City of Johannesburg

Economic Overview:

2013

Joburg

a world class African city

THE CITY OF JOHANNESBURG (COJ) ECONOMIC OVERVIEW: 2013
A Review of the State of the Economy and other Key Indicators

Prepared
by

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II. BACKGROUND

This City of Johannesburg's (CoJ) economic overview presents a review of the state of the city's economy at August 2013. The review was based on a critical review of published literature, statistics from Statistics South Africa, CoJ, Global Insight and other sources. The study was conducted by the Economic Performance and Development (EPD) Research Unit of the Human Sciences Research Council (HSRC). This was in response to a request by the City for a study on the impacts of rates on residents and business in CoJ.The book presents findings from phase 1[1] , whose main objective was to provide a review of the state of the CoJ's economy.

The review of the city's state of the economy also covered the following areas: the city's demographic profile, employment condition, service delivery indicators, the role and state of tourism as well as crime. The analysis presented in the book does not only shed light on the city's economic potential to drive the South African economy, but can also guide policy directions in the city. The economic overview is aimed at assisting the city with its long-term planning towards economic development as stated in its Growth and Development Strategy (GDS 2040) and the Integrated Development Plan (IDP). The review also shows the importance of the city's economy in both provincial and South African economies.

II. DESIGN AND METHODOLOGY OF THE PROJECT

The project was designed to review the state of the city's economy based on secondary information from relevant sources (eg CoJ, Statistics South Africa, Global Insight). The analyses presented in the book attempted, as far as possible where data were available, to make comparative assessments of the city's state of the economy with other metropolitan municipalities (metros) in South Africa. In addition, the book presents a review of regional disparities in the various indicators and variables assessed for the seven CoJ regions.

III. KEY FINDINGS

i. Economic Performance and Unemployment

The global economy remains volatile despite the slow recovery from the global economic recession of 2008 and 2009. The 2008 - 2009 recession led to declines in economic activities across the world, with South Africa and CoJ both recording negative growth rates of 1.3% and 1.5% respectively for 2009 (Global Insight, 2013). The findings show that the CoJ economy is one of the key contributors to the Gauteng and South African economies, with an average of about 16% and 45% of value added respectively. Factors that lead to growth and decline in the city's economic performance have the same implications for both the regional and national economies.

The findings show lack of diversification of the city's economy, which is concentrated around a few dominant sectors (eg finance, manufacturing, trade and services). This is mainly because CoJ does not have a lot of control over these leading sectors, which require high skills that the city's economy may not be able to provide. It is, therefore, critical for CoJ to support and promote programmes that can facilitate improved economic activities and employment creation.Overall, CoJ, like the rest of the country, faces challenges of chronic high unemployment and inequality (in some regions) in the face of a slow and volatile global economic environment. The city's unemployment rate has been increasing in recent years (about 25%), while youth unemployment is estimated to be over 30% (Stats SA, 2013d).

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ii. The Cost of Living

In Mecer's global ranking of the most expensive cities of the world of 2012, CoJ was ranked at 154 followed by Cape Town at 179, a drop of 23 and 21 places respectively from 2011 rankings. This is relatively better than for some African cities (such as Luanda in Angola – ranked second ; N'Djamena in Chad – ranked eighth; Libreville in Gabon - ranked 20th and Khartoum in Sudan – ranked 26th). CoJ, at rank 154, is relatively one of the least expensive cities of the world, out of a total of 209 cities surveyed. However, it should be noted that the ranking is based on the strength of national currencies, and the decline in rank for CoJ reflects the considerable weakening of the South African rand against the US dollar in the last year, making it cheaper for travellers to pay in rand values[2]. Nevertheless, the relatively lower cost of living for Johannesburg should be beneficial to its consumers, although local rising inflation could reverse such benefits.

iii. The cost of Doing Business

There are different approaches to measuring the cost of doing business, which in most cases cannot be measured in numerical/monetary terms, but are based on weights and ranks. The World Bank measures the ease of doing business according to 10 categories (starting a business, dealing with construction permit, getting electricity, registration of property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency). In 2013, South Africa stood at 39 out of 185 countries. Among the 46 sub-Saharan African countries surveyed, South Africa was ranked second to Mauritius in terms of ease of doing business, with Rwanda, Botswana and Kenya at ranks three, four and 10 respectively. In the BRICS countries, South Africa is ranked second after China, followed by Russia, Brazil and India. These findings show that, generally, South Africa presents good opportunities for doing business. CoJ should take advantage of the ranking, which would require concerted efforts by the city to ensure that appropriate measures are in place to attract more local investments.

iv. Demographics

CoJ is the most populated city in the country, which can be attributed to its role as the economic hub of South Africa. People from all spheres of life come to the city in search of better economic conditions. Within the CoJ regions, region D has the largest population share relative to other regions, although this share is decreasing over time. There was a positive growth rate in the population of all metropolitan cities from 1996 - 2011. However, CoJ has experienced the highest growth rate relative to other metros. CoJ had the second largest number of HIV infections and the largest number of Aids-related deaths since 2005 (Global Insight, 2013).

In terms of education in CoJ, the current measures for education and skills development seem to be effective, as significant numbers of individuals manage to complete their secondary education. There have been high levels of urbanisation in most metropolitan cities as they continue to attract more people from other parts of the country.

It is evident that all metros have been experiencing high levels of human development, which reflects improvements in people's wellbeing. However, the level of income inequality has also been increasing significantly, especially in CoJ. This is also influenced by rising urbanisation and migration to the city - from South Africa and other parts of Africa and the world. An increase in social welfare payments, including the child support grant, has contributed to the decline in the percentage of people living in poverty in CoJ. However, some CoJ regions in are experiencing high levels of poverty. These regions are characterised by low economic activity and people living in these areas often need to travel long distances to look for employment and most of them do not have qualifications so they have to settle for low-paying jobs.

v. Service Delivery: Household Infrastructure

The findings on service delivery show that despite significant progress made since 1994, challenges of backlogs still need to be addressed. CoJ has set targets to achieve better service delivery for its residents in line with national departments' targets on service delivery. For example, the CoJ Integrated Development Plan (IDP) of 2013 - 2016 indicates that the city

2 City Mayors: http://www.citymayors.com/features/cost_survey.html).

continues to pursue the following targets for service delivery by 2014: (a) water from 96% to 100%,(b) sanitation from 98% to 100% and (c) electricity from 91.2% to 92% respectively (CoJ, 2013).

Further, service delivery remains a challenge for CoJ. The high migration and urbanisation rates facing the city and the associated challenges of informal access to basic services (water, sanitation and housing etc) are expected to remain. Despite these realities, CoJ remains committed to ensuring that all households in the city, including those located in informal settlements, have access to basic services and amenities.

In terms of households not living in a formal dwelling, CoJ comes after Buffalo City, Ekurhuleni and City of Tshwane. Regions A[3] and G have relatively high proportions of households not living in formal dwellings, due to the high number of informal settlements in these regions. The effect of informal settlements, leading to increases in formal dwelling backlogs, is evident in region E, which combines Alexandra with Sandton. For sanitation services, CoJ follows the City of Cape Town, where 92.3% of households had access to a flush toilet in 2011. CoJ is second to the Nelson Mandela Bay metro for the lowest proportion of households below RDP-level with piped water. The city faces water scarcity and increasing cost of water access, as it is one of the few big cities not located on a major water source. In terms of access to electricity, the city performs in line with other metros and at regional level. Region A had the highest proportion of households with no electricity connection in 2011. This is due mainly to the large number of informal settlements in Diepsloot with no or limited access to formal services.

Comparative assessment of CoJ regions shows disparities in terms of access to services (eg housing, water, sanitation and electricity). Overall, areas and regions with high levels of poverty tend to lack access to services, particularly in areas with large informal settlements. CoJ's approach to addressing access to basic services integrates provision of infrastructure with transformation and promotion of economic growth. In addition, and in line with the Joburg 2040 Strategy, provision of basic services should integrate sustainability principles. The spatial disparities among the different regions in the city, and the fact that in some instances efforts to address these have perpetuated the situation, are recognised in the Joburg 2040 Strategy. Plans put in place by the city to address these and move towards spatial balance include: (a) sustainable and integrated delivery of water, sanitation, energy and waste; (b) ensuring ecomobility through the promotion of mass public transportation, and (c) creating sustainable human settlements through spatial planning, economic and social investment.

vi. Labour Dynamics

The three metropolitan cities of Gauteng Province have the lowest not economically active (NEA) populations of the country's metros. Further, among all metros, the CoJ had the lowest NEA population at 26.5% in 2011. At regional level, there has been a general increase in the proportion of the economically active (EA) population for most of the CoJ's regions, with only two regions recording decreases in their EA populations for 2011. CoJ has the highest proportion of the employed working age population, with 52.6% in 2011 (Stats SA, 2013d). Finance, trade, community services and Manufacturing respectively are the city's top employers. For trends in growth of employment, Region A followed by Region C showed the highest employment growth rates between 1996 and 2011.

Employment in the informal sector has grown drastically over the past years in all the metropolitan municipalities, and CoJ is no different, with its informal sector employment growing by approximately 210% between 1996 and 2011. Moreover, as expected, the highest and fastest growing informal sector is in Region F. According to Census 2011, CoJ had the third lowest unemployment rate among all the metros, with 27.7%, and this was a decrease from 37.4% in 2001. Youth unemployment poses a serious challenge in the entire country, and the situation is similar in CoJ, where youth unemployment stood at 31.5% in 2011. Region G had the highest unemployment rate, with 26.3% in 2011, while Region E had the lowest unemployment rate, 12.2%, for the same period.

3 Region A (Midrand/Diepsloot); Region B (Randburg/Rosebank); Region C (Roodepoort); Region D (Soweto); Region E (Alexandra and Sandton); Region F (inner city/ southern Joburg); and Region G (Deep South/Ennerdale/Orange Farm).

vii. Household Income and Expenditure

Data from 2008 to 2011 show that all regions recorded an increasing trend for personal income distribution. Regions A and G had the lowest incomes. However, the aggregated data may hide inter-regional and intraregional disparities between high-income-earning communities from low-income-earning sub-regions. Notwithstanding an increase in annual per capita income from 2005 to 2012, household income patterns from 2009 to 2012 showed distinct disparities. Region B had the highest household income, while Region F had the lowest income at household level over the same period.

All the regions performed relatively well in terms of the buying power index. The data show that, across product types for all regions, most incomes were spent on alcoholic beverages, followed by education, communication and transport. In Region D, transport expenditure is high compared to other regions. Despite inter-regional disparities, patterns of household income show that previously disadvantaged regions such as Soweto have fared much better than expected in terms of income by category. This is attributed to the fact that, at the end of apartheid, disadvantaged communities had access to income opportunities. Other factors include reluctance for mobility to wealthier regions because of prohibitive cost of living and relatively high property rates in previously advantaged regions. In general, though, the number of households decreases with higher levels of income. The expenditure patterns show that low-income households spend a higher percentage of their incomes on basic services such as accommodation, food, transport, fuel and energy, reflecting inter-, and intraregional socioeconomic disparities across regions. In general, findings revealed that CoJ households are living beyond their means, as the amount of total expenditure exceeds their annual incomes.

viii. Tourism in the City of Johannesburg

During the last few decades, tourism has become an important economic and social activity in the national and global economies and its role needs to be supported at all levels of government, including CoJ. Tourism as a sector contributes significantly to the national, provincial andCoJ's economies. However, the actual contribution of the sector is embedded in the output and value addition of a number of sectors in the national accounts. These sectors include trade services, telecommunications, transportation, accommodation, food and beverage services, travel agencies, recreation and entertainment.

The 2004 analyses of the CoJ's tourism sub-sectors identified meetings, incentives, conferences and exhibitions (MICE), general business tourism, cross-border shopping and leisure tourism (in order of importance) as priority sectors. However, there is no current documentation of the review of the importance of these sectors to the city's economy. The tourism sector continues to play a critical role in the CoJ economy. In addition to generating revenue for the city, the tourism sector also plays a critical role in contributing to the city's efforts to address some of its key challenges as spelt out in its GDS 2040 and other national strategies. The aim is to address the socioeconomic problems of unemployment, inequality and poverty. Both domestic and international tourism remain important to the CoJ economy. The main positive economic impacts of international and domestic tourism relate to foreign exchange earnings, contributions to government revenues, and generation of employment and business opportunities.

According to statistics released by Johannesburg Tourism, the amount of tourism spend in CoJ was expected to reach R27 billion in 2012, making Johannesburg the second most visited destination city in Africa, with a projected 2,5 million international visitors expected to have entered the city in 2012 as projected by the MasterCard Global Destination Cities Index[4]. In addition, international visitors were projected to spend more while visiting CoJ than any other destination city on the continent, with US$3,3 billion (about R27,8 billion) estimated for 2012, showing an increase of 8.1% from the figure of 2011. The findings show that promoting sustainable development of the CoJ tourism sector offers great potential to contribute to growth and address socioeconomic challenges, such as job creation.

4 Available at http//cities.masterintelligence.com

ix. Crime

The relationship between crime and economic growth is emerging as an important area of inquiry among academics, policymakers and politicians. This is important for South Africa as it is usually perceived as a high crime country, more so for CoJ. In recent times, the intense interest in the relationship between crime and economic growth has been spurred by the 2008/09 global financial and economic crises. Some evidence suggests that the financial crisis was caused by fraudulent borrowing, which is classified as a financial crime (source).

As an emerging economy, South Africa has a relatively high interest rate that has the potential to attract foreign direct investment (FDI). However, high crime rates have a negative impact on investors' perception and confidence. This results in investors and businesses shunning the city, with adverse impacts on the city's economic growth and opportunities for growing employment, among other things. Although low crime rates are not the only factor to affect business investment opportunities, they contribute to attracting new businesses and encouraging current ones to expand their operations. More efforts are required both at the city and national levels to continue the fight against crime. An increase in the number of murders in CoJ has the potential to raise fear in both investors and employees. Some studies[5] have confirmed that high murder areas are often associated with low economic growth. In terms of regional disparities, Region D and Region F experienced a high number of murders, relative to other regions, while Region B reported the lowest number of murder crimes from 2000 to 2011. The implications of high crimes are that resources meant to strengthen economic growth and development will be diverted towards crime prevention measures and infrastructure.

5 See Glaeser, 2005.

Acronyms

BCI	Business Confidence Index
BER	Bureau of Economic Research
BUF	Buffalo City
CCI	Consumer Confidence Index
CoC	City of Cape Town
CoJ	City of Johannesburg
CoT	City of Tshwane
CPI	Consumer Price Index
DTGS	Domestic Tourism Growth Strategy
EA	Economically active
EKU	Ekurhuleni
EPD	Economic performance and development
ETH	eThekweni
FDI	Foreign direct investment
FNB	First National Bank
GDP	Gross domestic product
GDS 2040	Joburg Growth and Development Strategy: 2040
GTSS	Gauteng Tourism Sector Strategy
GVA	Gross value added
HDI	Human Development Index
HSRC	Human Sciences Research Council
IBM	International Business Machines Corporation
IDP	Integrated Development Plan
IMF	International Monetary Fund
LED	Local economic development
LQ	Location quotient
MAN	Mangaung
Metro	Metropolitan municipality
MICE	Meetings, incentives, conferences and exhibitions
MPC	Monetary Policy Committee
NDP	National Development Plan
NEA	Not economically active
NMA	Nelson Mandela Bay Municipality
PHP	People's Housing Process
QLFS	Quarterly Labour Force Survey
REX	Regional Explorer
SACCI	South African Chamber of Commerce and Industry
SARB	The South African Reserve Bank
SHS	Sustainable human settlement
Stats SA	Statistics South Africa
SSA	Sub-Saharan Africa
UNWTO	United Nations World Tourism Organisation
US	United States
WEO	World Economic Outlook

1. Chapter one: Introduction

1.1. OVERVIEW

This booklet presents a desktop review of the global and national economic overview, with a focus on CoJ's state of the economy at August 2013. The study is conducted by the Economic Performance and Development (EPD) Research programme of the Human Sciences Research Council (HSRC). This was in response to a request by the city for a study on the impacts of rates on residents and business in CoJ. The research project consisted, phase one covering a desktop review of literature and phase two[6] involving a primary survey. The objective of phase one was to give a brief review and analysis of the state of the City's economy - as presented in this book.

The booklet also contains the city's demographic profile, employment condition, service delivery indicators, the role and state of tourism as well as crime. The review of the city's economy in the light of these indicators sheds light not only on the city's economic potential to drive the South African economy, but guides policy directions in the city. The economic overview should also assist the city with its long-term planning towards economic development as stated in its GDS 2040 and the IDP. The review also shows the importance of the city's economy in both provincial and national economies.

1.2. DESIGN AND METHODOLOGY

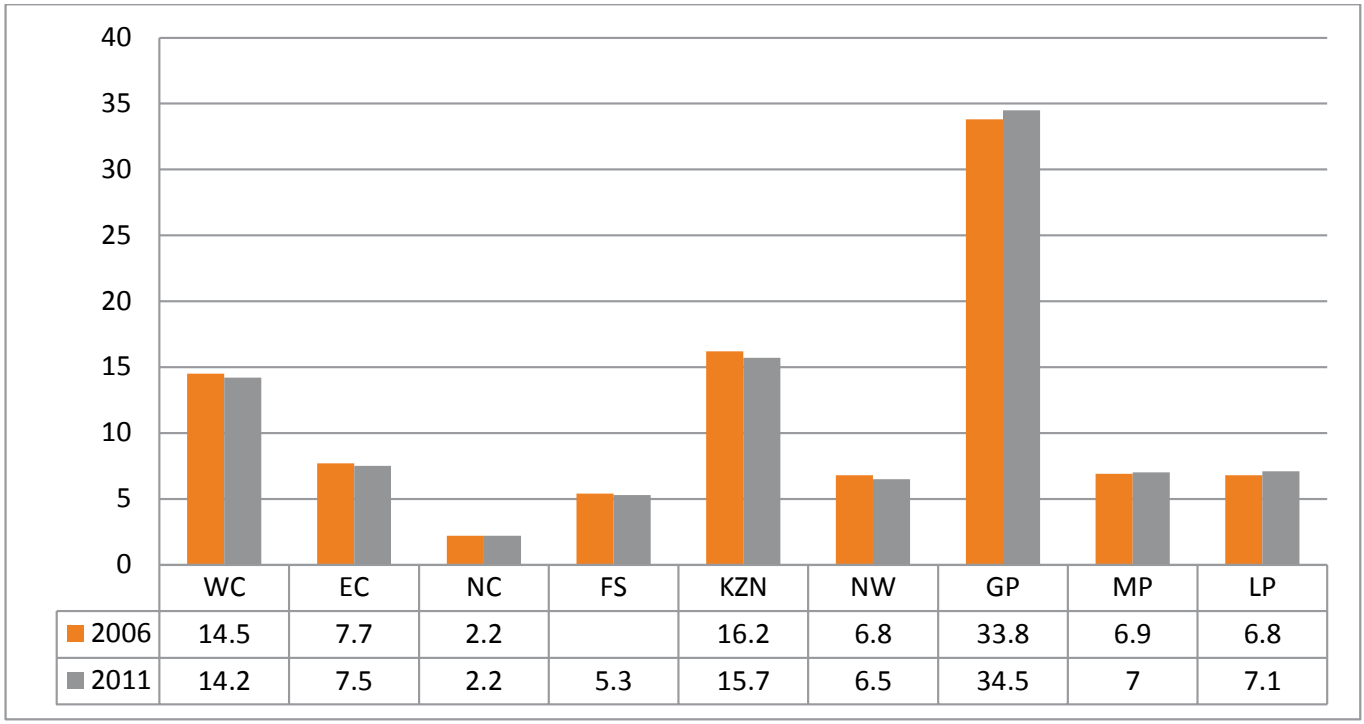
Phase one involved literature reviews of relevant documents to produce this booklet and CDs containing key secondary data set and analysis for the seven CoJ regions. The project used relevant data sources from Statistics South Africa, Global Insight and other sources to prepare phase one deliverables as indicated in the project implementation plan. Where possible, CoJ provided and facilitated access to relevant data.

1.3. NATIONAL AND GLOBAL ECONOMIC PERSPECTIVE

Figure 1:1 shows provincial contributions to the South African economy, measured in terms of sectoral output. In terms of provincial contributions to the South African economy, Gauteng Province dominates with more than 33%, followed by KwaZulu-Natal (KZN) with more than 15% and the Western Cape with over 14% contributions, as shown in Figure 1:1 (Stats SA, 2012a). The provincial contributions to the national economy are also in line with the provincial population composition, where Gauteng is the most populated province, with over 12 million people, followed by KZN, with over 10 million people as per the 2011 population census (Stats SA, 2012b).

6 Phase two of the project involved a primary survey to conduct an economic impact analysis of rates on the residents and business in CoJ.

Figure 1:1 Provincial Contributions to the South African Economy: 1996, 2006 and 2011



	WC	EC	NC	FS	KZN	NW	GP	MP	LP
2006	14.5	7.7	2.2		16.2	6.8	33.8	6.9	6.8
2011	14.2	7.5	2.2	5.3	15.7	6.5	34.5	7	7.1

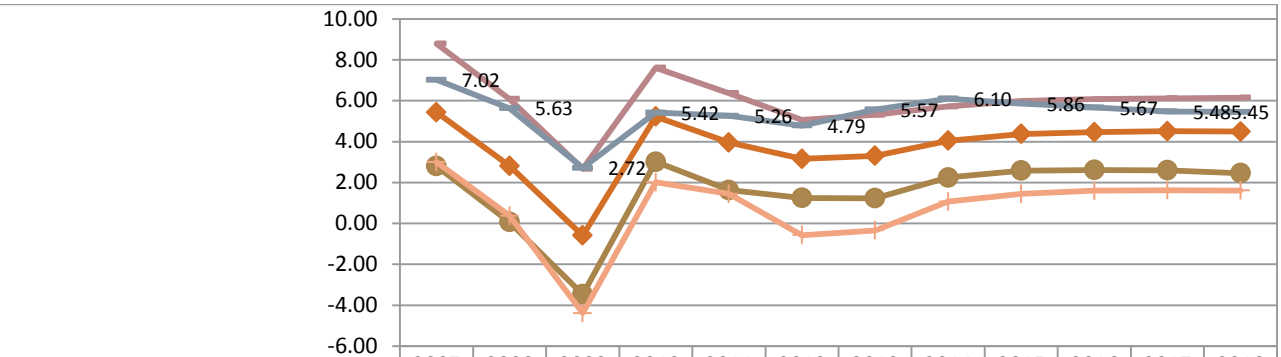
Source: Constructed from data from Stats SA, 2012a

Gauteng Province is divided into metropolitan cities that include CoJ, the City of Tshwane (CoT) and Ekurhuleni. At metro level, in terms of economic output, CoJ contributes about 47% of the Gauteng economy, followed by CoT with 28% and Ekurhuleni with 18% (CoJ, 2011). This is an indication of the city's economic strength in the province, which has direct bearing on the national economy.

CoJ contributes 16% and 47% the national and provincial economies respectively (Global Insight, 2013 - see chapter 2 for details). Further, CoJ contributes another 16% to formal employment in South Africa. This makes it a key player in the South African economy, which also depends on the global economy for survival. According to the latest employment data by Statistics South Africa (Stats SA, 2013a), the South African unemployment rate is over 25% on average, while the city's unemployment rate is also about 25% (Stats SA, 2012b). According to the Census 2011 data, the CoJ youth unemployment rate decreased from 45.5% in 2001 to 31.5% in 2011. Although this rate is lower than that of other metros (see chapter 5), it is still high and requires proper interventions by the city. CoJ needs to design adequate programmes and approaches to address the scourge of high youth unemployment.

Figure 1:2 reflects the performance of the world economy and the groups of countries according to advanced economies, the euro area, emerging markets and sub-Saharan Africa (SSA), since the South African economy is closely linked to these economies. According to the International Monetary Fund (IMF) economic outlook of April 2013, emerging markets are leading global economic growth, with SSA driving such growth (IMF, 2013a). This is a good opportunity for CoJ to take advantage of trade and tourism, as the city is a springboard into Africa; and also to boost the BRICS initiative of penetrating Africa via its local partner, South Africa. A point worth noting is that the euro area was predicted to grow negatively in 2013, and this could lead to a decrease in trade with South Africa.

Figure 1:2 Country Group GDP

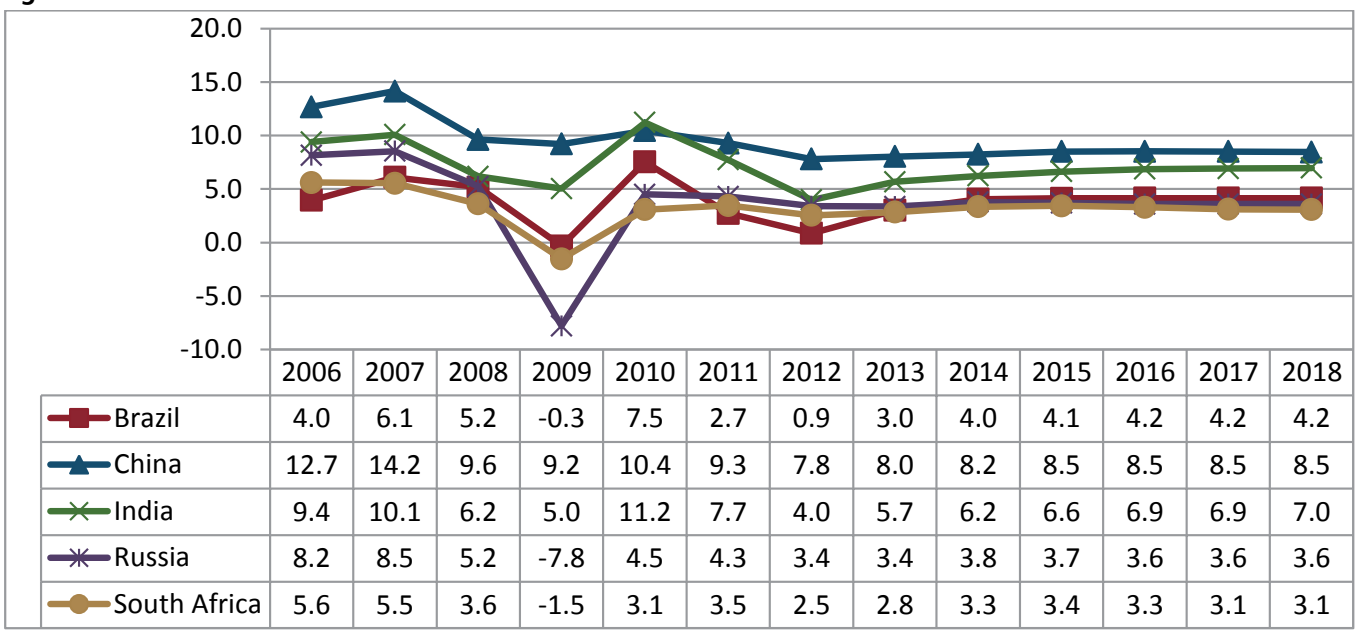


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
World	5.44	2.81	-0.59	5.22	3.95	3.15	3.31	4.04	4.37	4.46	4.51	4.49
Advanced economies	2.80	0.07	-3.47	3.01	1.63	1.25	1.23	2.25	2.58	2.61	2.60	2.45
Euro area	3.00	0.38	-4.39	2.01	1.45	-0.58	-0.34	1.07	1.45	1.60	1.62	1.61
Emerging market and developing economies	8.79	6.09	2.67	7.61	6.37	5.06	5.31	5.72	5.98	6.08	6.12	6.15
Sub-Saharan Africa	7.02	5.63	2.72	5.42	5.26	4.79	5.57	6.10	5.86	5.67	5.48	5.45

Source: Constructed from IMF WEO data (IMF, 2013a)

To reflect South Africa's economic position in regional integration and other economic activities, Figure 1:2 shows economic growth rates for BRICS members, including South Africa.

Figure 1:3 BRICS GDP Growth



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Brazil	4.0	6.1	5.2	-0.3	7.5	2.7	0.9	3.0	4.0	4.1	4.2	4.2	4.2
China	12.7	14.2	9.6	9.2	10.4	9.3	7.8	8.0	8.2	8.5	8.5	8.5	8.5
India	9.4	10.1	6.2	5.0	11.2	7.7	4.0	5.7	6.2	6.6	6.9	6.9	7.0
Russia	8.2	8.5	5.2	-7.8	4.5	4.3	3.4	3.4	3.8	3.7	3.6	3.6	3.6
South Africa	5.6	5.5	3.6	-1.5	3.1	3.5	2.5	2.8	3.3	3.4	3.3	3.1	3.1

Source: Constructed from IMF WEO data (IMF, 2013a)

In its World Economic Outlook (WEO) report of July 2013, the IMF revised its April 2013 growth projections for all countries, due to the fragile global economic climate. The main reasons cited are weaker domestic demands and slower growth in key emerging markets (IMF, 2013b). In BRICS, South Africa's performance was in line with that of Brazil and Russia, but fell below China and India - the fastest growing emerging markets. This is an indication that South Africa must take advantage of its membership of BRICS to maximise potential benefits arising from trade with BRICS and with the rest of Africa - acting as a springboard for the other BRICS members into the African market.

1.4. ECONOMIC SECTORS OUTPUT CONTRIBUTIONS

Figure 1:4 shows that the South African economy improved in the fourth quarter of 2012, from 1.2% to 2.1%, but dipped to 0.9% in the first quarter of 2013. The 2013 Q1, GDP was below consensus and disappointing in the light of a depreciating currency. The poor economic performance has led to a further downward forecast of South Africa's economic growth for 2013 by the IMF in its report of July 2013. The low growth rate has sparked fears of a negative outlook for the economy with a rising inflation, which increased to 6.3% in July 2013 (Stats SA, 2013b) - crossing the South African Reserve Bank upper limit of 6%. On average, the 0.9% growth of 2013 Q1 was the lowest since the recession of 2009.

Nevertheless, the South African economy recorded a significant 3% growth rate in the second quarter of 2013, amid fears of a sluggish global economic climate. The improved economic condition in the second quarter was led by the manufacturing sector, which grew at 11.5%, followed by electricity, gas and water with a 5.3% growth rate. The primary sectors remain subdued with both agriculture and mining declining by 3.7% and 5.6% respectively in quarter two (Stats SA, 2013c). Although the 3% GDP growth was below market consensus of 3.3%, as it was not sufficient to address the high unemployment condition in the country, it was a significant improvement from the 0.9% recorded in the first quarter of 2013. Since CoJ contributes about 16% to the national economy, the city needs to identify the growing sectors and introduce programmes that can enable its economy to prosper and address youth unemployment, which is over 30% (Stats SA, 2012b). Figure 1:4 presents the average seasonally adjusted quarterly GDP growth rate at market prices.

Figure 1:4 Quarterly GDP Growth at Market Prices

	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
GDP at market prices	4.8	1.9	1.9	3.3	2.5	3.4	1.2	2.1	0.9	3.0

Source: Constructed from Stats SA, second quarter GDP data (Stats SA, 2013c)

In terms of sectoral performance, the South African economy is dominated by four main sectors, namely finance, trade, general services and manufacturing, as shown in Table 1:1. The data shows that agriculture and manufacturing declined by 4.9% and 7.9% respectively in the first quarter of 2011. Mining recorded a significant increase from a dip of -9.3% in the fourth quarter of 2012 to 14.6% in the first quarter of 2013. It should be noted that growth performance of the primary sectors like mining and agriculture is subject to a time lag, where impacts of activities in one quarter are reflected only in the output of the next quarter. This is evident from impacts of industrial actions that crippled the agricultural sector towards the end of 2012, which were shown only in the output of the first quarter of 2013, while the industrial action impact of early 2013 was reflected in the second quarter of 2012 output, with mining recording a negative 5.6% growth (Stats SA, 2013c).

The four dominant national sectors drive the CoJ economy, as shown in chapter 2. This shows high levels of concentration in the economies of South Africa and the city.

Table 1:1 Sectoral Value Added and GDP Growth at Market Prices

Period	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
Agriculture, forestry and fishing	(4.7)	(9.2)	(5.8)	(3.7)	4.8	9.3	7.4	10.0	(4.9)	(3.7)
Mining and quarrying	(5.9)	(2.1)	(17.4)	(1.4)	(15.1)	30.9	(12.7)	(9.3)	14.6	(5.6)
Manufacturing	13.1	(4.3)	(0.3)	4.5	6.4	(0.8)	1.2	5.0	(7.9)	11.5
Electricity, gas and water	2.1	0.4	(3.0)	0.6	(0.8)	(4.3)	1.6	(2.2)	(3.0)	5.3
Construction	2.0	0.2	0.1	0.7	5.1	3.4	3.3	0.2	0.9	1.2
Wholesale, retail and motor trade; catering and accommodation	2.3	5.1	5.8	5.0	3.2	2.7	1.7	1.5	1.9	3.2
Transport, storage and communication	3.8	4.1	2.1	2.7	2.4	2.2	1.1	1.9	2.2	1.6
Finance, real estate and business services	5.8	3.4	5.5	2.7	4.4	2.1	1.8	2.9	3.3	3.5
General government services	3.4	5.1	4.2	4.4	1.8	2.5	2.7	2.6	1.9	0.3
Personal services	2.1	2.6	2.5	2.4	1.5	1.9	2.1	2.5	1.4	1.9
GDP at market prices	4.8	1.9	1.9	3.3	2.5	3.4	1.2	2.1	0.9	3.0

Source: Constructed from Stats SA, second quarter GDP data (Stats SA, 2013c)

1.5. ANALYSIS OF KEY ECONOMIC VARIABLES

1.5.1. Cost of Living

The global ranking (see Table 1:2) of most expensive cities of the world 2012 by Mercer, reveals the following: Luanda in Angola remains the most expensive city in Africa at second place, N'djamena in Chad is the eighth most expensive city, followed by Libreville in Gabon at rank 20, and Khartoum in Sudan at rank 26. While it might be surprising to see 20 African cities at the top of the ranking, it is due to the difficulty of finding good, secure accommodation for expatriates. This makes the limited supply of acceptable accommodation very expensive. In South Africa. CoJ is at rank 154 and Cape Town at 179. The cities fell 23 and 21 places, respectively, from 2012.

At rank 154, CoJ is relatively one of the least expensive cities of the world, out of a total of 209 cities surveyed. However, the ranking was based on the strength of national currencies, and the decline in rank for CoJ reflects the considerable weakening of the South African rand against the US dollar in the last year, making it cheaper for travellers coming into South Africa. Nevertheless, the relatively lower cost of living for Johannesburg should be beneficial to its consumers, although local rising inflation could reverse such benefits. Tunis in Tunisia, at rank 209, remains the least expensive city for expatriates, down two places from 2011 (City Mayors[7], nd).

7 Found at http://www.citymayors.com/features/cost_survey.html).

Table 1:2 Most Expensive Cities of the World

Rank	Mercer (2012)	UBS (2012)	ECA (2011)	EIU (2013)
1	Tokyo	Oslo	Tokyo	Tokyo
2	Luanda	Zurich	Oslo	Osaka
3	Osaka	Tokyo	Geneva	Sydney
4	Moscow	Geneva	Nagoya	Oslo
5	Geneva	Copenhagen	Zurich	Melbourne
6	Zurich	New York City	Yokohama	Singapore
7	Singapore	Luxembourg	Bern	Zurich
8	N'Djamena	Stockholm	Stavanger	Paris
9	Hong Kong	Caracas	Basel	Caracas
10	Nagoya	London	Kobe	Geneva

Source: City Mayors: Economics 15, nd[8]

Table 1:2 shows the survey by Mercer, the Swiss Bank UBS, ECA International and the Intelligence Unit (EIU) of the most expensive cities of the world, with Luanda remaining the most expensive city among developing countries, and Tokyo and Oslo the most expensive cities from the developed world (City Mayors, nd).

1.5.2. Inflation

The impact of inflation, interest rates and exchange rates can affect CoJ consumers negatively by reducing disposable income. These price increases affect items like electricity, transport, food, housing (mortgage or rental) and other services. Domestic inflation is also driven by external forces like prices of fuel and other commodities imported into South Africa, as these high costs are transferred to final consumers of goods and services.

In terms of domestic inflation, the annual inflation rate, measured by the Consumer Price Index (CPI) increased from 5.5% in June 2013 to 6.3% in July 2013, passing the ceiling of 6% set by the South African Reserve Bank (SARB) as part of its monetary policy of inflation targeting. The July 2013 inflation rate is driven by housing and utilities, which contributed 1.4%, followed by transport with a 1.3% contribution, miscellaneous goods and services, with 1,1%, and food and non-alcoholic beverages, with 1% contribution. In terms of weight, housing and utilities account for 24.52%, followed by transport at 16.43% and food and non-alcoholic beverages at 15.41% in the basket of goods (Stats SA, 2013b). This implies that the cost of service delivery (eg rates and taxes and other municipal charges) from CoJ also has a significant impact on the cost of inflation. In general, the increase in prices has a negative impact on households as they carry more burdens, especially the urban poor who have to travel long distances to their workplaces and pay for accommodation and utilities, among other things.

The inflation data presented in Table 1:3 shos that higher inflation rates were recorded during the recession of 2009, then also in late 2011 and in early 2012, and thes remained on the upper side of more than 5% for 2013. This shows how the prevailing economic climate affects the cost of living through increased prices for most commodities, including food.

8 Found at: http://www.citymayors.com/features/cost_survey.html

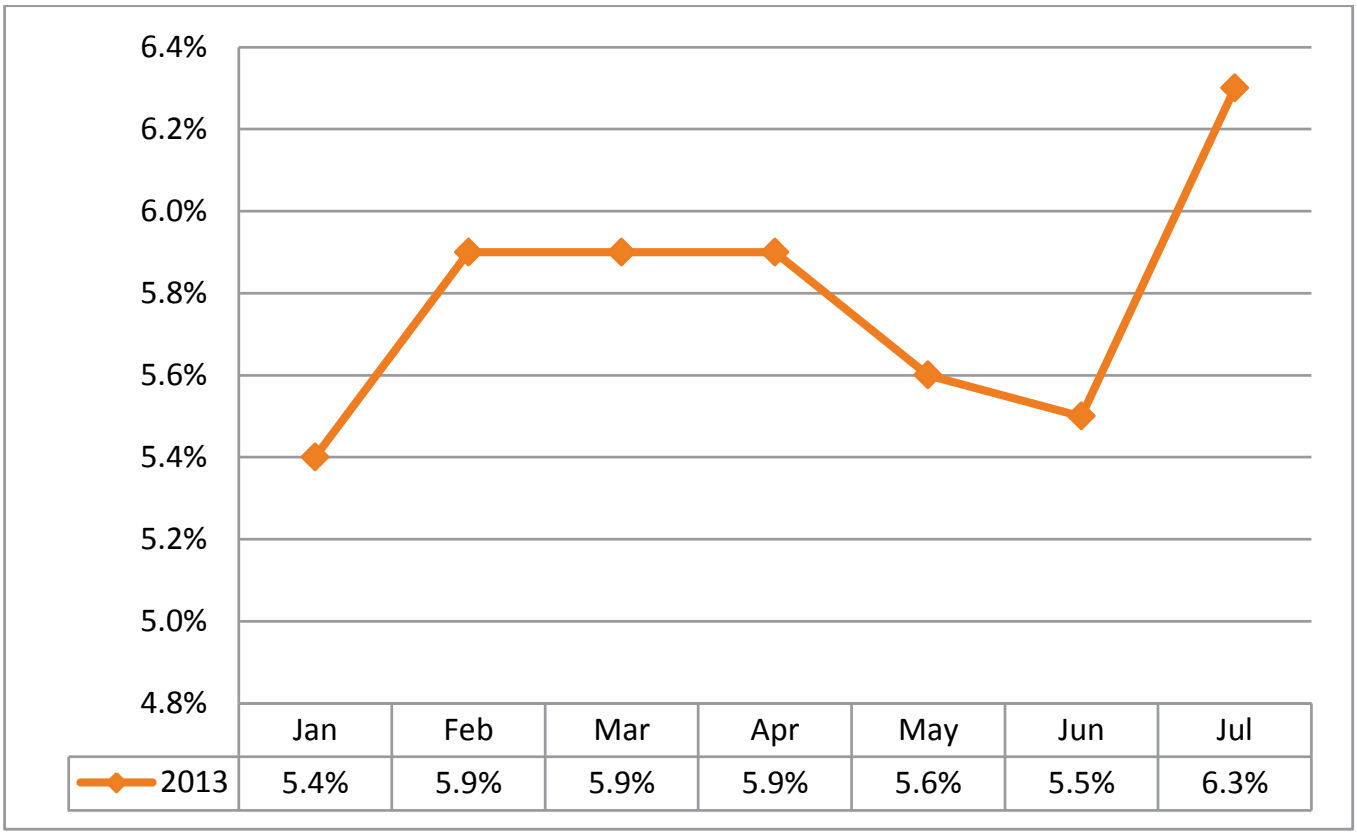
Table 1:3 CPI Inflation Rate (%)

Year	January	February	March	April	May	June	July	August	September	October	November	December	Average
2009	8.1	8.6	8.5	8.4	8.0	6.9	6.7	6.4	6.1	5.9	5.8	6.3	7.1
2010	6.2	5.7	5.1	4.8	4.6	4.2	3.7	3.5	3.2	3.4	3.6	3.5	4.3
2011	3.7	3.7	4.1	4.2	4.6	5.0	5.3	5.3	5.7	6.0	6.1	6.1	5.0
2012	6.3	6.1	6.0	6.1	5.7	5.5	4.9	5.0	5.5	5.6	5.6	5.7	5.6
2013	5.4	5.9	5.9	5.9	5.6	5.5	6.3						

Source: Constructed from Stats SA, CPI Data (Stats SA, 2013b)

Figure 1:5 shows the CPI inflation rate for 2013. The high rate of 6.3% in July 2013 was, according to market consensus, driven by the price of Brent crude oil, which led to recent increases in the price of fuel in South Africa. The increase in the price of petrol and diesel is likely to continue in the near future, with the ongoing political instability in the Middle East and aggravating war situation in Syria. Increases in the global price of oil not only increase the local price of fuel, but also drive the price of transport, food and electricity in the local economy, due to higher input prices. This would in turn have an impact on CoJ consumers and businesses.

Figure 1:5: Monthly CPI Inflation for 2013



Source: Constructed from Stats SA (2013b) data

Another key variable for economic analysis is the interest rate, since it affects the ability of households and business to borrow money from banks or to save. Interest rates affect access to capital in the form of loans. In November 2010, SARB reduced the interest (repo) rate to its lowest rate in 30 years – 5.5%. Then, in July 2012, the interest rate was further reduced by 50 basis points to 5% in response to a gloomy global condition, and significantly better inflation projections that prevailed then. According to SARB (2013a), the monetary policy stance was shaped by uncertain global developments, food and oil price shocks, exchange rate movements, and domestic considerations. To date, the interest rate has remained unchanged at 5%, even at the last Monetary Policy Committee (MPC) meeting of July 2013 (SARB, 2013b[9])

9 See http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5629/MPC%20Statement%20March%202013%20final.pdf for details [accessed August 2013]

1.5.3. Consumer Confidence

A fragile and declining economic outlook, coupled with increasing prices, affects the level of confidence of both consumers and business. According to the quarterly survey conducted by First National Bank (FNB) and the Bureau for Economic Research (BER), the Consumer Confidence Index (CCI) slumped to a nine-year low of -7 in the first quarter of 2013 from -3 in the fourth quarter of 2012, showing a more negative economic perspective among South African consumers. This was due to a slower economic growth, job losses and higher inflation, which curbed households' finances (FNB/ BER, 2013). A decline in the level of consumer confidence shows that consumers have less faith in the economy due to increases in the cost of living, especially the cost of electricity, fuel and transport.

The high levels of insolvencies are also indications of how strained consumers are. The downward trend in the CCI is not good for the South African economy, where private consumption contributes significantly to total GDP. Nevertheless, South African consumers gained confidence in the economy in the second quarter of 2013, with the CCI bouncing back to a 1 from a -7 in the first quarter. The increase in consumer confidence was in line with an improved national economy, which recorded a 3% increase in the GDP for the same quarter. But analysts are warning that the current economic recovery may not be sustainable, given the prevailing fragile global economic outlook.

1.5.4 Cost of Doing Business

There are different approaches to measuring the cost of doing business, including non-monetary terms using weights and rankings. The World Bank measures the ease of doing business according to 10 categories. The 10 categories or topics used by the World Bank[10] (2013) are:

a) Starting a business

b) Dealing with construction permit

c) Getting electricity

d) Registration of property

e) Getting credit

f) Protecting investors

g) Paying taxes

h) Trading across borders

i) Enforcing contracts

j) Resolving insolvency.

The data presented in Table 1:4 show ease of doing business rankings for selected countries, including South Africa. According to the World Bank (2013), a high ranking on the ease of doing business index means the regulatory environment is more conducive to the starting and operation of a local firm. This index averages the country's percentile rankings on these 10 categories with equal weights, made up of a variety of indicators. The rankings for all economies are benchmarked to June 2012 (The World Bank, 2013).

10 For details of how the indices are constructed, see the World Bank 'Ease of doing business' at http://www.doingbusiness.org/rankings [accessed August 2013]

Table 1:4 Ease of Doing Business Ranking for 2012

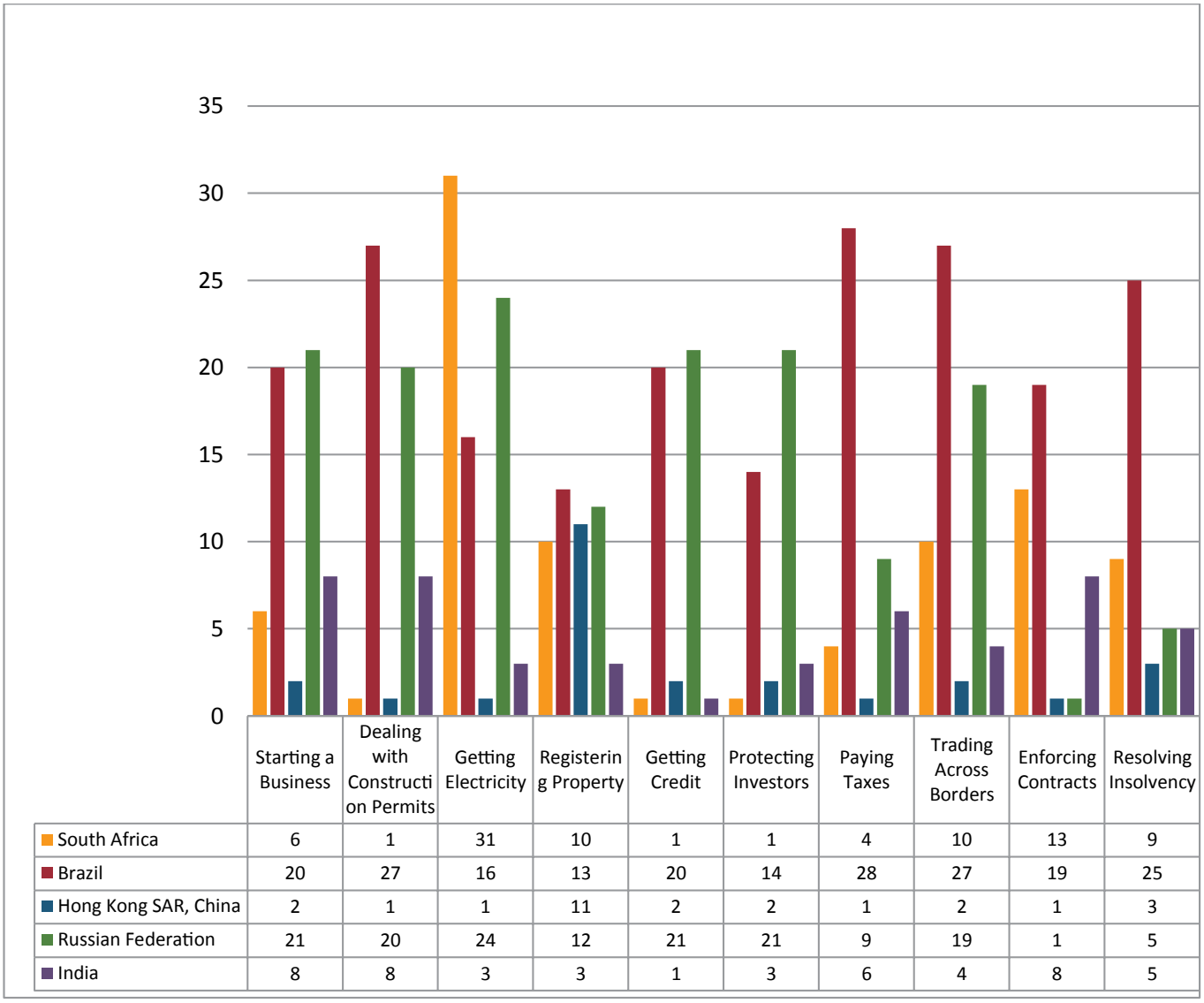
Country	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Singapore	1	1	2	2	7	3	1	2	1	2	1
Hong Kong SAR, China	2	2	1	1	11	2	2	1	2	1	3
New Zealand	3	1	1	13	1	2	1	8	14	12	12
United States	4	5	5	8	9	2	3	20	13	6	14
Denmark	5	11	2	6	2	9	11	3	2	20	9
Mauritius	19	2	8	1	4	9	2	1	1	8	3
South Africa	39	6	1	31	10	1	1	4	10	13	9
Rwanda	52	1	15	2	5	4	3	3	32	3	37
Botswana	59	11	27	10	3	9	5	5	24	11	1
Ghana	64	14	40	3	2	4	5	11	7	5	18
Seychelles	74	16	6	28	7	39	9	2	2	14	4
Namibia	87	25	5	7	40	7	13	18	20	4	2
Russian Federation	112	21	20	24	12	21	21	9	19	1	5
Uganda	120	28	22	22	21	7	24	12	33	19	5
Kenya	121	23	3	36	37	2	16	33	25	30	14
Swaziland	123	37	2	34	23	9	20	8	21	41	6
Ethiopia	127	35	4	12	18	13	20	16	34	6	19
Brazil	130	20	27	16	13	20	14	28	27	19	25
Nigeria	131	18	11	42	46	4	9	30	29	16	15
India	132	8	8	3	3	1	3	6	4	8	5
Lesotho	136	9	31	23	33	35	16	13	22	24	7
Mozambique	146	10	29	40	31	22	5	17	16	22	28

Source: Constructed from data by the World Bank (2013).

