of rural development, land reform and agrarian change, with a strategic focus on social cohesion and development.¹²

6.2.3 Social Security

Social security systems cushion the impact of loss or lack of income due to unemployment, disability, injuries sustained at work and old age. Social grants are the main source of income for poor households in the country, and play a crucial role in containing poverty and promoting household development. Some of the benefits¹³ of social grants are that:

- They provide potential labour market participants with the resources and economic security necessary to invest in high-risk/high-reward job searches;
- Living in a household receiving a social grant is correlated with a higher success rate in finding employment; and
- Workers in households receiving social grants are more able to improve their productivity and as a result earn higher wage increases.

¹¹ The 2011 Budget speech by Minister of Finance Provan Gordan indicated that R9 billion was budgeted for a Jobs Fund to co-finance employment projects. About R20 billion has been set aside for Sector Education and Training Authorities, and R5 billion for the National Skills Fund.

¹² See: http://www.info.gov.za/aboutsa/rural_development.htm

¹³ See: *The Social and Economic Impact of South Africa's Social Security System*, Department of Social Development, September 2008.

The effects of social grants can, however, be negative as well as positive. Some grant recipients may prefer not to look for work. According to a labour market analyst at Adcorp¹⁴ in January 2012, in South Africa “43.3 percent of unemployed people are willing to accept a job, if offered, when they are supported by their own savings, whereas 11.1 percent of people will accept a job if they are supported by social grants and welfare”. The average duration of unemployment for those with and those without grants has been reported as 21 and 16 months respectively.¹⁵

International Comparison of Social Security Systems

This section briefly compares the social security system of South Africa with those in the other BRICS countries. Given the complexity and specifics of each country’s social security structure, the analysis aims simply to outline the number of branches covered by at least one social security scheme.

Box 6.2: Social Security Branches

According to the International Labour Organisation (ILO), the number of branches covered by at least one scheme is between zero and eight, according to the total number of branches covered by one or more statutory provisions. The eight branches are sickness, maternity, old age, incapacity, survivors, family allowances, employment injury and unemployment. A programme or a scheme can be of several types: social insurance, social assistance, universal, employer-liability or mandatory private. The number of branches covered by at least one programme provides an overview of the scope of legal social security provision.

The ILO’s global analysis of social security systems has found that all successful economies include social security systems in their development strategies, as they play a vital role in alleviating poverty and providing economic security.¹⁶ All countries have some form of social security, but in many, coverage is limited to a few social security branches. Countries with limited provision for basic social security benefits have a lesser chance of meeting the MDG targets; these targets are discussed in Chapter One.

Table 6.2 below gives information about social security coverage in the BRICS countries: Brazil, Russia, India and China and South Africa, which joined the group in 2011 and is thus compared with these countries.

Table 6.2: Overview of Social Security Statutory Provision, BRICS, 2010

	Number of branches covered (by at least one programme)		Existence of a statutory scheme							
	Number of branches covered (by at least one scheme)	Number of social security branches covered by a statutory scheme	Sickness	Maternity	Old age	Incapacity	Survivors	Family Allowances	Employment	Injury
Brazil	8	Comprehensive (8)	X	X	X	X	X	X	X	X
Russia	8	Comprehensive (8)	X	X	X	X	X	X	X	X
India	7	Semi-comprehensive (7)	X	X	X	X	X	0	X	X
China	7	Semi-comprehensive (7)	X	X	X	X	X	0	X	X
South Africa	7	Semi-comprehensive (7)	X	X	X	X	0	X	X	X

Source: ILO, World Social Security Report, 2012

Note: X = at least one statutory programme, 0 = none

Table 6.2 gives an overview of the BRICS’ social security statutory provisions for 2010. Brazil and Russia have social security schemes in place to cover for all eight social security branches, and India and China have seven (they do not have family allowances schemes). South Africa also covers only seven social security branches, and has no programmes in place for the protection of survivors¹⁷. This data suggests that South Africa’s social security system is more or less in line with those of the other BRICS member countries.