South Africa stands at rank 39 out of 185 countries in the aggregate ranking on the ease of doing business. The country with the highest rank of doing business is Singapore, followed by China-Hong Kong, New Zealand and the United States (US). The last country on the rank at 185 is the Central African Republic (CAR), with Mozambique at rank 146. However, out of the 46 sub-Saharan African countries, South Africa is ranked second to Mauritius in terms of ease of doing business, with Rwanda, Botswana and Kenya at ranks three, four and 10 respectively. This shows that South Africa is doing relatively well compared to other African countries, but not as well compared to the rest of the world (World Bank, 2013).

When compared with its trading partners in BRICS (shown in Figure 1:6), South Africa is performing relatively well in terms of ease of doing business. South Africa is ranked second to China, followed by Russia, Brazil and India.

Figure 1:6: Ease of Doing Business for BRICS - 2012



	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
South Africa	6	1	31	10	1	1	4	10	13	9
Brazil	20	27	16	13	20	14	28	27	19	25
Hong Kong SAR, China	2	1	1	11	2	2	1	2	1	3
Russian Federation	21	20	24	12	21	21	9	19	1	5
India	8	8	3	3	1	3	6	4	8	5

Source: Constructed from data by the World Bank(2013)

However, South Africa is not performing that well in terms of access to electricity and registration of property, where CoJ can play a role in terms of local service delivery.

The list of other categories used to measure the cost or ease of doing business includes[11]:

- List of requirements and procedures to register a business, tax and levies for individuals, businesses and trusts;
- Cost of industrial land;

11 See CoJ (nd) at http://www.joburg-archive.co.za/2011/pdfs/cost_business_joburg.pdf

- Utilities - electricity, water rates, telecoms;
- Transportation, rail, road, and tollgates;
- Incentive schemes and support programmes;
- Enterprise investment programme - export marketing and investment assistance, individual/group support, project funding for emerging exporters, incentive benefit, and sector specific assistance.

Other non-monetary costs of doing business are traffic congestion, duration of business registration, red tape and other sources of government bureaucracy. These costs involve bureaucratic systems that lead to lengthy processes and add additional costs in the form of opportunity costs of time lost for business. These can result in lost opportunities for investment, and CoJ needs to take those factors into account when planning its policies on rates and tariffs and other by-laws that affect business and local investment.

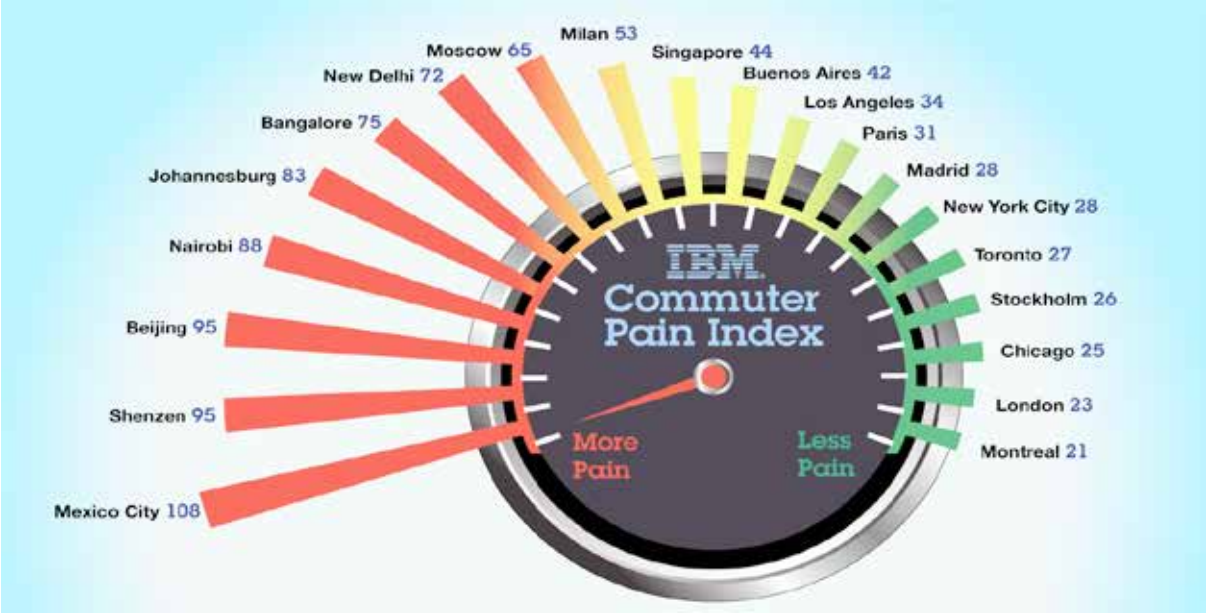
Although there are no data for ranking the ease of business at the city level, such costs are reflected in the consumer and business confidence levels in an economy, based on their expectations (or frustrations) about service delivery and traffic congestion. It is, therefore, imperative that CoJ policymakers consider these non-monetary costs in development planning and strategies.

1.5.5 Commuter Pain Index

Another non-monetary cost of doing business in large cities involves the Commuter Pain Index, a measure of traffic congestion globally conducted by the International Business Machines Corporation (IBM). This measure is based on the key indicators of commuting time, anger caused by driving in traffic and the amount of time stuck in traffic. In 2010, IBM surveyed 8 192 drivers in 20 cities on six continents and found that cities like Los Angeles, New York and London, previously known as 'traffic hellholes', scored relatively low on the index - due to improved infrastructure. CoJ, with an index of close to 100, was third among the first top 10 cities with the worst commute in 2010 (IBM, 2010). These are some of the costs of doing business that CoJ policymakers and managers need to take into account. Investment in infrastructure could be an option to facilitate and improve rail and local bus services. CoJ also needs to consider in its long-term planning the pros and cons of the tollgates and their impacts on traffic (taking into account the cost component to commuters).

Nevertheless, the IBM survey of 2011 showed that there was an improvement in traffic congestion for CoJ as shown in Figure 1:7.

Figure 1:7: Traffic Congestion – IBM 2011 Survey



Source: Adapted from IBM 2010 Commuter Pain Index Survey[12]

Figure 1:7 shows that traffic congestion for CoJ moved from rank 100 in 2010 to 83 in 2011, which still remains high, albeit improving. The city needs to maximise efforts to keep improving its road infrastructure and transport facilities to encourage investment in the city and boost economic growth.

1.5.6 Business Confidence Index

The cost of doing business can also affect the level of confidence among local and international businesses in the city. According to the South African Chamber of Commerce and Industry (SACCI) survey of June 2013, the Business Confidence Index (BCI) for South Africa declined from 93 in February to 90.4 in March 2013 (SACCI, 2013a). The index improved slightly to 92.4 in April, but declined to 90.2 in June 2013, which was the lowest in 13 years (SACCI 2013b[13]). A BCI below 100 reflects a low level of confidence in the economy, while an index above 100 shows a high level of business confidence in the economy. The BCI is based on 13 sub-indices used in the survey. These are municipal services, manufacturing, exports, imports, vehicle sales, retail sales, construction (building plans), inflation (excluding petrol, food and non-alcoholic beverages), share prices, real private sector borrowing, real financing costs, precious metals and exchange rate. Most of these sub-indices turned negative (shown in Table 1.6) in June 2013 compared with the previous month, reflecting concerns about sluggish economic growth and a high unemployment rate for South Africa (SACCI, 2013a).

12 Found at: http://www-03.ibm.com/press/us/en/pressrelease/32017.wss
13 See SACCI at: http://www.sacci.org.za/index.php?option=com_content&view=article&id=578:business-confidence-index-press-release&catid=7:bci&Itemid=39

Table 1:5: Business Confidence Index (BCI)

	2006	2007	2008	2009	2010	2011	2012	2013
January	121.6	119.7	110.7	97.2	95.8	103.1	97.1	94.0
February	118.1	118.6	110.9	99.7	97.9	101.9	99.5	93.0
March	119.0	117.4	110.8	93.1	97.9	104.2	95.7	90.4
April	121.6	120.2	110.2	96.6	97.9	102.5	94.3	92.3
May	119.6	118.2	109.7	96.5	96.7	101.2	92.8	90.4
June	117.3	116.9	109.2	98.0	100.0	102.4	94.9	90.2
July	116.9	117.5	109.5	98.1	99.4	99.0	90.9	
August	116.8	115.7	106.8	97.9	103.3	98.6	95.0	
September	115.3	116.4	106.1	100.9	103.6	98.4	91.7	
October	117.4	114.3	99.3	97.0	101.3	97.5	92.0	
November	121.7	113.0	102.3	99.2	102.6	97.4	91.7	
December	122.1	111.8	98.9	98.5	103.3	99.1	93.0	
Average	**119.0**	**116.7**	**107.0**	**97.7**	**100.0**	**100.4**	**94.1**	

Source: Constructed from SACCI (2013b) data

The BCI data show that the level of business confidence has been declining for municipal services, vehicle and retail sales, precious metals and the exchange rate (due to its fluctuations and recent depreciations) for most part of the review period (SACCI, 2013b). While other sub-indices are out of control of CoJ, a decline in business confidence for municipal services has implications for the city's service delivery in general. The question is how can the city play a role in improving business confidence through service delivery? The sub-indices that reflect improvement over the two months in general are share prices, real private sector borrowing and real financing costs.

2. Chapter two: City of Johannesburg Economic Overview

2.1. ANALYSIS OF ECONOMIC OUTPUT

Three years after the global recession, CoJ is yet to return to its pre-crisis growth levels. Consistent with broader international dynamics, the recovery has remained relatively protracted. After experiencing what appeared to be a modest recovery post-2009, the forecast for the next few years remains very subdued. Growth is expected to resume only in 2014, picking up pace in 2015 to just below its pre-crisis levels (see Table 2:1). From the data presented in Table 2:1, three distinct growth periods can be identified - the pre-commodity boom period, 1997 - 1999; the commodity boom period, 2000 - 2007, and the crisis period 2007 - 2011. Although CoJ's growth remains relatively superior to both the national and provincial levels in all periods, the forecasts indicate that growth over the next four years is unlikely to reach its pre-commodity boom levels. Due to the dominance of the financial sector in the city's economy, its performance will depend strongly on the global outlook. For the city to enjoy high levels of growth, it will need to achieve the same growth that it experienced at the height of the commodity boom (2004 - 2007), which saw growth levels peaking at 6.5%. Given the rate at which the global recovery is progressing, it appears that this is highly unlikely in the foreseeable future, which would imply relatively modest growth levels in the mid-term.

Table 2:1: Growth Rates and Shares of Gross Value Added

Years	SA Growth Rate	Gauteng Growth Rate	CoJ Growth Rate	CoJ Share of GVA in Gauteng	CoJ Share of GVA in SA
1997	2.6%	3.0%	5.7%	45.4%	15.7%
1998	0.7%	1.2%	3.5%	46.4%	16.1%
1999	2.7%	2.8%	5.4%	47.6%	16.5%
2000	4.4%	6.1%	4.1%	46.7%	16.3%
2001	2.9%	2.6%	3.1%	47.0%	15.9%
2002	3.8%	4.8%	5.3%	47.2%	16.1%
2003	3.0%	2.9%	3.6%	47.5%	16.3%
2004	4.5%	4.9%	4.9%	47.5%	16.3%
2005	5.3%	5.4%	4.8%	47.2%	16.5%
2006	5.5%	6.4%	6.5%	47.3%	16.2%
2007	5.6%	6.0%	5.7%	47.1%	16.3%
2008	3.8%	4.2%	4.5%	47.3%	16.2%
2009	(1.3%)	(1.2%)	(1.0%)	47.4%	16.3%
2010	3.0%	3.3%	3.4%	47.4%	16.4%
2011	3.3%	3.8%	3.7%	47.4%	16.4%
*2012**	*2.5%*	*2.8%*	*2.9%*	*47.5%*	*16.5%*
*2013**	*3.0%*	*3.0%*	*3.1%*	*47.5%*	*16.5%*
*2014**	*3.5%*	*3.6%*	*3.8%*	*47.6%*	*16.6%*
*2015**	*4.2%*	*4.1%*	*4.2%*	*47.7%*	*16.7%*
*2016**	*4.8%*	*5.1%*	*5.2%*	*47.7%*	*16.7%*
1997-1999	2.0%	2.3%	4.9%	46.5%	16.1%
2000-2007	4,4%	4,9%	4,8%	47,2%	16,2%
2008-2011	2,2%	2,5%	2,7%	47,4%	16,3%
*2012-2016**	*3,6%*	*3,7%*	*3,8%*	*47,6%*	*16,6%*

Source: Source: Constructed from Global Insight REX Data, April 2013, *Estimates

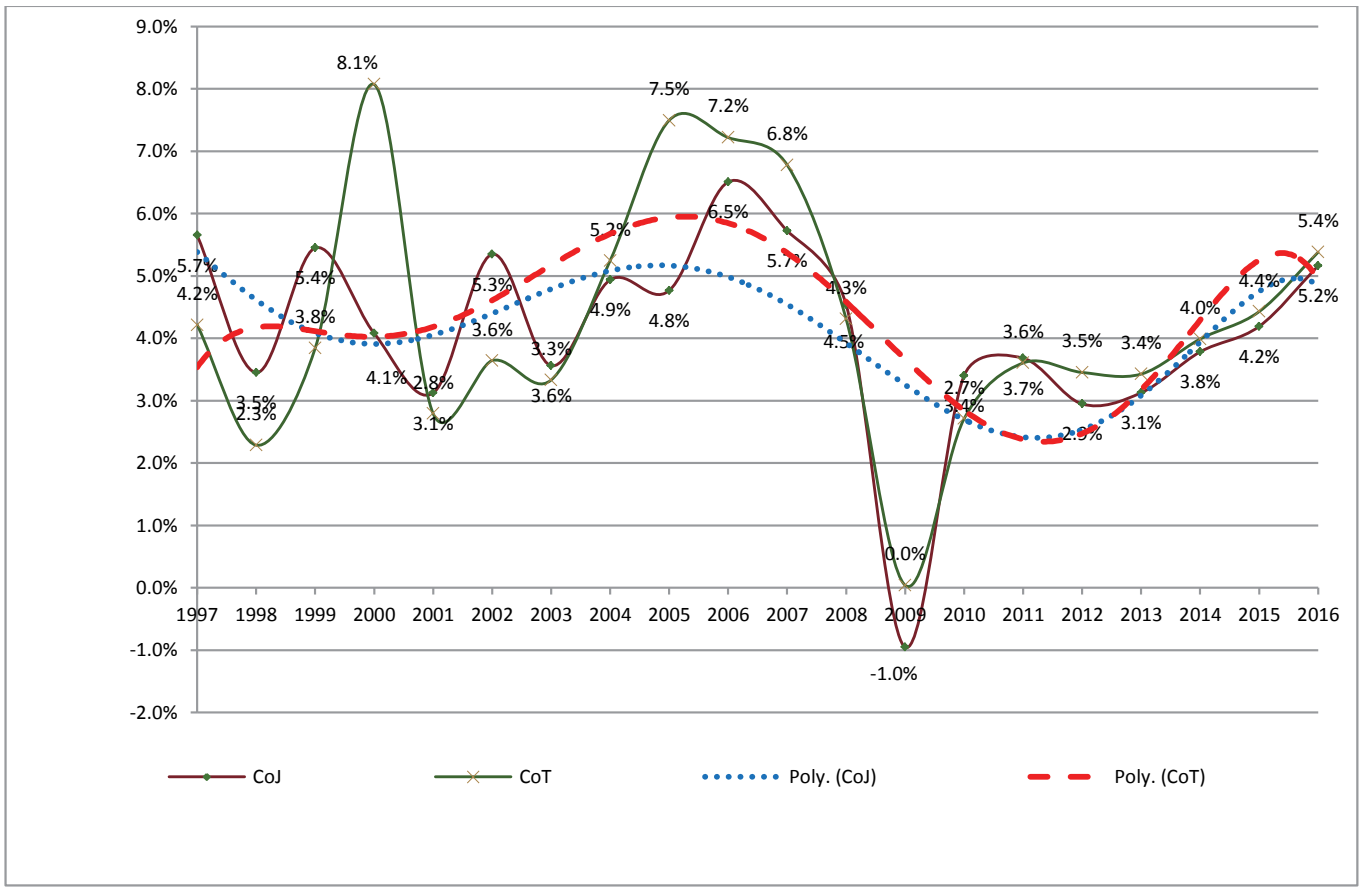
In 2012, CoJ remained a significant contributor to both the national (16.5%) and provincial (47.6%) economies in terms of value added as shown in Table 2:1. Interestingly, with the exception of the pre-commodity boom period, the city failed to grow its share at both national and provincial levels. In the absence of a broader analysis it is relatively difficult to give a more nuanced explanation for this trend, but the analysis below seems to point to an uneven growth performance at sectoral level.

2.2. GROWTH PERFORMANCE AT METRO LEVEL

CoJ's growth viewed against the national and provincial economies is relatively impressive. However, the picture changes when it's compared to other metros. As mentioned above, growth bounced back across all metros in 2010. In terms of performance, Figure2:1 shows that CoJ and CoT are the best performing metros in South Africa. However, the trend analysis shows that, on average, CoT outperformed CoJ from 1997 to 2011, and will continue to do so in the mid-term. Whilst almost all metros seemed to benefit from the commodity super cycle, CoT benefited more than CoJ. It would be interesting to explore the reasons behind CoT's performance over this period. Nonetheless, this observation is interesting given the importance that the finance sector played during this period and its relative importance to CoJ. Whereas CoJ's growth peaked at 6,5% during SA's strongest period of growth, CoT was able to sustain higher growth over three consecutive years, peaking at 7,5% in 2005. Although there was a dramatic fall in growth in 2009 across all metros, CoT (0%) managed to absorb the impact of the crisis better than CoJ (-1%) because CoT is not as well connected to global financial markets that played an important role in transmitting the crisis. CoJ's reliance on the financial sector is discussed below.

From a long-term strategic perspective, the trend in the city's growth is cause for concern. Figure 2:1 shows that CoJ's long-term growth appears to be in the 2% - 6% range. The figures presented in blue (CoJ) and red (CoT) are the polynomial trend lines, which smooth out the long-term growth of the two metros to reveal that, on average, these seem to be trending between the 2% - 6% band, which would suggest the presence of a long-term growth constraint. Based on the evidence that growth accelerations of 7% (Berry, 2007) and above are needed to make a dent on poverty and unemployment, it is relatively clear that the city is not likely to respond effectively to some of these challenges.

Figure 2:1: CoJ versus CoT Growth Rates, 1997--2016



Source: Source: Constructed from Global Insight REX Data, April 2013, 2012-2016 Estimates

In the light of the importance of the city's contribution to provincial and, by extension, national growth, this outlook does not augur well for the National Development Plan (NDP) Vision 2030. The NDP estimates that for South Africa to achieve full employment, it needs to create about 11 million more jobs over the next 20 years. This will be attained by growing the economy at 5.4% on average every year over the period (Presidency, 2012). Table 2:1 shows that, on average, CoJ's growth has fallen short of the estimated NDP growth rate in each of the identified growth periods. At an average of 16%, the share of the city's GVA in the national economy is quite significant to the extent that lacklustre performance at city level will have significant implications nationally. Already this begins to suggest that the city would have to grow at a much faster rate than the estimated 5.4% to pull the national average up. This implies that even the peak growth of 6.5% in 2006 is not enough to make up for the current and anticipated low growth outlook going to 2016. Growth rates and projections at metro level are shown in Table 2:2.

Table 2:2: Metro Growth Rates, 1997-2016

Year	City of Cape Town (CoC)	EThekwini (ETH)	Ekurhuleni (EKU)	City of Johannesburg (CoJ)	Nelson Mandela Bay (NMA)	City of Tshwane (CoT)	Mangaung (MAN)	Buffalo City (BUF)
1997	3.30%	2.00%	1.10%	5.70%	1.10%	4.20%	3.10%	4.60%
1998	0.40%	1.20%	3.40%	3.50%	-0.20%	2.30%	1.20%	2.70%
1999	4.80%	2.40%	1.70%	5.40%	2.20%	3.80%	5.40%	5.80%
2000	3.40%	5.80%	11.20%	4.10%	10.10%	8.10%	2.30%	0.30%
2001	4.90%	5.70%	2.80%	3.10%	5.50%	2.80%	2.50%	1.00%
2002	2.80%	3.10%	4.70%	5.30%	3.60%	3.60%	6.40%	1.30%
2003	3.20%	3.50%	3.20%	3.60%	1.90%	3.30%	3.30%	4.00%
2004	6.10%	5.10%	5.20%	4.90%	3.40%	5.20%	4.00%	5.10%
2005	5.80%	6.70%	5.10%	4.80%	4.90%	7.50%	3.40%	6.50%
2006	6.00%	5.80%	5.90%	6.50%	4.70%	7.20%	3.80%	6.80%
2007	6.30%	6.10%	6.10%	5.70%	5.10%	6.80%	4.10%	7.50%
2008	4.50%	4.20%	4.10%	4.50%	3.40%	4.30%	3.50%	5.20%
2009	1.20%	1.30%	2.70%	1.00%	1.30%	0.00%	1.30%	0.70%
2010	3.30%	3.60%	4.00%	3.40%	2.50%	2.70%	1.30%	1.10%
2011	3.90%	3.80%	4.20%	3.70%	3.60%	3.60%	2.90%	2.60%
2012*	2.90%	2.70%	2.30%	2.90%	2.50%	3.50%	2.40%	2.60%
2013*	3.00%	3.00%	2.50%	3.10%	2.60%	3.40%	2.50%	2.70%
2014*	3.70%	3.60%	3.20%	3.80%	3.30%	4.00%	3.10%	3.30%
2015*	4.10%	4.10%	3.70%	4.20%	3.80%	4.40%	3.70%	3.90%
2016*	5.10%	5.10%	4.80%	5.20%	4.90%	5.40%	4.70%	4.90%
2013-2016	3.98%	3.95%	3.55%	4.08%	3.65%	4.30%	3.50%	3.70%

Source: Constructed from Global Insight REX Data, April 2013, 2012-2016 are estimates

Table 2:2 shows that in terms of growth projections between 2013 and 2016, CoT is expected to grow at an average growth rate of 4.3%, which is relatively higher than other metros. This expected growth could be attributed to specific projects and programmes that CoT is planning to implement. CoJ is projected to grow at an average rate of 4.08%, followed by the City of Cape Town (CoC) at 3.98% and Ethekweni (ETH) at 3.95%. The average growth of 4.08% for CoJ is not sufficient to address the challenge of youth unemployment and poverty locally. This rate is also far below the required national growth rate of 7% (which implies a higher than 7% growth rate for CoJ) for employment creation of 11 million jobs as stated in the NDP Vision 2030. CoJ, therefore, needs to implement relevant projects that would improve its current growth projections.

In terms of economic strength at metro level, CoJ is the largest economy, measured in contributions to economic growth and employment, followed by CoC. It is for this reason that it is necessary to show how the two economies have been performing over time, as in Figure 2:1.

The long-term trend between 1997 and 2016 shows how the two metros' economies have been performing in the past, as well as future projections. While CoC seems to have been following a cyclical trend from 1997 to 2008, CoJ recorded a massive decline between 2000 and 2001, from 8.1% to 3.1%. A similar trend was realised in 2009, following the global economic crisis, with CoC recording a 0.0% growth and CoJ going into a recession with a negative 1.3% growth.

2.3. REGIONAL GROWTH PERFORMANCE AT THE CITY LEVEL

Table 3 shows the average growth rates of the city's regions. Although they generally trend with overall city growth, there are a few important observations to note. Regions A and C have experienced the strongest growth across all periods. However, with the exception of Region F. which is expected to marginally exceed its pre-crisis average growth rate, CoJ's regions will take longer to reach their pre-crisis average growth rates in the mid-term (2012 - 2016). These slow rates of recovery to pre-crisis levels point to the more chronic nature of the impact of global economic crises on cities. In as far as growth plays a crucial role in development, the protracted recovery from the crisis will continue to undermine the city's ability to meet its developmental objectives.

Table 2:3: Average Growth Rates for City Regions

Year	Region A (Midrand /Diepsloot)	Region B (Randburg /Rosebank)	Region C (Roode-poort)	Region D (Soweto)	Region E (Sandton /Alexandra)	Region F (Inner City /Southern Joburg)	Region G (Deep South /Ennerdale /Orange Farm)
1997 - 1999	8.9%	5.5%	7.5%	0.0%	6.1%	3.0%	1.2%
2000 - 2007	5.9%	4.9%	5.7%	4.3%	5.3%	3.4%	4.3%
2008 - 2012	3.0%	2.7%	3.3%	2.7%	2.8%	1.9%	4.8%
2013 - 2016*	4.6%	4.1%	4.5%	3.7%	4.2%	3.5%	3.7%

Source: Source: Constructed from Global Insight REX Data, April 2013

Table 2:3 shows that regions A, B, C and E recorded growth rates of over 5% between 1997 and 1999, with Region A boasting a high rate of 8,9% for that period. Between 1997 and 1999, Region D recorded a zero growth rate, followed by Region G at 1.2% and Region F at 3.0%. The regional economic performance is an indication of the city nodal areas that need attention. The city needs to introduce relevant programmes and projects in key areas such as the inner city (Region F), where the informal sector has the potential to drive that economy.

Growth projections from 2013 to 2016 are much lower than recorded by CoJ regions in the past, which will impact on the city's ability to meet its own growth targets and meet the challenge of high youth unemployment as well as the national targets of creating the required jobs.

2.4. PERFORMANCE OF METROS IN THE NATIONAL ECONOMY

The contribution of each metro to the national economy has remained fairly constant since 1997. However, CoJ and CoT are the only metros that have managed to increase they shares in the national economy since 1997. It is projected that CoJ's share will increase to 17.2% in the mid-term. Table 3 shows average metro shares in the national economy and highlights that CoJ contributes the most to national output.

Table 2:4: Metros[14] GVA shares in the national economy, 1997--2016

Year	CoC	ETH	EKU	CoJ	NMA	CoT	MAN	BUF
1997 - 1999	10.6%	9.9%	6.3%	15.6%	3.2%	8.6%	1.7%	1.8%
2000 - 2007	10.9%	10.4%	6.3%	16.5%	3.4%	9.2%	1.7%	1.8%
2008 - 2011	11.2%	10.7%	6.4%	16.9%	3.3%	9.7%	1.6%	1.8%
2012 - 2016*	11.4%	10.8%	6.4%	17.2%	3.3%	10.0%	1.6%	1.8%

Source: Constructed from Global Insight REX Data, April 2013, 2012-2016 estimates*

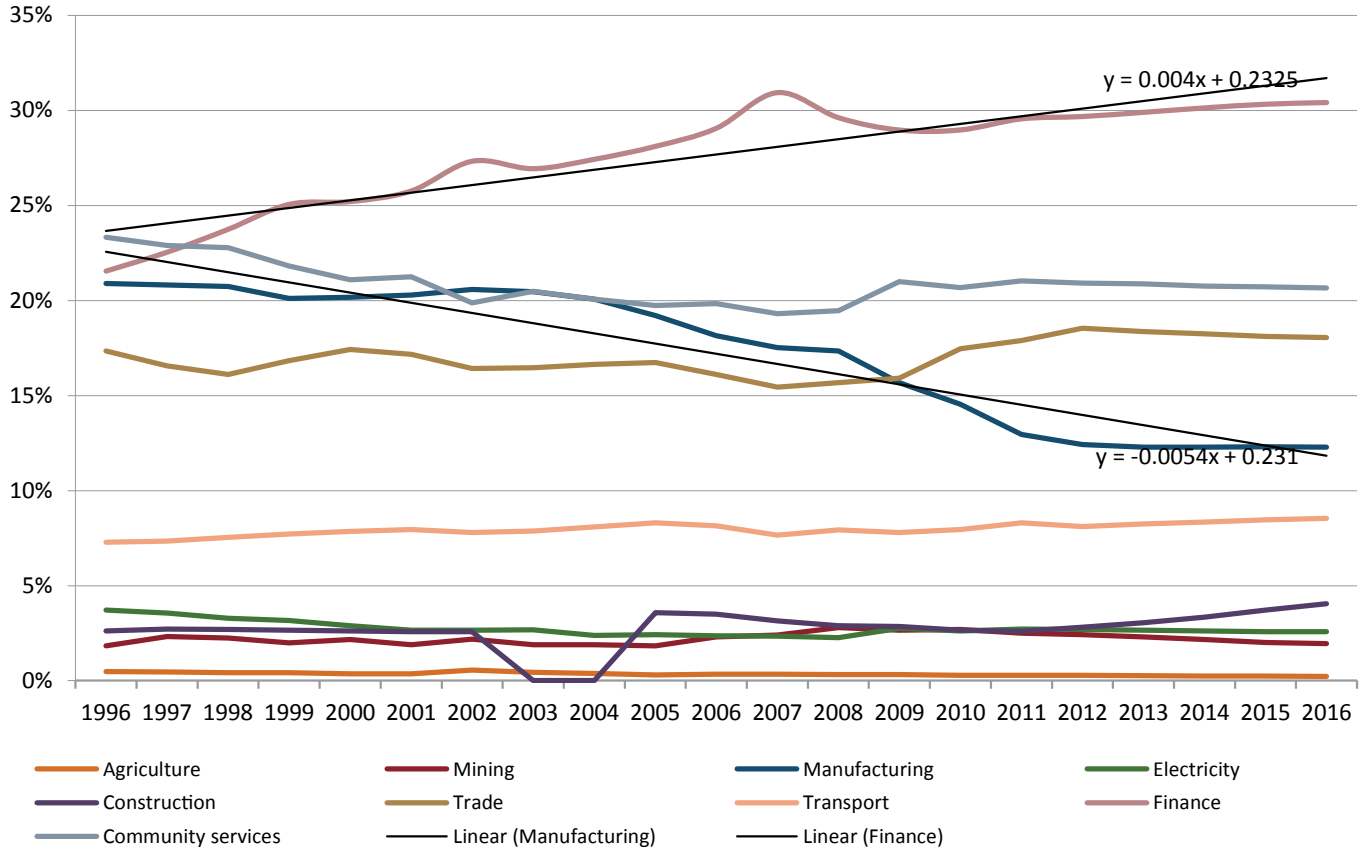
In terms of GVA contributions to the South African economy, CoJ has the largest share, followed by Cape Town, then eThekwini and Tshwane. There is international evidence that seems to suggest that, going forward, the world's largest cities will play an increasing role in driving post-crisis and long-term national growth (McKinsey, 2011). A number of characteristics are highlighted as drivers of this trend, such as population size and the rate of urbanisation, which are seen as having a positive impact on GDP. With CoJ being South Africa's largest metro, its share in the national economy should rise at a much faster pace to act as the country's growth engine.

2.5. SECTORAL ECONOMIC PERFORMANCE

The sectoral performance of CoJ confirms what is broadly known. From Figure 2:2, the dominance of the financial sector is seen in the continued rise of its share in the city's GVA. Although slightly affected by the recession, which saw the share dip below its pre-crisis level of 31%, the forecast indicates that going forward this share is expected to attain its pre-crisis level by 2014. The only other three sectors whose shares of city GVA are above 10% are community services, trade and manufacturing. Figure 2:2 begins to shade light on some of the plausible reasons for the stagnant performance of the city's output in both the national and provincial economies and amplifies the concern around the city's low trending growth as highlighted above. Although the finance sector has experienced steady growth since 1996, this has been offset by the steady decline of the manufacturing sector. The declining share of the manufacturing sector in the city's GVA is cause for concern, as this is the sector that is characterised by positive spillovers through its strong backward and forward linkages to other sectors. A detailed analysis, which is beyond the scope of this economic review, is needed at a more disaggregated level to understand the sectors that are driving this downward trend.

14 City of Cape Town (CoC), eThekwini (ETH), Ekurhuleni (EKU), City of Johannesburg (CoJ), Nelson Mandela Bay (NMA), City of Tshwane (CoT), Mangaung (MAN), Buffalo City (BUF)

Figure 2:2 Sector shares in CoJ GVA



Source: Constructed from Global Insight REX Data, April 2013, 2012 - 16 estimates*

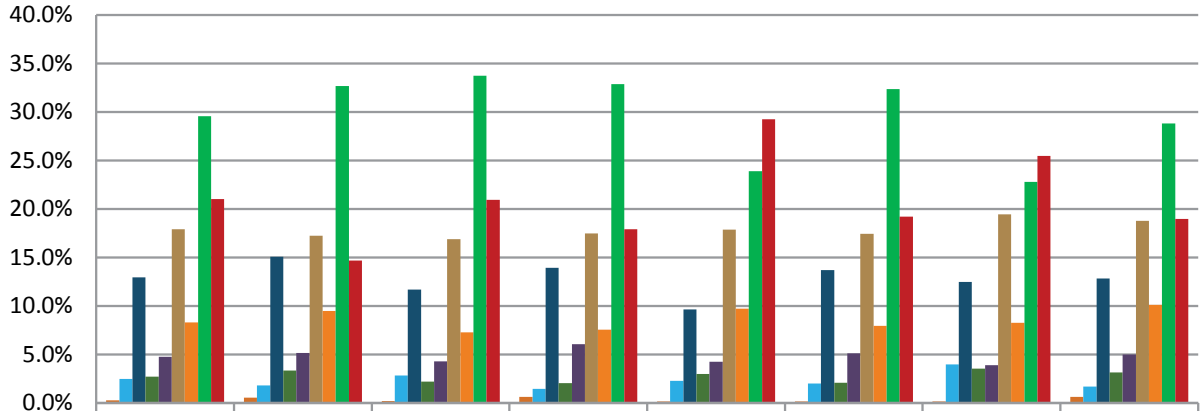
When this sectoral performance is cast against the city's growth performance, the realities that arise from the city's low trending growth can also be highlighted by looking at the growth rates of some of the world's fastest growing cities like China's Chongqing.[15] It was able to sustain a growth acceleration from 1999 to 2007, starting at just under 8% and peaking at 16% by 2007. Some of the reasons for Chongqing's impressive growth performance and its positive impact on a range of development outcomes are important for CoJ to note. Although references from China need to be cast in a broader context, which has been underpinned by strong ongoing national reforms, such benchmarks begin to highlight the crucial ingredients that play an important role in driving city level growth. In Chongqing, two of the key drivers of growth were strong investment and consumption, which were driven by the rise of the secondary sector from a predominant primary base. As with CoJ, the dominance of the tertiary sector in Chonqing has increased since the 1990s. The increased share of the tertiary sector in the local economy is, however, seen as the reason for relatively constrained growth between1997 and 2006 (Chongqing, 2008). In 2007, Chongqing experienced a shift in its sector composition, with a sudden increase in the share of the secondary sector in its GDP. This shift is generally regarded as the reason for the spike in growth to 16% that was seen in 2007, from just over 12% in 2006. For CoJ, this begins to point to the importance of sectoral composition in explaining overall city performance.

Although growth in all sectors is projected to rise in the mid-term, the city's long-term average growth rates show a relatively subdued and declining secondary sector. Whereas the construction sector has performed better than all sectors, its share in the local economy is too small to play any significant role in influencing overall city performance.

Figure 2:3 shows that, regionally, finance dominates across all regions, followed by community services, trade and then manufacturing. This is shown by the various sectors' contribution to the regional total output.

15 See Chongqing Municipal Bureau of Statistics (2008)

Figure 2:3 GVA by Region: Sector's Share (%) of Regional Total for 2011



	CoJ Metro Municipality (JHB)	Region A: Midrand & Diepsloot	Region B: Randburg & Rosebank	Region C: Roodepoort	Region D: Soweto	Region E: Sandton & Alexandra	Region F: Inner City & Southern Joburg	Region G: Deep South, Ennerdale & Orange Farm
Agriculture	0.3%	0.5%	0.2%	0.6%	0.2%	0.2%	0.2%	0.6%
Mining	2.5%	1.8%	2.8%	1.5%	2.3%	2.0%	4.0%	1.7%
Manufacturing	13.0%	15.1%	11.7%	13.9%	9.6%	13.7%	12.5%	12.8%
Electricity	2.7%	3.4%	2.2%	2.0%	3.0%	2.1%	3.5%	3.2%
Construction	4.8%	5.1%	4.3%	6.1%	4.2%	5.1%	3.9%	5.0%
Trade	17.9%	17.2%	16.9%	17.5%	17.9%	17.4%	19.4%	18.8%
Transport	8.3%	9.5%	7.3%	7.6%	9.7%	8.0%	8.3%	10.1%
Finance	29.6%	32.7%	33.7%	32.9%	23.9%	32.4%	22.8%	28.8%
Community services	21.0%	14.7%	20.9%	17.9%	29.2%	19.2%	25.5%	19.0%

Source: Constructed from Global Insight REX Data, April 2013

2.6. ECONOMIC CONCENTRATION AND COMPARATIVE ADVANTAGE

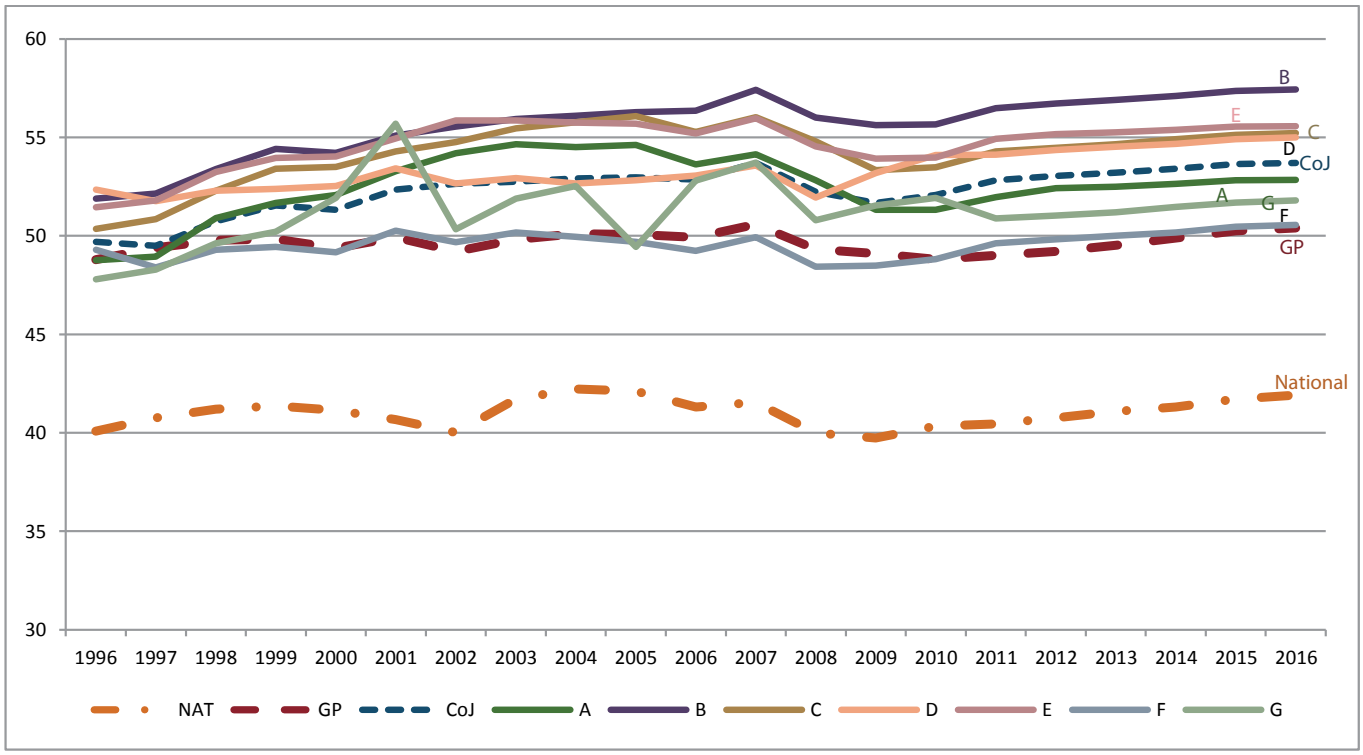
2.6.1. Tress Index

Empirical analysis seems to suggest that there is a link between the spatial concentration of economic activities and economic growth (Baldwin & Martin, 2004; Braunerhjelm & Borgman, 2006). Evidence of this can be seen in the positive correlation between growth and the spatial agglomeration of economic activities. The evidence of both the positive correlation of mono- and poly-agglomeration is fairly robust and suggests that the policy prescription is not necessarily that of diversification. Industrial concentration often arises from a natural process that, among many other factors, is initially governed by perceived locational benefits/advantages, which, once established, continue to influence the subsequent spatial location of industries. Hence for CoJ, the dominance of trade and finance arise from the city's central location in South Africa's geography, among other factors. This advantage can be contrasted to the lower concentration in agriculture and mining, which is driven largely by the lack of natural factor endowments in these areas.

In regional economics, the tress index is often used to shed light on the level of concentration in a region. It is based on the ranking of the region's sectors' contribution to GVA. Tress index values closer to 0 indicate that all economic sectors in a region contribute equally to GVA and, hence, there is no regional concentration - the region is said to be fairly diversified. On the other hand, tress index values closer to 100 indicate that fewer sectors make up the bulk of the region's GVA, indicating high levels of concentration and a relatively less diversified region.

Generally, smaller regional economies tend to exhibit high levels of concentration and, on average, the national economy will always show more diversity relative to regional economies. This is conditioned by the fact that, as we move to the local economy, opportunities for diversification are constrained by the everchanging spatial dynamics that limit and reduce factor/resource endowment opportunities. The tress index in Figure 2:4 shows that this pattern appears to hold for South Africa, as the national economy tress index shows relatively lower levels of concentration relative to the province, and, in turn, the province relative to the city. This can also be seen in the fact that over the reporting period 1996 to 2011, whilst both national and provincial levels of concentration have remained fairly stagnant, changing by 1% and 0% respectively, city levels of concentration have, on average, increased by 6%.

Figure 2:4 Tress Index Regional[16] Concentration and Comparative Advantage



Source: Constructed from Global Insight REX Data, April 2013

Regional changes in concentration can be explained by changes at regional sectoral level, with the outcome towards concentration or diversification being determined by the net of each sector's contribution to GVA, that is, whether these are above or below the regional average. The changes in sectoral contributions at regional level show that, on average, the bulk of the increase in regional concentration levels occurred in the pre-crisis period (1996 - 2007) and these can be explained by the increased dominance of finance in the city's GVA. At the same time, the share of agriculture, manufacturing, electricity and community services fell across the majority of regions over the same period.

2.7. THE ECONOMIC STRUCTURE OF THE CITY

2.7.1. Location Quotient

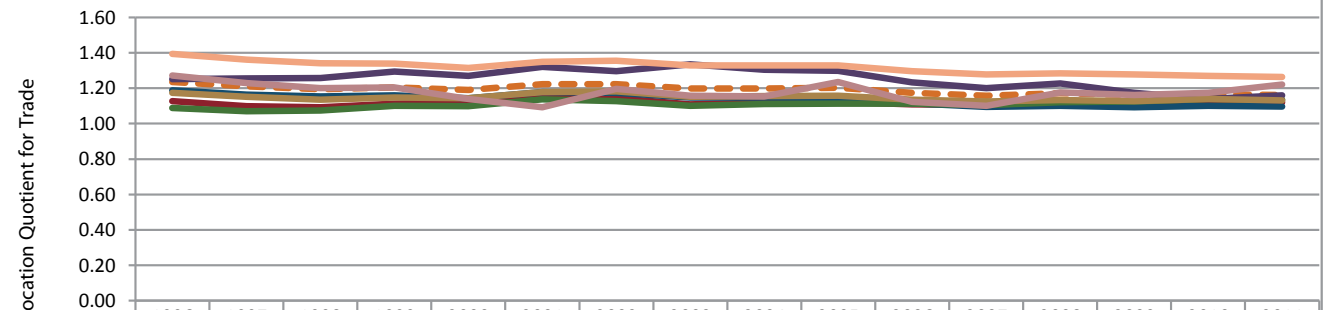
From the following, it is clear that the structure of the local economy is very important in influencing broader regional performance around growth and to the creation of employment opportunities. Economic base analysis generally classifies the structure of a region into basic and non-basic. Basic industries are those exporting from the region and, as such, creating payments into the local economy. Non-basic industries support the basic industries and simply circulate money within the region. Using location quotients, basic and non-basic industries can be identified. The location quotients

16 Regions: Midrand/Diepsloot (A), Randburg/Rosebank (B), Roodepoort (C), Soweto (D), Sandton/Alexandra (E), Inner City/Southern Joburg (F),and Deep South/Ennerdale/Orange Farm (G)

compare some asset, usually employment, to a large reference economy to give an indication of the level of concentration in the local economy industry relative to the national norm. Basic sectors will have location quotients greater than 1. The structural dynamics of a region's economic base can be understood through an analysis of the changes in sectoral location quotients. A decline in high location quotients of sectors indicates an erosion of the economic base of a region and is cause for concern, whilst an increase in the location quotient of a sector indicates a sector that will continue to play an important role in the economic base of a region. This type of economic base analysis is important and complements the knowledge gained from an analysis of sectoral contributions to GVA.

Based on location quotients, manufacturing, electricity, construction, trade and finance, are the city's basic sectors. For trade, manufacturing and finance, this conclusion is broadly consistent with the share of these sectors in the city's GVA. Figure 2:5 shows that although the location quotient for trade makes it one of the city's basic sectors, its importance appears to be eroding across all regions, with steeper declines in regions D and F. Since the location quotients are calculated using employment figures, this trend indicates that formal trade is being replaced by informal trade.

Figure 2:5 Location Quotient for the Trade Sector - CoJ[17]



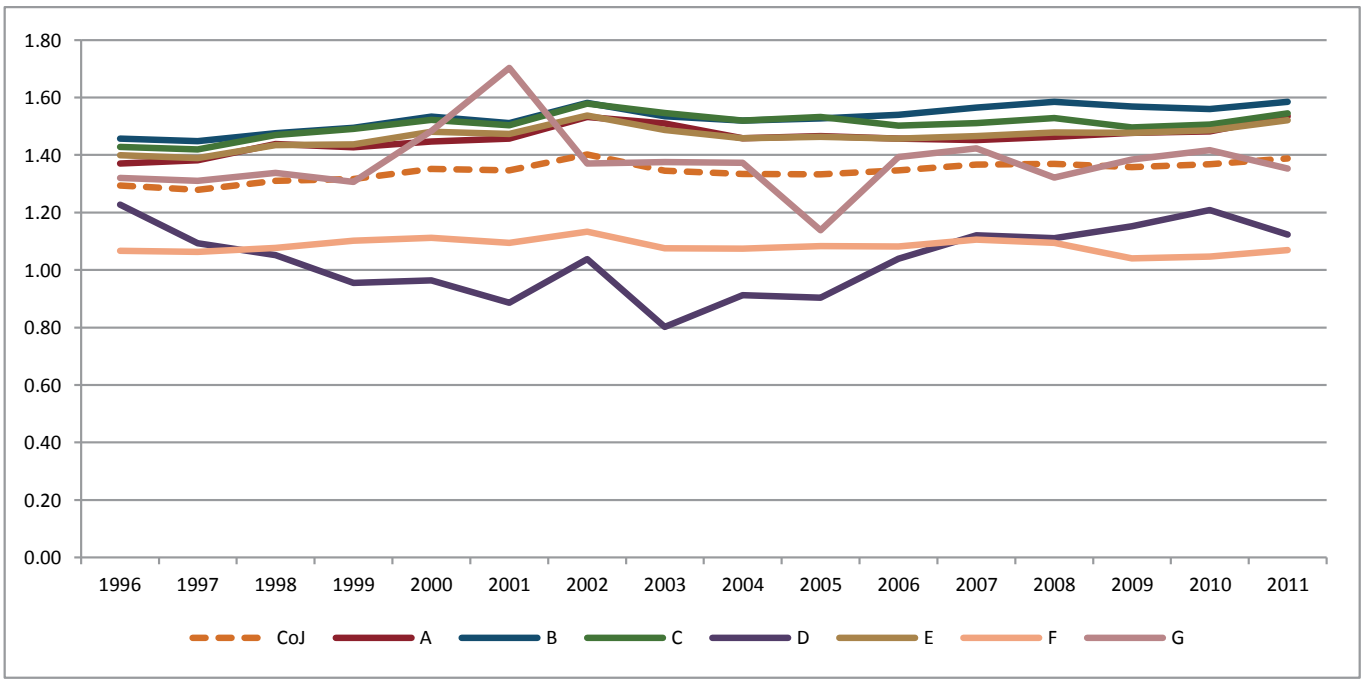
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
CoJ	1.23	1.21	1.20	1.21	1.19	1.22	1.22	1.20	1.20	1.20	1.17	1.16	1.17	1.16	1.17	1.16
A	1.13	1.10	1.09	1.11	1.12	1.15	1.14	1.11	1.12	1.12	1.11	1.11	1.12	1.11	1.13	1.12
B	1.19	1.16	1.15	1.16	1.14	1.18	1.17	1.15	1.15	1.15	1.11	1.09	1.10	1.09	1.10	1.10
C	1.09	1.07	1.07	1.10	1.10	1.14	1.13	1.10	1.11	1.11	1.11	1.11	1.12	1.13	1.14	1.14
D	1.25	1.26	1.26	1.29	1.27	1.32	1.30	1.33	1.30	1.30	1.23	1.20	1.23	1.18	1.14	1.16
E	1.17	1.15	1.14	1.15	1.14	1.18	1.18	1.15	1.16	1.16	1.14	1.12	1.13	1.13	1.14	1.13
F	1.39	1.36	1.34	1.34	1.31	1.35	1.35	1.33	1.33	1.33	1.30	1.28	1.28	1.28	1.27	1.26
G	1.27	1.23	1.20	1.21	1.14	1.09	1.20	1.16	1.15	1.24	1.12	1.10	1.18	1.16	1.17	1.22

Source: Constructed from Global Insight REX Data, April2013.