¹⁴ Adcorp is a human-capital management group.

¹⁵ See: www.cbn.co.za/dailynews/5940.html

¹⁶ The information was sourced from the World Social Security Report 2010/2011. See: http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_146566/lang-en/index.htm

¹⁷ Survivors are people who remain in the case of the death of a family member (mainly the bread winner).

Box 6.3: Total Public Social Security Expenditure

According to the ILO, total public social security expenditure sums the overall amount spent on public redistribution. It is composed of public health, public old age, pensions (survivors and disability), public unemployment, public family allowances and other social security benefits.

Source: World Social Security Report of 2010/11

Although social security is a human right as well as a social and economic necessity, only a minority of the global population has access to such schemes. Investment in social security differs from country to country.

Table 6.3: Total Public Social Security Expenditure, % of GDP, 2005, 2008 & 2009

	Year	Total Public Social Security Expenditure (% of GDP)
Brazil	2009	15.1
Russia	2009	12.9
India	2005	4.1
China	2008	3.3
South Africa	2008	7.0
World	2009	8.4

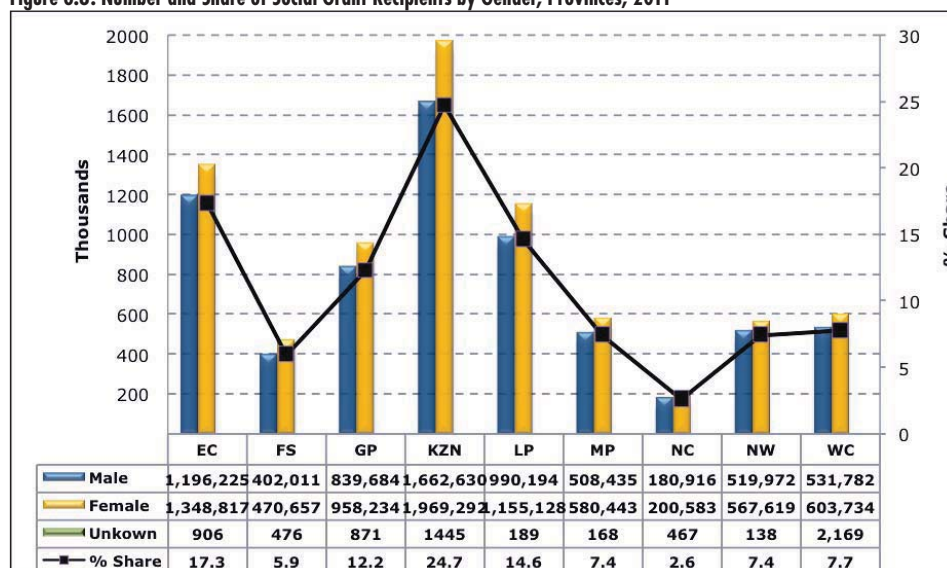
Source: ILO, 2012

Table 6.3 shows public social security expenditure as a percentage of GDP for the BRICS countries, and globally, for the most recent years for which data was available. Brazil had the highest share of GDP (15.1 percent) going to public social security expenditure, followed by Russia at 12.9 percent. India's public social security expenditure as a percentage of GDP was 4.1 percent; China's was 3.3 percent of GDP. South Africa's share was 7 percent of GDP, placing its share in the middle of the BRICS range of public social security expenditure shares of GDP.

Social Security in South Africa

The country has a high unemployment rate and a number of child-headed households; these are some of the social ills that have a bearing on the social security system in the country. Child-headed households can be defined as those where all members are under the age of 18 years.¹⁸ According to a report from the Children's Institute at the University of Cape Town, in 2002, about 0.7 percent (118,000) of children in South Africa lived in child-headed households. This figure dropped to 0.5 percent in 2008. Gauteng's share of child-headed households increased from 0,1 percent (3,000) to 0,3 percent (9,000) over the same period. These children are at a higher risk than others of poor access to services, inconsistent income and poor living circumstances. This section analyses the distribution of social grants by province, and the growth rate of the various kinds of social grants.