Figure 2:6 and Figure 2:7 show the location quotients for finance and manufacturing respectively. The concentration of finance in the city has remained fairly constant, with regions D, and G showing the greatest variability. Consistent with its contribution to GVA, the role of manufacturing as a basic sector in the region continues to be eroded across all regions.

17 Midrand/Diepsloot (A), Randburg/Rosebank (B), Roodepoort (C), Soweto (D), Sandton/Alexandra (E), Inner City/Southern Joburg (F),and Deep South/Ennerdale/Orange Farm (G)

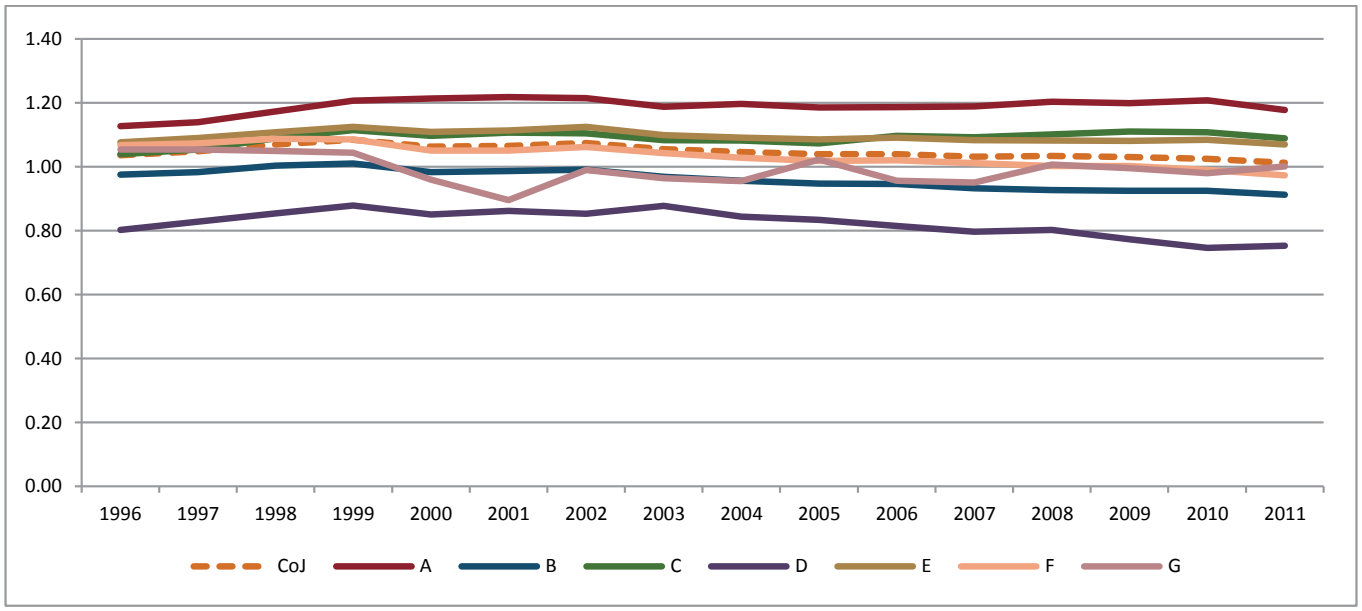
Figure 2:6 Location Quotient for the Finance Sector - CoJ



Source: Constructed from Global Insight REX Data, April 2013.

The erosion of these industries as basic sectors also help to explain the fall in diversity that can be seen in Figure 2:7. Similar trends of concentration are shown for the other dominant sectell.

Figure 2:7 Location Quotient for the Manufacturing Sector - CoJ



Source: Constructed from Global Insight REX Data, April 2013.

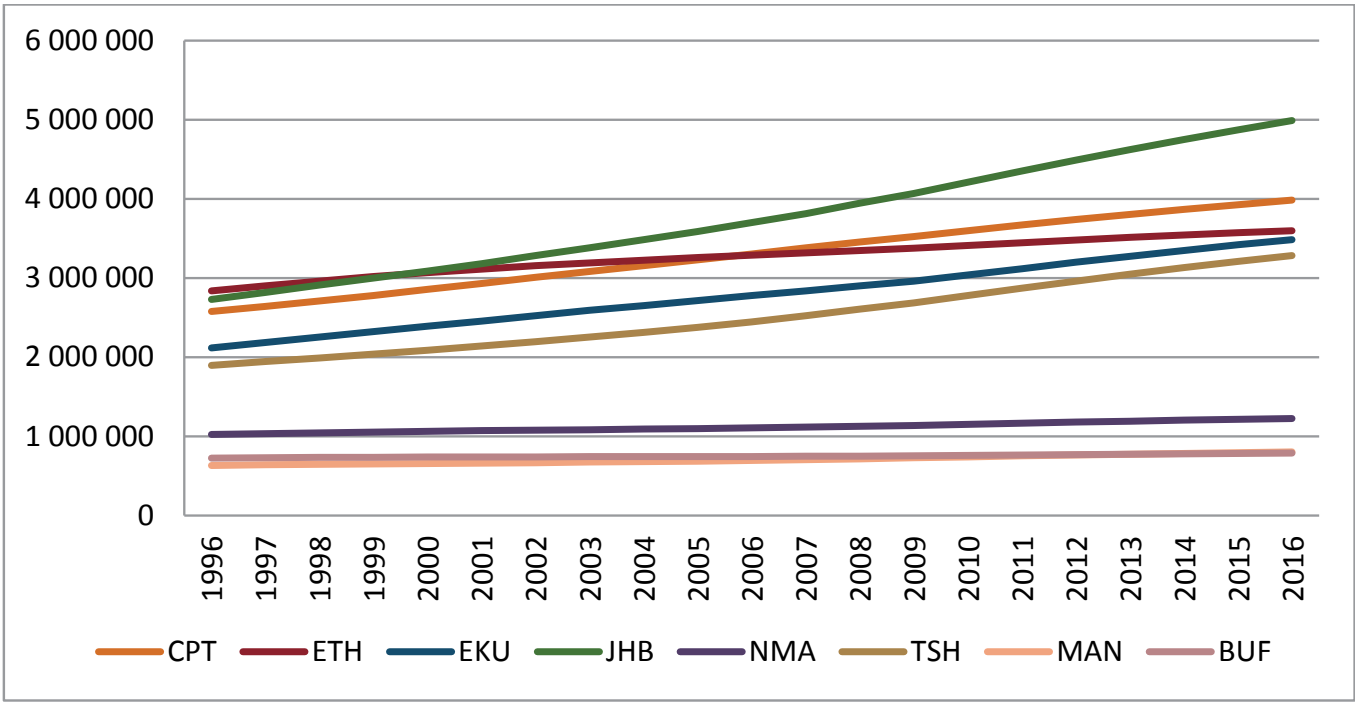
3 Chapter Three: Total population

Total population of a region refers to the total number of people in that region in the middle of the respective year. It includes all residents, non-residents and individuals of any age, gender and population group. CoJ's total population wa estimated at 4,6 million for mid-2013 (Global Insight, 2013).

3.1. TOTAL POPULATION BY METRO

Figure 3:1 illustrates the total population of CoJ in comparison to other metropolitan cities for the period 1996 to 2016. CoJ is the most populated city in the country and this can be attributed to its role as the economic hub of South Africa, with people from all spheres of life coming to the centre in search of better economic opportunities.

Figure 3:1 Total Population by Metro



Source: Constructed from Global Insight Data, April 2013

3.2. TOTAL POPULATION BY COJ REGIONS

Table 3:1 shows the regional total population as a share of CoJ's total population. It is evident from the table that Region D (Soweto) has had the largest population share relative to other regions. However, this share is decreasing year on year and this can be attributed to the historic background of Soweto. It used to provide cheap accommodation for workers during the apartheid era, thus it was flooded by informal settlements, which are now being developed into proper housing. Also, as other people's livelihoods improve they move to more urban suburbs in the other CoJ regions. In 1996, Soweto's share of the population was 36.69%, which had declined to 26.11% by 2013 (Global Insight, 2013).

Table 3:1 Regional Total Population as a Share of CoJ Population

Year	CoJ	Region A	Region B	Region C	Region D	Region E	Region F	Region G
1996	2 730 376	5.98%	9.13%	9.99%	36.69%	13.41%	13.41%	13.83%
1997	2 819 188	6.71%	9.15%	10.01%	35.38%	13.53%	13.53%	14.14%
1998	2 908 394	7.41%	9.15%	10.07%	34.16%	13.62%	13.62%	14.41%
1999	2 997 451	8.09%	9.14%	10.18%	33.02%	13.68%	13.68%	14.65%
2000	3 086 621	8.73%	9.11%	10.33%	31.95%	13.72%	13.72%	14.85%
2001	3 181 226	9.35%	9.05%	10.51%	30.99%	13.74%	13.74%	15.00%
2002	3 281 210	9.94%	8.98%	10.73%	30.14%	13.73%	13.73%	15.12%
2003	3 383 160	10.50%	8.89%	10.97%	29.37%	13.69%	13.69%	15.19%
2004	3 482 196	11.02%	8.79%	11.25%	28.69%	13.62%	13.62%	15.22%
2005	3 585 429	11.51%	8.69%	11.58%	28.11%	13.53%	13.53%	15.20%
2006	3 697 378	11.96%	8.58%	11.93%	27.66%	13.40%	13.40%	15.12%
2007	3 814 184	12.32%	8.43%	12.34%	27.50%	13.21%	13.21%	14.91%
2008	3 943 288	12.64%	8.26%	12.77%	27.55%	12.99%	12.99%	14.62%
2009	4 065 609	12.95%	8.12%	13.21%	27.54%	12.77%	12.77%	14.33%
2010	4 206 833	13.33%	8.00%	13.60%	27.33%	12.61%	12.61%	14.14%
2011	4 350 486	13.73%	7.90%	13.96%	26.94%	12.50%	12.50%	14.02%
2012	4 488 843	14.13%	7.83%	14.30%	26.50%	12.42%	12.42%	13.92%
2013	4 622 297	14.48%	7.77%	14.59%	26.11%	12.36%	12.36%	13.84%
2014	4 750 203	14.79%	7.71%	14.86%	25.76%	12.31%	12.31%	13.77%
2015	4 872 881	15.05%	7.66%	15.08%	25.45%	12.27%	12.27%	13.71%
2016	4 989 244	15.27%	7.62%	15.28%	25.18%	12.24%	12.24%	13.67%

Source: Constructed from Global Insight Data, April 2013 (2012 - 2016 are estimates)

3.3. SHARE OF POPULATION

3.3.1. Share of Population by Population Group

The population groups are African, white, coloured and Asian. The 'Asian' population includes people of Indian and Chinese origin (Global Insight, 2013).

Table 3:2 illustrates CoJ's share of population by population group as well as the total population in CoJ. The African population dominates and, since 1996, has had a population share above 60%, with the other population groups sharing 40%. The reason is that most of the regions with the largest populations, such as Soweto, comprise mainly Africans.

Table 3:2: CoJ Share of Population by Population Group

Year	African	White	Coloured	Asian
1996	67.45%	21.44%	6.86%	4.25%
1997	68.16%	20.79%	6.76%	4.29%
1998	68.86%	20.13%	6.67%	4.34%
1999	69.55%	19.49%	6.57%	4.39%
2000	70.19%	18.88%	6.49%	4.44%
2001	70.86%	18.23%	6.44%	4.46%
2002	71.56%	17.57%	6.39%	4.48%
2003	72.23%	16.92%	6.34%	4.51%
2004	72.87%	16.29%	6.30%	4.54%
2005	73.47%	15.72%	6.26%	4.55%
2006	74.08%	15.15%	6.20%	4.57%
2007	74.71%	14.56%	6.14%	4.59%
2008	75.42%	13.92%	6.03%	4.63%
2009	76.01%	13.37%	5.94%	4.68%
2010	76.63%	12.81%	5.83%	4.73%
2011	77.18%	12.32%	5.72%	4.78%
2012*	77.69%	11.86%	5.63%	4.82%
2013*	78.14%	11.45%	5.54%	4.87%
2014*	78.55%	11.08%	5.46%	4.90%
2015*	78.93%	10.74%	5.40%	4.94%
2016*	79.26%	10.43%	5.34%	4.97%

Source: Constructed from Global Insight Data, April 2013 (* refers to estimates)

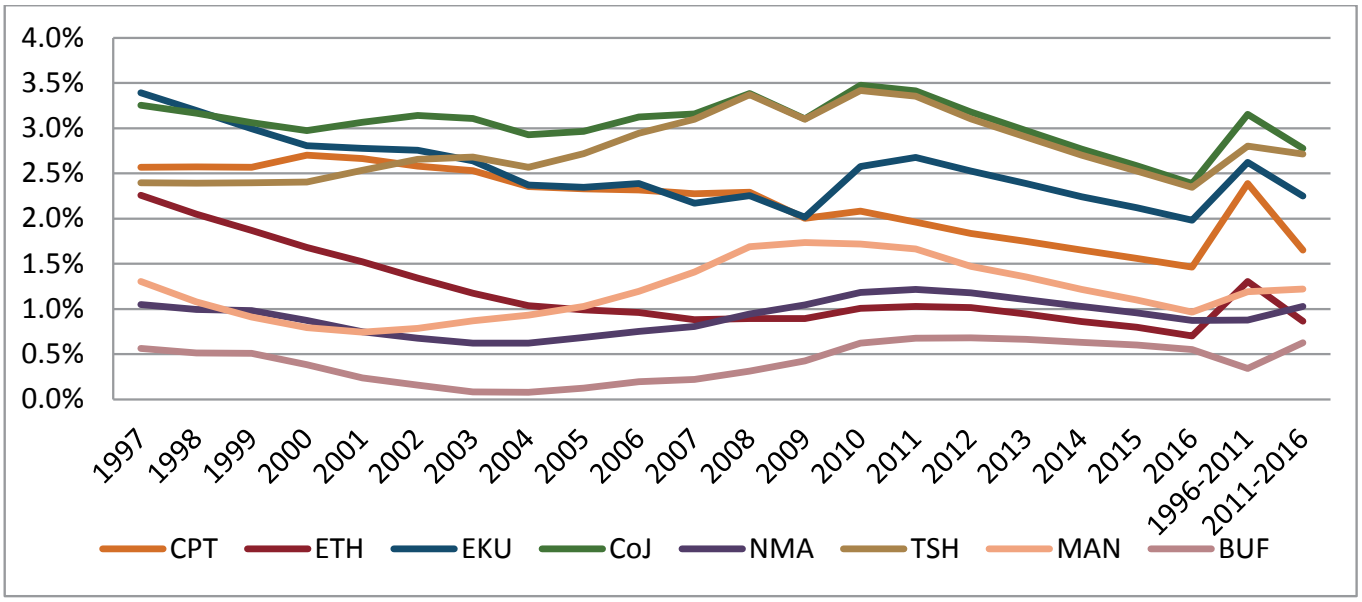
3.4. POPULATION GROWTH RATE

The population growth rate measures the percentage change of the total population from one year to the next. A positive value implies an increase in the population from the previous year, while a negative value implies the opposite. A value of 0% implies that the population remained constant (Global Insight, 2013).

3.4.1. Population Growth Rate by Metro

Figure 3:2 shows the growth rate of CoJ and other metros. A positive growth rate can be observed for all metros. CoJ experienced the highest growth rate (3.2%) relative to other metros between 1996 and 2011, followed by CoT and EKU at 2.8% and 2.6% respectively, reflecting employment opportunities created by developments in the cities. Although CoJ's growth rate is the highest, it has been declining, which suggests that there has been an improvement in the distribution of development and growth opportunities in other metropolitan cities in South Africa, thus leading to shared growth.

Figure 3:2: Population growth rate by Metro



Source: Constructed from Global Insight, April 2013

3.5. HIV/AIDS PROFILE

3.5.1. HIV Estimates by Metros

Table 3:3 illustrates the absolute number of HIV+ in the metropolitan cities. CoJ has had the second largest number of HIV infections since 2005, while ETH has the highest. They are the most populated cities. Although there is an increase in the absolute number between 2005 and 2011, the rate of growth in the total number of HIV+ cases has been declining over time, attributable to the rollout of HIV drugs and to health-related programmes.

Table 3:3 HIV+ Estimates by Metro

Year	CPT	ETH	EKU	CoJ	NMA	TSH	MAN	BUF
2005	151 175	426 606	260 132	349 207	87 903	208 801	77 586	76 049
2006	164 885	440 836	269 072	363 972	92 095	217 280	79 729	78 424
2007	177 469	453 555	274 072	374 361	95 568	223 389	80 836	80 002
2008	189 226	463 703	279 141	385 509	98 802	229 959	81 889	81 265
2009	199 414	472 401	282 322	394 146	101 710	235 182	82 876	82 304
2010	206 406	480 613	287 268	404 332	103 714	241 460	83 916	83 370
2011	213 870	487 072	292 040	414 261	106 147	247 370	85 053	84 447

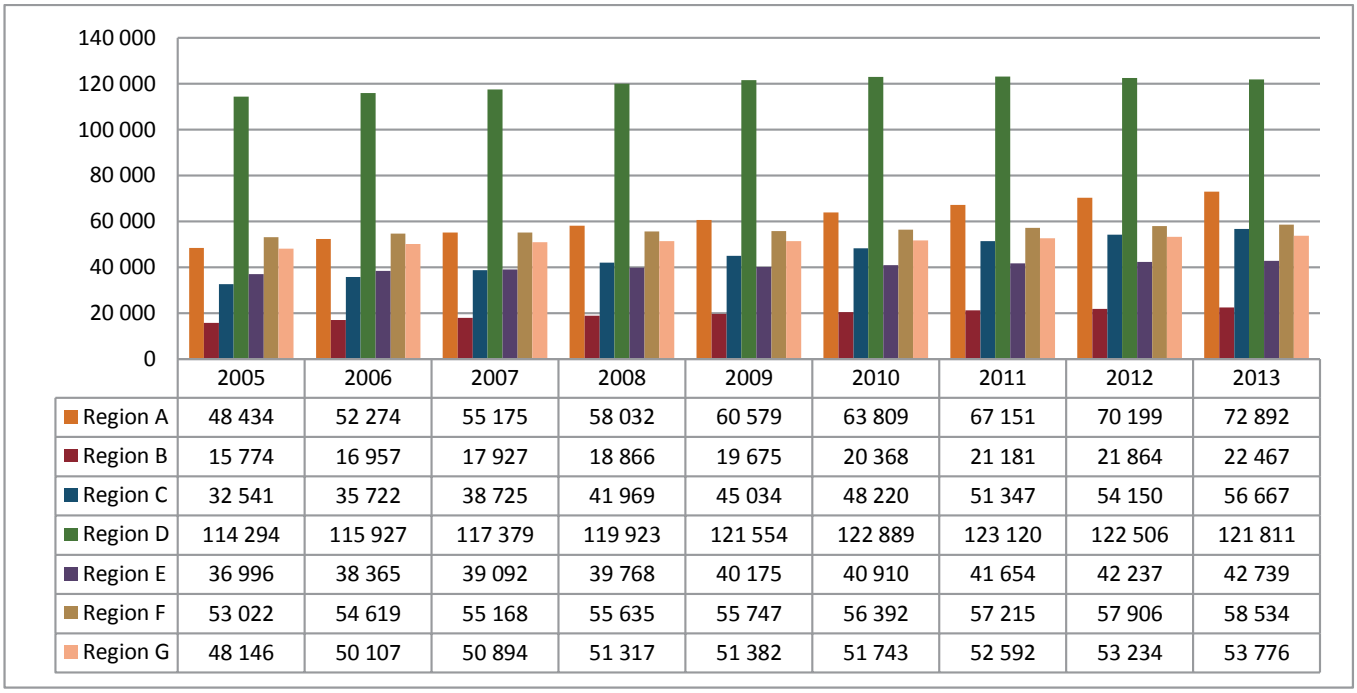
Source: Constructed from Global Insight, April 2013

3.6. HIV ESTIMATES BY REGIONS

Figure 3:3 compares HIV+ estimates of CoJ regions from 1996 to 2016.

Region D (Soweto) has had the largest number of HIV+ persons relative to other regions and this is due mainly to its position as the most populated region in the city. Soweto experienced a sharp and sustained increase from 1996 to 2001 followed by a period of stabilisation from 2002. This can be attributed to the success of the various HIV/Aids awareness campaigns aimed at reducing the possibility of further infections.

Figure 3:3 HIV+ Estimates by Regions



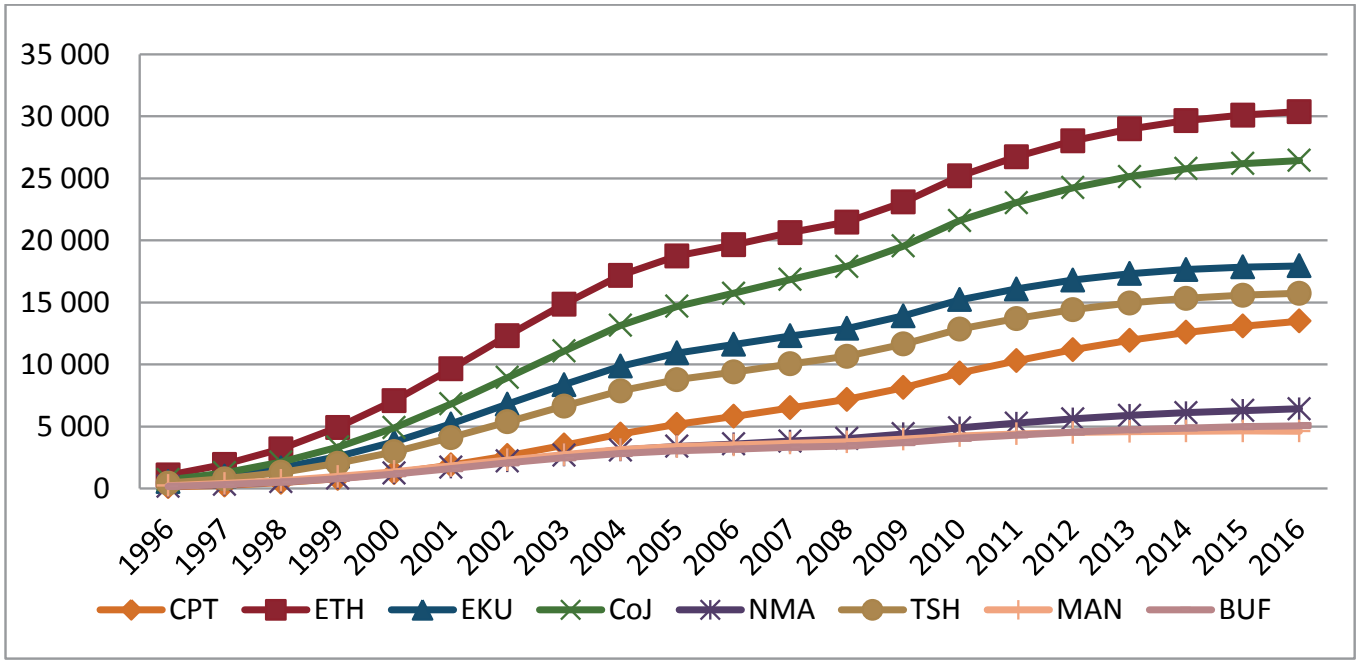
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Region A	48 434	52 274	55 175	58 032	60 579	63 809	67 151	70 199	72 892
Region B	15 774	16 957	17 927	18 866	19 675	20 368	21 181	21 864	22 467
Region C	32 541	35 722	38 725	41 969	45 034	48 220	51 347	54 150	56 667
Region D	114 294	115 927	117 379	119 923	121 554	122 889	123 120	122 506	121 811
Region E	36 996	38 365	39 092	39 768	40 175	40 910	41 654	42 237	42 739
Region F	53 022	54 619	55 168	55 635	55 747	56 392	57 215	57 906	58 534
Region G	48 146	50 107	50 894	51 317	51 382	51 743	52 592	53 234	53 776

Source: Constructed from Global Insight, April 2013

3.6.1. Aids Death Estimates by Metro

Figure 3:4 shows the number of people who die from Aids across the metropolitan cities. It is not surprising that CoJ has one of the largest numbers of Aids-related deaths since it is the most populated metro in South Africa. The number of Aids deaths in CoJ increased sharply between 1996 and 2002, then stabilised from 2003 to 2009, attributable to the availability of anti-retroviral treatment from local clinics.

Figure 3:4: Aids Deaths Estimates by Metro

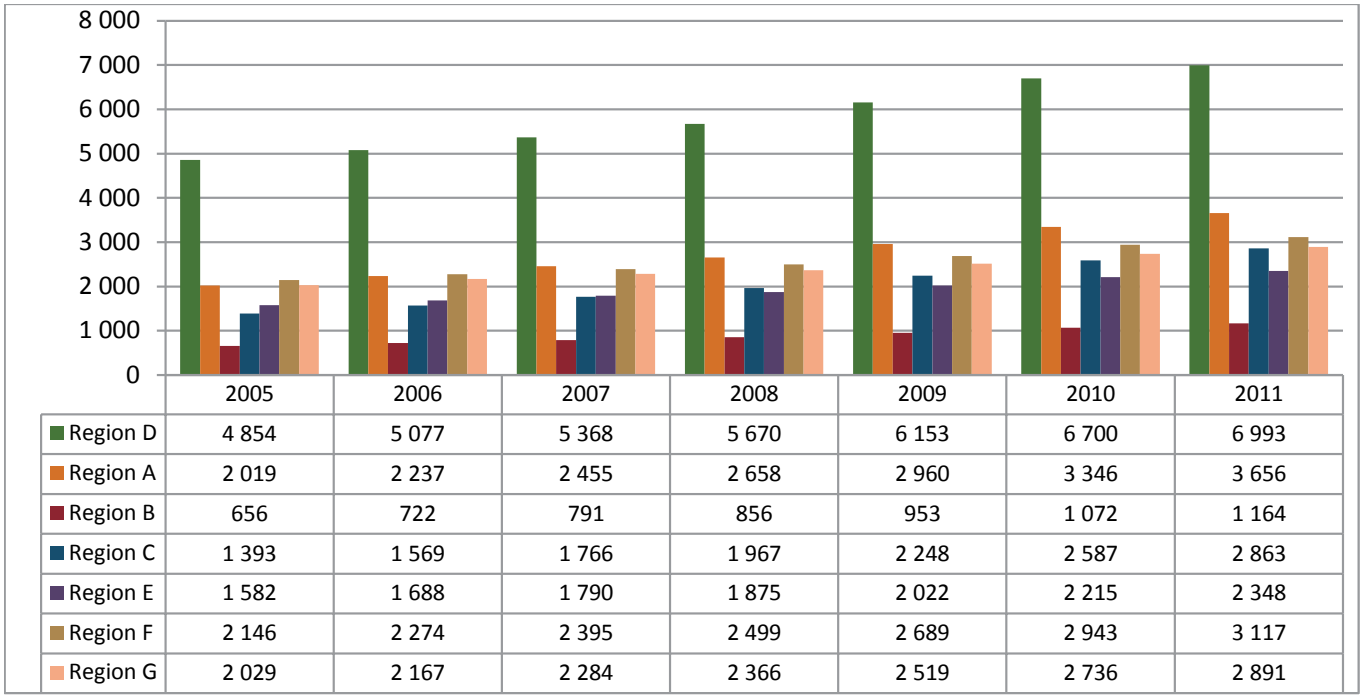


Source: Constructed from Global Insight, April 2013

3.6.2. Aids Death Estimates by Region

Figure 3.5 compares the number of people who die from AIDS in the various CoJ regions. Region D (Soweto) experienced the most Aids deaths in all the years, as it is the most populated region in CoJ.

Figure 3:5 AIDS Deaths Estimates by Region



	2005	2006	2007	2008	2009	2010	2011
Region D	4 854	5 077	5 368	5 670	6 153	6 700	6 993
Region A	2 019	2 237	2 455	2 658	2 960	3 346	3 656
Region B	656	722	791	856	953	1 072	1 164
Region C	1 393	1 569	1 766	1 967	2 248	2 587	2 863
Region E	1 582	1 688	1 790	1 875	2 022	2 215	2 348
Region F	2 146	2 274	2 395	2 499	2 689	2 943	3 117
Region G	2 029	2 167	2 284	2 366	2 519	2 736	2 891

Source: Constructed from Global Insight, April 2013

3.7. DEVELOPMENT INDICATORS

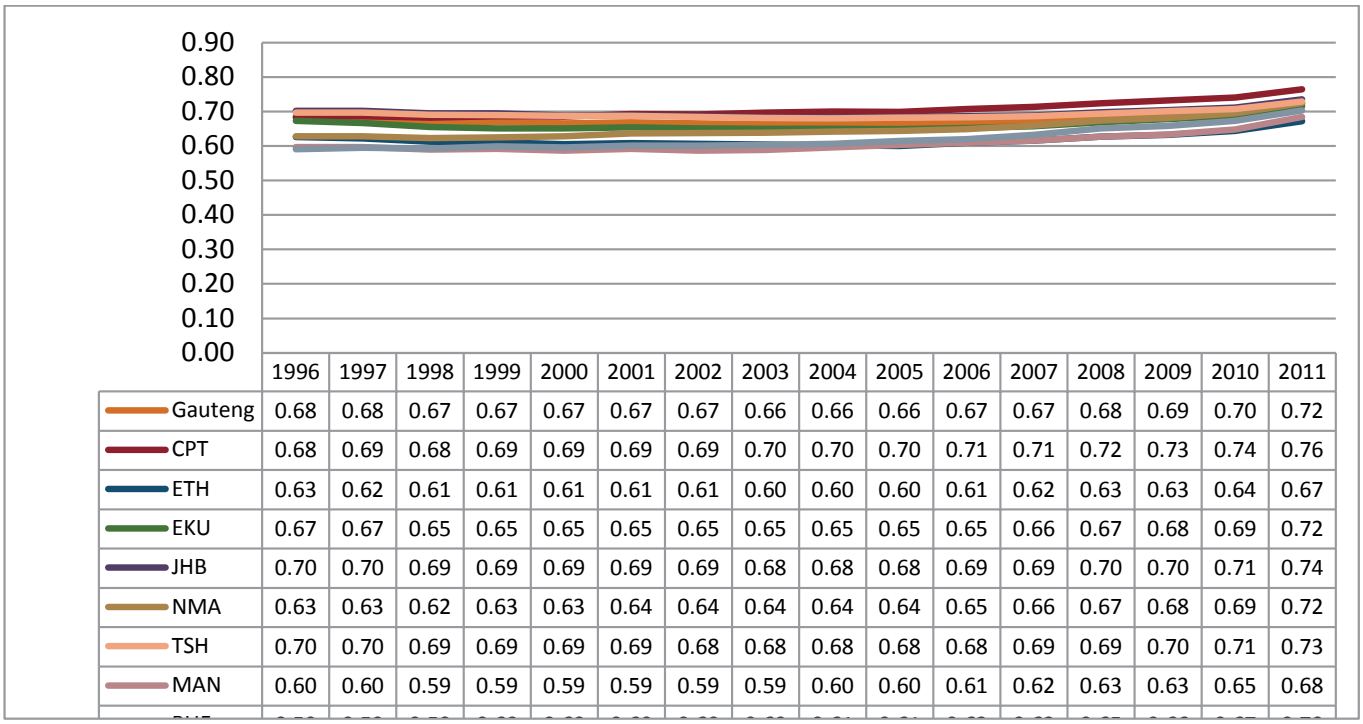
3.7.1. Human Development

The Human Development Index (HDI) considers literacy, education, life expectancy and income. The HDI takes up values between 1 and 0, with 0 being the lowest level of human development (Global Insight, 2013).

3.7.2. HDI by Metro

Figure 3:6 shows the HDI by metropolitan cities and Gauteng Province between 1996 and 2011. All metros experienced HDI levels higher than 0.5, which reflects that they are generally doing well in terms of human development. CoJ experienced a 5% increase in the level of human development, due to improvements in living standards. As people relocate to cities for better economic opportunities, they often start with low-paying jobs and then develop themselves through education and skills development, thus experiencing higher levels of human development. This has been a general trend in other metropolitan cities as well.

Figure 3:6 Human Development Index



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Gauteng	0.68	0.68	0.67	0.67	0.67	0.67	0.67	0.66	0.66	0.66	0.67	0.67	0.68	0.69	0.70	0.72
CPT	0.68	0.69	0.68	0.69	0.69	0.69	0.69	0.70	0.70	0.70	0.71	0.71	0.72	0.73	0.74	0.76
ETH	0.63	0.62	0.61	0.61	0.61	0.61	0.61	0.60	0.60	0.60	0.61	0.62	0.63	0.63	0.64	0.67
EKU	0.67	0.67	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.66	0.67	0.68	0.69	0.72
JHB	0.70	0.70	0.69	0.69	0.69	0.69	0.69	0.68	0.68	0.68	0.69	0.69	0.70	0.70	0.71	0.74
NMA	0.63	0.63	0.62	0.63	0.63	0.64	0.64	0.64	0.64	0.64	0.65	0.66	0.67	0.68	0.69	0.72
TSH	0.70	0.70	0.69	0.69	0.69	0.69	0.68	0.68	0.68	0.68	0.68	0.69	0.69	0.70	0.71	0.73
MAN	0.60	0.60	0.59	0.59	0.59	0.59	0.59	0.59	0.60	0.60	0.61	0.62	0.63	0.63	0.65	0.68

Source**:** Constructed from Global Insight**,** April 2013

3.7.3. HDI: CoJ regions

Region B, which comprises Randburg and Rosebank, experienced the highest levels of human development in CoJ, attributable to the favourable business conditions, such as affordable rentals and availability of public transport. People living in Region B have better access to employment opportunities due to the large influx of small businesses.

Table 3:4 HDI by CoJ Regions

	Region A:	Region B:	Region C:	Region D:	Region E:	Region F:	Region G:
2001	0.67	0.77	0.75	0.62	0.74	0.71	0.59
2002	0.66	0.77	0.74	0.62	0.73	0.71	0.59
2003	0.66	0.77	0.73	0.62	0.73	0.71	0.59
2004	0.65	0.77	0.73	0.63	0.72	0.71	0.59
2005	0.65	0.76	0.72	0.63	0.73	0.70	0.59
2006	0.65	0.77	0.72	0.64	0.73	0.71	0.60
2007	0.65	0.77	0.72	0.64	0.73	0.71	0.60
2008	0.66	0.77	0.72	0.66	0.73	0.72	0.62
2009	0.67	0.77	0.73	0.67	0.74	0.73	0.63
2010	0.68	0.77	0.73	0.68	0.74	0.73	0.64
2011	0.71	0.78	0.75	0.71	0.76	0.76	0.67

Source: Constructed from Global Insight, April 2013

3.7.4. Inequality

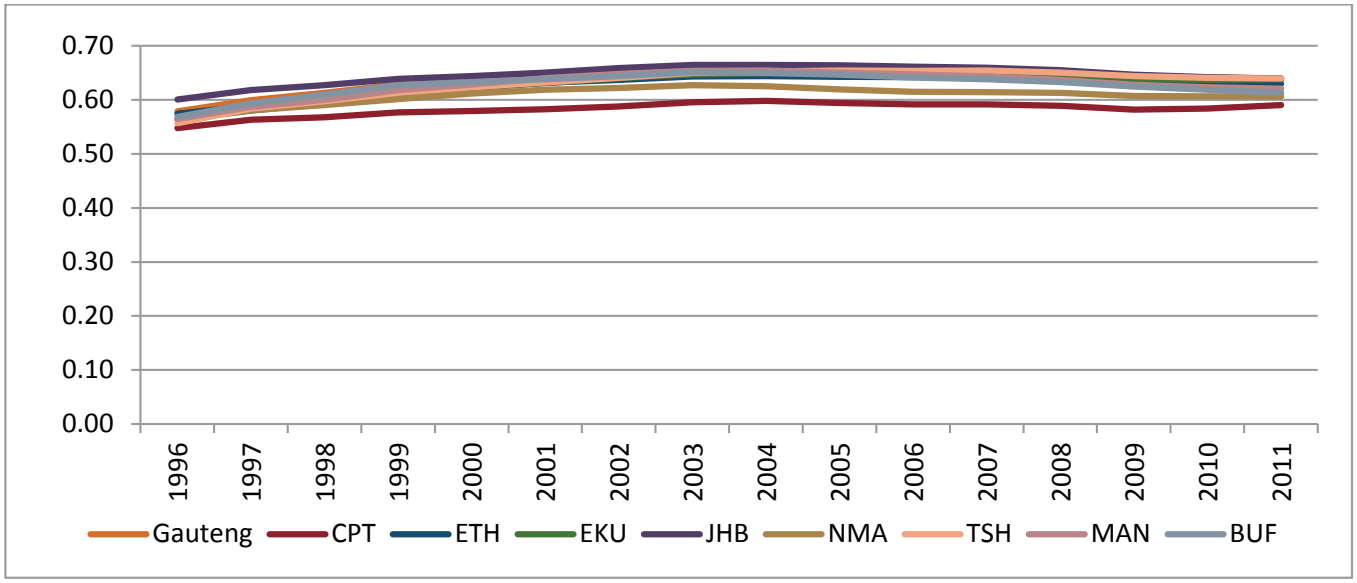
The Gini coefficient statistic was used to measure income inequality. It takes up numbers that vary from 0 to 1. A Gini coefficient of 0 reflects perfect equality, while a Gini coefficient of 1 implies perfect inequality in a society (Global Insight, 2013).

3.7.5. Gini Coefficient by Metro

Figure 3:7 illustrates the Gini coefficient of the metros, with CoJ having had the highest level of inequality, with 0.60 as the minimum and 0.67 as the maximum from 1996 to 2011. People relocate to the cities for better economic incentives and, since CoJ is regarded as the economic engine of the country, it attracts people from different classes - those with high education levels, unskilled or uneducated persons seeking low income jobs, and students who normally work part-time jobs for sustenance. These individuals do not qualify for the same jobs and thus do not earn the same. The higher income group gets the highest share of the income, while the low-income and unskilled are forced to share only a small percentage of the overall income in the city.

From 2000, most of the other cities reported a Gini coefficient of more than 0,6, which indicates that more people are moving into metropolitan cities, a fact confirmed by the Census data of 2011 (see Stats SA, 2012). The influx into cities can exacerbate the already skewed levels of income and put burdens on the metros to meet the increasing demand of basic services (water and electricity), including housing..

Figure 3:7 : Gini Coefficient by Metro

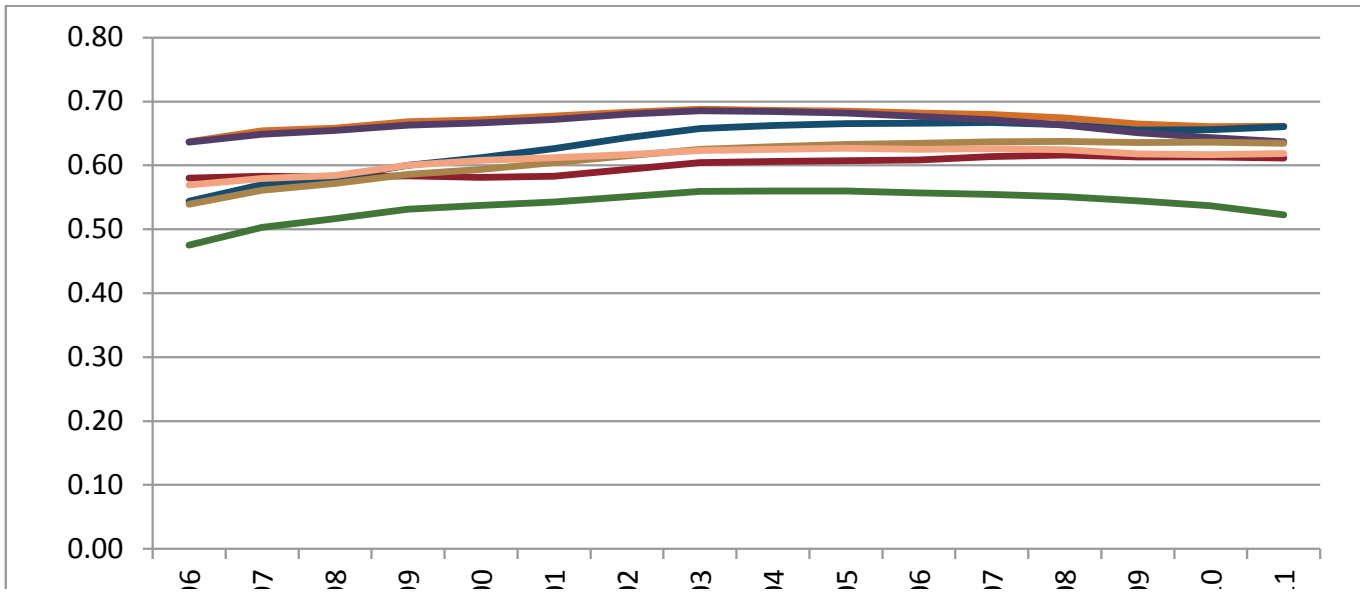


Source: Constructed from Global Insight, April 2013

3.7.6. Gini Coefficient by Region

Figure 3:8 illustrates the Gini coefficient of the different CoJ regions. Region A (Midrand and Diepsloot) and Region E (Sandton and Alexandra) experienced higher levels of inequality than other CoJ regions and this can be attributed to the disparities in the characteristics of the persons in these regions. Midrand and Sandton comprise high-income persons with generally superior living conditions, whereas Diepsloot and Alexandra residents are mainly low-income individuals often classified in the working/poverty population groups. In both regions A and E, the income inequality is likely to be significantly higher than in other regions such as Region D (Soweto), where the inhabitants have similar economic characteristics.

Figure 3:8 Gini Coefficient by Regions



Source: Constructed from Global Insight, April 2013

3.8. POVERTY

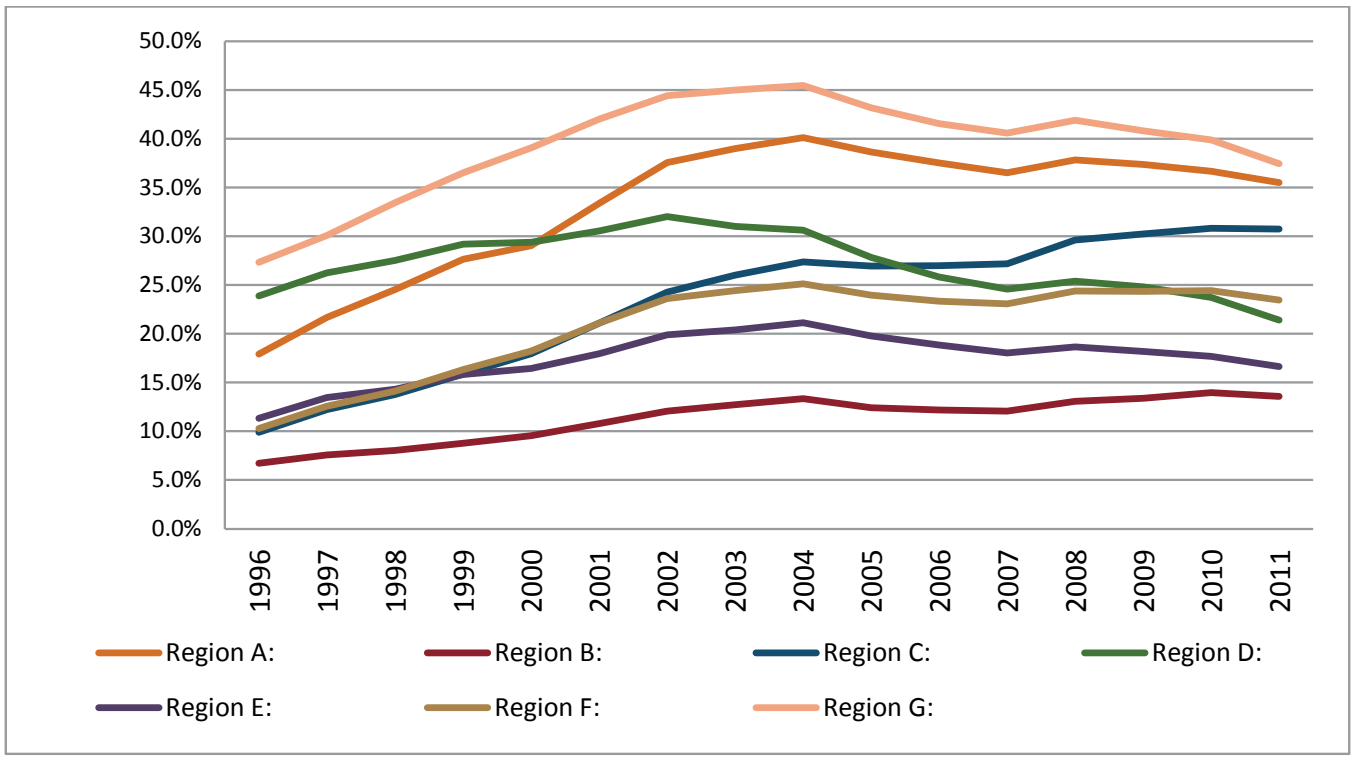
The number of people in poverty refers to the number of people living in households that have an income below the poverty line. The poverty line is defined as the minimum monthly income needed to sustain a household and varies according to the size of that household. The larger the household, the larger the income required to keep its members out of poverty. This measure allows for economies of scale in larger households (Global Insight, 2013).

3.8.1. Percentage of People Living in Poverty

Figure 3:9 represents the percentage of people living in poverty in the different CoJ regions from 1996 to 2011. The general trend for all regions was an increase in the percentage of people living in poverty from 1996 to 2004, which was a period associated with rapid economic growth. The period from 2005 onwards was characterised by an increase in social welfare payments, including the child support grant, which is reflected by a decline in the percentage of people living in poverty.

Region G has consistently reported the highest percentage of people living in poverty relative to other regions. This is not surprising since the region consists of Deep South, Ennerdale and Orange Farm, where unfavourable living conditions persist. These areas are characterised by low economic activity and people living in these areas often need to travel long distances to look for employment. Most of them do not have qualifications so they have to settle for low-paying jobs. Region B (Randburg and Rosebank) had the lowest percentage of people living in poverty for the years under study as result of alarge influx of small businesses and employment opportunities.

Figure 3:9 Percentages of People Living in Poverty by Regions

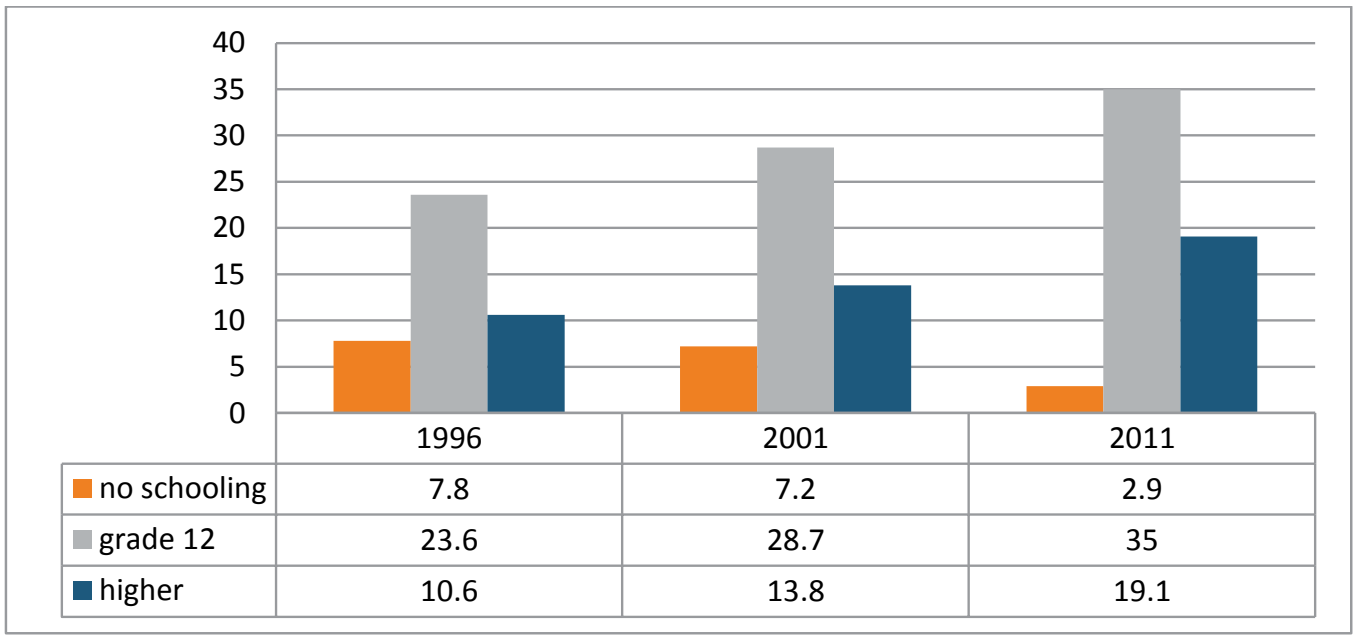


Source: Constructed from Global Insight, April 2013

3.8.2 Education

The current measures for education and skills development in CoJ seem to be effective. Figure 3:10 illustrates the levels of education in CoJ. The most rapidly growing and most flooded category is the matric-only category, which implies that most individuals manage to complete their secondary education. In 1996, 7.8% of CoJ's population had no schooling at all and by 2011, the proportion had fallen to only 2.9%, which shows an improvement in the level of education.

Figure 3:10 CoJ Level of Education



	1996	2001	2011
no schooling	7.8	7.2	2.9
grade 12	23.6	28.7	35
higher	10.6	13.8	19.1

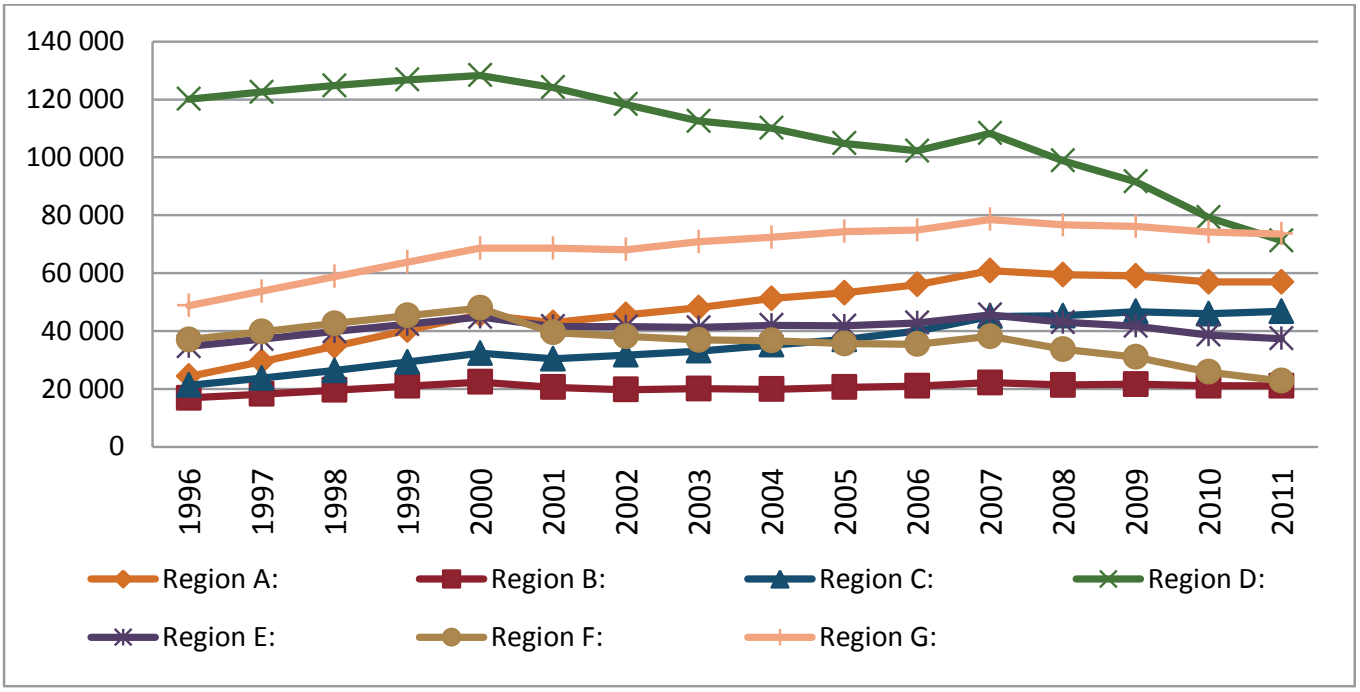
Source: Constructed from Stats SA data, August 2013

3.8.3. Functional illiteracy

Functional illiteracy indicates the number of people who have not completed their primary education (Grade 7) and are thus deemed functionally illiterate. Functionally illiterate persons are assumed to have no reading and writing skills, thus they are classified as not being able to manage daily life and employment (Stats SA, 2013c). Figure 3:11 illustrates the functional illiteracy level for different regions in CoJ between 1996 and 2011. In 2011, the functional illiteracy rate for CoJ was 61.27% and, from 1996 to 2010, Region D (Soweto) had the highest number of persons who could not read or write, attributable to apartheid exclusions. Most individuals in this category are skilled in manual labour.

There was a 50.7 % increase in persons who cannot read or write in Region G, which includes Deep South, Ennerdale and Orange Farm, from 1996 to 2011. Most individuals in these areas are from previously disadvantaged homes and they come to the city at very tender ages to seek employment. Very few return to school and mostwill work in low income jobs for survival.

Figure 3:11 Functional Illiteracy by Region



Source: Constructed from Global Insight,April 2013

3.8.4. Urbanisation

The urbanisation rate describes the average rate of change of the size of the urban population over a given period and measures the percentage of persons living in urban areas (Global Insight, 2013).

Table 3:5 illustrates the urbanisation rate of the metropolitan cities as well Gauteng Province from 1996 to 2011. All metros have an urbanisation rate of more than 70%, while CoJ and CoC have led, with an urbanisation rate of 98.9% and 98.7% respectively in 2011. This can be attributed to the level of economic activity in these cities, which encourages greater relocation.

Table 3:5 Urbanisation Rate by Metro

	CoJ	CoC	ETH	EKU	CoJ	NMA	TSH	MAN	BUF
2001	94.1%	98.8%	88.9%	98.0%	98.4%	97.4%	87.7%	93.4%	74.2%
2002	93.7%	98.3%	87.8%	97.6%	98.0%	96.8%	87.4%	92.9%	74.2%
2003	93.6%	98.7%	86.7%	97.0%	98.5%	96.1%	86.9%	92.2%	74.0%
2004	93.9%	98.7%	85.6%	98.1%	98.6%	95.5%	86.6%	91.6%	73.9%
2005	93.9%	98.7%	84.8%	98.2%	98.6%	95.2%	86.6%	91.3%	74.1%
2006	94.0%	98.7%	84.1%	98.2%	98.7%	95.0%	86.7%	91.2%	74.3%
2007	94.1%	98.7%	83.6%	98.2%	98.7%	95.0%	86.9%	91.2%	74.7%
2008	94.4%	98.7%	83.1%	98.3%	98.8%	96.7%	87.1%	91.2%	75.0%
2009	94.6%	98.7%	82.9%	98.3%	98.8%	96.6%	87.7%	91.5%	75.7%
2010	94.9%	98.7%	82.7%	98.4%	98.9%	96.5%	88.4%	92.0%	76.4%
2011	95.2%	98.7%	82.7%	98.4%	98.9%	96.4%	89.3%	92.5%	77.3%

Source: Constructed from Global Insight, April 2013

4. Chapter four: Service Delivery (Household Infrastructure)

4.1. MUNICIPAL SERVICES

Despite significant macroeconomic development progress by CoJ in the past 19 years, service delivery remains a crucial area of concern. Developing a sustainable built environment that meets basic human remains a challenge. CoJ continues to strive to improve access to basic services. In terms of the CoJ IDP 2013 - 2016, the city continues to pursue the following targets for water, sanitation and electricity by 2014:

- Water from 96% to 100%
- Sanitation from 98% to 100%
- Electricity from 91.2% to 92%.

CoJ's approach to addressing access to basic services integrates provision of infrastructure with transformation and promotion of economic growth. In addition, and in line with the Joburg 2040 Strategy, provision of basic services should integrate sustainability principles (CoJ, 2013). The spatial disparities among the different regions in the city and the fact that, in some instances, efforts to address these have perpetuated the situation, are recognised in the Joburg 2040 Strategy. Plans put in place by the city to address these and move towards spatial balance include:

- Sustainable and integrated delivery of water, sanitation, energy and waste
- Ensuring ecomobility through the promotion of mass public transportation
- Creating sustainable human settlements through spatial planning, economic and social investment (CoJ, 2013).

This chapter discusses the state of service delivery (household infrastructure) for CoJ from 1994 to the most recent date on which data was available. Development and provision of household infrastructure contributes to meeting basic human needs. This analysis contains CoJ findings, and comparatisons of CoJ regions and of CoJ and other metros.

4.2. HOUSING

According to CoJ's IDP 2013 - 2016, meeting housing demands remains one of the city's biggest challenges. About 6% of households are formally estimated to be living in informal dwellings and trends show increased densification of informal settlements instead of creation of new settlements. CoJ recognises the high migration and urbanisation rates facing the city, and the associated challenges of informality that are expected to remain. Despite these realities, CoJ remains committed to ensuring that all households in the city, including those located in informal settlements, have access to basic services and amenities (CoJ, 2013).

CoJ housing targets have been framed in line with the South African government's ***Outcome 8: Sustainable human settlements and improved quality of household life.*** Among the key commitments for the current term of office is provision of basic services and infrastructure to all settlements, regardless of their state of formality. In addition, CoJ plans to implement committed RDP houses, but future housing developments will take into consideration issues of

mixed-income developments, quality and access to social and economic opportunities (CoJ, 2013). Sustainable human settlements have been identified as one of the most crucial pillars requiring concerted focus in the current mayoral term. Priority areas include a range of housing options such as rental housing, hostel development, mixed-income projects and gap-market accommodation (CoJ, 2013). Table 4:1 summarises the emphasis for the current term of office on sustainable human settlements.

Table 4:1 Emphasis for the Current Term of Office on Sustainable Human Settlements[18]

Priority	Overview	Decade One deliverables	Term of office deliverables	Who are the role-players?	Iconic/flagship-projects
Sustainable human settlements	The key objective for this programme is to address spatial inequality and create the material conditions for economic growth, with an emphasis on strengthening the inclusive nature of entrepreneurial, middle-, working class and marginalised economic activity. This is defined by • Accessibility; • Integrated living spaces; • Economic opportunities; • Range of housing options; • Social and open space amenities, and • Social cohesion	% of formalised settlements with access to above minimum service levels. People's Housing Process (PHP) as acceptable mode of sustainable human settlement (SHS) delivery in appropriately identified areas	Sustainable Human Settlements Urbanisation Plan (SHSUP). Formalisation (legalisation) of all well-located settlements. Provision of basic services, minimum levels in areas that are intended for relocation – contain growth of these areas. Integrate hostels and developments around them (including location near railways)	MEs and city departments partnerships with private sector	Integrated waste management from informal settlements to sustainable human settlements. Urban water management. Economic growth. 100% universal access to minimum service levels

Source: Adapted from CoJ (2013)

Table 4:2 presents the percentage of household by type of dwelling for the metro regions, based on Census 2011 data. Results show a slight decrease in the percentage of the population living in informal dwellings, from 21.5% (1996) to 17.4% (2011). In 2011, CoJ ranked third after NMB and MAN for percentage of formal dwellings. The percentage of those living in formal dwellings also slightly increased, from 77.8% (1996) to 81.4% (2011). Migration to CoJ from other parts of South Africa and other countries presents challenges to eradicating informal dwellings.

18 The table focuses on elements related to informal dwellings

Table 4:2 Percentages of households by type of main dwelling

	CoJ	CoT	EKU	CoC	BUF	NMB	EThekwini	Mangaung
Formal								
1996	77.8	78.3	70.2	80	62	71.9	70.6	71.1
2001	77.6	74.4	70	78.9	62.9	75.2	72.8	71.7
2011	81.4	70	77.4	78.4	72.5	87.2	79	83.7
Informal								
1996	21.5	20.1	29.1	19.4	26.6	27.1	21.8	22.9
2001	21.1	23	28.6	18.8	28.7	22.9	19.1	23.7
2011	17.4	18	21.5	20.5	22.3	12	15.6	14.1
Traditional								
1996	0.4	1.4	0.4	0.4	10.9	0.8	7.2	5.8
2001	1.2	1.7	1.1	1.9	8.1	1.6	7.6	4.3
2011	0.4	0.4	0.2	0.4	4.5	0.3	4.2	1.3

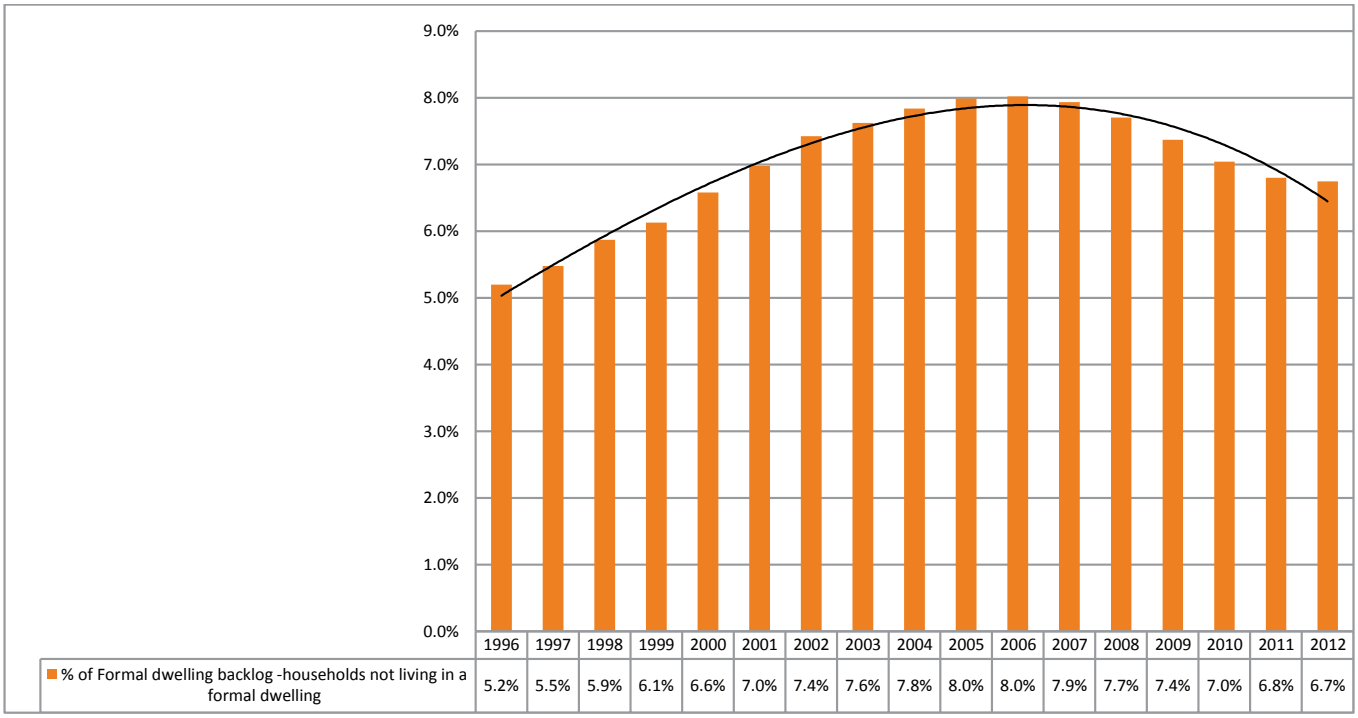
Source: Constructed using Statistics South Africa data (2012b)

Table 4:2 presents the percentage of households by type of dwelling for the metro regions based on Census 2011 data. Tables 4:2 and 4:3 present proportion of households not living in a formal dwelling[19] (based on Global Insight data). CoJ trends show an increasing trend in the proportion of households not living in a formal dwelling peaking, at 8% in 2005 and 2006 and then declining to about 6.7% in 2012. The increasing trend could be partly explained by influx of migrants from other both parts of the country and other countries after the end of apartheid, in search of a better life, work, education opportunities etc. CoJ ranks after BUF, EKU and CoT in proportion of households not living in a formal dwelling. Comparative assessment of CoJ regions shows disparities in terms of formal dwelling backlogs (Figure 3). Regions A and G have relatively the highest proportions of households not living in a formal dwelling. The main reason is the informal settlements in these regions. The effect of informal settlements in increasing formal dwelling backlogs is also evident in Region E, which combines Sandton and Alexandra. Region B has the lowest proportion of households not living in a formal dwelling.

Further, the city's IDP 2013 - 2016 notes that, despite the decrease in the number of people living in informal dwellings, the 2011 Census evidence shows a marginal increase in the number of households still living in informal dwellings. The challenges of growing urbanisation means that more effort is required to provide service delivery to the growing population, and that includes providing formal dwellings. The city's population increased by over 37% between 2001 and 2011, according to the 2011 Census. The growing urbanisation that has characterised CoJ over recent years put additional pressure on resources and planning to provide basic services such as housing, water, sanitation, electricity etc. Despite progress made in providing basic services in CoJ, growing urbanisation, especially in informal settlements, led to increased number of vulnerable people living in squalid conditions. This increases the number of backlogs in service delivery, such as access to improved housing, water and sanitation etc, and is a source of social unrest.

19 A formal dwelling unit is a structure built according to approved plans, ie house on a separate stand, flat or apartment, townhouse, room in backyard, rooms or flatlet elsewhere etc, but without running water amd/or a flush toilet. A very formal dwelling unit is the similar to a formal dwelling unit but it has running water and flush toilets.

Figure 4:1 Formal Dwelling Backlog – CoJ Households not Living in a Formal Dwelling (%)[20]

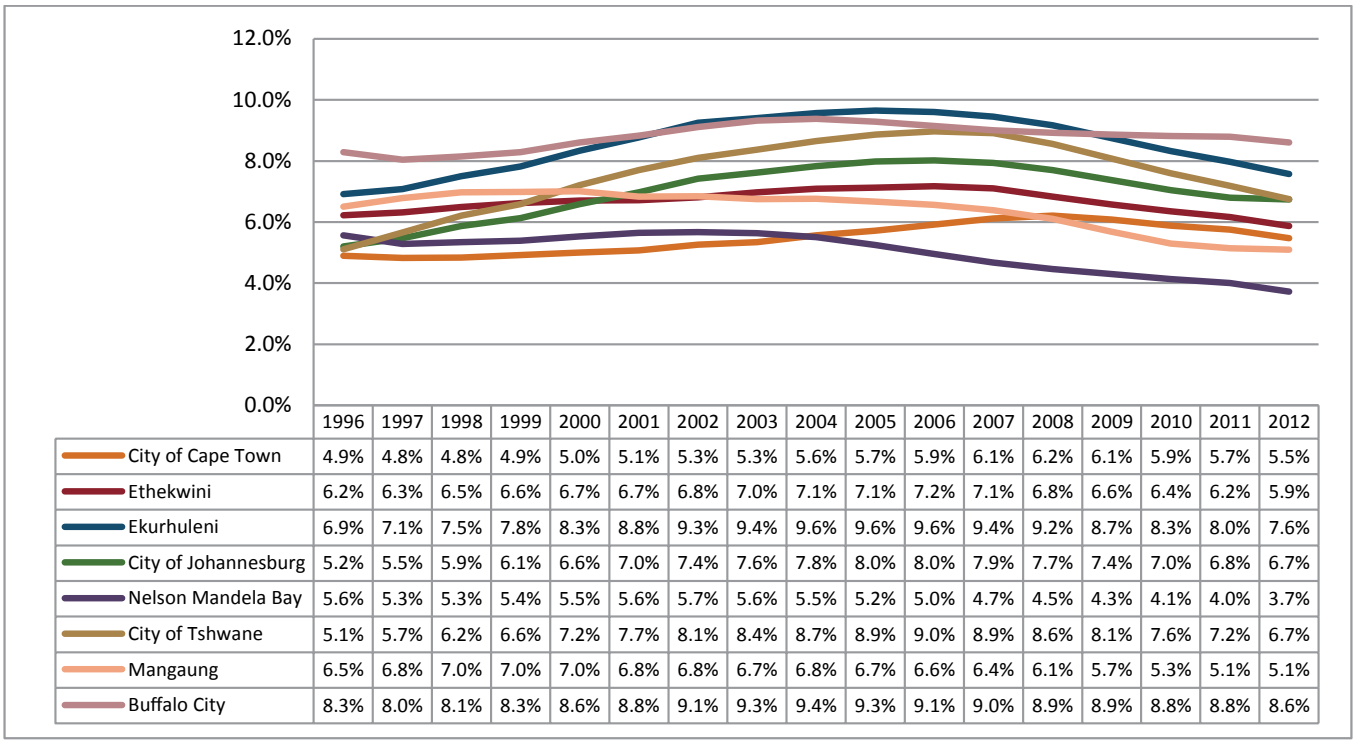


	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
% of Formal dwelling backlog -households not living in a formal dwelling	5.2%	5.5%	5.9%	6.1%	6.6%	7.0%	7.4%	7.6%	7.8%	8.0%	8.0%	7.9%	7.7%	7.4%	7.0%	6.8%	6.7%

Source: Constructed from Global Insight data, April 2013

Figure 4:1 shows the formal dwelling backlog - households not living in formal dwelling in CoJ from 1996 to 2012. The percentage of dwelling backlog increased between 1996 and 2006 from 5,2% to 8,0% before starting to decrease in subsequent years. This was probably due to the high urbanisation rate in Johannesburg, exacerbating the dwelling backlog.

Figure 4:2: Formal Dwelling Backlog - Households not Living in a Formal Dwelling (Metros - %)



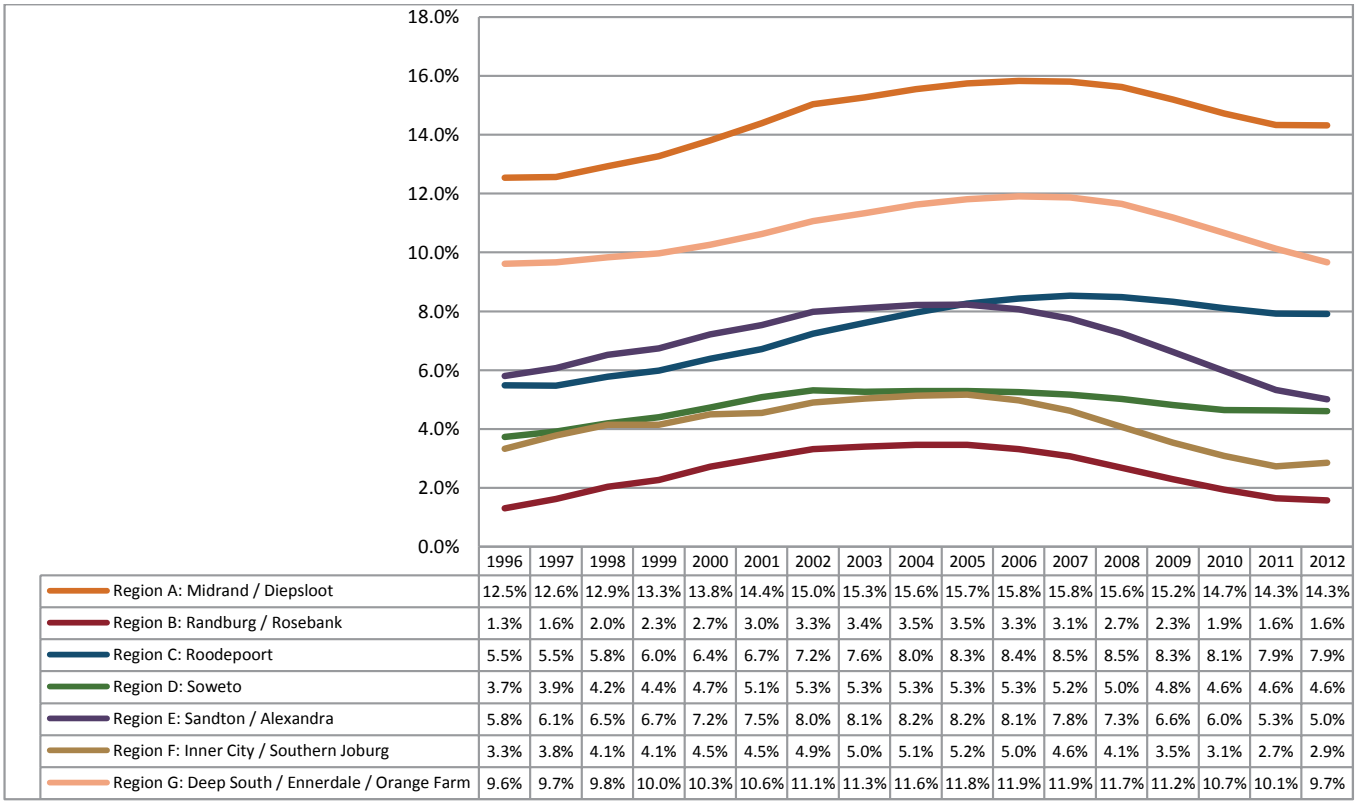
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City of Cape Town	4.9%	4.8%	4.8%	4.9%	5.0%	5.1%	5.3%	5.3%	5.6%	5.7%	5.9%	6.1%	6.2%	6.1%	5.9%	5.7%	5.5%
Ethekwini	6.2%	6.3%	6.5%	6.6%	6.7%	6.7%	6.8%	7.0%	7.1%	7.1%	7.2%	7.1%	6.8%	6.6%	6.4%	6.2%	5.9%
Ekurhuleni	6.9%	7.1%	7.5%	7.8%	8.3%	8.8%	9.3%	9.4%	9.6%	9.6%	9.6%	9.4%	9.2%	8.7%	8.3%	8.0%	7.6%
City of Johannesburg	5.2%	5.5%	5.9%	6.1%	6.6%	7.0%	7.4%	7.6%	7.8%	8.0%	8.0%	7.9%	7.7%	7.4%	7.0%	6.8%	6.7%
Nelson Mandela Bay	5.6%	5.3%	5.3%	5.4%	5.5%	5.6%	5.7%	5.6%	5.5%	5.2%	5.0%	4.7%	4.5%	4.3%	4.1%	4.0%	3.7%
City of Tshwane	5.1%	5.7%	6.2%	6.6%	7.2%	7.7%	8.1%	8.4%	8.7%	8.9%	9.0%	8.9%	8.6%	8.1%	7.6%	7.2%	6.7%
Mangaung	6.5%	6.8%	7.0%	7.0%	7.0%	6.8%	6.8%	6.7%	6.8%	6.7%	6.6%	6.4%	6.1%	5.7%	5.3%	5.1%	5.1%
Buffalo City	8.3%	8.0%	8.1%	8.3%	8.6%	8.8%	9.1%	9.3%	9.4%	9.3%	9.1%	9.0%	8.9%	8.9%	8.8%	8.8%	8.6%

Source: Constructed from Global Insight, April 2013

20 The formal dwelling backlog refers to the number of households not living in a formal or a very formal dwelling.

Figure 4:2 shows the formal dwelling backlog for metropolitan regions from 1996 to 2012. BUF had the highest percentage of backlog in 2012 (8.6%) relative to other metropolitan cities. NMB had the lowest percentage dwelling backlog in 2012 (3.7%); CoJ had a higher percentage of formal dwelling backlog (6.7%) compared to CoT (5.5%), and ETH (5.6%).

Figure 4:3 Formal Dwelling Backlog - Households not Living in a Formal Dwelling (CoJ regions - %)



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Region A: Midrand / Diepsloot	12.5%	12.6%	12.9%	13.3%	13.8%	14.4%	15.0%	15.3%	15.6%	15.7%	15.8%	15.8%	15.6%	15.2%	14.7%	14.3%	14.3%
Region B: Randburg / Rosebank	1.3%	1.6%	2.0%	2.3%	2.7%	3.0%	3.3%	3.4%	3.5%	3.5%	3.3%	3.1%	2.7%	2.3%	1.9%	1.6%	1.6%
Region C: Roodepoort	5.5%	5.5%	5.8%	6.0%	6.4%	6.7%	7.2%	7.6%	8.0%	8.3%	8.4%	8.5%	8.5%	8.3%	8.1%	7.9%	7.9%
Region D: Soweto	3.7%	3.9%	4.2%	4.4%	4.7%	5.1%	5.3%	5.3%	5.3%	5.3%	5.3%	5.2%	5.0%	4.8%	4.6%	4.6%	4.6%
Region E: Sandton / Alexandra	5.8%	6.1%	6.5%	6.7%	7.2%	7.5%	8.0%	8.1%	8.2%	8.2%	8.1%	7.8%	7.3%	6.6%	6.0%	5.3%	5.0%
Region F: Inner City / Southern Joburg	3.3%	3.8%	4.1%	4.1%	4.5%	4.5%	4.9%	5.0%	5.1%	5.2%	5.0%	4.6%	4.1%	3.5%	3.1%	2.7%	2.9%
Region G: Deep South / Ennerdale / Orange Farm	9.6%	9.7%	9.8%	10.0%	10.3%	10.6%	11.1%	11.3%	11.6%	11.8%	11.9%	11.9%	11.7%	11.2%	10.7%	10.1%	9.7%

Source: Constructed from Global Insight, April 2013

Figure 4:3 shows the formal dwelling backlog for CoJ regions from 1996 to 2012. Region A (Midrand/ Diepsloot) experienced the highest percentage of dwelling backlog for the period—, because Diepsloot is overwhelming the region with informal settlements.

4.3. SANITATION

Addressing access to sanitation is a CoJ priority area in the current term of office (CoJ, 2013). Table 4:3 shows percentage of households by toilet type for metros based on Stats SA data. It shows that the percentage of CoJ household with flush toilets did not change significantly - from 86.9% (1996) to 86.5% (2001) before increasing to 90.5% (2011). In 2011, CoJ ranked after CoC after (92.3%) of households with access to flush toilets. CoJ saw an increase from 1.5% (1996) to 2.8% (2001) in the number of households with not toilets, before experiencing a sharp decline in 2011 (0.8%).

Table 4:3 Percentage of household by toilet type (Metro)

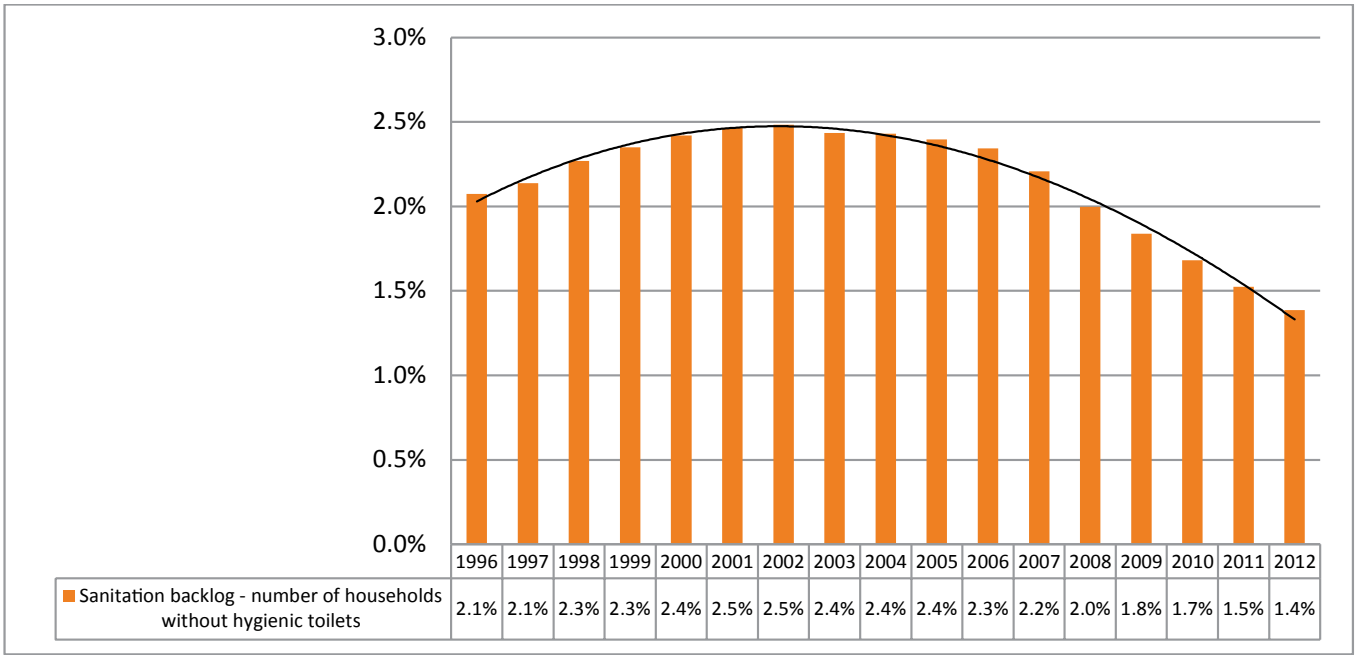
	Period	Flush toilet	No toilet
COJ	1996	86.9	1.5
	2001	86.5	2.8
	2011	90.5	0.8
CoT	1996	74	1.3
	2001	71.5	3.1
	2011	79.4	1.3

	Period	Flush toilet	No toilet
EKU	1996	84	4.5
	2001	83	5.2
	2011	87.6	1.2
CoC	1996	89.6	4.9
	2001	87.4	7.3
	2011	92.3	2.7
BUF	1996	67.1	10.4
	2001	67.3	12.5
	2011	72.9	6.4
NMB	1996	84	2.4
	2001	79.5	4.2
	2011	89.4	1.9
ETH	1996	65.3	2.9
	2001	68.9	4.1
	2011	75.7	2.1
MAN	1996	49.4	6.1
	2001	50.4	9.4
	2011	63	3.5

Source: Constructed from Statistics South Africa data (2011)

Figure 4:4 shows the sanitation backlog (proportion of CoJ households without hygienic toilets). Based on the Global Insight data and using 1996 as the reference year, the backlog of access to hygienic toilets decreased by 0.7% from 2.1% only in 1996 to 1.4% in 2012. As noted above, growing urbanisation, especially in the number of informal settlements, might be the major factor in the slow progress in achieving universal access to hygienic toilets.

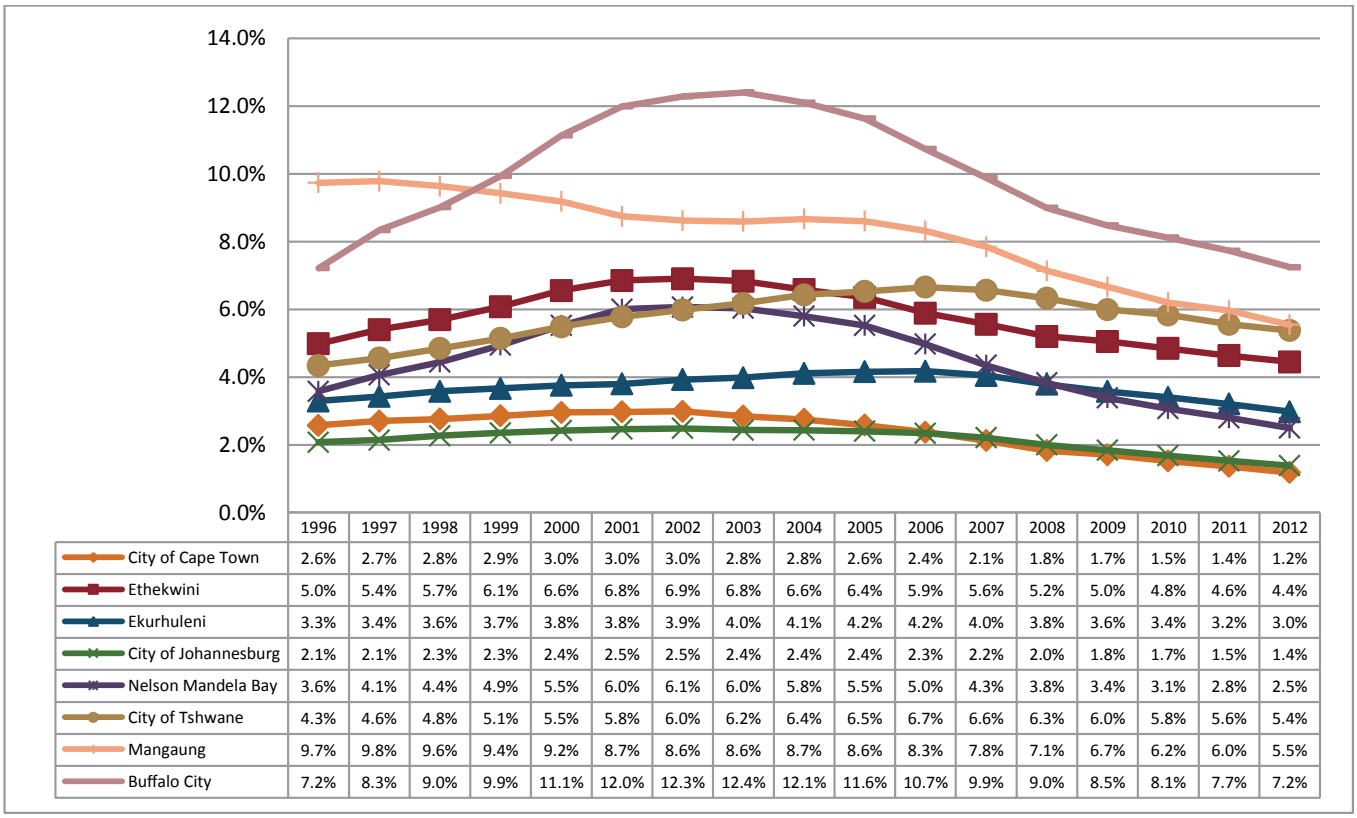
Figure 4:4 Sanitation Backlog - Households Without Hygienic Toilets (%)



Source: Constructed from Global Insight data, April 2013

Figure 4:5 to Figure 4:6 show the sanitation backlog (proportion of households without hygienic toilets) in the metros and in CoJ regions, based on Global Insight data. Sanitation backlog represents the proportion of households without access to a hygienic toilet[21].

Figure 4:5 Sanitation Backlog - Households Without Hygienic Toilets (Metros - %)



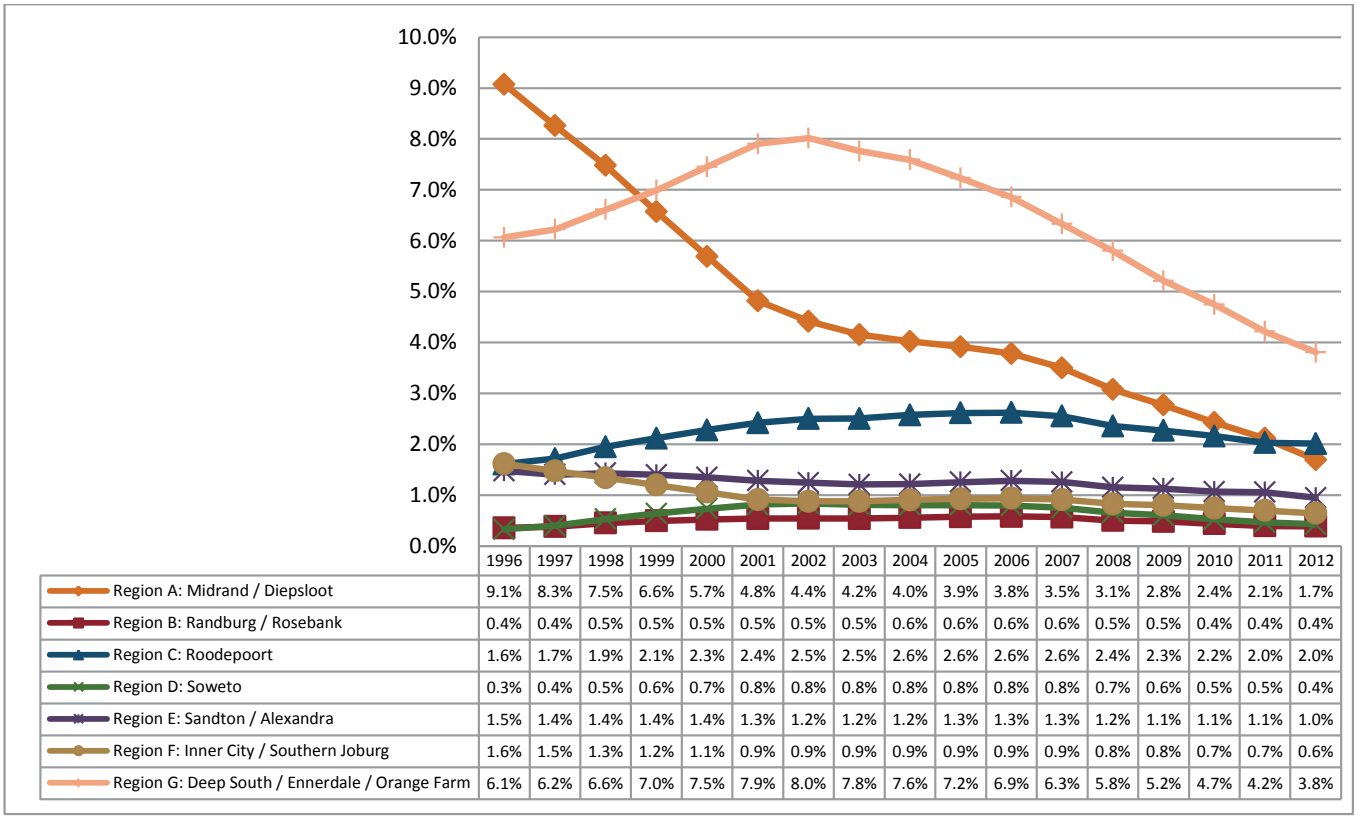
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City of Cape Town	2.6%	2.7%	2.8%	2.9%	3.0%	3.0%	3.0%	2.8%	2.8%	2.6%	2.4%	2.1%	1.8%	1.7%	1.5%	1.4%	1.2%
Ethekwini	5.0%	5.4%	5.7%	6.1%	6.6%	6.8%	6.9%	6.8%	6.6%	6.4%	5.9%	5.6%	5.2%	5.0%	4.8%	4.6%	4.4%
Ekurhuleni	3.3%	3.4%	3.6%	3.7%	3.8%	3.8%	3.9%	4.0%	4.1%	4.2%	4.2%	4.0%	3.8%	3.6%	3.4%	3.2%	3.0%
City of Johannesburg	2.1%	2.1%	2.3%	2.3%	2.4%	2.5%	2.5%	2.4%	2.4%	2.4%	2.3%	2.2%	2.0%	1.8%	1.7%	1.5%	1.4%
Nelson Mandela Bay	3.6%	4.1%	4.4%	4.9%	5.5%	6.0%	6.1%	6.0%	5.8%	5.5%	5.0%	4.3%	3.8%	3.4%	3.1%	2.8%	2.5%
City of Tshwane	4.3%	4.6%	4.8%	5.1%	5.5%	5.8%	6.0%	6.2%	6.4%	6.5%	6.7%	6.6%	6.3%	6.0%	5.8%	5.6%	5.4%
Mangaung	9.7%	9.8%	9.6%	9.4%	9.2%	8.7%	8.6%	8.6%	8.7%	8.6%	8.3%	7.8%	7.1%	6.7%	6.2%	6.0%	5.5%
Buffalo City	7.2%	8.3%	9.0%	9.9%	11.1%	12.0%	12.3%	12.4%	12.1%	11.6%	10.7%	9.9%	9.0%	8.5%	8.1%	7.7%	7.2%

Source: Constructed from Global Insight data, April 2013

CoJ has the smallest backlog of all metros of households without hygienic toilets – the city started with a very small backlog in 1996, but progress in reducing the backlog is slower than in metros that started with bigger backlogs, such as Mangaung, with 9.7% in 1996 down to 5.4% in 2012. However, the overall trend for CoJ shows a decline compared to CoT, for example, which shows an increase in the backlog, from 4.3% in 1996 to 5.4% in 2012 (Figure 4:6).

21 A hygienic toilet refers to a flush toilet, chemical toilet and a pit latrine with a ventilation pipe.

Figure 4:6 Sanitation Backlog - Households Without Hygienic Toilets (CoJ regions)



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Region A: Midrand / Diepsloot	9.1%	8.3%	7.5%	6.6%	5.7%	4.8%	4.4%	4.2%	4.0%	3.9%	3.8%	3.5%	3.1%	2.8%	2.4%	2.1%	1.7%
Region B: Randburg / Rosebank	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.4%	0.4%	0.4%
Region C: Roodepoort	1.6%	1.7%	1.9%	2.1%	2.3%	2.4%	2.5%	2.5%	2.6%	2.6%	2.6%	2.6%	2.4%	2.3%	2.2%	2.0%	2.0%
Region D: Soweto	0.3%	0.4%	0.5%	0.6%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%
Region E: Sandton / Alexandra	1.5%	1.4%	1.4%	1.4%	1.4%	1.3%	1.2%	1.2%	1.2%	1.3%	1.3%	1.3%	1.2%	1.1%	1.1%	1.1%	1.0%
Region F: Inner City / Southern Joburg	1.6%	1.5%	1.3%	1.2%	1.1%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.7%	0.7%	0.6%
Region G: Deep South / Ennerdale / Orange Farm	6.1%	6.2%	6.6%	7.0%	7.5%	7.9%	8.0%	7.8%	7.6%	7.2%	6.9%	6.3%	5.8%	5.2%	4.7%	4.2%	3.8%

Source: Constructed from Global Insight data, April 2013

Figure 4:6 presents the CoJ regional comparison of the backlog of households without hygienic toilets. Region A started with the highest backlog in 1996, 9.1%, and shows the mostprogress in reducing the backlog, to 1.7% in 2012. Unlike the overall declining trend in all regions, Region C shows an increasing trend in the backlog of households without hygienic toilets, from 1.6% in 1996 to 2.0% in 2012. Regions B and D show a consistently low backlog of households without hygienic toilets from 1996 to 2012.

4.4. WATER

Figure 4:7 presents the distribution of households by access to piped water for the metros based on Stats SA data. Results show that, despite plans to achieve universal access to water, including nationally, CoJ, by 2011, was at 91.5% access to piped (tap) water inside dwelling, with 1.5% without access. Numbers of those without access increased by 50% to 3% in 2001 and then dropped by almost 60% to 1.4% in 2011. As with other services, access is also affected by factors such as urbanisation and functionality of the water services infrastructure provided. Although access might be high at metro level, access is needed to functionality of the water services infrastructure. This points to the importance of ensuring sustainability of water and other services in CoJ and other metros.

Table 4:4 Distributions of Households by Access to Piped Water (%)

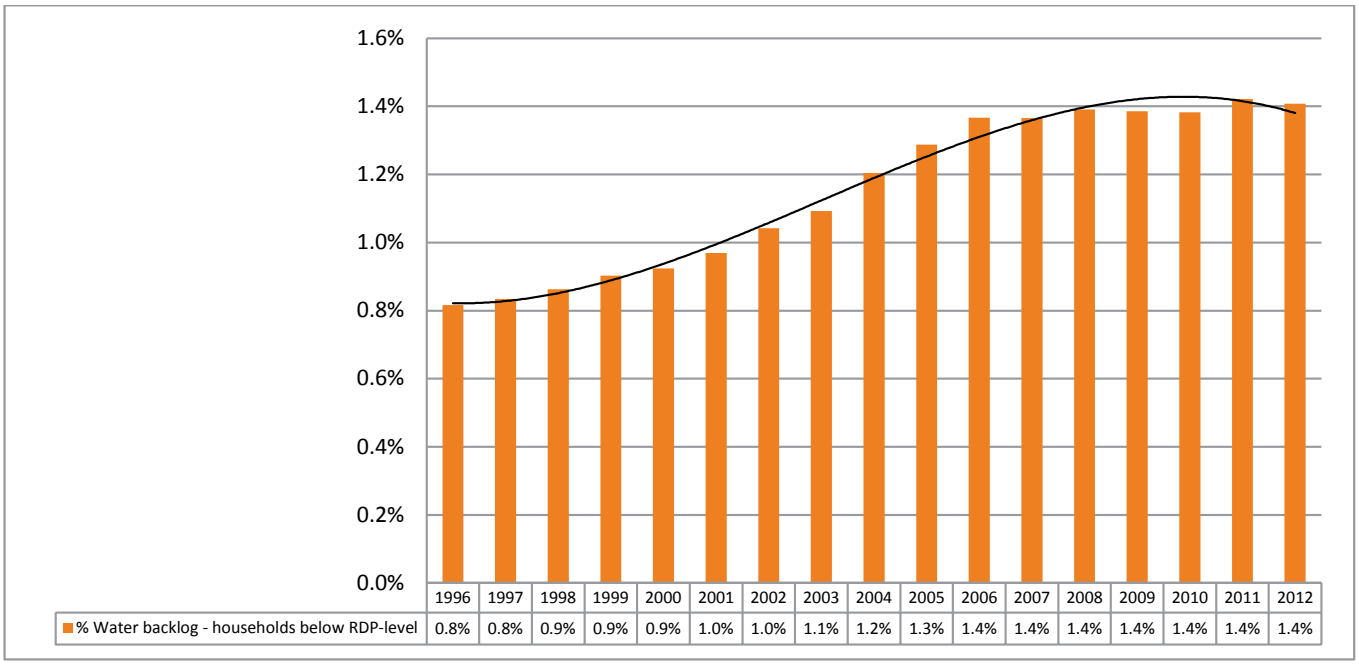
		Piped (tap) water inside the dwelling/yard	Piped (tap) water on communal stand	No access
CoJ	1996	86.5	11.7	1.5
	2001	84.5	12.6	3
	2011	91.6	7	1.4
CoT	1996	78.9	14.9	5.2
	2001	79.7	15.5	4.8
	2011	89.2	7.4	3.4
EKU	1996	84.3	12.8	1.9
	2001	81.9	16.4	1.7
	2011	87.1	11.7	1.1
CoC	1996	89.8	8.3	1.9
	2001	84.4	14.3	1.2
	2011	87.3	12	0.7
BUF	1996	48.2	43.9	8.9
	2001	58.7	35.1	6.2
	2011	70.8	26.7	2.5
NMB	1996	64.4	34.6	1.7
	2001	79.7	18.9	1.3
	2011	90.3	8.7	1
ETH	1996	70.9	23.6	4.1
	2001	69.7	25.2	5.1
	2011	80.7	16.5	2.8
MAN	1996	65.7	31.7	2.6
	2001	68.8	26.9	4.3
	2011	86.7	11.2	2.1

Source: Constructed using Statistics South Africa data (2012b)

Figure 4:8 presents the water backlog (households with access to piped water below RDP-level)[22]. Those below RDP-level with access increased from 0.8% in 1996, peaking at 1.4% in 2006 and remained at the same level until 2012. CoJ is unlikely to meet the target of access to piped water by 2014. CoJ is second after NMB, which has the lowest proportion of households with piped water below RDP-level (Figure 4:7). CoJ faces water scarcity and increasing cost of water challenges as it is one of the few major cities not located on a major water source (CoJ, 2013).

22 Above-RDP level includes all households that have access to piped water in their dwelling, in their yard or within 200 meters of their dwelling.