¹⁸ The definition was sourced from http://childrencount.ci.org.za/uploads/factsheet_17.pdf

Figure 6.8: Number and Share of Social Grant Recipients by Gender, Provinces, 2011

Source: SASSA, 2012

Figure 6.8 gives information about the distribution of males and females who received social grants in the various provinces in 2011. At about 25 percent, KwaZulu-Natal had the largest number of males and females receiving these grants, followed by the Eastern Cape at 17.3 percent. At 180,916 and 200,583 respectively, the Northern Cape had the lowest number of males and females who received social grants. KwaZulu-Natal and the Eastern Cape, the provinces with the highest poverty incidence levels, have the highest number of grant recipients.¹⁹ The large number of grant recipients in these provinces can also be attributed to their large population sizes. KwaZulu-Natal has the second largest population share, at 21.4 percent, and the Eastern Cape has the third largest population share, at 13.5 percent of the national total. The Northern Cape has the lowest population size, at 1.1 million; therefore it can be expected to have the smallest share of social grant recipients.

The graph also shows that, in all provinces, females are the main recipients of social grants. In Gauteng, 53 percent of beneficiaries were females and 47 percent were males. Across all provinces, the figure also shows a small number of unspecified recipients in terms of their gender classification.

Table 6.4 shows the various grant classifications, and the number of people who benefited from them.

Table 6.4: Social Assistance Support Grants, Gauteng & SA, 2011(Q1-Q4)

	Gauteng				SA
	Q1	Q2	Q3	Q4	Q4
Old Age Grant	350,881	350,806	379,867	361,922	2,712,638
War Veteran Grant	219	206	195	177	795
Disability Grant	124,150	122,965	133,710	123,409	1,211,555
Grant In Aid	1,006	1,015	1,229	1,240	65,076
Foster Child Grant	59,478	61,058	65,949	55,334	504,380
Care Dependency Grant	13,648	13,767	14,795	14,142	114,342
Child Support Grant	1,276,362	1,310,322	1,417,724	1,364,319	10,792,762
Total Beneficiaries	1,825,744	1,860,139	2,013,469	1,920,543	15,401,548
Quarterly Growth Rate	1.30%	1.88%	8.24%	-4.62%	

Source: SASSA, 2011

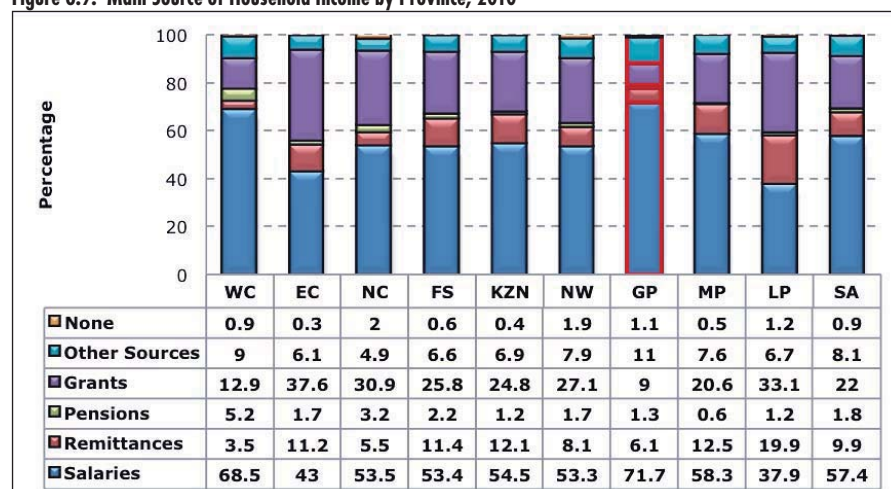
¹⁹ Information accessed from *Development Indicators 2010, 2011*. See <http://www.thepresidency.gov.za/pebble.asp?relid=2872>