Figure 4:7 Water Backlog - Households Below RDP-level (%)

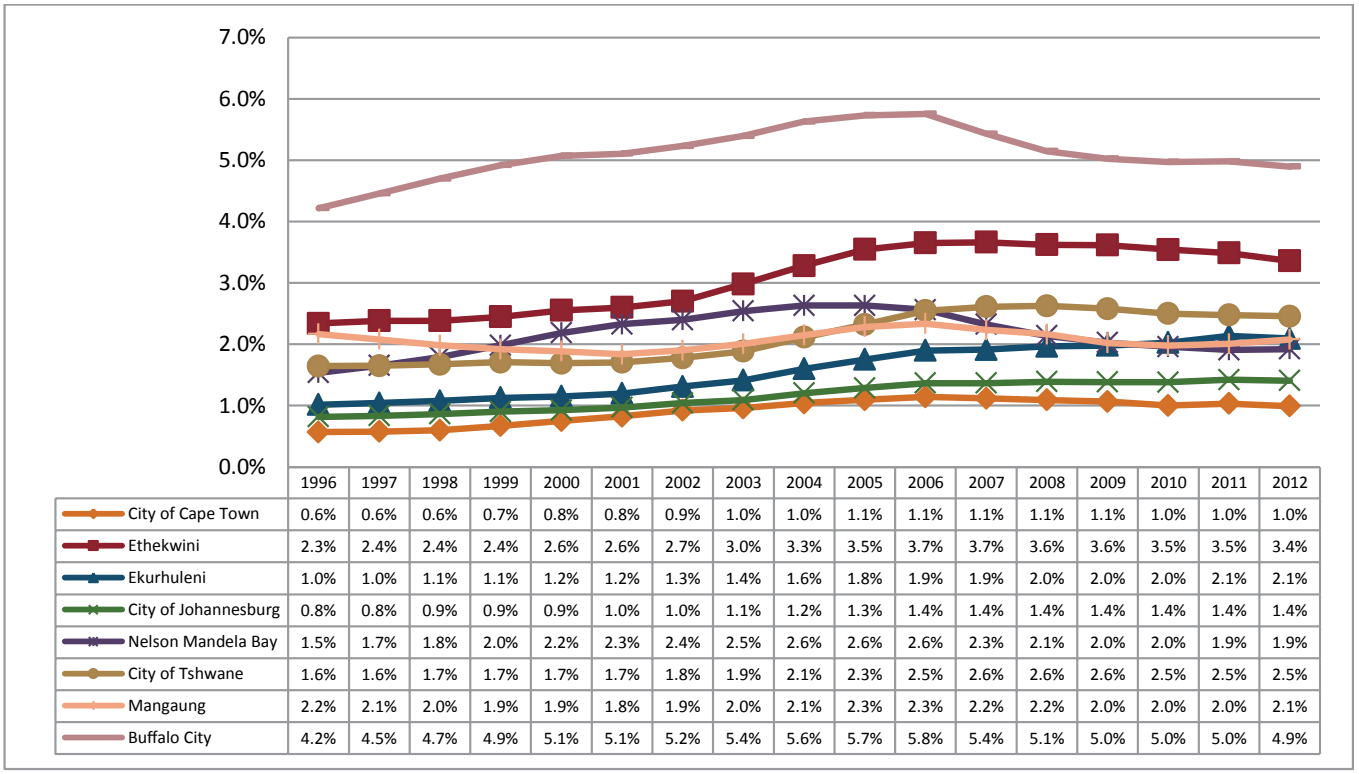


	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
% Water backlog - households below RDP-level	0.8%	0.8%	0.9%	0.9%	0.9%	1.0%	1.0%	1.1%	1.2%	1.3%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%

Source: Constructed from Global Insight data, April 2013

Figure 4:7 shows the percentage of water backlog households below RDP-level for CoJ from 1996 to 2012. The percentage of water backlog increased from 1996 to 2006, from 0,8% to 1,4%, as a result of the city's high urbanisation rate, which puts pressure on efforts to reduce the backlog.

Figure 4:8 Percentage of Water Backlog - Households Below RDP-level (Metros)

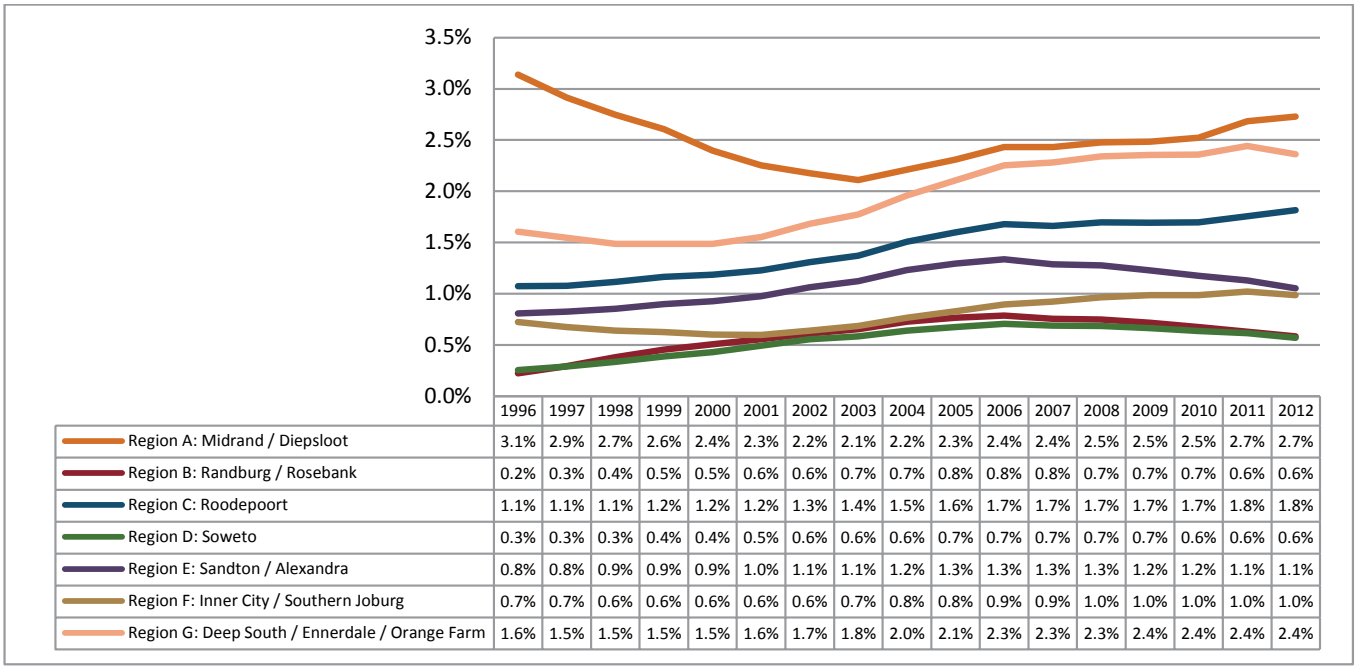


	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City of Cape Town	0.6%	0.6%	0.6%	0.7%	0.8%	0.8%	0.9%	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%	1.0%	1.0%	1.0%
Ethekwini	2.3%	2.4%	2.4%	2.4%	2.6%	2.6%	2.7%	3.0%	3.3%	3.5%	3.7%	3.7%	3.6%	3.6%	3.5%	3.5%	3.4%
Ekurhuleni	1.0%	1.0%	1.1%	1.1%	1.2%	1.2%	1.3%	1.4%	1.6%	1.8%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.1%
City of Johannesburg	0.8%	0.8%	0.9%	0.9%	0.9%	1.0%	1.0%	1.1%	1.2%	1.3%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
Nelson Mandela Bay	1.5%	1.7%	1.8%	2.0%	2.2%	2.3%	2.4%	2.5%	2.6%	2.6%	2.6%	2.3%	2.1%	2.0%	2.0%	1.9%	1.9%
City of Tshwane	1.6%	1.6%	1.7%	1.7%	1.7%	1.7%	1.8%	1.9%	2.1%	2.3%	2.5%	2.6%	2.6%	2.6%	2.5%	2.5%	2.5%
Mangaung	2.2%	2.1%	2.0%	1.9%	1.9%	1.8%	1.9%	2.0%	2.1%	2.3%	2.3%	2.2%	2.2%	2.0%	2.0%	2.0%	2.1%
Buffalo City	4.2%	4.5%	4.7%	4.9%	5.1%	5.1%	5.2%	5.4%	5.6%	5.7%	5.8%	5.4%	5.1%	5.0%	5.0%	5.0%	4.9%

Source: Constructed from Global Insight, April 2013

Figure 4:8 shows the water backlog for metropolitan regions from 1996 to 2012. BUF had the highest percentage in 2012 (4.9%). CoJ had a relatively low percentage (1.4%) compared to regions other than CoT (1.0%).

Figure 4:9 Percentage of Water Backlog - Households Below RDP-level (CoJ regions)



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Region A: Midrand / Diepsloot	3.1%	2.9%	2.7%	2.6%	2.4%	2.3%	2.2%	2.1%	2.2%	2.3%	2.4%	2.4%	2.5%	2.5%	2.5%	2.7%	2.7%
Region B: Randburg / Rosebank	0.2%	0.3%	0.4%	0.5%	0.5%	0.6%	0.6%	0.7%	0.7%	0.8%	0.8%	0.8%	0.7%	0.7%	0.7%	0.6%	0.6%
Region C: Roodepoort	1.1%	1.1%	1.1%	1.2%	1.2%	1.2%	1.3%	1.4%	1.5%	1.6%	1.7%	1.7%	1.7%	1.7%	1.7%	1.8%	1.8%
Region D: Soweto	0.3%	0.3%	0.3%	0.4%	0.4%	0.5%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%
Region E: Sandton / Alexandra	0.8%	0.8%	0.9%	0.9%	0.9%	1.0%	1.1%	1.1%	1.2%	1.3%	1.3%	1.3%	1.3%	1.2%	1.2%	1.1%	1.1%
Region F: Inner City / Southern Joburg	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.8%	0.8%	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%
Region G: Deep South / Ennerdale / Orange Farm	1.6%	1.5%	1.5%	1.5%	1.5%	1.6%	1.7%	1.8%	2.0%	2.1%	2.3%	2.3%	2.3%	2.4%	2.4%	2.4%	2.4%

Source: Constructed from Global Insight, April 2013

Figure 4:9 presents the CoJ regional comparison of the water backlog. Regions G, C and F showed an increasing trend of households below RDP-level with piped water. Regions A (2.7%), G (2.4%) and C (1.8%) had the largest backlogs at 2012. Despite progress, some informal settlements still lagged behind (CoJ, 2013). This is evidenced by the relatively high backlogs in regions with informal settlements and high rates of population growth and urbanisation. It will be difficult to achieve below RDP-level targets by 2014.

4.5. ELECTRICITY

Figure 4:10 shows the percentage of households using electricity for lighting, cooking and heating for metros based on Stats SA data (2011). The percentage of households using electricity for lighting decreased slightly from 1996 (85.9%) to 2001 (84.9%) before increasing to 90.8% in 2011. Compared with other metros in 2011, CoJ was ranked after CoC (94%) and Mangaung (93.3%).

Table 4:5 Households Using Electricity for Lighting, Cooking and Heating (%)

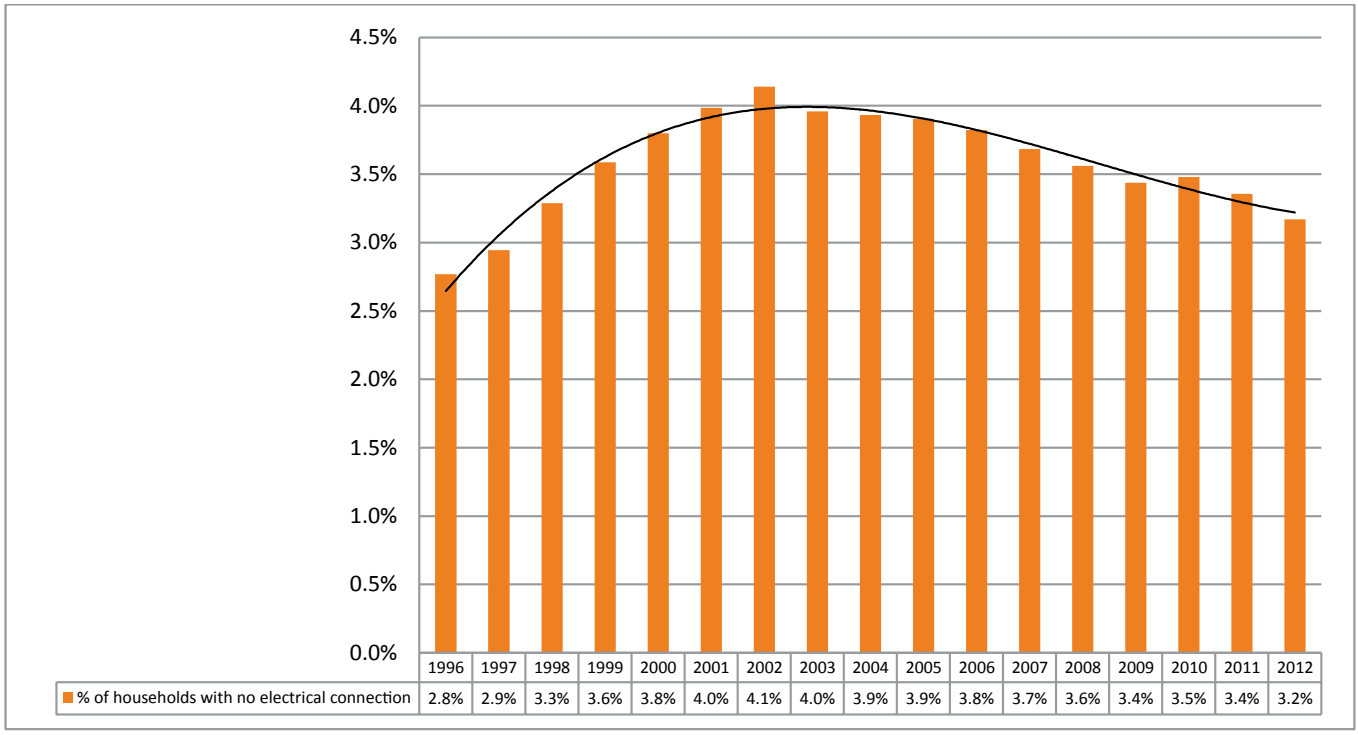
		Lighting	Cooking	Heating
CoJ	1996	85.9	80.9	81.2
	2001	84.9	78.7	76.9
	2011	90.8	87.4	82.1
CoT	1996	77.3	71.9	72.5
	2001	79.9	70.5	69.3
	2011	88.6	84.2	73.5
EKU	1996	75.4	64.7	62.5
	2001	74.8	65.6	61.7
	2011	82.2	79.4	65.6

		Lighting	Cooking	Heating
CoC	1996	87.2	80.2	77.9
	2001	88.8	80.2	75
	2011	94	87.6	63
BUF	1996	46.9	42	40.1
	2001	63	43	35.6
	2011	80.9	74.4	41.1
NMB	1996	71.2	65	62.4
	2001	75	65	59.5
	2011	90.5	85.9	54.5
ETH	1996	74.3	71.8	73.5
	2001	79.7	72	71.5
	2011	89.9	85.7	75.9
MAN	1996	61.5	50.8	48
	2001	85	60.6	54.4
	2011	93.3	88.4	54.9

Source: Constructed using Stats SA data (2012b)

Figure 4:10 reflects CoJ households with no electricity connection based on Global Insight data. According to the CoJ IDP 2013-2016, most of the fires the city responds to are caused by lack of access to energy sources or safer alternatives. This makes this indicator crucial for tCoJ. Figure 4:10 shows that the proportion of households with no electricity connection increased from 2.8% in 1996 to 4.1% in 2002, before a gradual decline to 3.2% in 2012. Although the share of households with no electricity connection decreased. By 2012, the backlog was higher than the 2.8% of 1996.

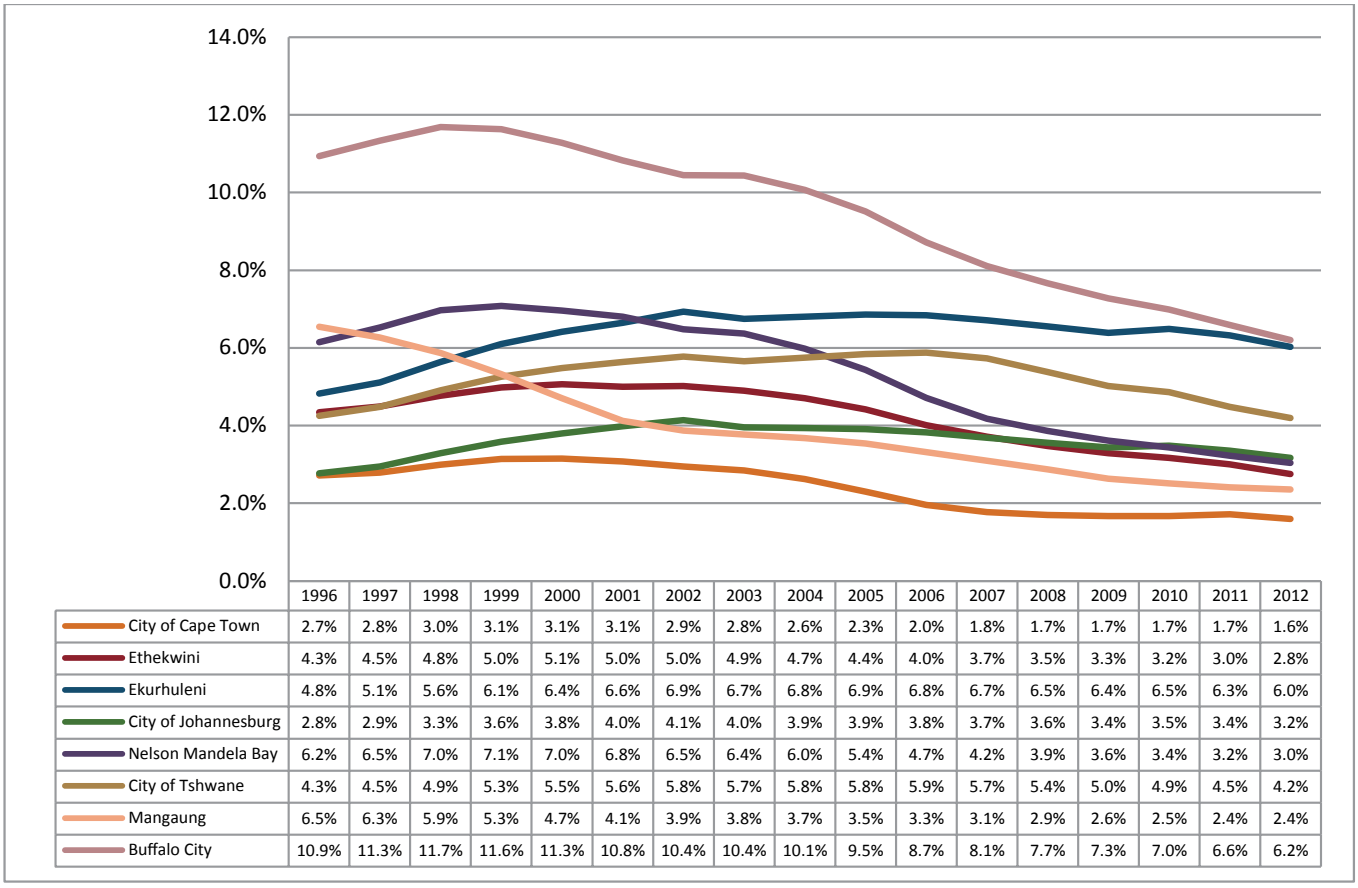
Figure 4:10 Share of Households with no Electricity Connection



Source: Constructed from Global Insight data, April 2013

The percentage of households with no electricity connection increased between 1996 and2002 from 2.8% to 4.1%, before a decrease to 3,2% in 2012.

Figure 4:11 Share of Households with no Electricity Connection (metros)

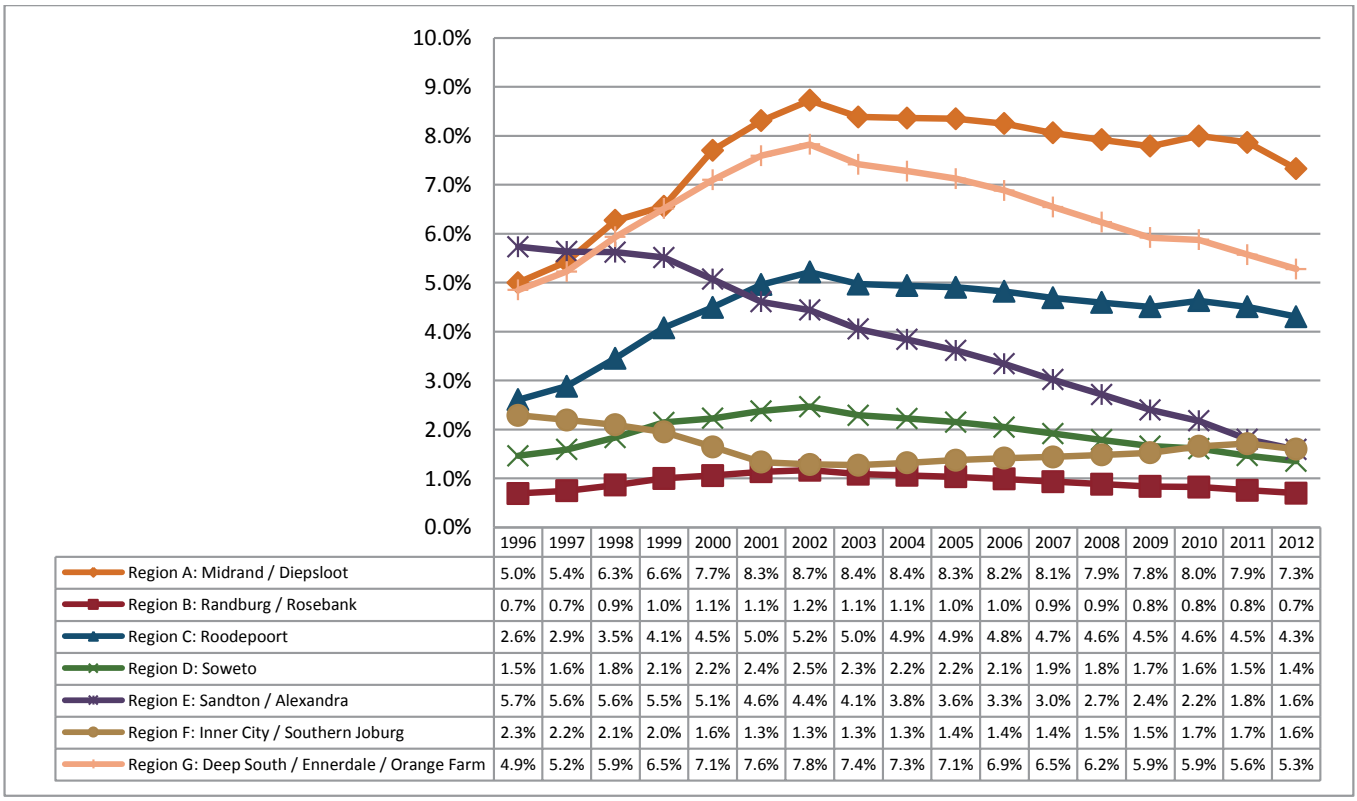


	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City of Cape Town	2.7%	2.8%	3.0%	3.1%	3.1%	3.1%	2.9%	2.8%	2.6%	2.3%	2.0%	1.8%	1.7%	1.7%	1.7%	1.7%	1.6%
Ethekwini	4.3%	4.5%	4.8%	5.0%	5.1%	5.0%	5.0%	4.9%	4.7%	4.4%	4.0%	3.7%	3.5%	3.3%	3.2%	3.0%	2.8%
Ekurhuleni	4.8%	5.1%	5.6%	6.1%	6.4%	6.6%	6.9%	6.7%	6.8%	6.9%	6.8%	6.7%	6.5%	6.4%	6.5%	6.3%	6.0%
City of Johannesburg	2.8%	2.9%	3.3%	3.6%	3.8%	4.0%	4.1%	4.0%	3.9%	3.9%	3.8%	3.7%	3.6%	3.4%	3.5%	3.4%	3.2%
Nelson Mandela Bay	6.2%	6.5%	7.0%	7.1%	7.0%	6.8%	6.5%	6.4%	6.0%	5.4%	4.7%	4.2%	3.9%	3.6%	3.4%	3.2%	3.0%
City of Tshwane	4.3%	4.5%	4.9%	5.3%	5.5%	5.6%	5.8%	5.7%	5.8%	5.8%	5.9%	5.7%	5.4%	5.0%	4.9%	4.5%	4.2%
Mangaung	6.5%	6.3%	5.9%	5.3%	4.7%	4.1%	3.9%	3.8%	3.7%	3.5%	3.3%	3.1%	2.9%	2.6%	2.5%	2.4%	2.4%
Buffalo City	10.9%	11.3%	11.7%	11.6%	11.3%	10.8%	10.4%	10.4%	10.1%	9.5%	8.7%	8.1%	7.7%	7.3%	7.0%	6.6%	6.2%

Source: Constructed from Global Insight data, April 2013

Figure 4:11 shows the share of metro households with no electricity connection from 1996 to 2012. BUF had the highest share of households with no electricity connection in 2012 (6.2%) and CoC the lowest (1.6%). The CoJ percentage was 3.2%, lower than EKU's (6.0%) and CoT (4.2%).

Figure 4:12 Percentage of Households with no Electricity Connection (CoJ regions)



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Region A: Midrand / Diepsloot	5.0%	5.4%	6.3%	6.6%	7.7%	8.3%	8.7%	8.4%	8.4%	8.3%	8.2%	8.1%	7.9%	7.8%	8.0%	7.9%	7.3%
Region B: Randburg / Rosebank	0.7%	0.7%	0.9%	1.0%	1.1%	1.1%	1.2%	1.1%	1.1%	1.0%	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.7%
Region C: Roodepoort	2.6%	2.9%	3.5%	4.1%	4.5%	5.0%	5.2%	5.0%	4.9%	4.9%	4.8%	4.7%	4.6%	4.5%	4.6%	4.5%	4.3%
Region D: Soweto	1.5%	1.6%	1.8%	2.1%	2.2%	2.4%	2.5%	2.3%	2.2%	2.2%	2.1%	1.9%	1.8%	1.7%	1.6%	1.5%	1.4%
Region E: Sandton / Alexandra	5.7%	5.6%	5.6%	5.5%	5.1%	4.6%	4.4%	4.1%	3.8%	3.6%	3.3%	3.0%	2.7%	2.4%	2.2%	1.8%	1.6%
Region F: Inner City / Southern Joburg	2.3%	2.2%	2.1%	2.0%	1.6%	1.3%	1.3%	1.3%	1.3%	1.4%	1.4%	1.4%	1.5%	1.5%	1.7%	1.7%	1.6%
Region G: Deep South / Ennerdale / Orange Farm	4.9%	5.2%	5.9%	6.5%	7.1%	7.6%	7.8%	7.4%	7.3%	7.1%	6.9%	6.5%	6.2%	5.9%	5.9%	5.6%	5.3%

Source: Constructed from Global Insight data, April 2013

Figure 4:12 shows the share of CoJ households with no electricity connection from 1996 to 2012. Region A (Midrand/ Diepsloot) had the highest share, possibly because of informal settlements in Diepsloot with no access to municipal services.

5. Chapter five: Labour Dynamics

The South African labour market is made up of three groups, namely all persons aged 15 to 64 years who are (i) employed, (ii) unemployed and (iii) not economically active (Stats SA, 2008). Data presented in Table 5:1 show that only 52.6% of the CoJ population was employed in 2011. Some 17.5% were unemployed, while 3.3% and 26.5% represent discouraged and NEA people.

Table 5:1 Employment Status for Those Aged 15 -64 in CoJ

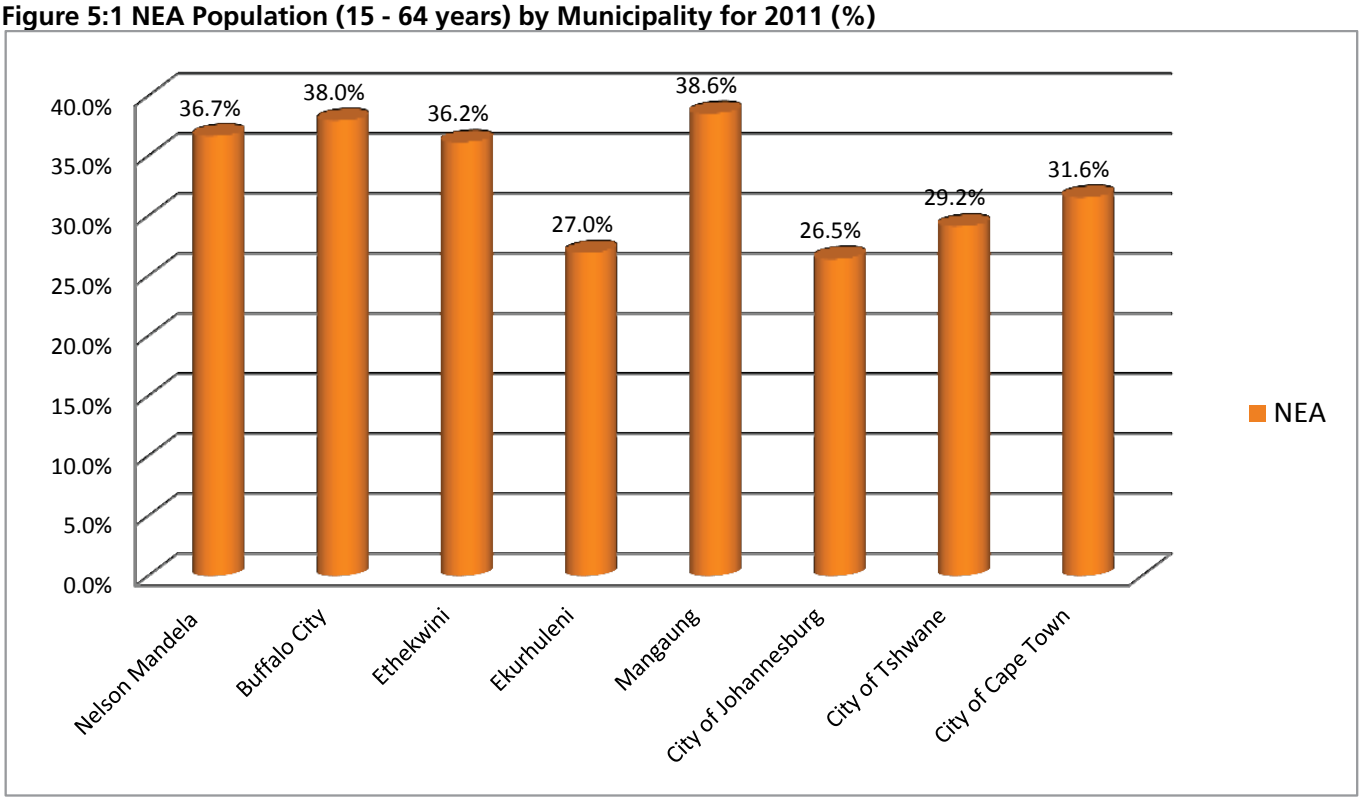
Employment Category/Status	Proportion of Total Population
Employed	52.6%
Unemployed	17.5%
Discouraged work seekers	3.3%
Not economically active	26.5%

Source: Adapted Stats SA (2012b)

5.1. ECONOMICALLY ACTIVE PEOPLE

According to Stats SA, the NEA population is made up of those people who are not employed, have not looked for work orstarted a business or were not available to work or to start a business in the four weeks before the reference week of the labour force survey, (Stats SA, 2008). Similarly, Stats SA (2012b) describes the NEAs as persons who were neither employed nor unemployed (eg full-time students, retired persons and homemakers who did not want work). Therefore, the EA population comprises persons between 15 and 64 outside the NEA population, who are either employed or unemployed. Figure 5:1 shows that, in 2011, the metros with the highest NEAs were MAN (38.6%), BUF (38.0%), NMB (36.7%) and ETH (36.2%). CoJ had a relatively low NEA, but given an official unemployment rate of around 25% and a youth unemployment rate of over 30%, it faces a challenge (Stats SA, 2012b).

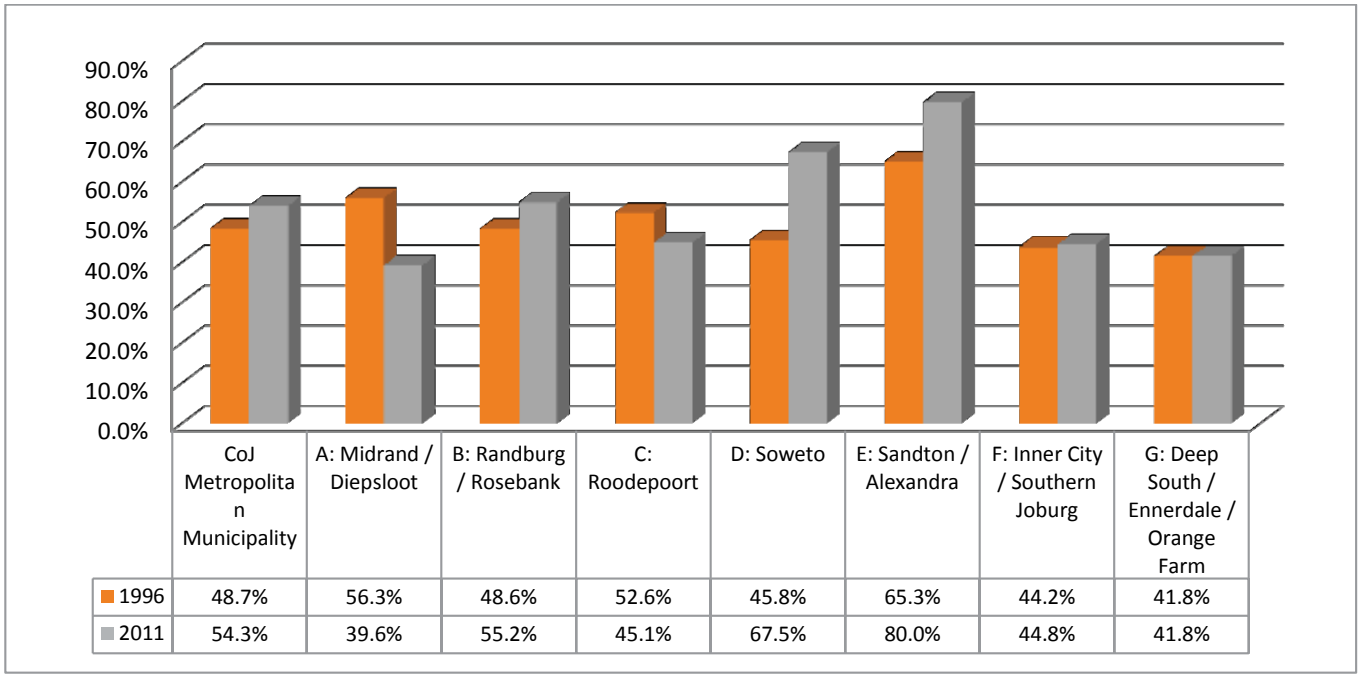
Figure 5:1 NEA Population (15 - 64 years) by Municipality for 2011 (%)



Source: Constructed from Stats SA(2013d):

The three municipalities in Gauteng, along with CoJ, had the lowest NEA populations of all eight metros, with 27% and 29,2% for EKU and CoT respectively.

Figure 5:2: City of Johannesburg Regions' Economically Active Persons: 1996 and 2011



	CoJ Metropolitan Municipality	A: Midrand / Diepsloot	B: Randburg / Rosebank	C: Roodepoort	D: Soweto	E: Sandton / Alexandra	F: Inner City / Southern Joburg	G: Deep South / Ennerdale / Orange Farm
1996	48.7%	56.3%	48.6%	52.6%	45.8%	65.3%	44.2%	41.8%
2011	54.3%	39.6%	55.2%	45.1%	67.5%	80.0%	44.8%	41.8%

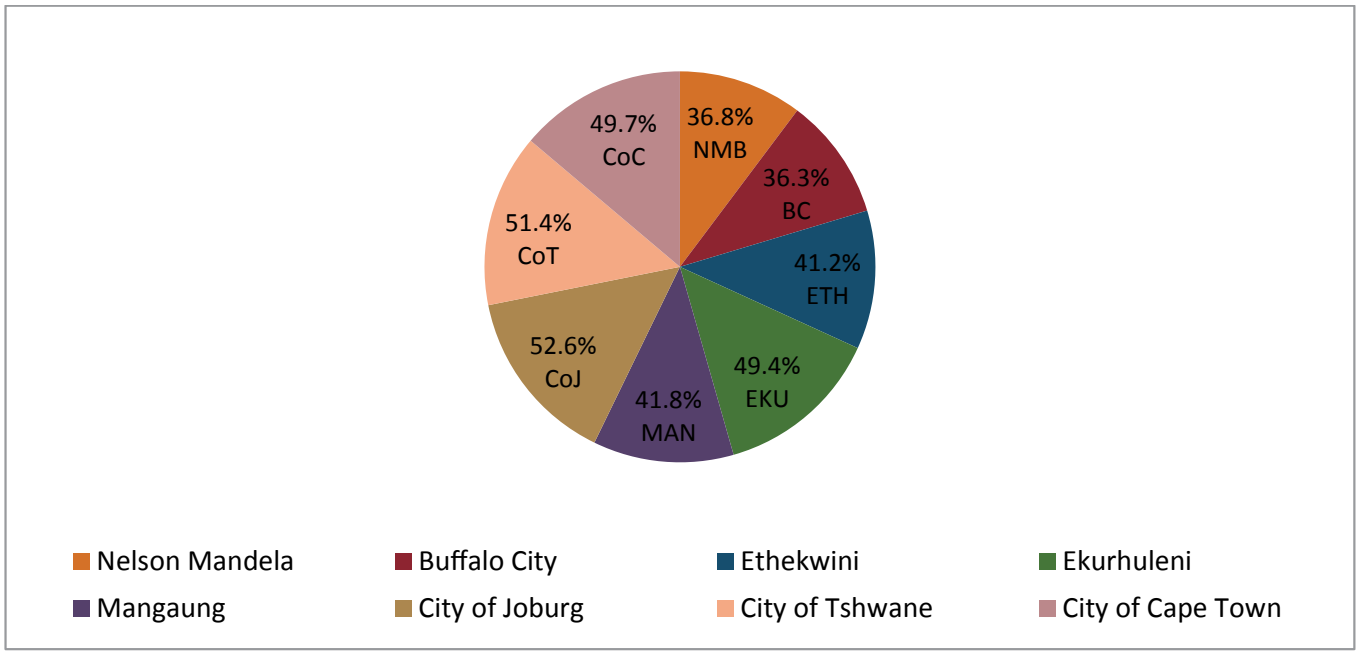
Source: Constructed from Global Insight data, April 2013

Region E (Sandton/Alexandra) had the largest EA population in CoJ, at 80%, and was followed by Region D (Soweto) with 67.5%. Of the seven CoJ regions , two experienced a drop in their EAs from 1996 to 2011 - Region A (Midrand/Diepsloot) and Region C (Roodepoort), which dropped from 56.3% to 39.6% and 52.6% to 45.1% respectively. Region G (South Ennerdale/Orange Farm) remained unchanged at 41.8% during the period. Region B (Randburg/Rosebank), Region D (Soweto), Region E (Sandton/Alexandra) and Region F (inner city/Southern Joburg) all saw an increase in their EAs from 1996 to 2011, and Region D (Soweto) had the greatest gain, 47.4%. A drop in EA percentages, such as in Region A (Midrand/Diepsloot), could point to a decline in work opportunities and a need for more labour intensive growth.

5.2. EMPLOYMENT

The section below presents employment in the metros and in CoJ and its regions.

Figure 5:3: Employed Working-age Population (15 - 64 Years) by Metro for 2011



Source: Constructed from Stats SA (2013d)

Figure 5:3 shows that CoJ had the highest proportion of working-age people employed, 52.6% in 2011. This is no surprise as it has a more EA population (Figure 5:1), and employment is directly related to the level of economic activity. An example are the growth rates for the municipalities in that yearand the link between the proportion of employed population and the population growth rate. In 2011, CoJ not only had the highest proportion of its working-age population employed, but it also had the highest growth rate, 3.18%. CoT, with the second highest employed population (51.4%), and the CoC, with the third highest employed working-age population (49.7%) also had the second and third highest growth rates of the metropolitan municipalities, 3.1% and 2.57% respectively. BUF had both the lowest proportion of working-age population employed (36.3%) and the lowest growth rate (0.69%) (Stats SA, 2012b).

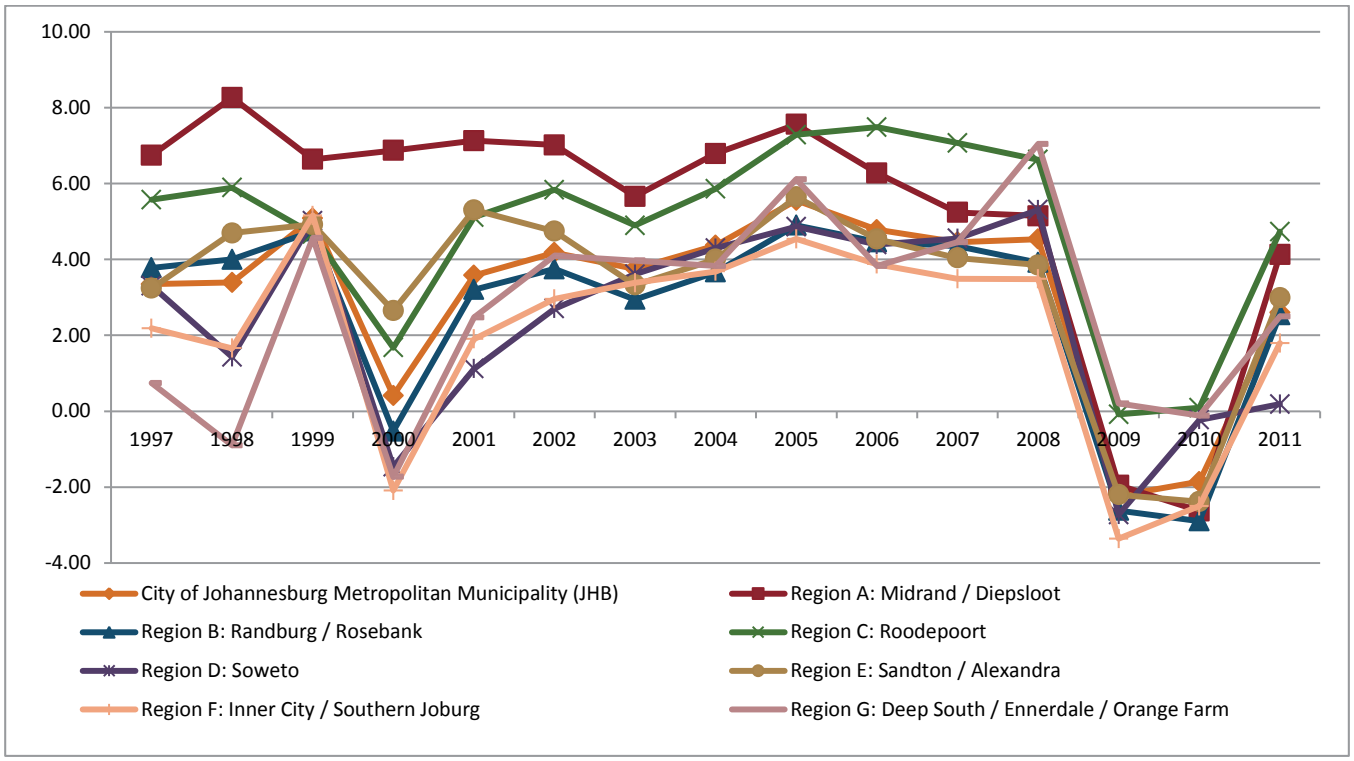
Table 5:2: Sector's Share of Regional Total Employment 2011

Sector	SA Total	CoC	ETH	EKU	CoJ	NMB	CoT	Mangaung	BUF
Agriculture	6.9%	1.3%	1.3%	0.7%	0.4%	1.5%	0.9%	3.6%	2.5%
Mining	4.9%	0.1%	0.0%	1.1%	0.7%	0.3%	0.3%	0.1%	0.2%
Manufacturing	12.7%	16.7%	21.3%	20.3%	13.2%	21.3%	10.9%	6.4%	17.2%
Electricity	0.6%	0.4%	0.6%	0.8%	0.7%	0.5%	0.4%	0.7%	0.4%
Construction	4.8%	6.2%	4.6%	5.7%	5.4%	4.2%	5.7%	4.1%	3.5%
Trade	16.8%	22.3%	15.4%	19.4%	21.1%	15.5%	20.1%	13.2%	18.0%
Transport	4.8%	4.9%	6.6%	7.7%	6.1%	4.5%	6.3%	6.1%	2.8%
Finance	14.6%	19.0%	16.6%	18.1%	26.6%	10.8%	22.1%	8.9%	7.9%
Households	10.1%	5.5%	10.4%	9.3%	8.5%	11.6%	9.0%	15.9%	9.3%
Community services	23.8%	23.5%	23.2%	17.1%	17.4%	29.9%	24.3%	41.0%	38.3%

Source: Constructed from Global Insight data, April 2013

Table 5:3 shows that, in 2011, the country's metropolitan municipalities made up a sizable share of the country's total formal employment in the manufacturing, trade, finance and community services sectors (highlighted in grey). Employment in the agricultural, mining and electricity sectors made up the least total sector employment shares, with the highest shares of total sector employment being in Mangaung (3.6%), Ekurhuleni (1.1%) and Ekurhuleni (0.8%) respectively. The finance sector was the biggest employer in CoJ's formal sector, accounting for 26.6% of total employment in this sector, followed by the trade sector, which employed 21.1% of the city's formal sector workers. The agricultural sector employed the lowest share of the city's formal sector workers, with only 0.4% (Global Insight, 2013).

Figure 5:4 Employment Growth Rates by CoJ Regions: 1997 - 2011



Source: Constructed from Global Insight data, April 2013

Figure 5:4 shows the growth rates in CoJ's employment in the formal sector between 1997 and 2011. Region A (Midrand/ Diepsloot) had the fastest growing formal sector employment between 1997 and 2005, and was then exceeded by Region C (Roodepoort) from 2006, This region still had the fastest growing formal sector employment in 2011. All these regions were adversely affected by the 2008 global economic downturn, withemployment growth rates declining dramatically before starting to recover in 2010.

Table 5:3: **Change in Employment in the CoJ Formal Sector (broad economic sectors): 1996 - 2011**

Sector	CoJ Metro	Region A: Midrand/ Diepsloot	Region B: Randburg/ Rosebank	Region C: Roodepoort	Region D: Soweto	Region E: Sandton/ Alexandra	Region F: Inner city/ Southern Joburg	Region G: Deep South/ Ennerdale/ Orange Farm
Agriculture	(22.5)	(12.9)	(29.0)	-11.9	(25.9)	(27.8)	(26.8)	)25.9)
Mining	(23.4)	50.1	(29.3)	-14.8	(27.6)	(27.7)	(26.7)	)27.9)
Manufacturing	5.7	51.1	(1.2)	49.2	(4.8)	7.8	(13.6)	5.6
Electricity	(10.3)	2.5	(15.6)	3.4	(12.1)	(14.8)	(12.3)	(9.2)
Construction	71.9	134.5	58.8	136.8	52.1	73.2	38.5	68.3
Trade	89.7	165.6	79.9	168.1	72.3	96.3	57.0	90.6
Transport	24.2	70.0	18.6	79.5	10.3	30.6	2.5	24.3
Finance	140.4	249.6	119.7	242.5	113.9	150.9	88.5	128.6
Community services	60.9	85.1	52.1	86.2	58.8	53.9	58.3	58.8
Households	4.6	20.0	(1.7)	21.2	2.3	-0.3	1.9	2.6

Source: Own calculations using Global Insight data, April 2013

Table 5.3 gives the change in employment in CoJ's formal sectors between 1996 and 2011. Employment in CoJ's formal agricultural sector declined by 22.5%. This decrease was experienced by all seven regions, with the biggest decrease, 29%, in Region B. Employment in the city's mining sector dropped by 23.4% during the period, and decreased in all regions except Region A, which saw an increase of 50,1%. Overall, employment in manufacturing went up by 5.7%, with the biggest gain in Region A and the biggest decline in Region F. Employment in the electricity sector decreased for the city by 10.3%, with the greatest loss, 15.6%, in Region B and the only gains in Region C (3.4%) and Region A (2.5%).

Employment in the CoJ construction, trade, transport, finance and community services increased by 71.9%, 89.7%, 24.2%, 140.4% and 60.9% respectively, with regions A and C responsible for the greatest growth. Moreover, there was a growth in employment in these five sectors for all seven regions, and an overall growth of 4.6% in the households sector. Region A (Midrand/Diepsloot) experienced high growth in most sectors and saw a decrease in employment only in agriculture. Region C (Roodepoort also saw large increases in employment in its formal sector. Regions F (Inner City/ Southern Joburg) and D (Soweto) performed relatively poorly in formal sector employment growth.

Table 5:4: Sector's Share of Regional Total Employment, 2011

Sectors	CoJ Metro	Region A: Midrand/ Diepsloot	Region B: Randburg/ Rosebank	Region C: Roodepoort	Region D: Soweto	Region E: Sandton/ Alexandra	Region F: Inner city/ Southern Joburg	Region G: Deep South/ Ennerdale/ Orange Farm
Agriculture	0.4%	0.6%	0.4%	0.8%	0.3%	0.3%	0.3%	0.6%
Mining	0.7%	0.3%	0.6%	1.3%	1.1%	0.3%	0.7%	1.1%
Manufacturing	13.2%	14.8%	12.4%	13.9%	11.8%	12.4%	13.6%	15.0%
Electricity	0.7%	0.7%	0.6%	0.5%	0.7%	0.6%	0.7%	1.1%
Construction	5.4%	6.4%	4.9%	6.3%	5.3%	5.8%	4.4%	6.4%
Trade	21.1%	21.1%	19.9%	20.5%	22.1%	20.7%	21.5%	22.0%
Transport	6.1%	6.7%	5.6%	5.1%	7.2%	5.9%	5.9%	6.9%
Finance	26.6%	31.5%	29.3%	27.1%	16.4%	31.3%	24.4%	21.6%
Households	8.5%	6.8%	9.4%	10.0%	6.9%	8.6%	8.7%	8.4%
Community services	17.4%	11.0%	17.0%	14.6%	28.2%	14.1%	19.9%	16.6%

Source: Constructed from Global Insight data, April 2013

As shown earlier, CoJ's top employers are the manufacturing, trade, finance and community services sectors. The sector's share of total employment is highest in Region G (Deep South/Ennerdale/Orange Farm), at 15%; for manufacturing in Region D (Soweto), at 22.1%, and for finance in Region 5 (Midrand/Diepsloot), at 31.5%.

5.3. INFORMAL SECTOR EMPLOYMENT

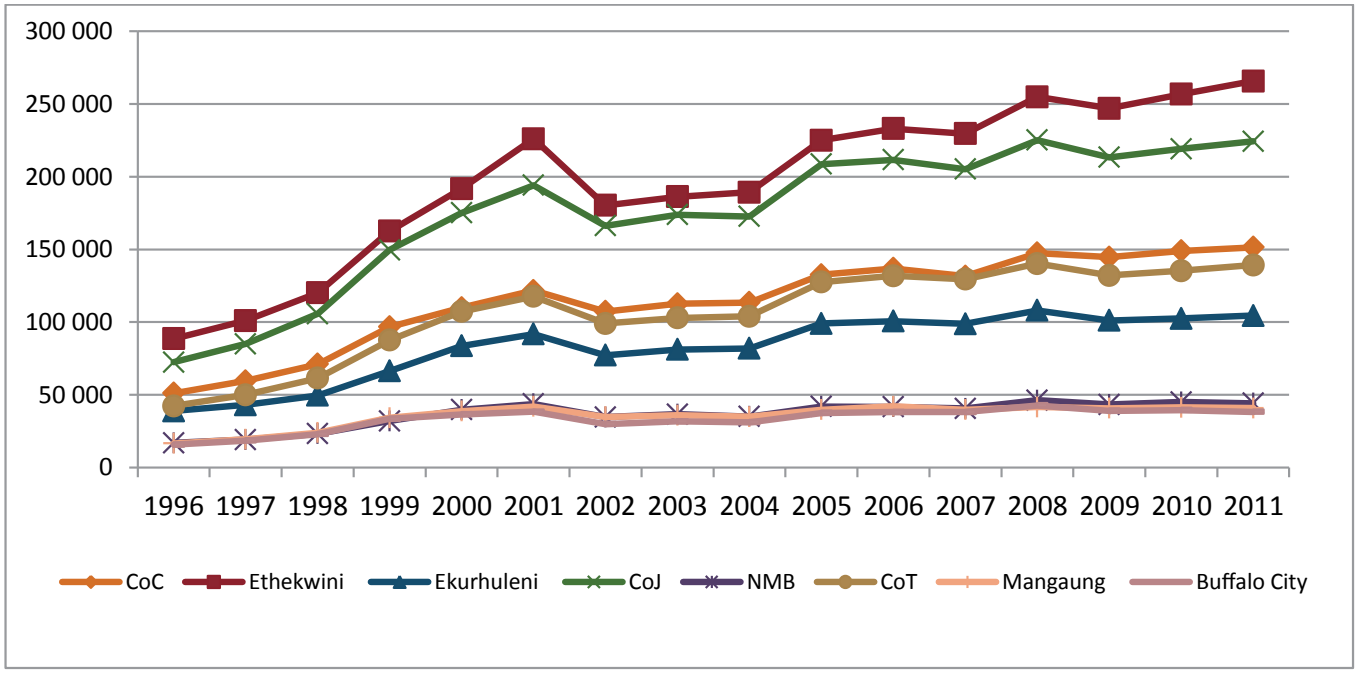
Table 5:5 Metros Informal Sector Employment Growth between 1996 and 2011

Metro	1996 - 2011
CoC	196.1%
ETH	200.0%
EKU	168.4%
CoJ	209.9%
NMB	160.8%
CoT	228.9%
MAN	146.2%
BUF	143.1%

Source: Own Calculations using Global Insight data, April 2013

Table 5:5 shows the municipalities' employment growth in the informal sector between 1996 and 2011. Average growth in informal sector employment increased dramatically, with CoT leading, followed by CoJ and ETH. The increase in informal sector growth shows the significance of the sector in the populated metros as it becomes a main source of economic activities in such areas. This is partly due to population influx. The growth rates shown in Table 5:6, compared with those of the formal sector employment, indicate that growth in employment in the informal sector was much higher than growth in the formal sector for the period.

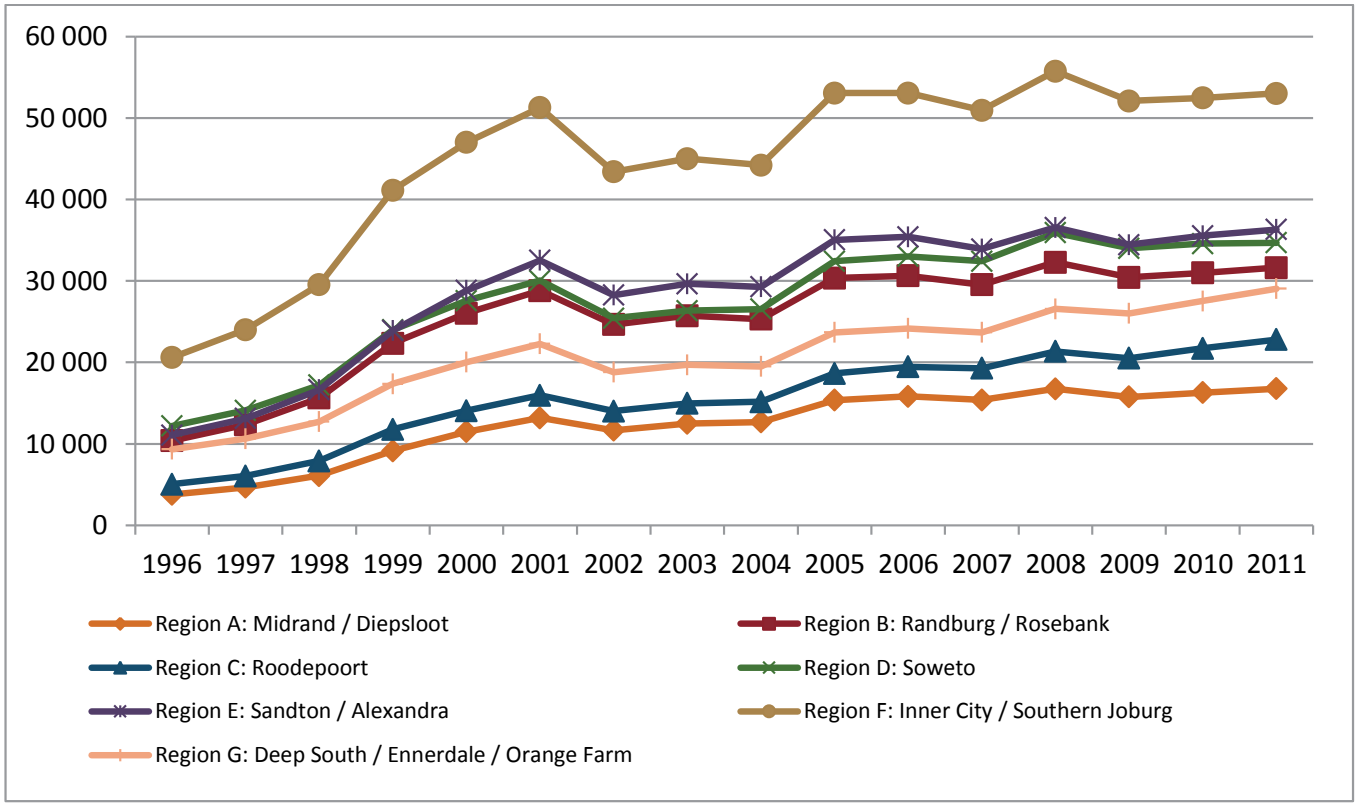
Figure 5:5 Metros Informal Sector Employment: 1996 - 2011



Source: Constructed from Global Insight data, April 2013

Figure 5:6 indicates that he total number of people employed in the informal sector increased increasing for all metros. ETH recorded the highest number of informal sector employment over the period, followed by CoJ, CoC and CoT.

Figure 5:6 CoJ Regional Informal Sector Employment: 1996 - 2011



Source: Constructed from Global Insight data, April 2013

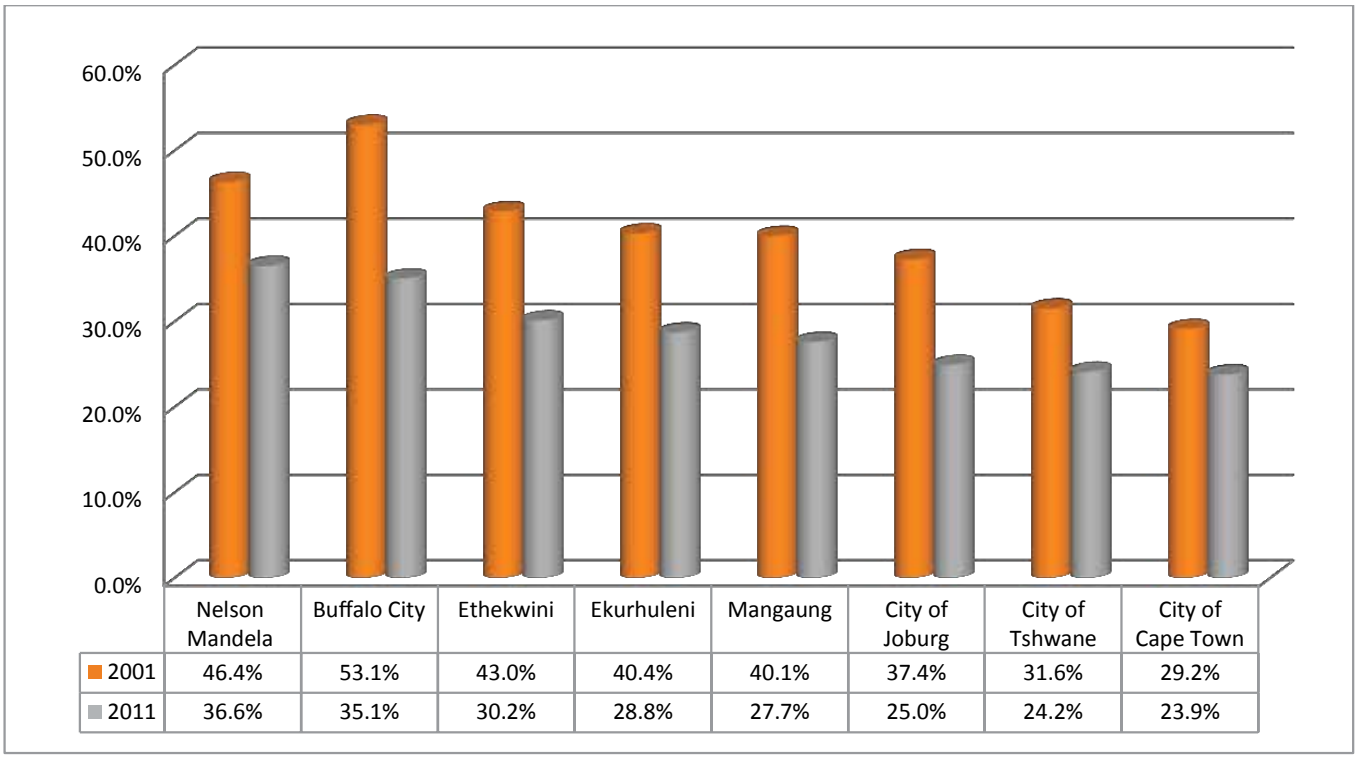
Figure 5:6 depicts employment by the informal sector in CoJ's seven regions and its trends from 1996 to 2011. All regions showed an upward trend, indicating that this type of employment has been growing in CoJ as a whole. As the country's unemployment rates have remained stubbornly high over past years, those finding it difficult to secure employment in

the formal sector are opting to work in the informal sector. During the period, Region F (inner city/Southern Joburg) consistently had the highest rates of employment in the informal sector. In 2011, Region E (Sandton/Alexandra) followed Region F and it was followed by Region D (Soweto), Region B (Randburg/Rosebank), Region G (Deep South/Ennerdale/Orange Farm), Region C (Roodepoort) and, finally, Region A (Midrand/Diepsloot).

5.4. UNEMPLOYMENT IN THE CITY OF JOHANNESBURG

Figure 5.7 shows unemployment rates of municipalities for 2001 and 2011.

Figure 5:7: Unemployment Rate by Metro: 2001--2011



	Nelson Mandela	Buffalo City	Ethekwini	Ekurhuleni	Mangaung	City of Joburg	City of Tshwane	City of Cape Town
2001	46.4%	53.1%	43.0%	40.4%	40.1%	37.4%	31.6%	29.2%
2011	36.6%	35.1%	30.2%	28.8%	27.7%	25.0%	24.2%	23.9%

Source: Stats SA (2013d)

CoJ had the third lowest unemployment rate, 25%, in 2011. CoC (with 23.9%), and CoT (with 24.2%) had the lowest unemployment rates during the period.

Table 5:6 shows the change in unemployment among municipalities.

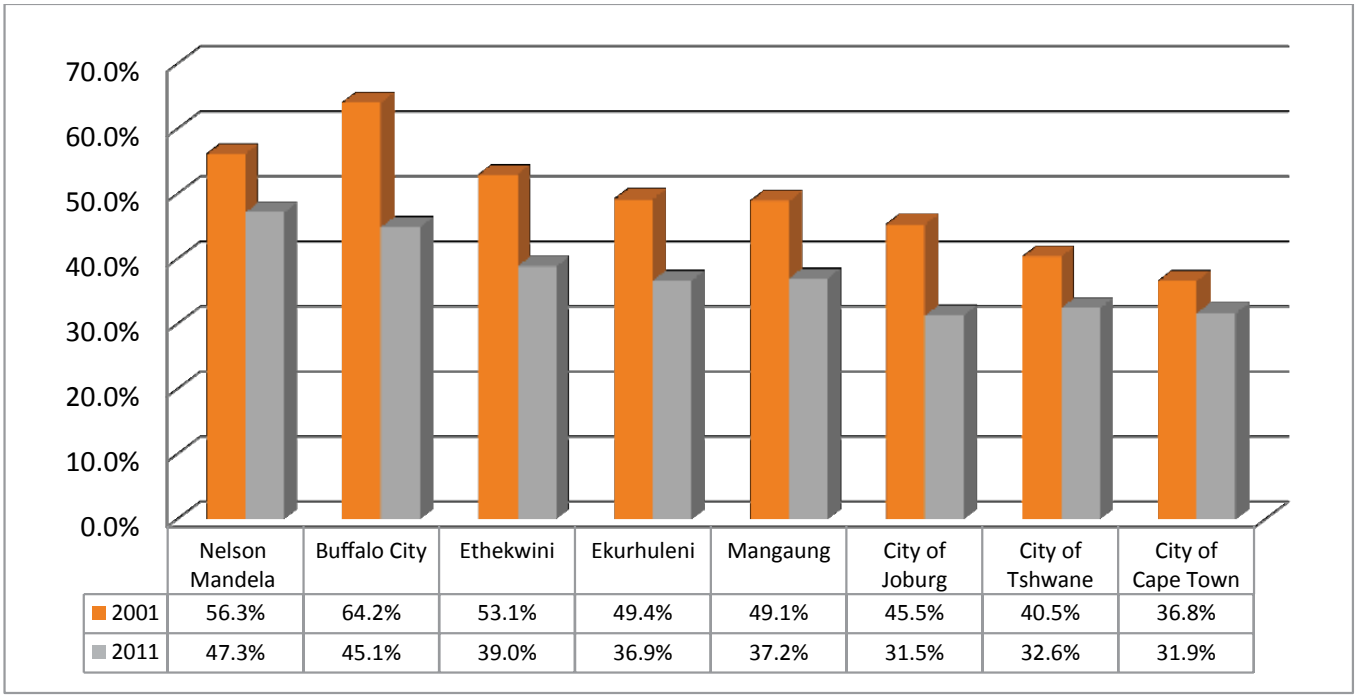
Table 5:6: Change in Unemployment Rate by Municipality: 2000 - 2011

Metropolitan municipality	Change in the unemployment rate
NMR	(21.1)
BUF	(33.9)
ETU	(29.8)
EKU	(28.7)
MAN	(30.9)
CoJ	(33.2)
CoT	(23.4)
CoC	(18.2)

Source: Own calculations using census 2011 data (Stats SA, 2013d)

Among municipalities that had relatively low unemployment rates in 2001, CoJ had the greatest change in unemployment rate from 2001 to 2011, with a decrease of 33.2%. Moreover, it was second after BUF (33.9%), which had the highest unemployment rate in 2011, 53.1%. Youth unemployment (see Figure 5.8) bore a resemblance to overall unemployment across the municipalities, but was higher. For example, while CoJ's overall unemployment rate was 25% in 2011, youth unemployment was 31.5%. This means that new entrants into the job market are finding it harder to find employment. Although there was a 30.8% decrease in youth unemployment from 2001 to 2011, the 31.5% figure was still very high and more needs to be done to bring more youth out of unemployment.

Figure 5:8 Youth Unemployment Rate by Municipality: 2001 - 2011



	Nelson Mandela	Buffalo City	Ethekwini	Ekurhuleni	Mangaung	City of Joburg	City of Tshwane	City of Cape Town
2001	56.3%	64.2%	53.1%	49.4%	49.1%	45.5%	40.5%	36.8%
2011	47.3%	45.1%	39.0%	36.9%	37.2%	31.5%	32.6%	31.9%

Source: Stats SA (2013d)

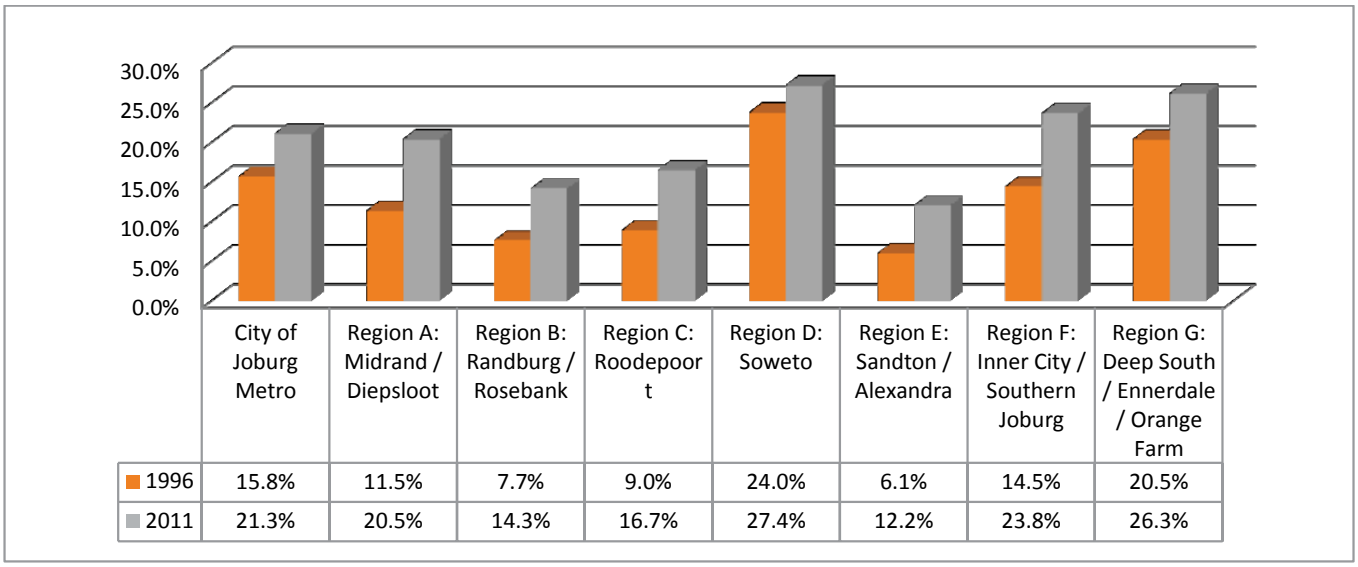
Table 5:7 Percentage Change in Youth Unemployment Rate by Metro: 2001 - 2011

Municipality	Change in NEA population
NMB	(16.0)
BUF	(29.8)
ETH	(26.6)
EKU	(25.3)
MAN	(24.2)
CoJ	(30.8)
CoT	(19.5)
CoC	(13.3)

Source: Own calculations using census 2011 data (Stats SA, 2013d)

Figure 5:7 depicts the unemployment rates of CoJ's regions from 1996 to 2011. This graph indicates that the range between the regions' unemployment rates is quite wide, with some regions having relatively modest rates while others experiencing high unemployment.

Figure 5:9 City of Johannesburg's Regional Unemployment Rates, 1996 - 2011



	City of Joburg Metro	Region A: Midrand / Diepsloot	Region B: Randburg / Rosebank	Region C: Roodepoort	Region D: Soweto	Region E: Sandton / Alexandra	Region F: Inner City / Southern Joburg	Region G: Deep South / Ennerdale / Orange Farm
1996	15.8%	11.5%	7.7%	9.0%	24.0%	6.1%	14.5%	20.5%
2011	21.3%	20.5%	14.3%	16.7%	27.4%	12.2%	23.8%	26.3%

Source: Constructed from Global Insight data, April 2013

Regions E (Sandton/Alexandra), B (Randburg/Rosebank) and C (Roodepoort) had the lowest unemployment rates in 2011, at 12.2%, 14.3% and 16.7% respectively. Regions D (Soweto) G (Deep South/Ennerdale/Orange Farm) F (inner city/ Southern Joburg) and A (Midrand/Diepsloot) had the highest unemployment rates, at 27.4%, 26.3%, 23.8% and 20.5% respectively. All regions experienced relatively steep surges in unemployment rates from 2009 (during the global financial crisis, which saw South Africa experiencing its first recession in 17 years) to 2011 (Global Insight, 2013).

6. Chapter six: Income and Expenditure

6.1. INTRODUCTION

This section discusses the annual income and expenditure trends in CoJ from 1996 to 2011 and is divided into the following sub-sections:

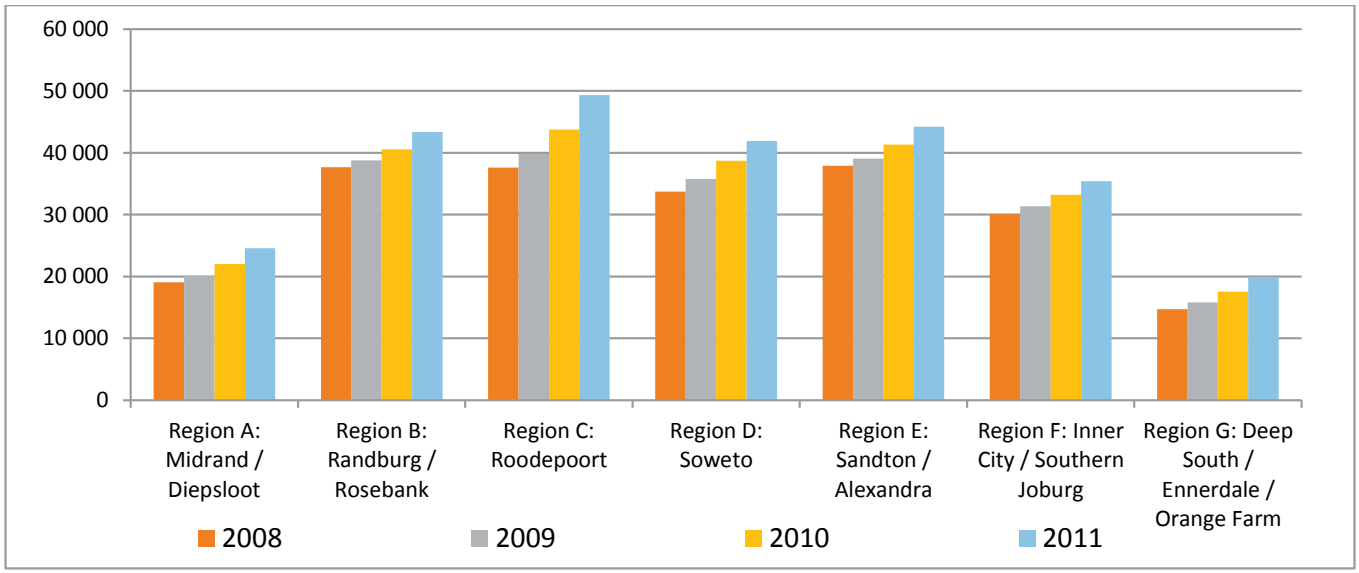
- Personal income
- Per capita income
- Household income
- Households by income category
- Regional buying power
- Regional annual expenditure by product.

The chapter provides a clear indication of the evolution of income and expenditure patterns and the extent to which the city's rates tariffs may eventually impact on future income distribution and consumer behaviour. All values are presented in rand prices prevailing at the time of the report (ie inflation is not taken into account) and the data has been sourced from Global Insight.

6.2. PERSONAL INCOME

Annual total personal income is the aggregated total of personal income for all households in the region. Income is presented in units of rand million. Personal income includes remuneration for labour, income from property, current transfers from general government, current transfers from incorporated business enterprise and transfers from the rest of the world. Figure 6:1 shows the annual total personal income for CoJ regions from 2008 to 2011. The data shows that all regions have experienced increases in their personal income over the period.

Figure 6:1 Annual Personal Income at Market Price: 2008 - 2011



Source: Constructed from Global Insight, April 2013

The regions are not homogenous, as the aggregated figures may suggest. While there are inter-regional disparities, there are also intraregional disparities that aggregated numbers may hide. For example, Sandton and Alexandra are in the same region but the disparities in their income levels are not adequately reflected, although from physical observation it is clear that most high-income earners are in Sandton, whilst most low income-earners are in Alexandra. This level of aggregation may also hide intraregional disparities in other regions of the city. It is noted and acknowledged that the intraregional disparities are the apartheid legacy of the Group Areas Act policies of spatial socioeconomic inequality. Nevertheless, on an aggregate level, the annual total personal income increased over the period. For example, Rooderpoort and Randburg/ Rosebank experienced a relatively high annual personal income. The increase in personal income levels for Region C could be attributed to the increase in the number of middle- to high-income households. The regions with the lowest income are A and G.

Table 6:1 Annual Total Personal Income at Current Prices: Metropolitan Municipalities

	CoC	ETH	EKU	CoJ	NMB	CoT	MAM	BUF
2005	116 438	95 422	86 854	154 015	32 415	109 969	19 228	19 102
2006	130 567	106 929	96 607	170 785	35 686	121 523	21 518	21 244
2007	146 592	119 626	109 996	190 769	39 608	137 711	23 597	23 987
2008	162 779	132 407	123 324	211 202	44 448	151 729	24 894	26 944
2009	170 989	139 198	132 211	220 959	47 174	163 068	26 695	28 672
2010	186 449	151 961	144 288	235 505	50 708	176 896	28 861	31 222
2011	207 643	165 601	160 506	256 932	54 936	195 982	31 029	34 078
2012	229 930	180 137	176 380	276 022	60 276	212 933	33 566	37 548

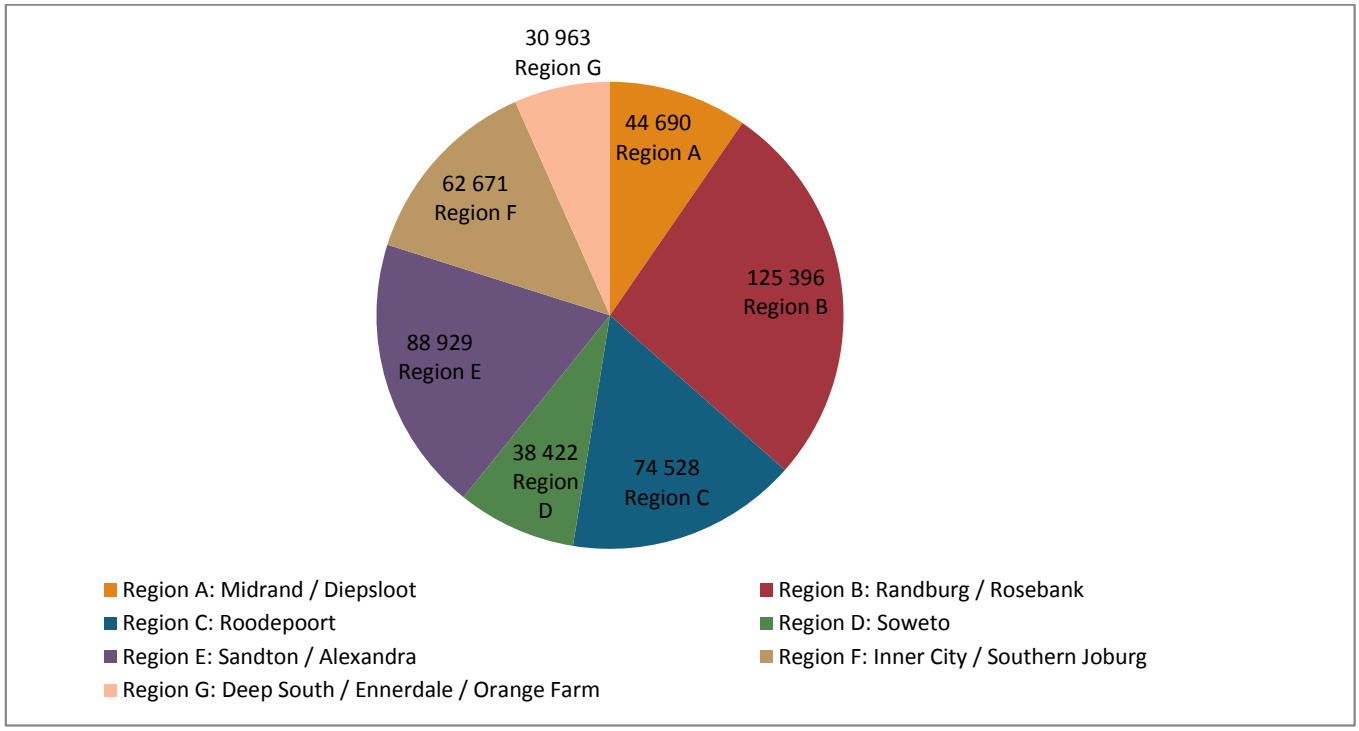
Source: Constructed from Global Insight, April 2013

Table 6:1 shows total personal income of municipalities from 2005 to 2012. CoJ had a high total personal income from 2006 to 2012, not surprisingly as it is the economic hub of the province.

6.3. ANNUAL PER CAPITA INCOME

Per capita personal income represents the annual total personal income of an area divided by its total population. Annual total personal income is the aggregated personal income for all households. Personal income includes labour remuneration, income from property, current transfers from general government, current transfers from incorporated business enterprise and transfers from the rest of the world. Figure 6:2 shows the annual per capita income for CoJ regions from 1996 to 2011. As with aggregated personal income, the regions represented in the graph are not homogenous. As an aggregated indicator per capita, incomes tend to hide interpersonal income disparities in and across regions. Figure 6:2 shows that Randburg/Rosebank experienced a high annual per capita income relative to other regions. This is not surprising as this is one of the high-income areas of the city. The performance by Region E (Sandton/Alexandra) may not precisely capture the realities of this region. The Sandton area of the region pushes up the overall per capita income value because it generates most of the high incomes in the region.

Figure 6:2: Total Annual Per Capita 2011: CoJ Regions



Source: Constructed from Global Insight data, April 2013

Table 6:2 shows total annual per capita income for municipalities from 2005 to 2012. The annual per capita income for CoJ increased from 2005 to 2012. However, in 2012, CoJ had a lower per capita income than CoC and CoT.

Table 6:2 Total Annual Per Capita Income: Metropolitan Municipalities

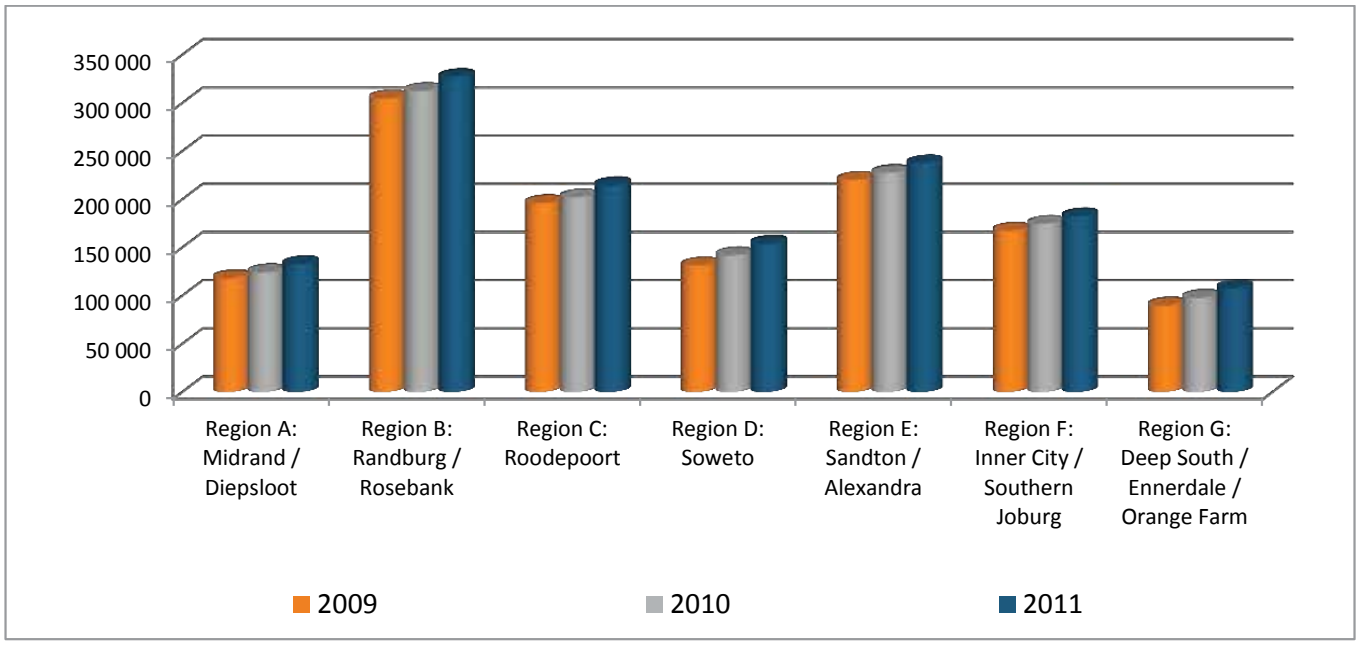
	CoC	ETH	EKU	CoJ	NMB	CoT	MAN	BUF
2005	36 063	29 296	32 009	42 956	29 500	46 296	27 979	25 663
2006	39 523	32 516	34 773	46 191	32 235	49 696	30 943	28 485
2007	43 388	36 059	38 751	50 016	35 491	54 623	33 461	32 092
2008	47 100	39 559	42 489	53 560	39 456	58 220	34 715	35 936
2009	48 503	41 220	44 651	54 348	41 443	60 689	36 592	38 079
2010	51 810	44 550	47 507	55 982	44 026	63 660	38 892	41 208
2011	56 590	48 054	51 468	59 058	47 126	68 241	41 131	44 677
2012	61 535	51 747	55 165	61 491	51 103	71 912	43 847	48 892

Source: Constructed from Global Insightdata, April 2013

6.4. HOUSEHOLD INCOME

Household income is a crucial indicator for estimating the impact of property rates on residents and will inform the city's decisions on appropriate levels of property rates. Total annual household income is the aggregated income of all members of the household. A household is a group of persons who live together and provide for themselves jointly with food and/or other essentials, or a household may be a single person living alone. Personal income includes remuneration, income from property, current transfers from general government, current transfers from incorporated business enterprise and transfers from the rest of the world. Figure 6:3 shows total annual per household income (rand, prevailing prices) for CoJ regions from 2009 to 2011. Figure 6:3 shows that Randburg/Rosebank region has a high household income compared to other CoJ regions. Tinner city/Southern Joburg region has the lowest household income. This is not surprising because of the outward migration of both industry and high-income earners from this region. It is clear that the city's future rates policies must be informed by impact on inter- and intraregional disparities in household incomes. Such decisions may reverse or entrench migration trends.

Figure 6:3: Total Annual per Household Income: CoJ Regions



Source: Constructed from Global Insight data, April 2013

Table 6:3 shows the total annual per household income for municipalities from 2005 to 2012. In 2012, CoC had a relatively high annual per household income. CoJ was outperformed by ETH , City of Tshwane and CoT.

Table 6:3 Total Annual per Household Income: Metropolitan Municipalities

	CoC	ETH	EKU	CoJ	NMB	CoT	MAN	BUF
2005	126 615	104 057	99 701	129 836	106 528	144 614	90 260	90 867
2006	138 674	115 522	107 905	138 980	114 925	153 435	98 619	99 424
2007	152 192	128 175	120 096	150 309	124 854	167 107	105 884	110 132
2008	165 341	140 545	131 340	160 932	137 952	177 515	109 960	122 026
2009	170 800	146 874	138 083	163 764	144 689	184 941	116 648	129 076
2010	183 779	160 296	147 246	169 304	153 645	194 287	124 075	140 421
2011	201 999	174 307	159 353	178 604	164 127	208 225	128 865	153 898
2012	220 649	189 413	170 410	185 562	178 219	218 980	133 814	170 559

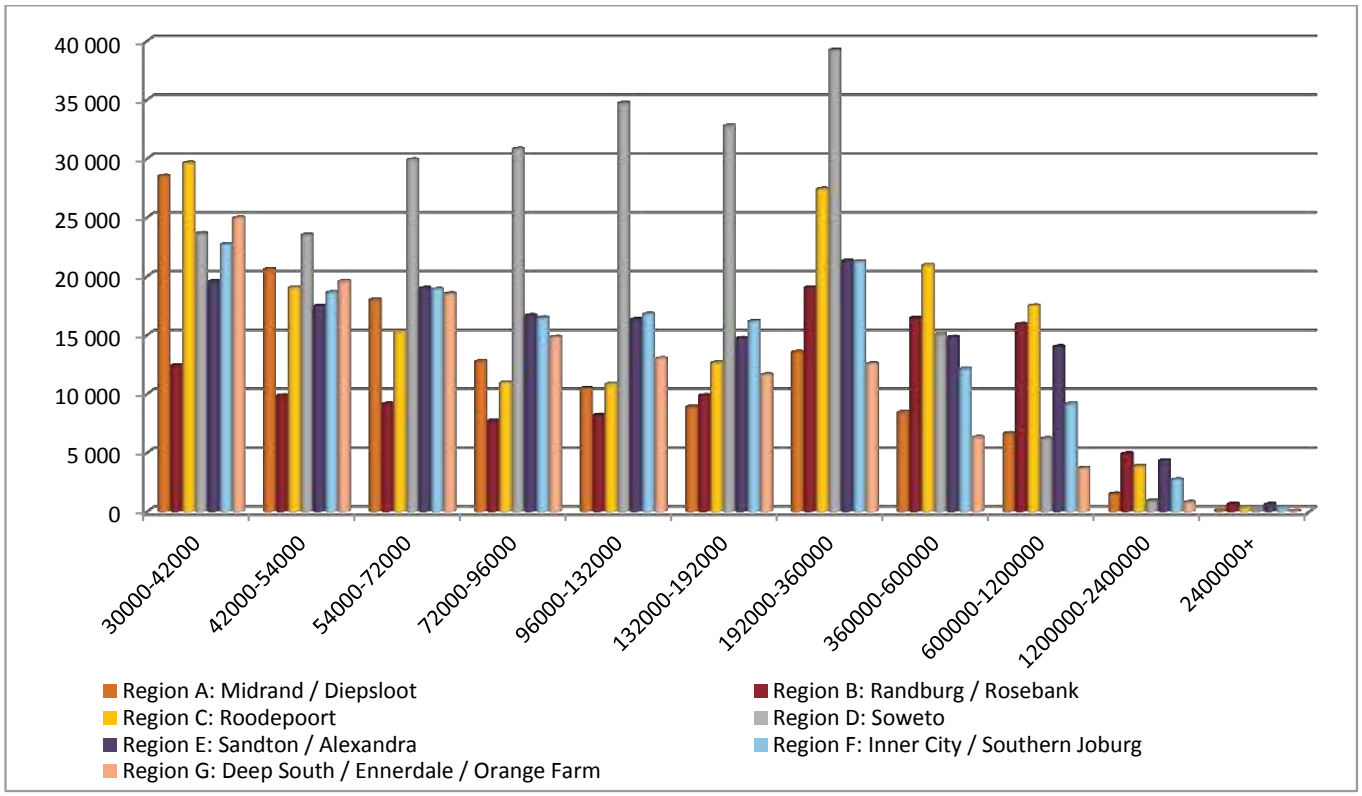
Source: Constructed from Global Insightdata, April 2013

6.5. HOUSEHOLDS BY INCOME CATEGORY

An important component for assessing the impact of property rates is the extent to which household income categories provide an indication of the aggregate level of rates income that could be generated from certain household groups in a region in the city. Figure 6:4 shows the total number of household by income category for CoJ regions for 2011. This variable categorises all households in a region according to pre-defined income category. Income is calculated as a sum of all household consumption, including payments in kind, gifts, homemade goods, old age pension, income from informal sector activities, subsistence income and so on. A household is a group of persons who live together and provide themselves jointly with food and/or other essentials for living, or a single person who lives alone. Interestingly, Soweto has a relatively higher number of household generating higher incomes. This is counter-intuitive as it is generally assumed that a region such as Soweto would fall in a low-income category of households. Intuitively, areas such as Sandton are assumed to fall in a high-income household category, but the impact of the lower income households in Alexandra cannot be overlooked. Figure 6:4 shows that the number of households decreases with the level of income, such that there are fewer households in the income category of over R2.4 million.

The reason for the high-income household group in Soweto and other similar previously disadvantaged township communities could be that, with the end of apartheid, more black people in general, and African people in particular, had access to income opportunities. However, factors such as preference for social cohesion offered by communities, low levels of capital asset accumulation, high transport costs, the prohibitive cost of living and high property rates in previously advantaged regions strongly mitigate against mobility to the latter. In addition, because Soweto and similar previously disadvantaged townships are attracting investments in infrastructure, amenities and commerce that build upon the social cohesion, history and community solidarity of the past struggles against apartheid, high-income earners have a greater incentive to remain and enjoy such benefits.

Figure 6:4: Total Number of Households by Income Category: CoJ Regions



Source: Constructed from Global Insight data, April 2013

Table 6:4 shows the total number of household by income category for municipalities in 2011. CoJ, as one of the major contributors to provincial GDP, had a high number of people earning incomes in the higher categories.

Table 6:4: Total Number of Households by Income Category in 2011: Metropolitan Municipalities

	CoC	ETH	EKU	CoJ	NMB	CoT	MAN	BUF
0 – 2 400	317	469	659	457	141	322	109	87
2 400 – 6 000	4 376	6 131	7 592	6 906	1 835	4 385	1 611	1 115
6 000 - 12 000	34 444	49 539	54 558	62 470	14 690	37 537	14 048	9 394
12 000 – 18 000	50 178	66 444	73 291	91 515	20 450	54 073	20 023	13 341
18 000 - 30 000	82 646	100 230	114 614	148 003	32 443	89 456	29 883	23 257
30 000 – 42 000	92 241	108 112	125 050	173 295	36 483	102 308	33 215	26 071
42 000 - 54 000	81 360	81 321	95 921	135 814	30 966	80 837	24 671	21 726
54 000 – 72 000	85 056	81 383	95 014	135 616	30 603	82 323	23 313	22 570
72 000 - 96 000	81 162	70 343	79 331	116 067	27 879	71 716	18 957	19 794
96 000 – 132 000	93 647	73 232	76 297	117 024	30 335	74 356	18 159	19 765
132 000 - 192 000	109 653	80 651	70 271	111 859	30 658	74 761	16 217	18 095
192 000 – 360 000	155 373	114 603	101 442	157 894	40 959	118 133	21 700	24 240
360 000 – 600 000	92 076	62 647	60 568	92 127	21 786	75 835	10 887	12 544
600 000 – 1 200 000	54 292	44 741	42 873	70 094	12 939	59 287	6 670	7 739
1 200 000 – 2 400 000	10 499	9 419	9 017	17 477	2 381	14 376	1 225	1 520
2 400 000+	620	785	740	1 937	170	1 495	102	173

Source: Constructed from Global Insightdata, April 2013

6.6. REGIONAL BUYING POWER

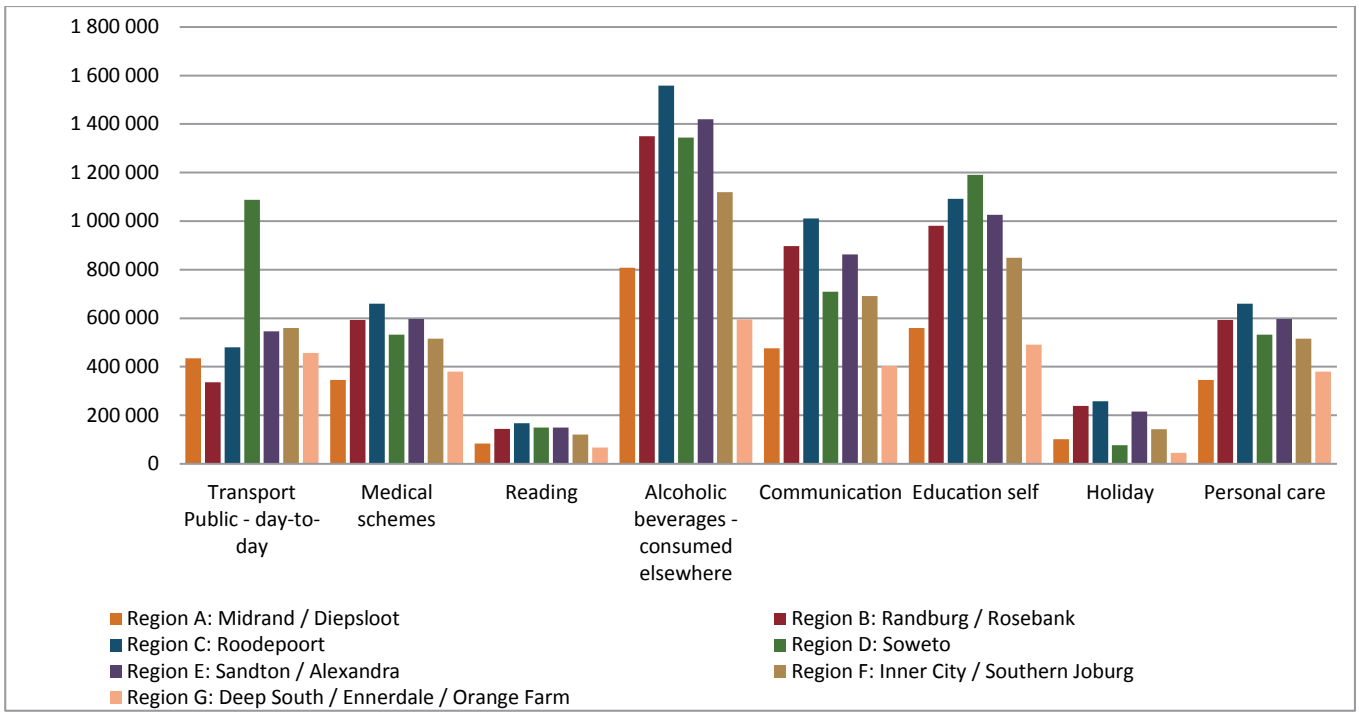
Conventional wisdom suggests that the level of buying power of a region is a good indicator of the demand for goods and services and, by implication, a signal for further investment or disinvestment. The Index of buying power is the percentage of total retail sales in a given geographical area. It is used to predict demand for new stores and evaluate the performance of existing enterprises. Inter-regional disparities may be explicitly reflected in the consumer behaviour of households.

While all the regions performed well in the index, reflecting the potential demand for new retail outlets, the high buying power index is also an indication that economic growth in certain regions may be driven by consumption rather than by investment in manufacturing and industrial development that offer sustainable job creation. The high buying power index confirms the general national trend that South Africa's economic growth is predicated on growth in consumption.

6.7. REGIONAL EXPENDITURE BY PRODUCT TYPE

Figure 6:6 shows the total annual expenditure by product type (R1 000) for CoJ regions for 2011 and the type of products bought. The product types in the graph are a random selection and do not represent all the product types. Alcoholic beverages, education, communication and transport take the largest shares of total annual expenditure. Transport is more pronounced for Region D, Soweto, given the long distances that people have to travel to reach the workplace. Figure 6:6 further shows that regions spend relatively less on reading and holidays. Analysis of expenditure by product type is also very useful for understanding the percentage of income households spend on basic, compared to luxury, goods and services. Clearly, low-income households spend more on basic services such as accommodation, food, transport, fuel and energy, a reflection of inter- and intraregional socioeconomic disparities.

Figure 6:5: Total Annual Expenditure by Product Type: CoJ Regions



Source: Constructed from Global Insight data, 2013

Table 6:5 shows the total annual expenditure by product type for municipalities in 2011. CoJ spends more than other metros on all variables.