Table 6.4 shows that approximately 1.92 million people were social grants beneficiaries in Gauteng in the fourth quarter of 2011. The Child Support Grant (CSG)²⁰, which is provided to children in need up to their 18th birthday, had the largest number of beneficiaries, with 1.36 million in the fourth quarter. The Old Age Grant (OAG)²¹ had the second largest number of beneficiaries, at 361,922. At 177, the War Veterans Grant (WVG) had the lowest number of beneficiaries. The number of beneficiaries of the foster child grant increased in the second and third quarters, and decreased to 55,334 beneficiaries in the fourth quarter. Growth in the uptake of grants has been stabilising over the years, as the majority of eligible beneficiaries have been registered. With the exception of the fourth quarter, the quarterly growth rate for social grants beneficiaries increased in 2011. In the first quarter, it increased by 1.3 percent, in the second quarter by 1.88 percent and in the third quarter by 8.24 percent. The number of social grant beneficiaries decreased by 4.62 percent in the fourth quarter. Gauteng's social grant beneficiaries made up 12.5 percent of all beneficiaries in the country.

South Africa has a large number of social grant dependants and spends on social safety net payments a percentage of GDP that is high by international standards.²² The government intends to increase spending in the coming years on social plans such as the National Health Insurance (NHI). The NHI is discussed in detail in Chapter One.

To reduce dependency on social grants and to increase household saving in the country, the government is in the process of establishing social security reform. A key component of this is the proposed National Social Security Fund (NSSF).²³ This would house mandatory contributions based on income up to a particular threshold level. In establishing the fund, government is mainly targeting lower income earners who previously had little tax incentive to save for retirement. All workers will be expected to contribute to the fund, and will stand to benefit from the basic level of protection that it will offer. The fund would also be a safety net for low-income workers currently structurally excluded from occupational arrangements²⁴.

Figure 6.9: Main Source of Household Income by Province, 2010



Source: Stats SA, GHS, 2011

²⁰ This is a grant paid to a primary caregiver of a child who satisfies the criteria of Section 6 of the Social Assistance Act, 2004 (Act No 13 of 2004). The amount payable will be increased from R260 to R280 on the 1st of April 2012.

²¹ The Old Age Grant (OAG) is payable to permanent South African citizens older than 60 years. As from 1st April 2012, R1,200 is payable to OAG recipients. According to the Finance Minister's 2012 budget speech, for pensioners over the age of 75 an amount of R1,220 is payable.

²² According to a policy paper by Johannes W. Fedderke, *Sustainable Growth in South Africa*, South Africa's social safety net expenditure of between 3 percent and 4 percent of GDP places it at the upper end of the distribution relative to other middle-income and developing nations.

²³ Information sourced from the address by Minister of Finance Pravin Gordhan at the 10th Anniversary of the South African Savings Institute, 13 July 2011.

See: http://www.treasury.gov.za/comm_media/speeches/2011/2011071301.pdf

²⁴ Occupational arrangements include pension benefits and unemployment insurance.

Figure 6.9 shows the percentage distribution of households' main sources of income.²⁵ Nationally, 57.4 percent of households rely primarily on salaries. In Gauteng, the largest share of households (71.1 percent) depends on salaries as their main source of income, followed by the Western Cape with 68.5. Limpopo had the smallest share (37.9 percent) of households with salaries as their main source of income. Social grants were the second most common source of household income, at 22 percent nationally. In the Eastern Cape, this percentage was 37.6 percent, in Limpopo 33.1 percent and in the Northern Cape 30.9 percent. Only 9 percent of the population of Gauteng depends primarily on social grants.