Table 6:5 Total Annual Expenditure by Product Type

Expenditure Items	CoC	ETH	EKU	CoJ	NMB	CoT	MAN	BUF
Holiday	838 655	627 957	677 063	1 057 553	210 621	906 190	108 601	112 302
Non-alcoholic beverages - consumed elsewhere	1 844 194	1 467 000	1 457 297	2 278 878	509 895	1 655 834	305 984	328 725
Personal care	2 855 543	2 732 796	2 178 665	3 569 001	753 858	2 575 816	419 969	452 717
Medical schemes	13 607 187	9 835 947	9 422 576	15 030 168	3 383 841	11 687 795	1 740 877	1 888 353
Public transport - day-to-day	2 439 301	2 432 385	2 495 328	3 921 163	803 910	2 550 408	600 981	646 381
Communication	4 440 188	3 385 082	3 101 470	4 979 050	1 110 220	3 792 582	581 739	633 915
Education self	4 611 568	4 130 130	3 724 077	6 132 912	1 233 753	4 613 256	728 908	843 788
Reading	686 306	575 246	551 241	872 800	185 642	668 808	106 724	117 527

Source: Constructed from Global Insight, April 2013

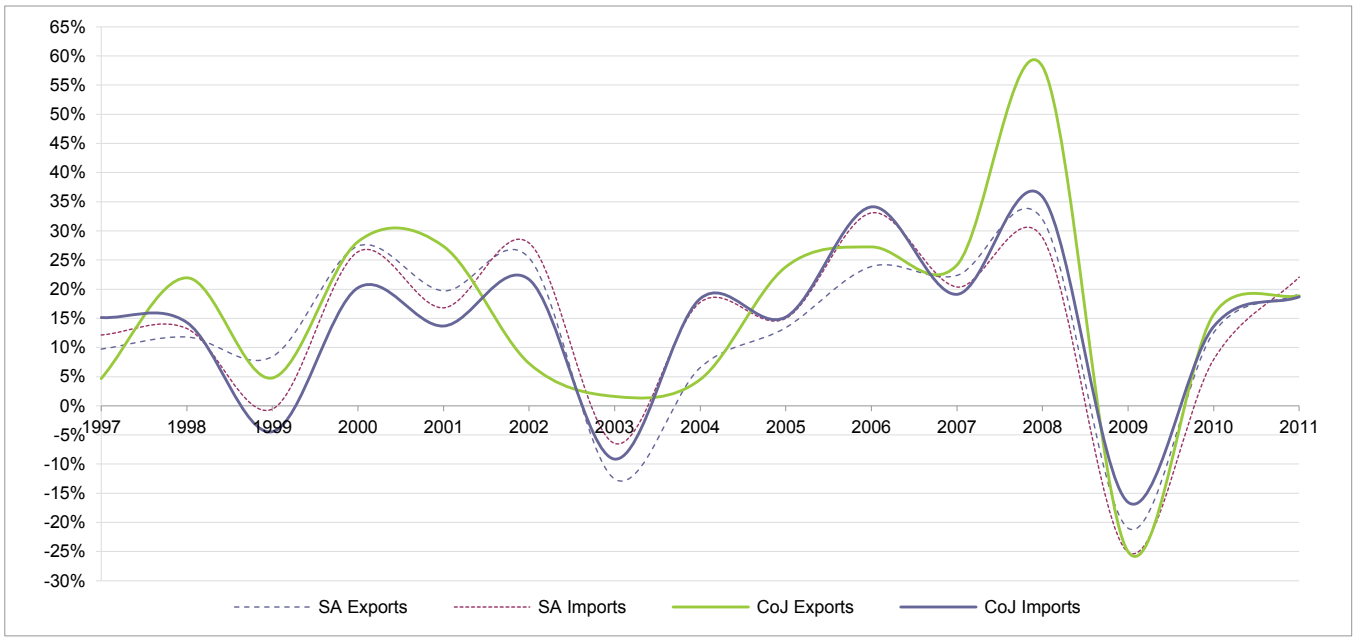
7. Chapter seven: International Trade

This section presents trading partners and direction of trade for CoJ.

7.1. EXPORTS AND IMPORTS

Given the methodology used by Global Insight to calculate the spatial distribution of South Africa's international trade, the statistics in this section should be taken as indicative. In the absence of spatially disaggregated trade information, this data should represent the next best alternative. The totals denote the rand value and not the volumes of international transactions. On average, the growth of the city's exports and imports appears to follow the national trend (see Figure 7:1). From the graph, three distinct episodes can be identified, starting with the negative import and export growth of 1999, which can be attributed to the disruption of trade that arose from the contagion effects associated with the East Asian crisis, 1997. This was followed by another period of negative growth in 2003, linked to the stock market crash of 2000 to 2002, which also had an impact on global trade. In 2008, international trade flows were negatively affected by the global financial crisis that saw one of the worst recessions in recent times. Although the city's exports had been relatively resilient to previous economic downturns, the 2008 financial crisis was severe enough to cause negative growth in 2009, highlighting the magnitude of the crisis.

Figure 7:1 CoJ Exports and Imports Relative to National



Source: Constructed from Global Insightdata, April 2013

7.2. METRO SHARES OF TRADE

CoJ's contribution to national trade can be seen in Table 7.1, which shows a gradual increase over the reporting period. Three sectors accounted for 69% of the city's international trade - coal and lignite, metal ores and metal products, and machinery and household appliances. The presence of mining-related flows in the city's international trade is consistent with the approach used to calculate international trade, which links the trade-related financial transactions recorded by the South Africa Revenue Service to the business address of the importer and exporter and not the location of production.

Table 7:1 Share of Metro Total Trade in National Total

	CoC	ETH	EKU	NMB	CoT	MAN	BUF	CoJ
1996	8.0%	10.4%	11.4%	3.7%	16.6%	0.2%	1.4%	31.4%
1997	7.5%	9.9%	11.2%	3.4%	15.6%	0.2%	1.1%	31.2%
1998	7.7%	10.0%	11.1%	4.0%	15.2%	0.2%	1.1%	32.6%
1999	8.3%	8.9%	11.1%	5.7%	14.9%	0.1%	1.5%	31.3%
2000	9.4%	8.4%	10.8%	5.4%	14.4%	0.1%	1.5%	30.5%
2001	9.1%	8.7%	11.0%	4.8%	13.2%	0.1%	2.7%	31.0%
2002	10.1%	9.0%	10.1%	4.8%	14.1%	0.5%	2.5%	28.0%
2003	10.4%	10.0%	9.9%	5.3%	14.5%	0.2%	2.6%	29.8%
2004	9.9%	10.1%	10.0%	5.2%	15.5%	0.3%	2.6%	29.6%
2005	10.7%	9.1%	10.3%	5.2%	12.9%	0.3%	2.0%	31.0%
2006	11.7%	8.8%	10.7%	5.5%	13.6%	0.2%	1.4%	31.5%
2007	11.5%	8.9%	11.3%	5.3%	13.2%	0.2%	1.0%	31.6%
2008	11.3%	8.3%	10.5%	4.7%	12.5%	0.2%	1.6%	35.5%
2009	12.3%	8.1%	10.0%	3.9%	14.5%	0.1%	1.6%	36.5%
2010	9.7%	7.7%	9.6%	4.8%	16.2%	0.1%	0.2%	37.9%
2011	9.9%	7.8%	10.7%	4.4%	15.9%	0.1%	0.2%	37.4%

Source: Constructed from Global Insightdata, April 2013

Data show that Region F, inner city/Southern Joburg, accounts for the largest share of the city's international trade, although this has been falling in recent years. Region E (Sandton/Alexandra) is second and has been rising since 2006. Based on the method used to calculate these trade flows, the changes in the two regions' shares in city international trade might occur if businesses are relocating from one region to another. The figure also indicates that Soweto (D) and Deep South/Ennerdale/Orange Farm (G) account for a relatively insignificant share of the city's international trade.

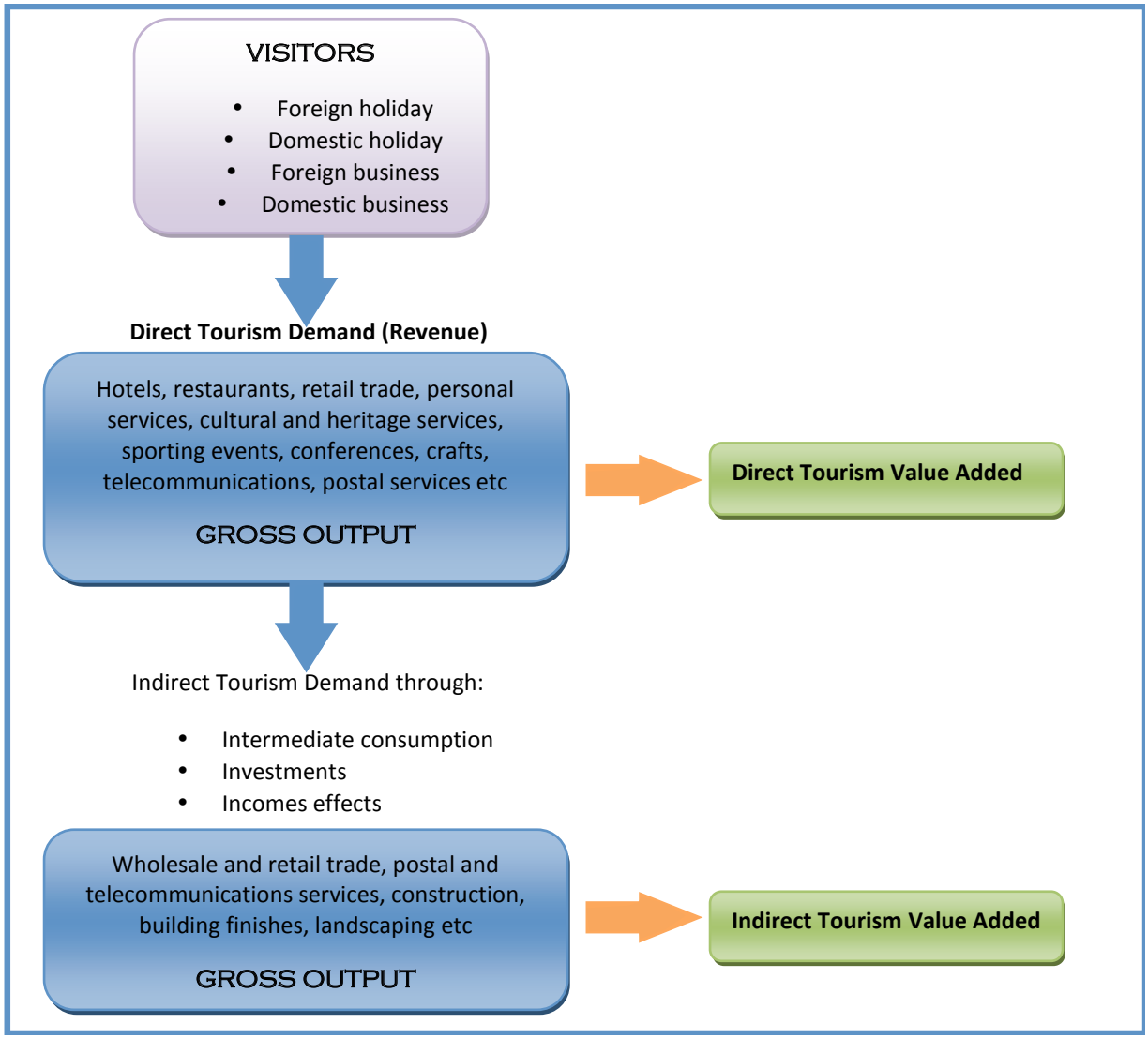
8. Chapter eight: Tourism in CoJ

8.1. INTRODUCTION

The United Nations World Tourism Organisation (UNWTO), defines tourism as the activities of persons travelling to, and staying in, places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited (UNWTO, various editions). The work of UNWTO promotes the notion for countries to acknowledge the socioeconomic role of tourism in their economic development agenda. During the last few decades, tourism has become an important economic and social activity in the national and global economies and its role needs to be supported at all levels of government, including CoJ. Tourism as a sector contributes significantly to the national, provincial and CoJ economy. However, the actual contribution of the sector is embedded in the output and value addition of a number of sectors in the national accounts. These include trade services, telecommunications, transportation, accommodation, food and beverage services, travel agencies, recreation and entertainment.

The 2004 CoJ tourism strategy points to the need to analyse the tourism industry and the tourism economy. Figure 8:1 illustrates this.The tourism industry involves the attraction of visitors and their consequent direct demand for goods and services. The tourism industry demand then creates a value chain of indirect and induced demand via intermediate consumption, investments and income effects, leading to indirect tourism demand. Direct and indirect tourism demand together account for the tourism economy.

Figure 8:1: Structure of the Tourism Industry

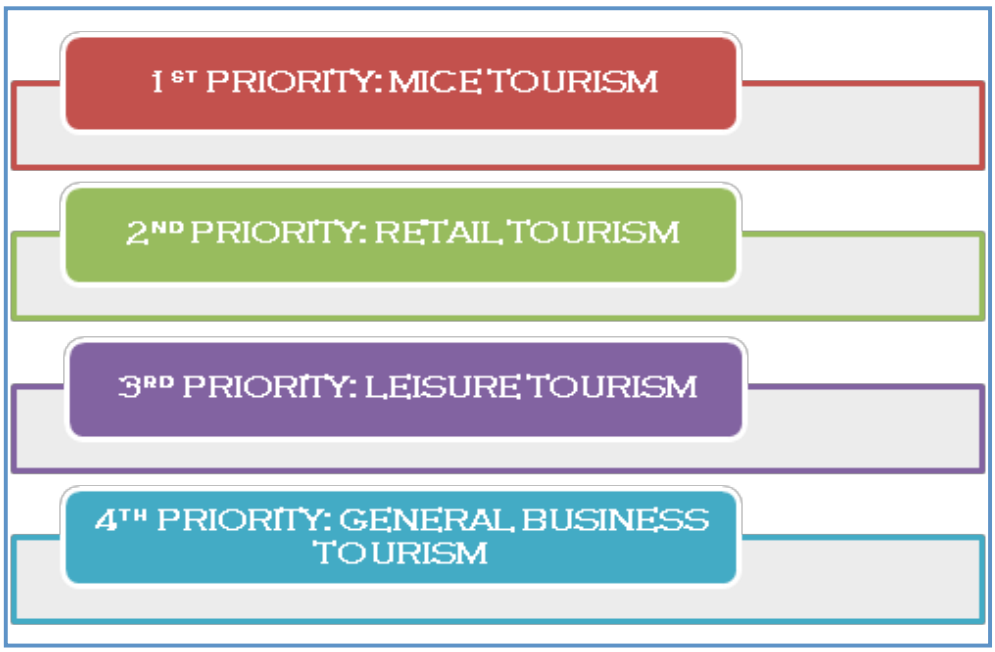


Source: Adopted from Gauteng Tourism Authority (2011)

Analysing the competitiveness of the tourism sector for CoJ, the 2004 strategy identified that the city has strong comparative advantage in general business tourism, MICE tourism and cross-border shopping or retail tourism. The strategy also noted that the city has no comparative advantage in leisure tourism and advocated a focus on boosting aggregate demand internationally, targeting business tourism. It further suggested that the Johannesburg tourism sector has potential for growth that needs to be harnessed.

MICE, general business tourism, cross-border shopping and leisure tourism (in order of importance) were identified as priority sectors and the strategy pointed out where it is feasible to intervene and strategically make a positive contribution (Figure 8:2). However, these would need to be re-evaluated in terms of their importance and priorities, considering, among other factors, market share of the sub-sectors, level of sustainable direct or indirect contribution to the city's GDP and position for future growth.

Figure 8:2 Priority Tourism Sub-sectors for CoJ



Source: Adopted from Gauteng Tourism Authority (2011)

8.2. ECONOMIC PERSPECTIVE OF COJ AND THE ROLE OF TOURISM

CoJ contributes an average of 16% and 47% in value added to the economies of South Africa and Gauteng Province respectively (Global Insight, 2013 – see chapter 2), making the city a key player in the national and provincial economies. The city's economy is dominated by four main sectors, namely finance, community services, trade and manufacturing, which contributed 28.1%, 21.5%, 16.3% and 15.1% respectively to the city's GVA in 2010 (CoJ, DED, Annual Economic Review, 2011). This implies that tourism, as defined by UNWTO, is included and cuts across all those dominant sectors, although it is not possible for one to trace its direct contributions at that aggregate level.

According to statistics released by Johannesburg Tourism, 2012 tourism spend in CoJ was expected to reach R27 billion, making Johannesburg the second most visited destination city in Africa, with 2,5 million international visitors projected by MasterCard Global Destination Cities Index[23]. In addition, during 2012, international visitors were projected to spend more while visiting Johannesburg than any other destination city on the continent, with US$3.3billion (about R27.8billion), an increase of 8.1% on 2011's figures (Joburg Tourism, 2012).

Thirteen African cities were ranked among 132 cities including Cairo, CoJ, Casablanca, Accra, Nairobi, Beira, Cape Town, Dakar, Durban, Kampala, Lagos, Maputo and Tunis. Ahead of Johannesburg in terms of visitor numbers, and taking the top position in Africa, was Cairo, with 3.3 million visitors expected in 2012, while Casablanca, with an anticipated 2.1million visitors, was third. In terms of international visitor expenditure for 2012, Cairo was second to Johannesburg, with an expected spend of US$3billion (about R25.2billion) in cross-border spend, followed by Casablanca at US$1.9 billion (Joburg Tourism, 2012).

The above clearly show that the tourism sector plays a crucial role in the CoJ economy, generating revenue, and contributing to efforts to address key GDS challenges in and national strategies such asunemployment.

23 Available at http//cities.masterintelligence.com

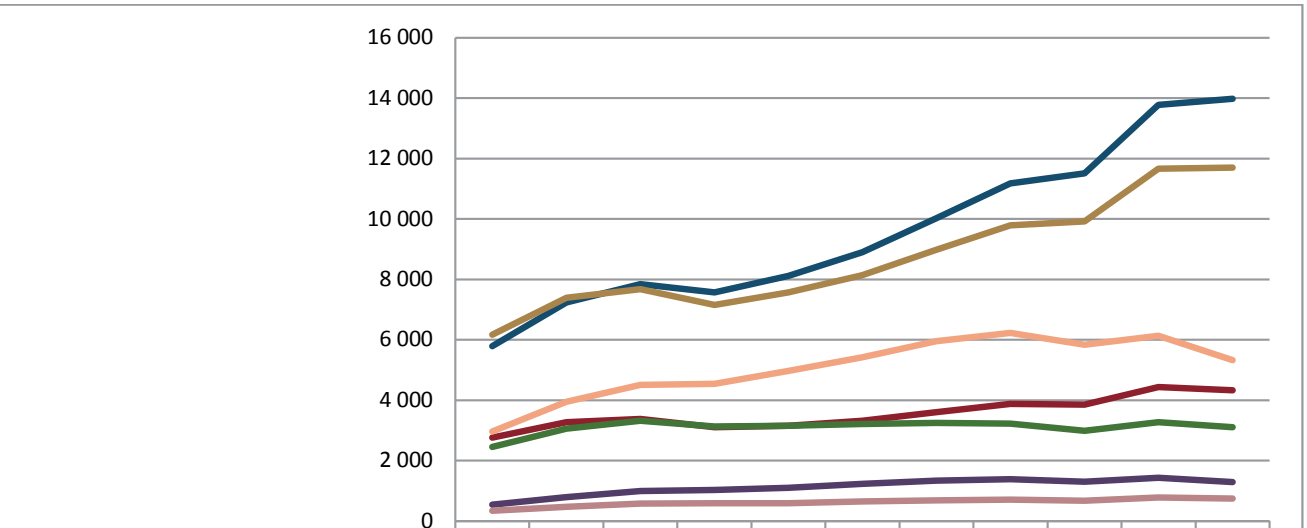
8.3. COJ TOURISM SITUATIONAL ANALYSIS

8.3.1. Average Tourism Spend per Capita

Figure 8:3 presents average tourism spend per resident capita (R1 000, prevailing prices) from 2001 to 2011 for CoJ regions. In terms of sectoral contributions to economic activities, the city's economy is dominated by four sectors, namely finance, community services, trade and manufacturing, which contributed 28.1%, 21.5%, 16.3% and 15.1% respectively to GVA in 2010 (CoJ, DED, Annual Economic Review, 2011). This implies that tourism, as defined by UNWTO, is included and cuts across all dominant sectors, but it is not possible for one to trace its direct contributions at that aggregate level, which is one of the main objectives of reviewing the existing city strategy on tourism. Tourism spend benefits the local economy by creating jobs and generating revenues for the local authorities.

With the physical decline of the inner CoJ and the relocation of offices, upmarket retail facilities and business services to decentralised nodes, the Sandton and Rosebank areas emerged as major business tourism centres. The Sandton Convention Centre, which can accommodate 3 500 delegates, is seen as establishing the area as an internationally competitive tourism destination. Additionally, Gallagher Estate, the nerve centre of South Africa's 1994 democratic elections and the venue for a banquet in honour of Queen Elizabeth II in 1995, has given Midrand a high profile for conferences and events. It is, therefore, not surprising that Randburg/Rosebank (Region B) and Sandton/Alexandra (Region E) enjoy a higher average tourism spend per resident capita (R1 000, prevailing prices) than CoJ and other regions.

Figure 8:3 Average Tourism Spend Per Capita (current prices) (CoJ regions)



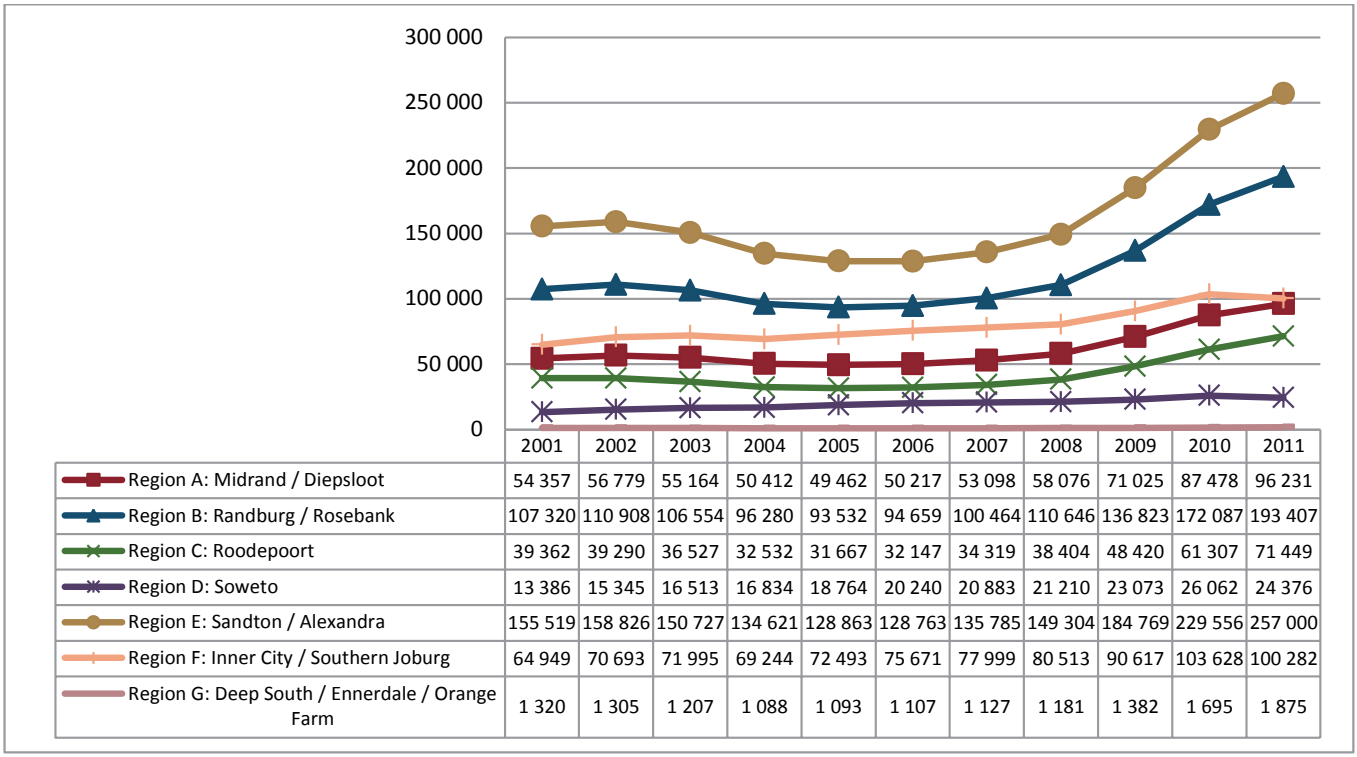
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Region A: Midrand / Diepsloot	2 765	3 275	3 382	3 108	3 150	3 323	3 610	3 877	3 858	4 433	4 333
Region B: Randburg / Rosebank	5 787	7 234	7 848	7 571	8 113	8 900	10 027	11 173	11 512	13 781	13 980
Region C: Roodepoort	2 452	3 056	3 324	3 130	3 151	3 215	3 249	3 224	2 985	3 268	3 111
Region D: Soweto	543	793	992	1 031	1 098	1 233	1 338	1 384	1 301	1 436	1 294
Region E: Sandton / Alexandra	6 167	7 387	7 678	7 149	7 575	8 138	8 985	9 785	9 921	11 662	11 694
Region F: Inner City / Southern Joburg	2 965	3 948	4 507	4 545	4 968	5 417	5 958	6 231	5 832	6 139	5 330
Region G: Deep South / Ennerdale / Orange Farm	337	470	582	589	594	653	683	704	674	778	741

Source: Constructed from Global insight data, April 2013

8.3.2. Number of Leisure Trips

CoJ has a large and culturally diverse migrant population, which has brought with it different cuisines and types of music from various parts of Africa. As elements of the tourism portfolio, inner-city leisure spaces, waterfront developments, festival market places, casinos, museums, conference centres and sports stadia are the physical manifestations of a wave of new local economic development (LED) initiatives for urban tourism and enhance the image of places for attracting inward investment for economic regeneration. Sandton/Alexandra (Region E) had a relatively higher number of leisure trips between 2001 and 2011, which shows thatSandton boasts some of the best holiday attractions in the country. The performance of the inner city/ Southern Joburg (Region F) (Figure 8.4) reflects high levels of crime, a major deterrent to both domestic and international tourists. And there is a lack of safe public transport to the inner city, particularly at night.

Figure 8:4 Number of Leisure Trips



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Region A: Midrand / Diepsloot	54 357	56 779	55 164	50 412	49 462	50 217	53 098	58 076	71 025	87 478	96 231
Region B: Randburg / Rosebank	107 320	110 908	106 554	96 280	93 532	94 659	100 464	110 646	136 823	172 087	193 407
Region C: Roodepoort	39 362	39 290	36 527	32 532	31 667	32 147	34 319	38 404	48 420	61 307	71 449
Region D: Soweto	13 386	15 345	16 513	16 834	18 764	20 240	20 883	21 210	23 073	26 062	24 376
Region E: Sandton / Alexandra	155 519	158 826	150 727	134 621	128 863	128 763	135 785	149 304	184 769	229 556	257 000
Region F: Inner City / Southern Joburg	64 949	70 693	71 995	69 244	72 493	75 671	77 999	80 513	90 617	103 628	100 282
Region G: Deep South / Ennerdale / Orange Farm	1 320	1 305	1 207	1 088	1 093	1 107	1 127	1 181	1 382	1 695	1 875

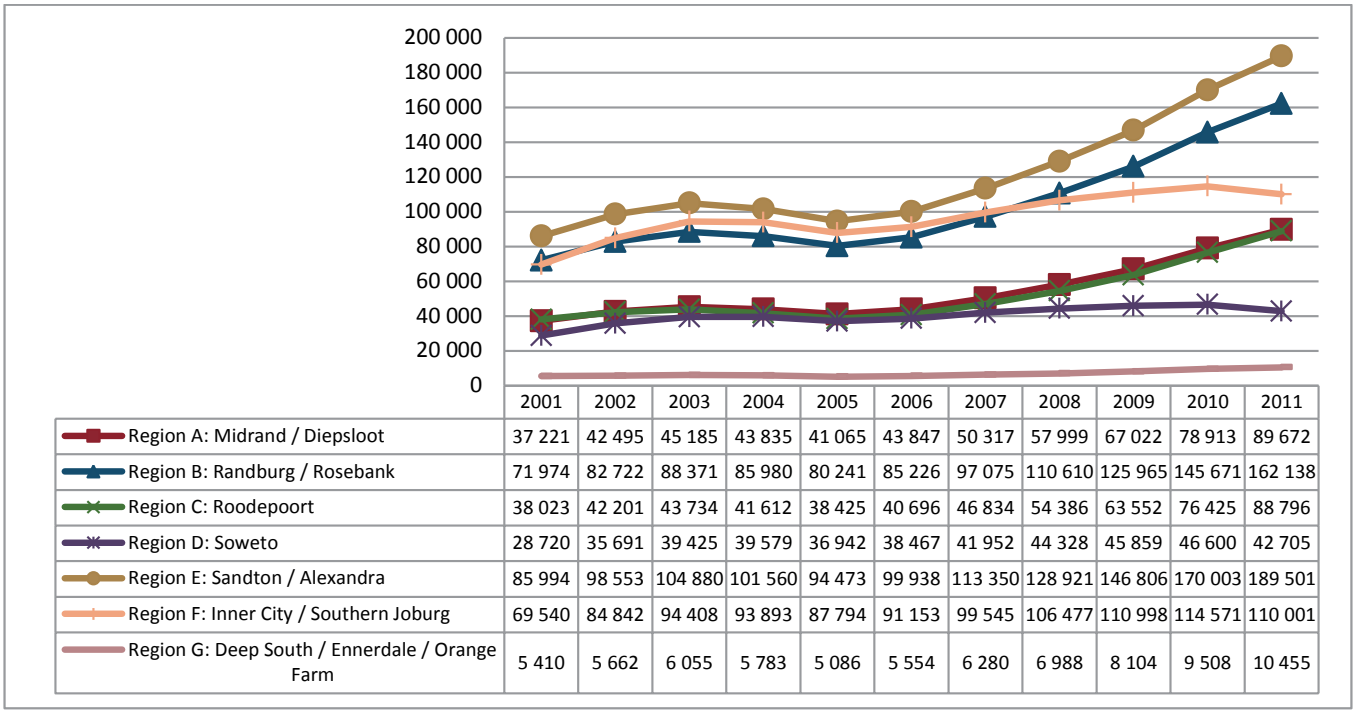
Source: Constructed from Global insight data, April 2013

8.3.3. Number of Business Trips

The market for business tourism is the most crucial and distinctive element in the tourism economy of CoJ regions. Business tourism is very significant, as it is high-spending and spreads its benefits more widely, as it makes use of a range of services, including audio-visual companies, secretarial agencies and even florists, which are not used by leisure tourists. In addition, business tourism brings senior managers and shareholders of companies together for conferences, exhibitions, teambuilding or training courses. CoJ's MICE strategy recognises this category of tourists as crucial. As long as it retains its proile as home to more than 75% of JSE-registered head offices, as well as the head offices of most international and multinational companies, the business tourism market can be considered secure.

Since CoJ is home to OR Tambo International Airport, the headquarter offices of major South African enterprises and to the branch offices of international corporations, and is the gateway to South and southern Africa, the city offers many business tourism advantages. Figure 8.5 shows the number of business trips from 2001 to 2011, with Sandton/ Alexandra(Region E) showing a sustained increase.

Figure 8:5 Number of Business Trips



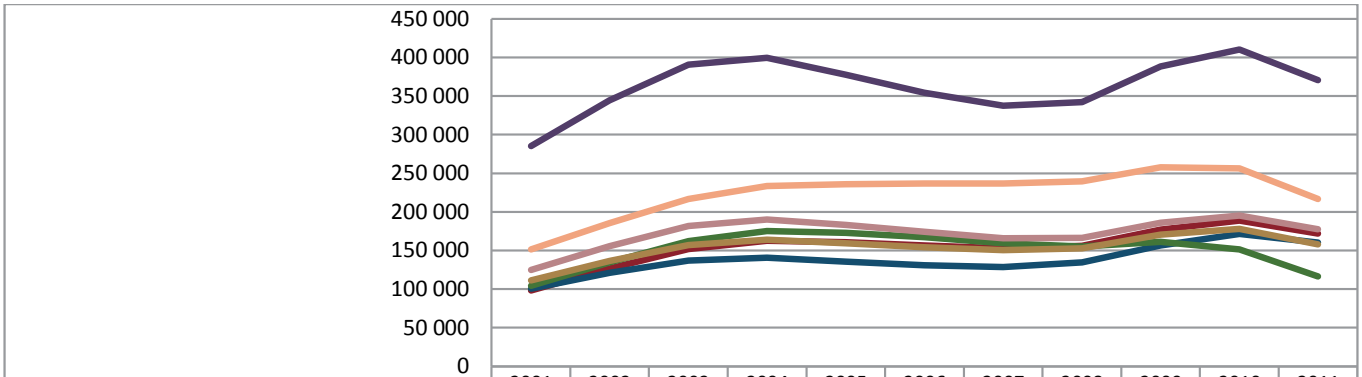
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Region A: Midrand / Diepsloot	37 221	42 495	45 185	43 835	41 065	43 847	50 317	57 999	67 022	78 913	89 672
Region B: Randburg / Rosebank	71 974	82 722	88 371	85 980	80 241	85 226	97 075	110 610	125 965	145 671	162 138
Region C: Roodepoort	38 023	42 201	43 734	41 612	38 425	40 696	46 834	54 386	63 552	76 425	88 796
Region D: Soweto	28 720	35 691	39 425	39 579	36 942	38 467	41 952	44 328	45 859	46 600	42 705
Region E: Sandton / Alexandra	85 994	98 553	104 880	101 560	94 473	99 938	113 350	128 921	146 806	170 003	189 501
Region F: Inner City / Southern Joburg	69 540	84 842	94 408	93 893	87 794	91 153	99 545	106 477	110 998	114 571	110 001
Region G: Deep South / Ennerdale / Orange Farm	5 410	5 662	6 055	5 783	5 086	5 554	6 280	6 988	8 104	9 508	10 455

Source: Constructed from Global insight data, April 2013

8.3.4. Number of Trips Visiting Friends and Relatives

Figure 8.6 illustrates the number of trips visiting friends and relatives for CoJ regions between 2001 and 2011. It is difficult to measure the economic contribution as this is usually indirect through an increase in consumer expenditure because of an additional member in the household. Soweto had a high number of trips, which represented people from regions outside CoJ and from outside South Africa. Ass one of the largest townships in the country, the visiting trend is to be expected.

Figure 8:6 Number of Trips Visiting Friends and Relatives



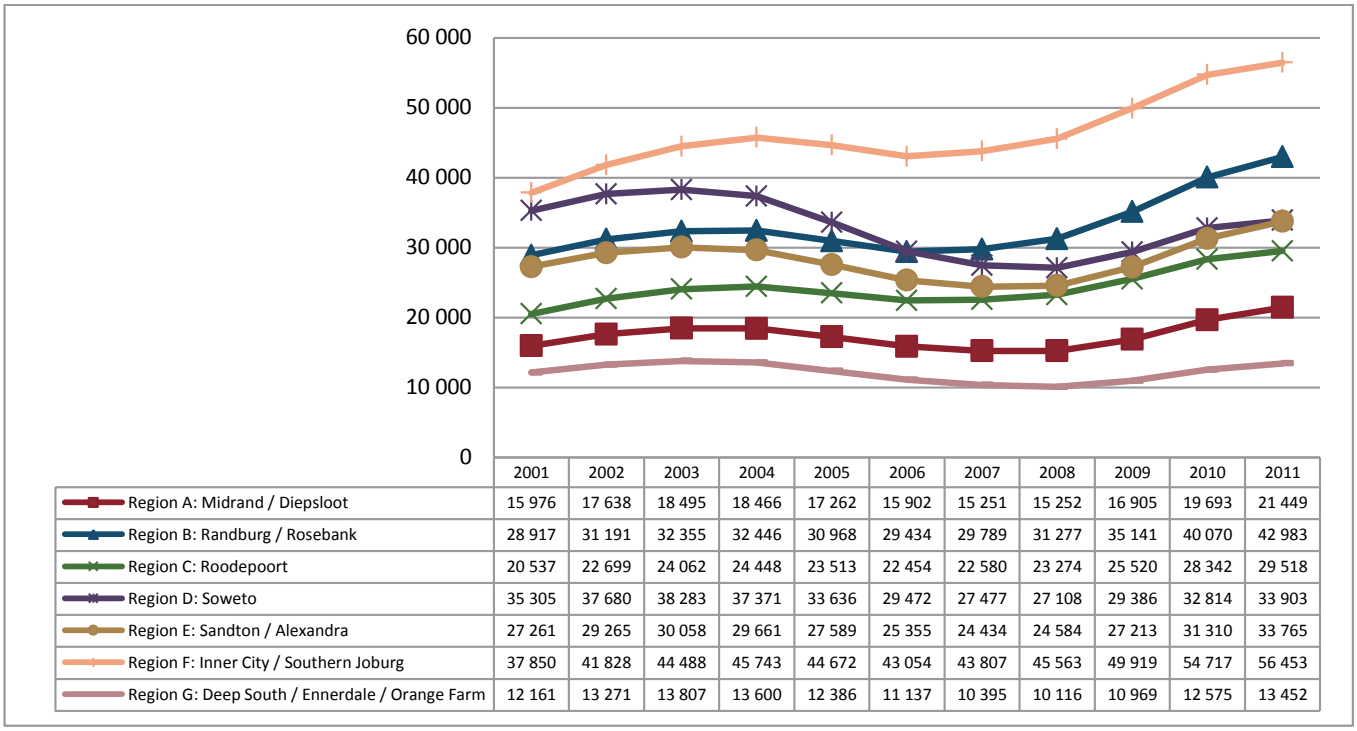
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Region A: Midrand / Diepsloot	98 339	126 827	151 976	162 803	160 593	156 382	152 579	155 918	177 252	188 529	171 932
Region B: Randburg / Rosebank	100 505	120 949	136 937	140 795	135 595	130 919	128 762	134 448	156 546	171 563	160 433
Region C: Roodepoort	104 406	134 415	162 163	175 011	173 069	167 163	159 370	154 951	161 230	151 361	116 363
Region D: Soweto	285 051	344 291	390 800	399 288	377 540	354 293	337 551	341 942	388 524	410 092	370 668
Region E: Sandton / Alexandra	111 136	136 306	157 201	164 109	159 461	154 376	150 523	152 674	170 420	177 826	157 968
Region F: Inner City / Southern Joburg	151 348	185 317	216 728	233 270	235 654	236 547	236 910	239 769	257 810	256 282	216 888
Region G: Deep South / Ennerdale / Orange Farm	124 716	155 567	181 548	189 973	183 108	174 153	165 912	166 120	186 132	195 460	177 579

Source: Constructed from Global insight data, April 2013

8.3.5. Number of Trips for other Purposes

Figure 8.7 shows the number of trips for other purpose (religious, medical, sports events, conferences, explicit consumption etc.) for CoJ and its regions. These tourists are largely from other sub-Saharan African countries and CoJ plays a fundamentally different role for them than for tourists from Western Europe or North America, for example. The inner city/Southern Joburg region experienced a higher number of trips for other purpose visitors than other regions from 2001 to 2011. Randburg/Rosebank also experienced an increase in this category of trips. From 2007 until 2011 it recorded a higher number of trips than Soweto, maybe because more people moved to the this region.

Figure 8:7 Number of Trips for other Purposes (religious, medical etc)



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Region A: Midrand / Diepsloot	15 976	17 638	18 495	18 466	17 262	15 902	15 251	15 252	16 905	19 693	21 449
Region B: Randburg / Rosebank	28 917	31 191	32 355	32 446	30 968	29 434	29 789	31 277	35 141	40 070	42 983
Region C: Roodepoort	20 537	22 699	24 062	24 448	23 513	22 454	22 580	23 274	25 520	28 342	29 518
Region D: Soweto	35 305	37 680	38 283	37 371	33 636	29 472	27 477	27 108	29 386	32 814	33 903
Region E: Sandton / Alexandra	27 261	29 265	30 058	29 661	27 589	25 355	24 434	24 584	27 213	31 310	33 765
Region F: Inner City / Southern Joburg	37 850	41 828	44 488	45 743	44 672	43 054	43 807	45 563	49 919	54 717	56 453
Region G: Deep South / Ennerdale / Orange Farm	12 161	13 271	13 807	13 600	12 386	11 137	10 395	10 116	10 969	12 575	13 452

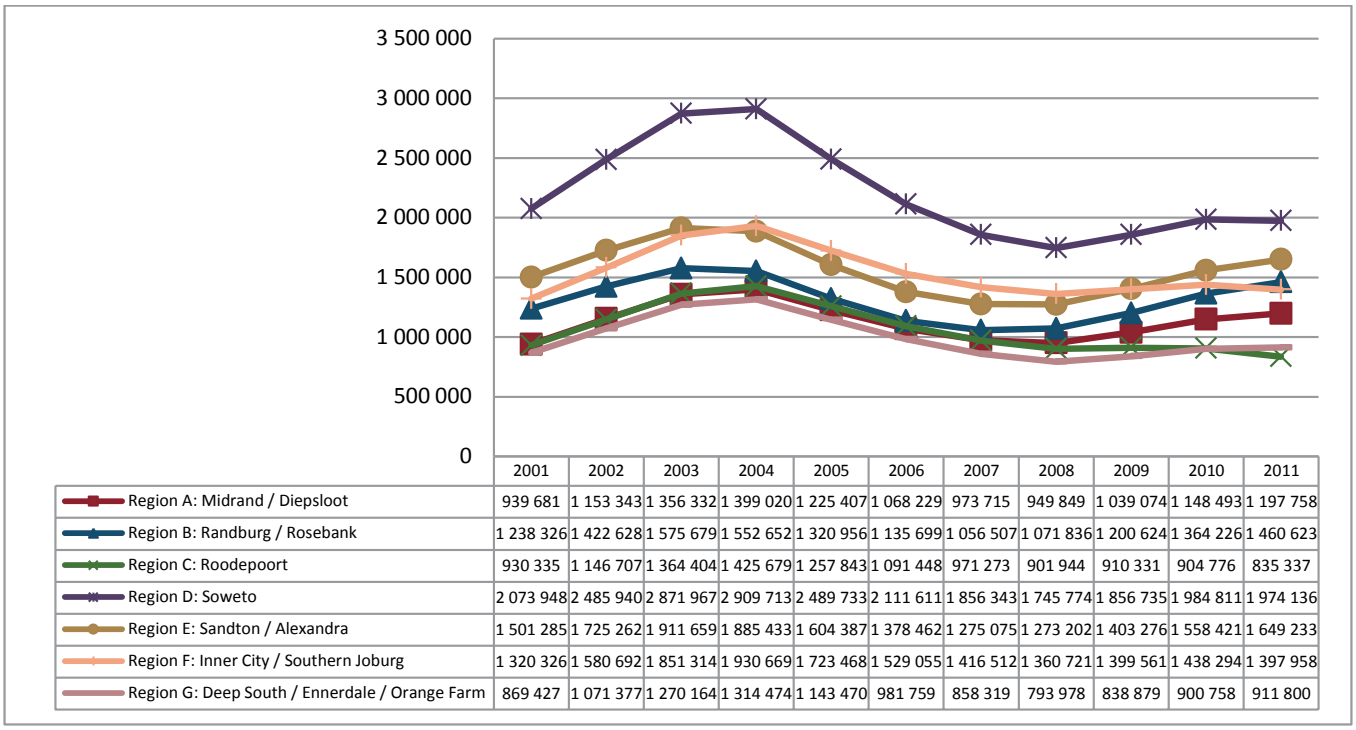
Source: Constructed from Global insight data, April 2013

8.3.6. Domestic Tourists: Bed Nights by Origin of Tourist and Number of Trips

Domestic tourism can be defined as travel by a person in the country in which he/she resides and who stays for 24 hours and travels for at least 80km from home. South Africa's national Domestic Tourism Growth Strategy (DTGS, 2012) provides for enhanced focus on domestic tourism by sector. The rationale behind a domestic tourism strategy is that, as with international tourism, domestic tourism is an essential contributor to the growth of the tourism economy and provides a foundation for sustainable tourism growth and development, especially in times of global uncertainties. Furthermore, there is a lot of potential to grow the level of activity in the sector given the lack of a travel culture among South Africans (especially black South Africans) with the percentage of adult South Africans who travel still at 44% of the total adult population. Domestic tourism provides immense opportunity for contribution to national priorities such as economic growth, job creation and poverty alleviation.

Figure 8:8 shows the number of bed nights by 'origin of tourist: domestic tourists' from 2001 to 2011 for CoJ and its regions. The number of domestic tourists increased from 2001 to 2004, with Region D, Soweto, leading. There was a sharp decline between 2004 and 2008, showing that local tourists or households hadshifted their spending from domestic tourism to other needs. This decline was also in line with impacts that led to the global economic recession of 2008 and 2009, which limited households' ability to spend on tourism, which is seen as a luxury.

Figure 8:8 Bed Nights by Origin of Tourist: Domestic Tourists

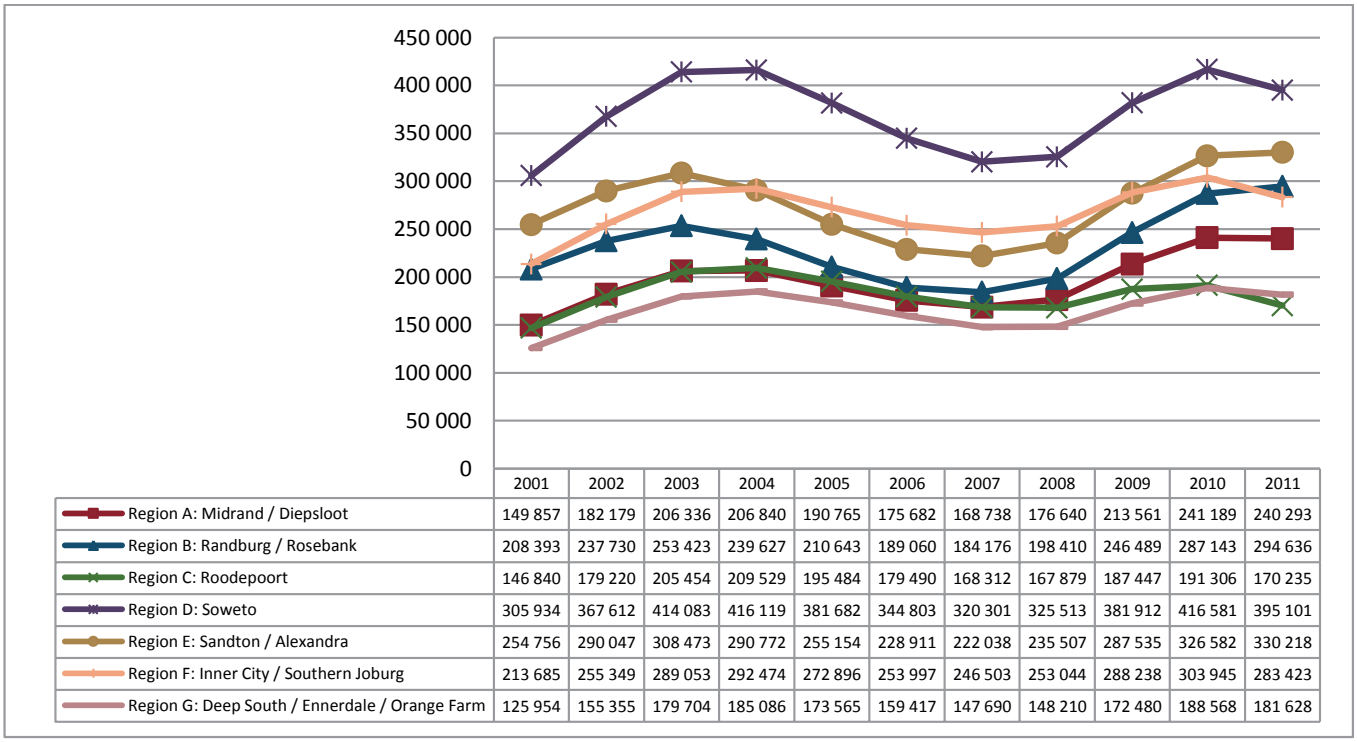


	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Region A: Midrand / Diepsloot	939 681	1 153 343	1 356 332	1 399 020	1 225 407	1 068 229	973 715	949 849	1 039 074	1 148 493	1 197 758
Region B: Randburg / Rosebank	1 238 326	1 422 628	1 575 679	1 552 652	1 320 956	1 135 699	1 056 507	1 071 836	1 200 624	1 364 226	1 460 623
Region C: Roodepoort	930 335	1 146 707	1 364 404	1 425 679	1 257 843	1 091 448	971 273	901 944	910 331	904 776	835 337
Region D: Soweto	2 073 948	2 485 940	2 871 967	2 909 713	2 489 733	2 111 611	1 856 343	1 745 774	1 856 735	1 984 811	1 974 136
Region E: Sandton / Alexandra	1 501 285	1 725 262	1 911 659	1 885 433	1 604 387	1 378 462	1 275 075	1 273 202	1 403 276	1 558 421	1 649 233
Region F: Inner City / Southern Joburg	1 320 326	1 580 692	1 851 314	1 930 669	1 723 468	1 529 055	1 416 512	1 360 721	1 399 561	1 438 294	1 397 958
Region G: Deep South / Ennerdale / Orange Farm	869 427	1 071 377	1 270 164	1 314 474	1 143 470	981 759	858 319	793 978	838 879	900 758	911 800

Source: Constructed from Global insight data, April 2013

Figure 8:9 presents the number of trips by domestic tourists for CoJ regions between 2001 and 2011. Soweto had the highest number of domestic tourists , as it has more amenities and entertainment centres that attract domestic tourists compared than other regions, a rich history in areas such as Vilakazi Street the Orlando East, and cultural experiences.