President Jacob Zuma has said that South Africa cannot be a welfare state, and that the country cannot sustain a situation where social grants are continuously rising.²⁶ "The government cannot afford to indefinitely pay social grants to people who are not elderly and who have no physical defects", he said, indicating the need for the country to develop programmes which will assist in balancing the number of people receiving social grants with those who are taxpayers.

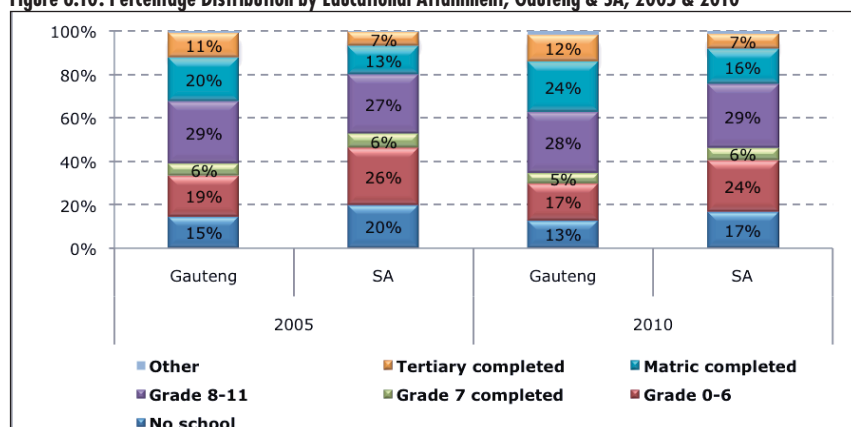
6.2.4 Education

Education plays a critical role in the development of a country and in its labour market prospects. Low education attainment and poor quality education perpetuate poverty by excluding people from the labour market. Higher education levels tend to make it easier to escape poverty.

The National Planning Commission (NPC) has identified the need for South Africa to have by 2030 an education system with the following attributes:

- High quality early childhood education, with access rates exceeding 90 percent;
- Quality school education, with globally competitive literacy and numeracy standards;
- Further and higher education and training that enables people to fulfil their potential;
- An expanding higher education sector that is able to contribute towards rising incomes, higher productivity and the shift to a more knowledge-intensive economy; and
- A wider system of innovation that links key public institutions with areas of the economy consistent with our economic priorities.

Figure 6.10: Percentage Distribution by Educational Attainment, Gauteng & SA, 2005 & 2010



Source: Quantec Research, 2011

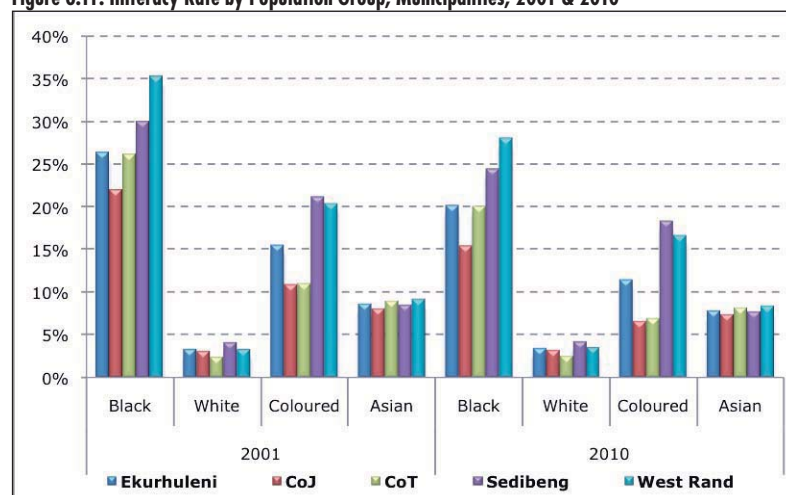
Figure 6.10 illustrates the percentage distribution of the population by educational attainment, in Gauteng and South Africa. In 2005, most people had entered high school (Grade 8 to 11) but failed to complete matric. For 29 and 27 percent of people in Gauteng and the country respectively, Grade 8 to 11 was their highest level of education. In 2010, educational indicators improved for both the province and country, with the percentage of people with no schooling falling and those completing matric increasing. For Gauteng, the level of people with no schooling fell from 15 percent in 2005 to 13 percent in 2010. The percentage of people who completed matric increased for South Africa (from 13

²⁵ Remittances are sums of money received from someone (normally a friend or family member) at a distance; pensions are sums of money paid regularly as a retirement benefit.

²⁶ President Zuma speaking at the Wesgro investors' conference in Cape Town, 23rd November 2011. See <http://www.iol.co.za/business/business-news/we-cannot-be-a-welfare-state-zuma-1.1185065>

to 16 percent) and for Gauteng (from 20 to 24 percent). However, despite these positive trends, there remains a large proportion of the population who do not leave high school with matric qualifications.

Figure 6.11: Illiteracy Rate by Population Group, Municipalities, 2001 & 2010



Source: IHS Global Insight, 2012

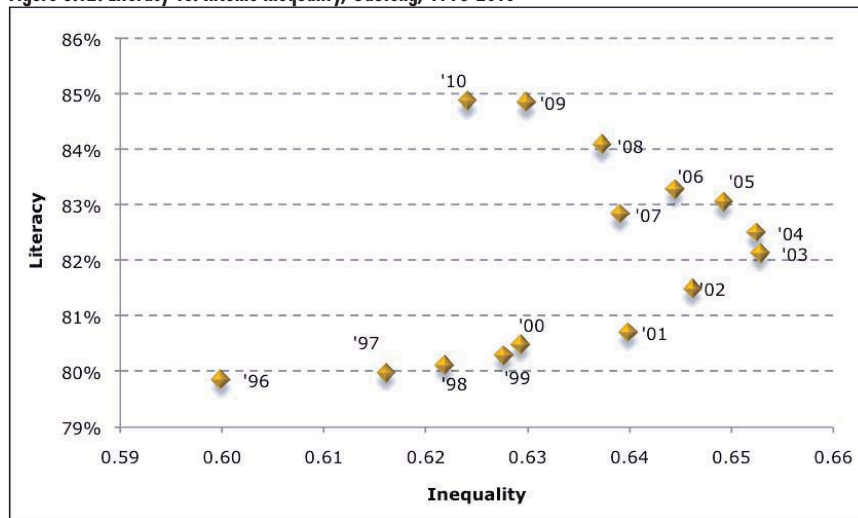
Figure 6.11 shows that the illiteracy rate for the Black population group is higher than for the other population groups, and that the rate among the Coloured population group was second highest. In 2001, the illiteracy rate for the Black population group was 28 percent, falling to 22 percent in 2010. The White population group in all municipalities had the lowest illiteracy rate in 2001 and 2010, at 3 percent for both years. Though not shown in the figure, the CoJ and the CoT had the lowest illiteracy rates in both 2001 and 2010. The rates for CoJ were 16.9 percent in 2001 and 12.3 percent in 2010. For the CoJ, the rates were 18.5 and 15.1 percent for 2001 and 2010 respectively.

Government expenditure on education was 19 percent of the budget in the 2011/12 financial year,²⁷ the share has been slightly reduced to 18.8 percent in 2012/13. Spending on education is budgeted to increase to R207 billion in 2012/13, from an estimated R195 billion in 2011/12, and then increase further to R236 billion in 2013/14. Although education receives a large portion of the budget, it appears to be insufficient to provide every learner with the opportunity to become well educated. Factors contributing to the high illiteracy rate are inequitable funding structures, disparities in school fees, insufficient teacher training, sometimes disruptive teacher unions and lack of access to books and other learning materials.²⁸

Despite a reduction in poverty, income inequality has not varied much in the past ten years. The roll out of social grants has increased, but their impact in reducing inequality has not been significant. A gap remains between the wealthy on the one hand and the desperately poor on the other.

²⁷ Information is sourced from the National Treasury 2011 Budget Highlights and the 2012 budget speech.

²⁸ Information sourced from http://www.stanford.edu/~jbaugh/saw/Yoo-Yoo_Literacy.html

Figure 6.12: Literacy vs. Income Inequality, Gauteng, 1996-2010

Source: IHS Global Insight, 2012

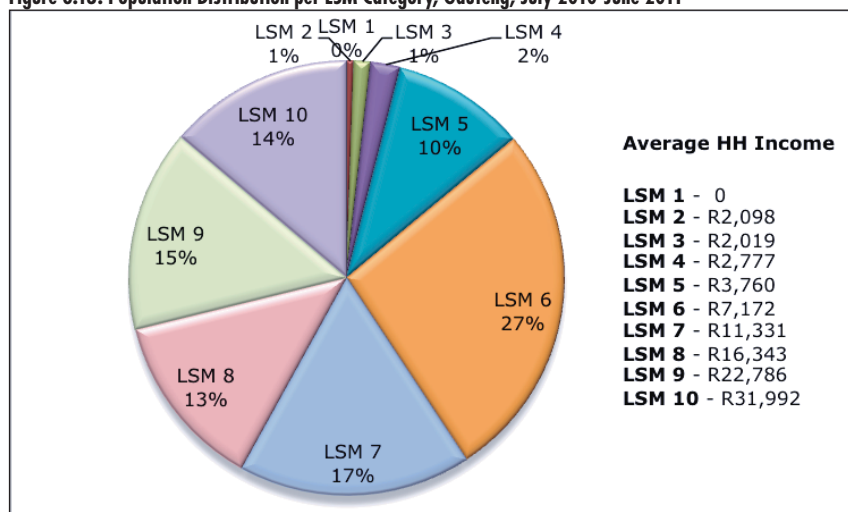
Figure 6.12 illustrates the relationship, for the years 1996 to 2010, between income inequality and the literacy rate in Gauteng. During this period, inequality increased to 0.653 in 2003, falling thereafter to 0.624 in 2010. The literacy rate has gradually increased during the same period, from 80 percent in 1996 to 85 percent in 2010. The correlation between inequality and literacy is 41 percent, meaning that it is positive but weak.

6.2.5 Living Standard Measure

Living standards can be measured by income and consumption. In this publication, the living standard is analysed by using income from the LSM of the South African Advertising Research Foundation (SAARF).

Box 6.4: Living Standards Measure

The SAARF's LSM divides the population into 10 LSM groups, with 10 being the group with the highest income and 1 the lowest income. LSMs are calculated using 29 variables related to living standards such as whether people have access to resources including hot running water, electricity, a fridge, a microwave oven, a flush toilet, a personal computer and a motor vehicle. This information is obtained by the SAARF survey, which calculates an imputed average monthly income.

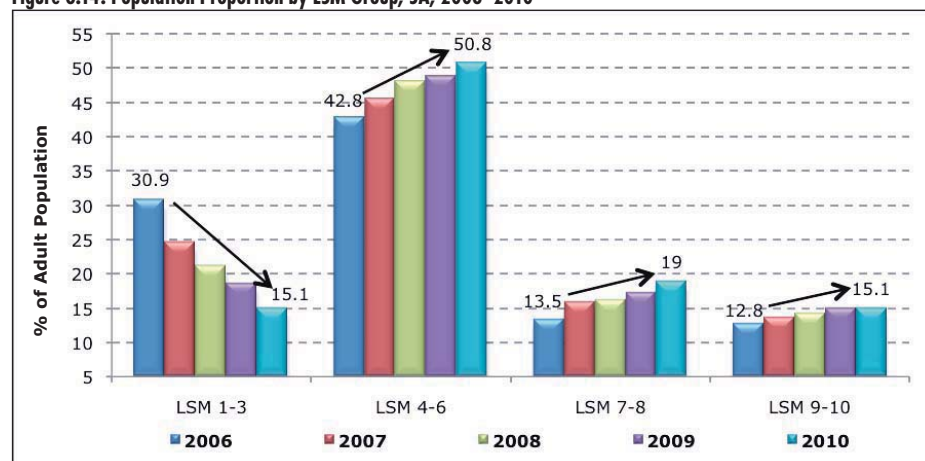
Figure 6.13: Population Distribution per LSM Category, Gauteng, July 2010-June 2011

Source: SAARF, AMPS 2011

Figure 6.13 shows the shares of Gauteng's population by LSM category²⁹. The largest single category (27 percent) falls into LSM category 6, with an average monthly real income of R7,172. Gauteng is one of the richest provinces in the country, with the figures showing that it has no people in LSM 1. A significant share of the population (14 percent) falls into LSM 10, with a monthly income averaging R31,992. Gauteng thus has a high share (59 percent) of its population in the LSM categories 7-10.

Changes in the population over the years impact the total number of adults in each LSM group. Improvements in income and living standards lead to households moving up through the LSM categories.

Figure 6.14: Population Proportion by LSM Group, SA, 2006–2010



Source: Bureau of Economic Research, 2011

Figure 6.14 illustrates the proportion of the adult³⁰ population in each LSM group. It shows that adults in lower LSM groups have moved to higher LSM groups, as the lower LSM group has declined over the review period. This suggests an improvement in living standards. In 2006, 30.9 percent of the population belonged to LSM groups 1-3. In 2010, this proportion had declined to 15.1 percent. All of the higher LSM groups (LSM 4-6, LSM 7-8 & LSM 9-10) show an increase in the proportion of their population share over the years. The largest share of the population in the country belongs in the LSM 4-6 groups, accounting for 50.8 percent in 2010.

An increase in the number of people in LSM 4-10 could also be associated with the growth of Black people who have benefited from affirmative action and Black empowerment policies, resulting in an increase in the number of Black people in the middle and higher income groups.

6.3 Conclusion

While there has been an improvement in some development indicators, others have deteriorated. Gauteng's development indicators are better than those of the country as a whole, with 14.3 percentage point lower poverty rate and a 11.3 percentage point lower illiteracy rate. The province also has a better Gini coefficient with 0.63 in Gauteng and 0.64 in South Africa, and a higher HDI by 0.1 index points. Development amongst the Black population group is still sluggish. In 2010, the HDI for Blacks was 0.57, for Coloureds 0.68, for Asians 0.75 and for Whites 0.89. Comparing the 2001 and 2010 figures, the provincial HDI has reduced. Although the poverty rate for the province fell between 2001 and 2010, the West Rand and Sedibeng still had high rates of 38 and 36 percent respectively in 2010. The Black population group had the highest poverty rates over the reviewed period.

Education levels have improved, and a smaller percentage of the Gauteng population now has no schooling. Income inequality is still high for both South Africa and Gauteng, particularly within the Black population group. Gauteng has the largest share (71.1 percent) of its population that rely on salaries as their main source of income, with only 9 percent of the population relying primarily on grants. Of all grant types, child support grants

²⁹ LSM categories 1-3 are considered low-income groups, 3-6 middle-income and 7-10 high-income groups.

³⁰ In their surveys, the SAARF interviews adults, who are people of 15 years and older.

have the largest number of recipients. The average household income for the White population group remains much higher than those of the other population groups, and the average household income for the Black population is the lowest.

Over recent years, South Africa has seen a decreasing proportion of households in the lower LSM groups, thus increasing the shares of the middle and higher income LSM categories. The largest single percentage (27 percent) of Gauteng's households is in the middle-income LSM 6 category.

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