Figure 8:9 Number of Trips by Domestic Tourists



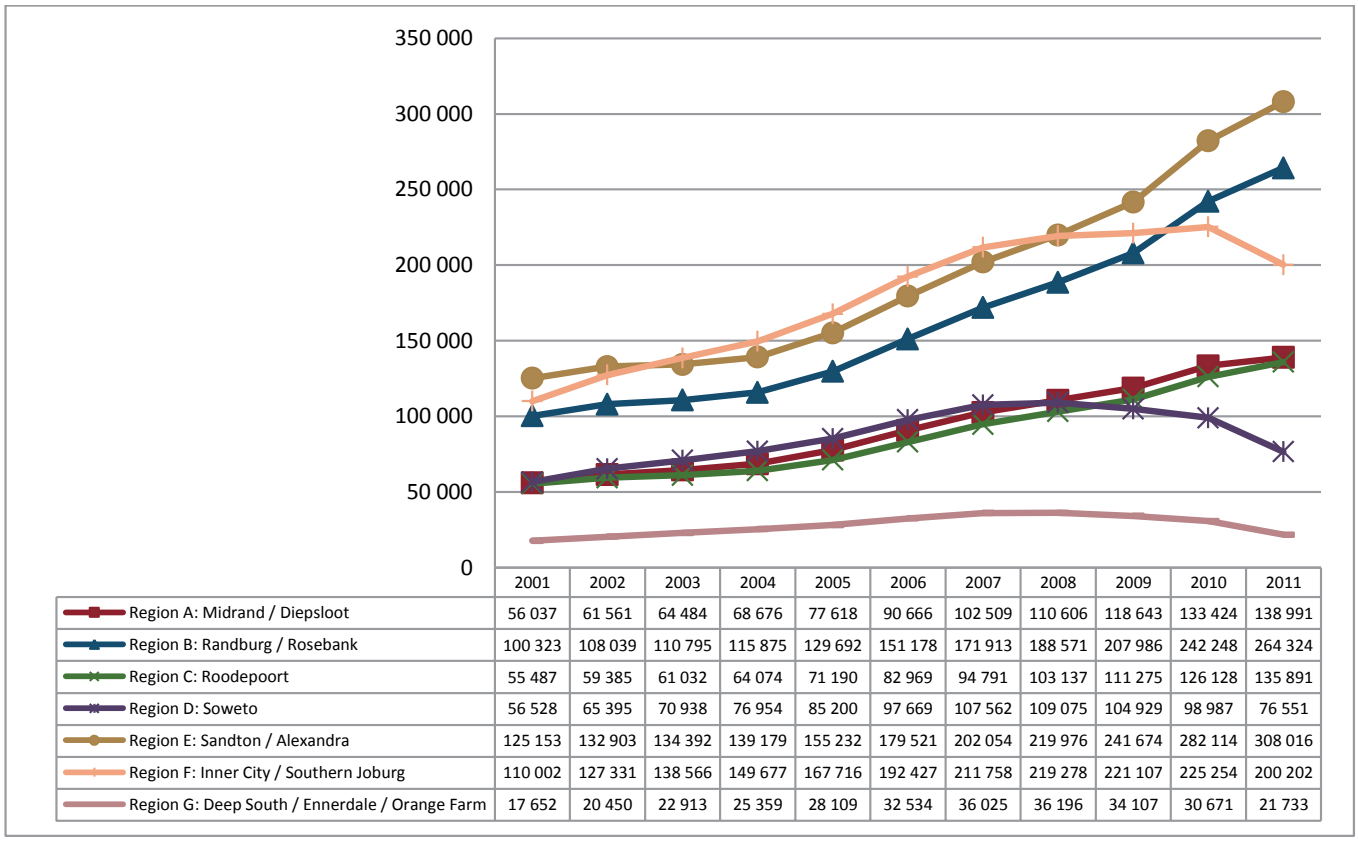
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Region A: Midrand / Diepsloot	149 857	182 179	206 336	206 840	190 765	175 682	168 738	176 640	213 561	241 189	240 293
Region B: Randburg / Rosebank	208 393	237 730	253 423	239 627	210 643	189 060	184 176	198 410	246 489	287 143	294 636
Region C: Roodepoort	146 840	179 220	205 454	209 529	195 484	179 490	168 312	167 879	187 447	191 306	170 235
Region D: Soweto	305 934	367 612	414 083	416 119	381 682	344 803	320 301	325 513	381 912	416 581	395 101
Region E: Sandton / Alexandra	254 756	290 047	308 473	290 772	255 154	228 911	222 038	235 507	287 535	326 582	330 218
Region F: Inner City / Southern Joburg	213 685	255 349	289 053	292 474	272 896	253 997	246 503	253 044	288 238	303 945	283 423
Region G: Deep South / Ennerdale / Orange Farm	125 954	155 355	179 704	185 086	173 565	159 417	147 690	148 210	172 480	188 568	181 628

Source: Constructed from Global insight data, April 2013

8.3.7. Number of Trips by International Tourists

Figure 8:10 shows the number of trips by international tourists for CoJ regions from 2001 to 2011. Most visitors coming to Johannesburg were from from London (328 000), Frankfurt (196 000) and Dubai (166 500), according to the MasterCard survey. This trend is in line with the national and global trend, with the UK (or in this case, London) leading, followed by Frankfurt and then Dubai. Combined, these visitors were expected to inject US$975 million into the city's economy in cross-border spend during 2012 (Joburg Tourism, 2012). The number of trips by international tourists plays an important role in the CoJ economy. Sandton/Alexandra (Region E) has a higher number of international tourists than other regions, thanks to its holiday attractions and world-class conference facilities.. Despite the financial crisis in 2008, Sandton/ Alexandra, Randburg/Rosebank and inner city/Southern Joburg recorded an increase in the number of tourists. The impact of international tourism is foreign exchange earnings, contributions to government revenues, and generation of employment and business opportunities.

Figure 8:10 Number of Trips by International Tourists[24]



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Region A: Midrand / Diepsloot	56 037	61 561	64 484	68 676	77 618	90 666	102 509	110 606	118 643	133 424	138 991
Region B: Randburg / Rosebank	100 323	108 039	110 795	115 875	129 692	151 178	171 913	188 571	207 986	242 248	264 324
Region C: Roodepoort	55 487	59 385	61 032	64 074	71 190	82 969	94 791	103 137	111 275	126 128	135 891
Region D: Soweto	56 528	65 395	70 938	76 954	85 200	97 669	107 562	109 075	104 929	98 987	76 551
Region E: Sandton / Alexandra	125 153	132 903	134 392	139 179	155 232	179 521	202 054	219 976	241 674	282 114	308 016
Region F: Inner City / Southern Joburg	110 002	127 331	138 566	149 677	167 716	192 427	211 758	219 278	221 107	225 254	200 202
Region G: Deep South / Ennerdale / Orange Farm	17 652	20 450	22 913	25 359	28 109	32 534	36 025	36 196	34 107	30 671	21 733

Source: Constructed from Global insight data, April 2013

8.3.8. Total Tourism Spend (R1 000, prevailing prices)

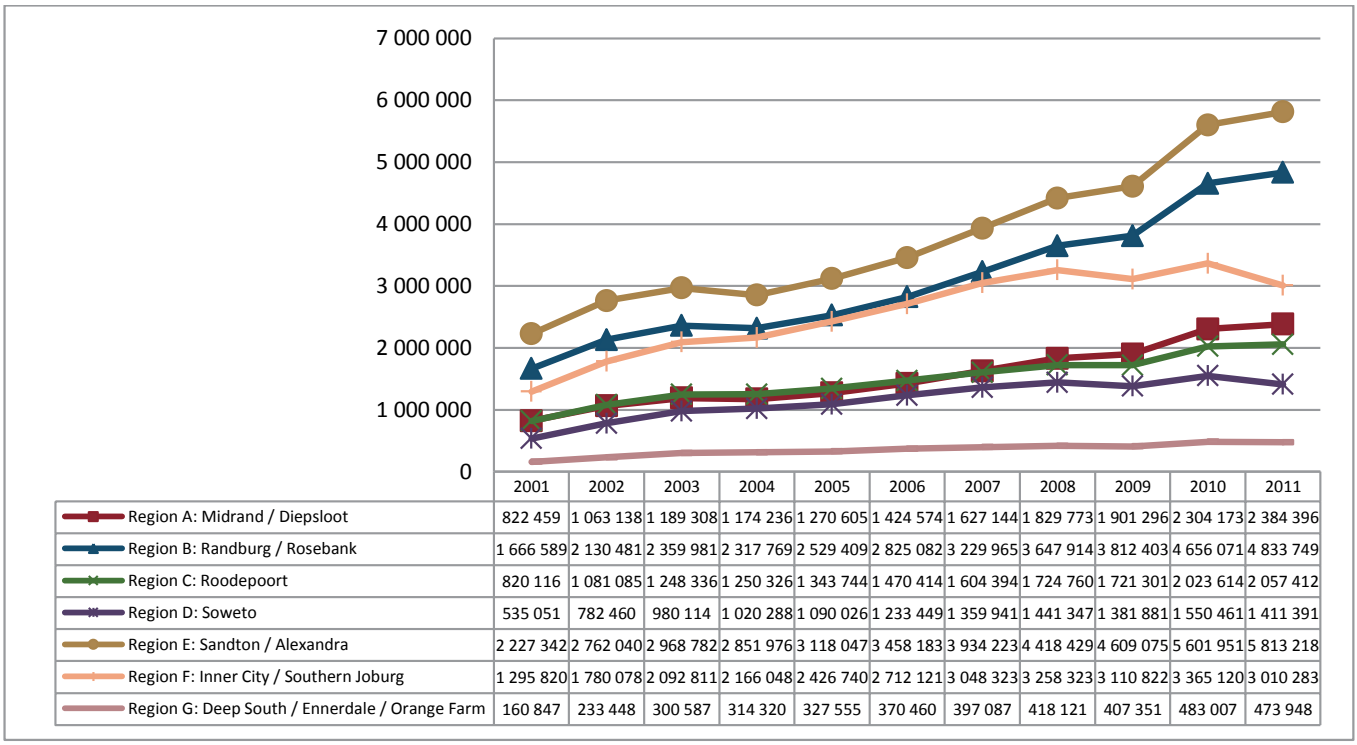
According to Joburg Tourism (2012), tourism spend in Johannesburg was expected to reach R27 billion in 2012, which would make Johannesburg the second most visited destination city in Africa, with a projected 2.5 million international visitors (MasterCard Global Destination Cities Index). In addition, international visitors were projected to spend more while visiting Johannesburg than any other destination city on the continent, with an estimated US$3.3billion (about R27.8-billion) during 2012, an increase of 8.1% on 2011 (Joburg Tourism, 2012).

From the 13 African cities out of a 132 sample survey shown earlier, Cairo, with 3,3 million visitors expected in 2012, was ahead of Johannesburg in terms of visitor numbers, and took the top position in Africa, while Casablanca, with an anticipated 2.1million visitors, was third. Looking at international visitor expenditure in the African cities surveyed for

24 An international tourist is someone from outside South Africa's borders who travelled into South Africa on a trip.

2012, Cairo took second place after Johannesburg, with the city expecting to attract US$3billion (about R25.2billion) in cross-border spend, followed by Casablanca at US$1.9 billion (Joburg Tourism, 2012). Tourists from London are expected to spend US$638 million during 2012 (an average of US$1 945 per person), those from Frankfurt US$182 million (an average US$929 per person) and Dubai visitors US$155 million (an average of US$930 per person). About 143 000 visitors were expected to travel to Johannesburg from Paris and were expectd to spend US$332 million in the city during 2012, a substantial amount compared to visitor numbers and an average of US$2 320 per person - the highest average spend per person of all visitors. Further, the survey shows that four of the top five outbound destinations for Johannesburg travellers were in Africa. Windhoek and Nairobi were the top two outbound travel destinations, followed by London, Harare, and Luanda (Joburg Tourism 2012).

Figure 8:11 Total Tourism Spend (R1 000, current prices)



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Region A: Midrand / Diepsloot	822 459	1 063 138	1 189 308	1 174 236	1 270 605	1 424 574	1 627 144	1 829 773	1 901 296	2 304 173	2 384 396
Region B: Randburg / Rosebank	1 666 589	2 130 481	2 359 981	2 317 769	2 529 409	2 825 082	3 229 965	3 647 914	3 812 403	4 656 071	4 833 749
Region C: Roodepoort	820 116	1 081 085	1 248 336	1 250 326	1 343 744	1 470 414	1 604 394	1 724 760	1 721 301	2 023 614	2 057 412
Region D: Soweto	535 051	782 460	980 114	1 020 288	1 090 026	1 233 449	1 359 941	1 441 347	1 381 881	1 550 461	1 411 391
Region E: Sandton / Alexandra	2 227 342	2 762 040	2 968 782	2 851 976	3 118 047	3 458 183	3 934 223	4 418 429	4 609 075	5 601 951	5 813 218
Region F: Inner City / Southern Joburg	1 295 820	1 780 078	2 092 811	2 166 048	2 426 740	2 712 121	3 048 323	3 258 323	3 110 822	3 365 120	3 010 283
Region G: Deep South / Ennerdale / Orange Farm	160 847	233 448	300 587	314 320	327 555	370 460	397 087	418 121	407 351	483 007	473 948

Source: Constructed from Global insight data, April 2013

Figure 8:11 shows total tourism spends (R1 000, prevailing prices) for CoJ regions from 2001 to 2011. Total tourism includes all expenditure by visitors for their trip, excluding capital expenditure and the shopping expenditure of traders (known as shuttle trade). Tourism spend is presented at prices prevailing at the time and inflation was not accounted for. The main positive economic impact of tourism spend is foreign exchange earnings, contributions to government revenues, and generation of employment and business opportunities. The graph shows that the Sandton/Alexandra region has the highest tourism, possibly because Sandton attracts a high number of international tourists with a high spending power. This is also the case for Randburg/Rosebank.

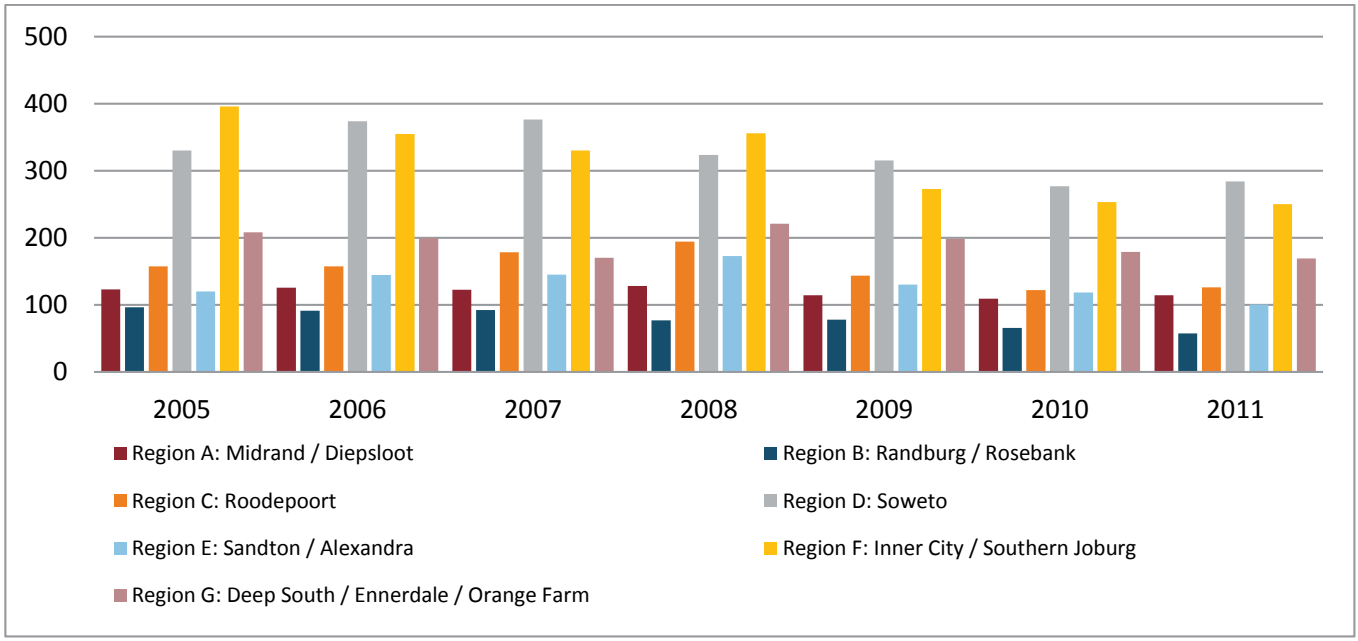
9. Chapter nine: Crime

9.1. REPORTED CRIMES

The relationship between trends in crime and economic growth is emerging as an important area for academic enquiry, policymakers and politicians. The intense interest in the relationship between crime and economic growth is, ***inter-alia***, sparked by the 2008 financial crisis. Evidence shows that the financial crisis, which resulted in a global financial meltdown, was caused by fraudulent lending by financial institutions. Furthermore, it is suggested that high crime rates have a negative impact on investment perception and, consequently, halt economic growth. Although this is not to suggest that low crime rates will result in economic growth, low crime rates are necessary to propel economic growth. This is important for cities in the developing countries that are looking to attract foreign direct investment and intraregional trade.

Figure 9:1 depicts a decrease in aggregate and regional murders reported for CoJ from 2005 to 2011.

Figure 9:1: Murder Crimes Reported by Region



Source: Constructed from Global insight data, April 2013

An increase in the number of murders in CoJ has the potential to raise fear in both investors and employees. Some studiesconfirm that high murder areas are often associated with low economic growth (Glaeser, 2005)[25]. This proposition is plausible because low murder rates and low crime in general are necessary conditions for growth and investment. However, while a low murder rate is a necessary condition for growth, it is sufficient and has to be complemented by other factors to realise economic growth. High crime induces households and the state to spend money on healthcare and security precautions rather than on other investments.

In terms of regional disparities, Region D (Soweto) and Region F (inner city/Southern Joburg) experienced a high number of murders. A potential consequence of this trend may be increased spending on crime prevention and security precautions, and emigration of labour etc. The increased spending on crime prevention and security precautions, among other things, diverts resources from productive investment. This trend of high murder rates would lead to investor uncertainty about safety of investment. Moreover,, the socioeconomic conditions of these regions will decrease.

25 Glaeser, Edward L. "The Skilled City", 2005.

Region B (Randburg/Rosebank) reported a lower number of murders than other regions between 2000 and 2011. This increases the availability of resources for other investment spending. Spending on productive activity such as education and infrastructure, Can, therefore, increase, which has the potential to improve the livelihoods of the community.

9.2 CRIME AT METRO LEVEL

Table 9:1 shows that, in terms of the number of murders commited, CoJ generally came third after ETH and CoC between 2000 and 2011.

Table 9:1 Number of Murders Reported in Metropolitan Municipalities

	Coc	ETH	EKU	CoJ	NMB	CoT	MAN MAN	BUF
2000	2 185	2 254	1 464	2 131	720	695	315	504
2001	2 225	2 049	1 397	2 083	663	804	314	534
2002	2 550	2 181	1 439	2 086	690	808	300	511
2003	2 170	2 120	1 317	1 757	645	748	347	499
2004	1 707	1 934	1 044	1 554	594	733	318	420
2005	1 883	1 959	1 029	1 430	695	636	293	444
2006	1 591	2 006	1 053	1 447	781	697	273	442
2007	1 618	1 913	1 036	1 416	664	589	255	505
2008	1 276	2 084	1 155	1 473	581	695	255	498
2009	1 150	1 689	1 030	1 253	550	623	265	468
2010	1 220	1 413	975	1 125	506	570	274	413
2011	1 256	1 183	825	1 101	551	430	291	424

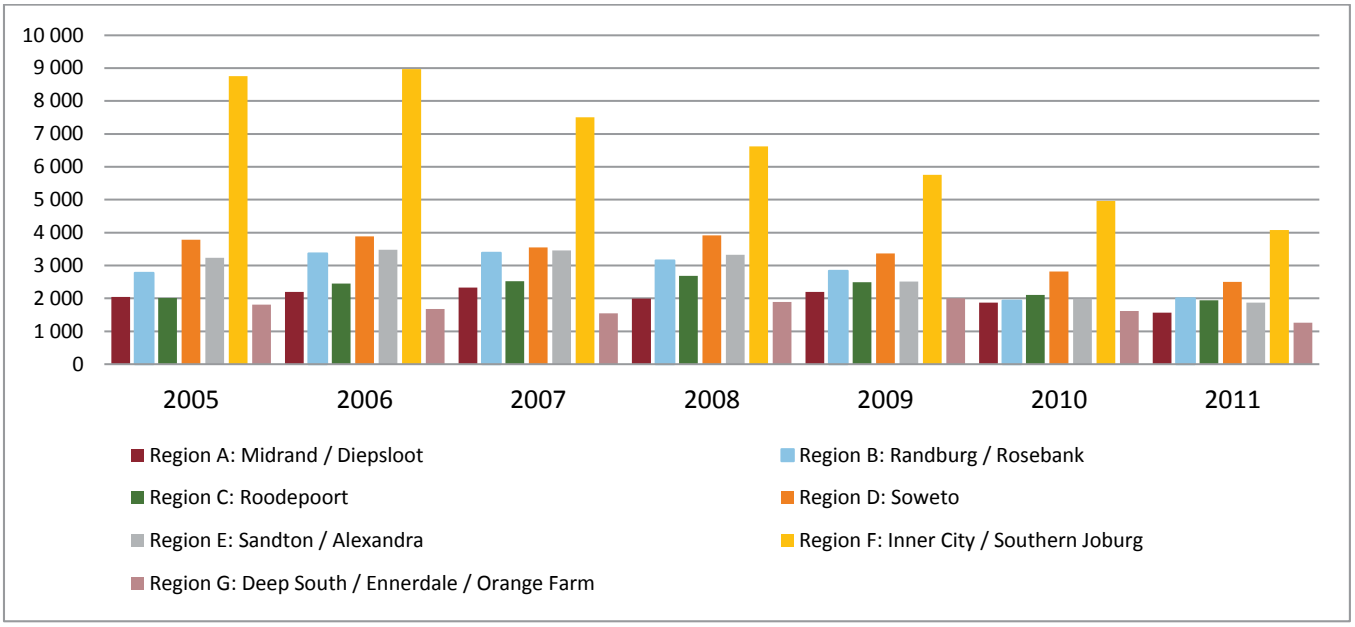
Source: Constructed from Global Insight data, April 2013

In 2011, 1 101 murders were commited in CoJ, with 1 256 and 1 183 in CoC and ETH respectively. The number of murders committed in CoJ dropped between 2000 and 2011, from about 2 131 in 2000 to 1 101 in 2011. MAN and BUF had the lowest levels of murder during this period, with 291 and 424 respectively.

9.3 ROBBERY WITH AGGRAVATING CIRCUMSTANCES

Figure 9:2 shows robberies with aggravating circumstances for CoJ and its regions. The high level of violent crimes in the country is frequently mentioned as a constraint to growth.

Figure 9:2 Robbery with Aggravating Circumstances Crimes Reported by Region



Source: Constructed from Global insight data, April 2013

According to Stone (2006), the distinctive feature of crime in South Africa is more its violent nature, than its volume[26]. While this a national observation, it depicts the aggregated nature of violent crimes of all regions. CoJ experienced an aggregate increase in robberies with aggravating circumstances between 2000 and 2003. This aggregate increase was followed by a decrease in 2004 and 2005. However, in 2006, there was a slightincrease in numbers of robberies with aggravating circumstances. This was followed by a decrease in robberies until 2011. The inner city/Southern Joburg region had the highest number of robberies with aggravating circumstances. The threat of crime diverts resources to protection efforts, exacts health costs through increased stress, and generally creates an environment unconducive to productive activity. Furthermore, such crimes erode human capital by encouraging emigration, injuring and killing skilled workers and keeping workers out of the labour market by discouraging them from accepting employment if they are required to work late and far from home[27]. Workers employed in the inner city/Southern Joburg face the potential risk of robberies with aggravating circumstances. This may result in workers deciding to work elsewhere. Consequently, areas with high violent crime rates may experience a 'brain-drain'..

However, the region followed a similar trend to the city, showing an increase between 2000 and 2003 and thereafter, a decrease. Region A (Midrand/Diepsloot) and Region G (Deep south/Ennerdale/Orange Farm) had the lowest number of robberies with aggravating circumstances and experienced a decrease in 2000 and 2011.

26 See Christopher Stone, 'Crime, justice, and growth in South Africa: Toward a plausible contribution from criminal justice to economic growth', 2006.
27 It is important to note that, taking into account the socioeconomic conditions of the majority of the South African population, largely skilled labour may be discouraged from working in areas with high violent crimes.

Table 9:2 Number of Robberies With Aggravating Circumstances in Municipalities

	CoC	ETH	EKU	CoJ	NMB	CoT	MAN	BUF
2000	9 469	13 658	14 932	25 565	2 820	8 419	650	1 361
2001	11 702	14 443	15 282	27 013	2 950	10 003	867	1 764
2002	11 436	14 449	13 548	27 412	3 360	10 712	1 154	1 675
2003	13 690	17 065	15 266	30 228	3 768	12 873	1 568	1 992
2004	11 732	15 338	13 222	27 690	4 011	12 267	2 027	2 165
2005	11 962	15 117	11 571	24 403	3 851	11 644	1 813	1 797
2006	12 018	16 667	12 017	26 012	4 434	12 555	1 848	1 604
2007	11 538	15 857	11 107	24 282	4 069	10 733	1 888	1 769
2008	10 158	16 093	11 447	23 579	3 991	10 581	2 240	1 978
2009	9 347	14 441	11 864	21 164	3 976	9 887	2 140	1 969
2010	8 963	11 642	10 763	17 304	4 064	8 819	1 663	1 879
2011	9 014	9 907	8 738	15 221	4 859	6 977	1 986	2 392

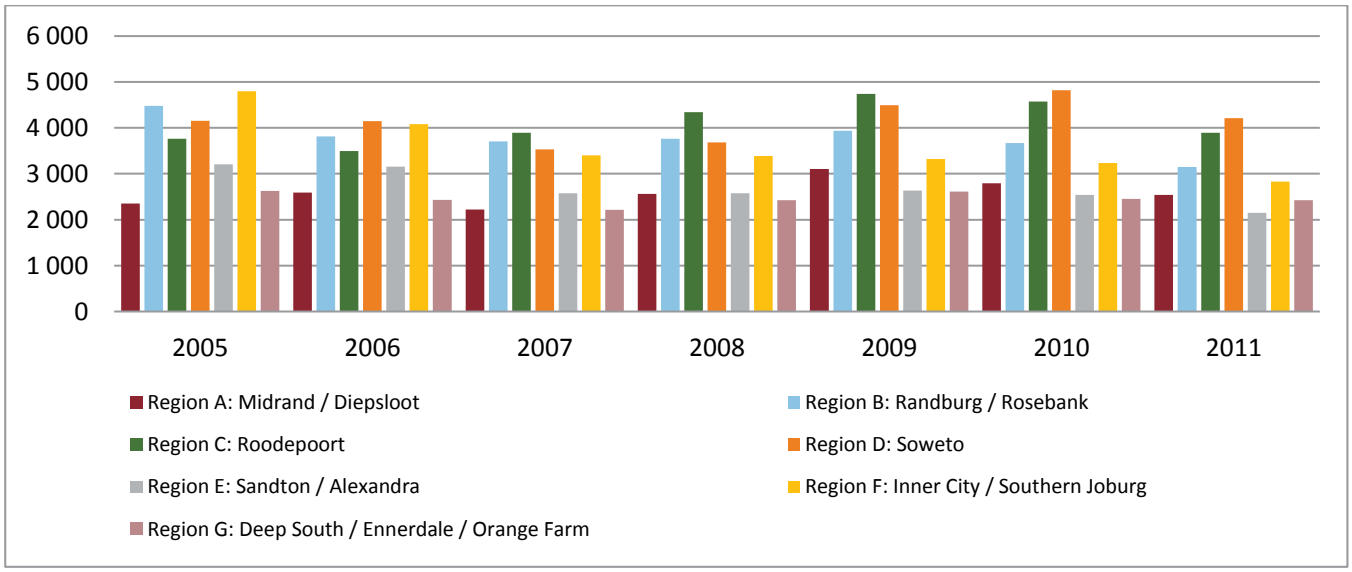
Source: Constructed from Global Insight data, April 2013

Table 9:2 shows that CoJ had a greater number of robberies with aggravating circumstances than any other metropolitan municipalities from 2000 to 2011. Roberries peaked in 2003, when the city had 30 228 robberies with aggravating circumstances. The rate then decreased, with 15 221 cases in 2011. ETH has been second highest numbers of robberies with aggravating circumstances, while MAN and BUF ha the lowest numbers.

9.4 BURGLARY CRIMES ON RESIDENCES AND BUSINESS

Figure 9:3 depicts residential burglaries for CoJ and its regions. Aggregate residential burglaries have decreased, significantly so in 2006 and 2007.

Figure 9:3 Burglary Crimes on Residences Reported by Region



Source: Constructed from Global insight data, April 2013

Residential burglaries affect the price of property and the choice of location for home buyers, and increase expenditure on household security. Indeed, areas with high residential burglary numbers tend to be less desirable to those who want to buy a house. This decreases the property value of such areas. The deleterious effect of this will be a loss of property revenue for local authorities. Furthermore, a high number of burglary crimes will induce those who already own houses in such areas to spend more on safety precautions or move to safer areas. According to Swift (2006), residents are willing to pay more for the safety of their families.

Figure 9:3 shows that no region experienced a substantial decrease in the number of residential burglaries between 2000 and 2011. A significant decrease in the number of burglaries has the potential to affect location decisions of homeseekers and property prices. However, a decrease in such crimes must be accompanied by other measures because crime is not the only factor that affects property prices. Indeed, a decrease in burglary crimes will benefit both the homeseekers and local authorities. On one hand, homeseekers will benefit from safety against home burglary and enjoy safety in general. On the other hand, this increases the revenue for local authorities.

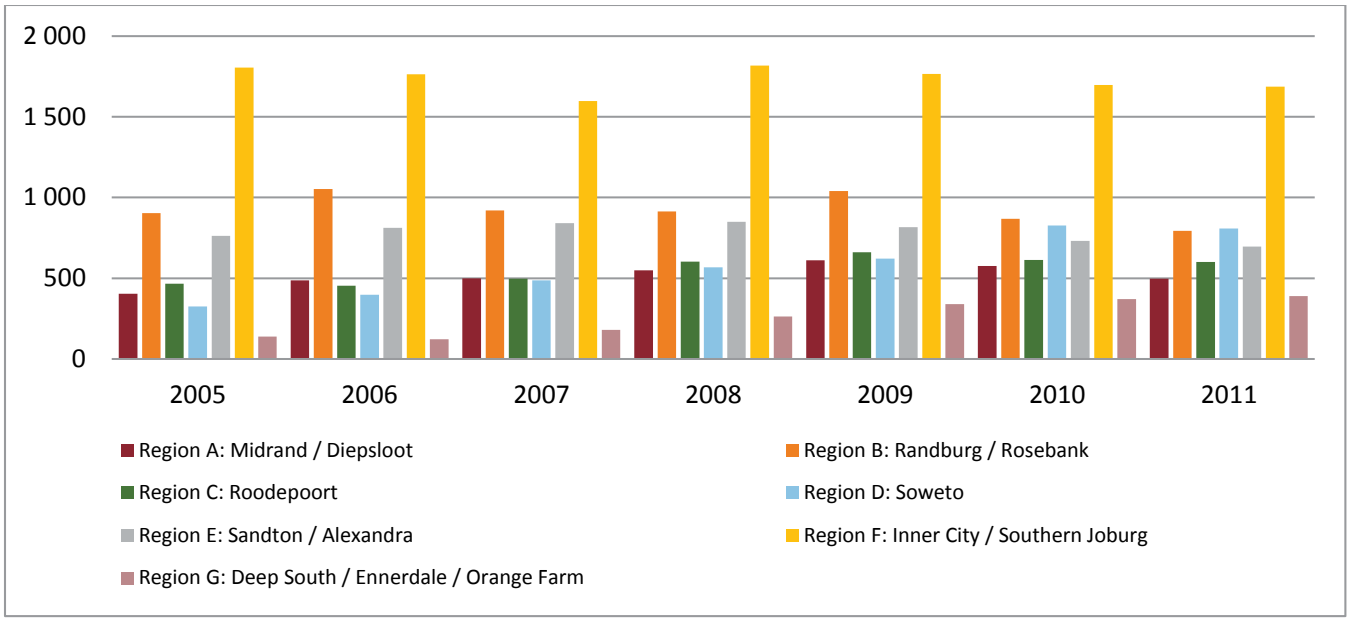
Table 9:3 Number of Burglary at Residential in Metropolitan Municipalities

	CoC	ETH	EKU	CoJ	NMB	CoT	MAN	BUF
2000	32 071	18 596	22 313	29 105	9 261	22 644	5 865	6 322
2001	35 128	18 772	21 091	28 645	10 169	22 969	6 041	6 397
2002	34 688	20 157	21 066	27 993	10 403	22 934	6 307	7 009
2003	36 586	20 179	19 968	29 161	9 735	21 853	5 982	6 795
2004	30 244	17 815	17 521	27 688	9 456	20 404	5 256	6 033
2005	27 831	16 642	15 917	25 370	10 922	21 465	5 161	5 828
2006	28 192	16 237	15 011	23 708	10 211	21 197	4 642	5 254
2007	28 010	15 055	13 615	21 547	9 441	18 088	4 699	5 277
2008	26 768	14 975	14 181	22 734	7 731	20 139	4 862	5 058
2009	25 988	17 453	16 868	24 843	7 191	21 516	5 229	5 525
2010	26 388	17 901	16 228	24 074	6 784	21 035	4 887	5 599
2011	26 012	17 805	14 905	21 193	6 764	17 809	4 962	6 289

Source: Constructed from Global Insight data, April 2013

Table 9:3 shows the number of residential burglaries in metropolitan municipalities between 2000 and 2011. CoJ had a high number of residential burglaries compared with other metropolitan municipalities, except CoC.

Figure 9:4 Business Burglary Crimes Reported by Region



Source: Constructed from Global insight data, April 2013

Figure 9:4 depicts business burglaries for the city and its regions. According to the World Bank (2005), crime is rated as one of the four major constraints on enterprise operation and growth in South Africa. Furthermore, as it impacts on business operation and growth, it indirectly affects employment creation and poverty alleviation, and increases the cost of prevention and prosecution for the state. Business burglaries reported in CoJ increased from 2000 to 2001. From 2002 to 2005, there was a decrease, which was followed by a slight increase in 2006 to 2009 and then a decrease in 2010 and 2011. The overall trend shows a decrease from 2000 to 2011. The inner city/Southern Joburg region (Region F) recorded the highest number of business burglaries in all the years from 2000 to 2011. In a study about impact of crime on small businesses, 76% of businesses located in areas characterised as 'high crime' (on the basis of businesses' own perceptions) were most likely to cite crime as one of the major problems facing their businesses. The deleterious consequence of increase in crime, business crime in particular, is succinctly captured by a recent UN Habitant survey, which found that fear of crime drives investment away from cities in developing countries and that more than half of urban dwellers in both rich and poor countries worry about crime all of the time or very often.

Table 9:4 Number of Business Premises Burglary in Metropolitan Municipalities

	CoC	ETH	EKU	CoJ	NMB	CoT	MAN	BUF
2000	9 043	6 001	4 946	7 007	2 688	4 634	1 400	1 822
2001	9 597	6 179	5 171	7 478	2 681	4 694	1 401	1 696
2002	7 522	5 182	4 426	6 564	2 443	3 699	1 246	1 334
2003	7 103	4 460	4 494	5 509	2 166	2 960	1 003	1 151
2004	5 263	4 056	3 880	4 711	2 002	2 870	957	811
2005	4 543	3 975	3 576	4 805	2 498	2 854	941	892
2006	6 261	4 459	3 898	5 089	2 302	3 513	1 039	762
2007	6 841	4 723	3 758	5 022	2 807	3 908	1 275	956
2008	6 181	4 883	4 400	5 565	2 329	4 331	1 758	1 125
2009	6 563	4 837	4 874	5 854	2 493	4 481	1 706	1 389
2010	6 503	4 747	4 648	5 682	2 245	3 993	1 775	1 574
2011	6 298	4 323	4 121	5 472	1 866	3 676	1 542	1 317

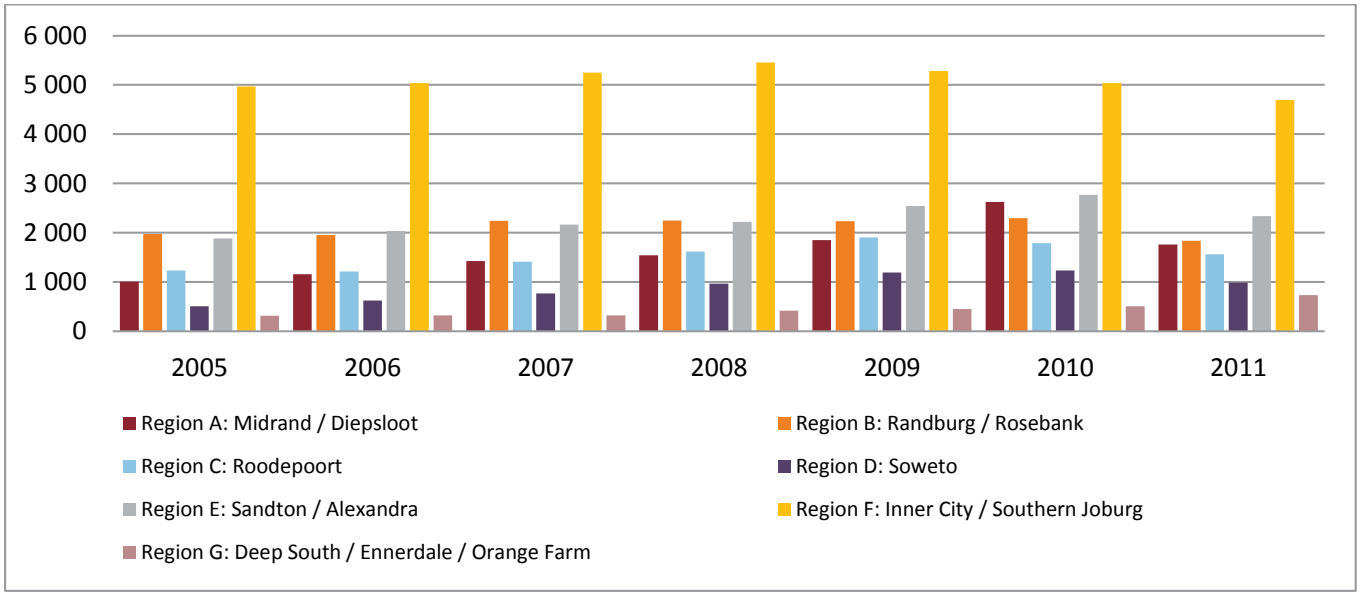
Source: Constructed from Global Insight, April 2013

Table 9:4 shows the number of business premises burglaries in metropolitan municipalities between 2000 and 2011. CoJ had a high number of business burglaries compared with other metropolitan municipalities, except CoC

9.5 COMMERCIAL CRIMES

Figure 9:5 depicts commercial crimes reported in CoJ and its regions. Commercial crimes include fraud, counterfeit consumer goods, credit highjacking etc. This category of crimes is an important indicator for choices on business location and investment.

Figure 9:5 Commercial Crimes by Region



Source: Constructed from Global insight data, April 2013

An increase in commercial crimes can discourage inward investment in the city, due to investor fear of security of investment. More important is that a well-functioning financial system and a stable political environment with a high level of commercial crimes invariably negatively affect inward investment. The trend of the aggregate commercial crimes shows an increase in the commercial crimes reported in CoJ. There was a decrease in 2001 and 2002, followed by an increase in 2003 that continued until 2010. In 2011, commercial crime numbers decreased.

The inner city/Southern Joburg region experienced a substantially higher number of commercial crimes than other regions, in large part because it has a higher concentration of businesses. This has the potential of reducing long-run GDP growth by discouraging new investment because of perceived risk of losses, diverting government spending from more productive uses to security expenditures, increasing incentives for migration, and losing human capital through injury or murder.

Table 9:5 Number of Commercial Crimes Reported in Metropolitan Municipalities

	CoC	ETH	EKU	CoJ	NMB	CoT	MAN	BUF
2000	6 515	6 303	5 348	13 715	2 224	6 306	1 152	1 908
2001	6 320	5 666	5 103	11 480	1 852	6 228	1 009	1 285
2002	5 636	5 452	5 020	11 064	1 865	5 655	911	1 058
2003	5 962	4 784	5 249	11 337	1 420	5 915	786	983
2004	5 563	5 169	5 072	11 200	1 494	5 471	813	1 074
2005	5 797	4 525	4 836	11 892	1 376	5 639	759	978
2006	5 634	5 709	5 102	12 347	1 435	5 772	718	2 363
2007	7 425	5 295	5 683	13 589	1 618	6 435	1 198	1 474
2008	8 494	6 535	6 174	14 472	1 591	7 066	1 593	1 947
2009	8 912	6 693	7 131	15 470	1 824	7 658	1 559	2 168
2010	9 241	7 085	8 280	16 262	1 883	8 746	2 034	2 124
2011	8 459	6 259	7 480	13 924	1 690	7 437	2 503	2 036

Source: Constructed from Global Insight, April 2013

Table 9:5 shows the number of commercial crimes reported in metropolitan municipalities between 2000 and 2011/ CoJ outperformed all other metros for the entire period.

10. Conclusions: Key Findings

10.1. ECONOMIC PERFORMANCE AND UNEMPLOYMENT

The book presents an overview of the global and national economies, with a focus on CoJ's state of the economy at August 2013. The global economy remains volatile despite the slow recovery from the global economic recession of 2008 and 2009. This recession led to declines in economic activities across the globe, with South Africa and CoJ both recording negative growth rates, 1.3% and 1.5% respectively for 2009.

In terms of economic value added, CoJ contributes an average of about 16% and 47% to the South African and Gauteng economies respectively (Global Insight, 2013). This makes it a key player in both economies. Therefore, any negative impacts on the city's economy will lead to negative consequences for the South African economy as a whole. CoJ is facing challenges of high unemployment - around 25% - and youth unemployment - over 30% (Stats SA, 2012b).

Both the national and the city's economies are concentrated around a few sectors, with finance, manufacturing, trade and services dominating. This implies a lack of economic diversification, as CoJ does not have much control over these leading sectors, which require high skills that the city's economy may not be able to provide. CoJ, therefore, needs to introduce programmes to facilitate improved economic activities and employment creation.

The book focuses on, among other aspects, CoJ's demography, employment conditions and service delivery, the level of household income and expenditures, the role and state of tourism and crime in the city. The demographic profile of CoJ shows that the city has a high EA population, with about 52% of its population employed. This is relatively high compared to other metros, although it is not enough to address the challenge of youth unemployment and poverty.

10.2 THE COST OF LIVING

According to Mecer's global ranking of the most expensive cities of the world of 2012, the following African cities are ranked as most expensive: Luanda in Angola remains the most expensive city in Africa, at second place, N'Djamena in Chad is eighth, followed by Libreville in Gabon at rank 20, and Khartoum in Sudan at 26. While it might be surprising to see 20 African cities ranking higher than some cities in the developed world, it can be attributed to the difficulty of finding good ?????? and the challenge of securing accommodation for expatriates. This makes the limited supply of acceptable accommodation very expensive. In 2012, CoJ was at rank 154 and Cape Town at rank 179, a drop of 23 and 21 places respectively from 2011.

CoJ, at 154, is relatively one of the least expensive cities in the world, out of 209 cities surveyed. However, the ranking is based on the strength of national currencies, and the decline in rank for CoJ reflects the considerable weakening of the South African rand against the US dollar in 2012, making it cheaper for travellers to pay in rand values. Nevertheless, the relatively lower cost of living for Johannesburg should also be beneficial to its consumers, although local rising inflation could reverse such benefits. Tunis in Tunisia, at rank 209, remains the least expensive city for expatriates, down two places from 2011 (City Mayors[28], nd).

28 Found at http://www.citymayors.com/features/cost_survey.html

10.3 THE COST/EASE OF DOING BUSINESS

There are different approaches to measuring the cost of doing business, which include measures in non-monetary terms, but based on weights and ranks. The World Bank (2013) measures the ease of doing business according to 10 categories (starting a business, dealing with construction permit, getting electricity, registration of property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency). In 2013, South Africa stood at 39 out of 185 countries. Among the 46 sub-Saharan African countries surveyed, South Africa ranked second to Mauritius, with Rwanda, Botswana and Kenya at ranks three, four and 10 respectively (The World Bank, 2013).

In the BRICS countries, South Africa is second after China, followed by Russia, Brazil and India. These findings show that generally, South Africa presents good opportunities for doing business. CoJ should take advantage of the ranking, which would require concerted efforts to ensure that appropriate measures are in place to attract more local investments.

10.4 DEMOGRAPHICS

CoJ is the most populated city in the country and this can be attributed to its position as the economic hub of South Africa. People from all spheres of life come to the city in search of better economic conditions. Region D has the largest population share of the regions, although this share is decreasing. There was a positive growth rate in the population of all metros from 1996 to 2011, with CoJ having experienced the highest growth rate. CoJ had the second largest number of HIV infections and the largest number of Aids-related deaths since 2005.

Significant numbers of individuals managed to complete their secondary education between 1996 and 2011. There have been high levels of urbanisation in most metros as they continue to attract more people from other parts of the country.

All metros have experienced high levels of human development, which reflects improvements in human development. However, the level of income inequality has also increasing significantly, especially in CoJ. This is also influenced by raising urbanisation and migration to the city - from South Africa and other parts of Africa and the world. An increase in social welfare payments, including the child support grant, has contributed to the decline in the percentage of people living in poverty in CoJ. However, some CoJ regions have high levels of poverty, characterised by low economic activity. People in these areas often need to travel a long distance to look for employment and most of them do not have qualifications so they have to settle for low-paying jobs.

10.5 SERVICE DELIVERY: HOUSEHOLD INFRASTRUCTURE

The findings on service delivery show that despite significant progress made to date, there are still challenges with backlogs that need to be addressed. CoJ has set targets to achieve better service delivery for its residents, in line with national departments' targets on service delivery. Rhe CoJ (IDP 2013 - 2016 indicates that the city continues to pursue the following targets for service delivery by 2014: (a) water from 96% to 100%,(b) sanitation from 98% to 100%, and (c) electricity from 91.2% to 92% (CoJ, 2013).

Each of these services still poses challenges for CoJ. These challenges, which include high migration and urbanisation rates leading to increase of informal access to basic services (water, sanitation and housing etc), are expected to remain. Despite these realities, CoJ remains committed to ensuring that all households in the city, including those located in informal settlements, have access to basic services and amenities.

In terms of households not living in a formal dwelling,CoJ ranks after BUF, EKU and CoT. Regions A[29] and G have relatively high proportions of households not living in formal dwellings, due to the high number of informal settlements in these regions. The effect of informal settlements, leading to increases in formal dwelling backlogs, is evident in Region E, which combines Alexandra with Sandton. For sanitation services, CoJ follows CoC, where 92.3% of households had access to a flush toilet in 2011. CoJ is second to NMB for the lowest proportion of households below RDP-level with piped water. The

29 Region A (Midrand/Diepsloot); Region B (Randburg/Rosebank); Region C (Roodepoort); Region D (Soweto); Region E (Alexandra/Sandton); Region F (Inner city/Southern Joburg); and Region G (Deep South/Ennerdale/Orange Farm).

city faces water scarcity and increasing cost of water access, as it is one of the few big cities not located on a major water source. In terms of access to electricity, the city performed in line with other metros.Region A had the highest proportion of households with no electricity connection in 2011, due mainly to the large number of informal settlements in Diepsloot with no or limited access to formal services.

Comparative assessment of CoJ regions shows disparities in access to services (eg housing, water, sanitation and electricity). Overall, areas and/or regions with high levels of poverty tend to lack access to services, particularly in areas with informal settlements. CoJ's approach to addressing this integrates provision of infrastructure with transformation and promotion of economic growth. In addition, and in line with the Joburg 2040 Strategy, provision of basic services should integrate sustainability principles. The spatial disparities among the different regions in the city, and the fact that, in some instances, efforts to address these have perpetuated the situation, are recognised in the Joburg 2040 Strategy. Plans put in place by the city to address these challenges and move towards spatial balance include: (a) sustainable and integrated delivery of water, sanitation, energy and waste; (b) ensuring ecomobility through the promotion of mass public transportation, and (c) creating sustainable human settlements through spatial planning, economic and social investment.

10.6 LABOUR DYNAMICS

The three metros falling under Gauteng have the lowest NEA populations of the country's metros. CoJ had the lowest NEA population in 2011, 26.5%. There has been a general increase in the proportion of the EA populations for most of CoJ's regions, with only two regions recording decreases. CoJ has the highest proportion of the employed working age population, 52.6%, in 2011. Finance, trade, community services and manufacturing respectively are the leading employers in CoJ. Region A, then Region C showed the highest employment growth rates between 1996 and 2011.

Employment in the informal sector has been growing dramatically over past years in all metros, with CoJ recording growth of about 210% between 1996 and 2011. Moreover, as expected, the highest and fastest growing informal sector is in Region F. According to Census 2011 data, CoJ has the third lowest unemployment rate of the metros, at 27.7%, a decrease from 37.4% in 2001. Youth unemployment poses a serious problem in the entire country, and the situation is similar in CoJ, where it stood at 31.5% in 2011 (Stats SA, 2013d). Region G had the highest unemployment rate, 26.3%, in 2011, while Region E had the lowest unemployment rate, 12.2%..

10.7 HOUSEHOLD INCOME AND EXPENDITURE

Income and expenditure trends provide an indication of the evolution of income and expenditure patterns and the extent to which the city's rates structure may eventually impact on future income distribution and consumer behaviour. From 2008 to 2011, all regions showed increased personal income distribution, with regions A and G having the lowest incomes. However, the aggregated data may hide inter-regional and intraregional disparities between high-income-earning communities from low-income-earning sub-regions. Notwithstanding an increase in annual per capita income from 2005 to 2012, household income patterns for the period 2009 to 2012 showed distinct disparities. Region B has the highest household income, while Region F has the lowest.

All regions performed well in terms of buying power. Most incomes were spent on alcoholic beverages followed by education, communication and transport. In Region D, transport expenditure is high compared to other regions. Despite inter-regional disparities patterns of household income show that some previously disadvantaged regions such as Soweto have fared much better than expected in terms of income by category. The reasons for this could be that, with the end of apartheid, disadvantaged communities had access to income opportunities. Other factors include reluctance for mobility to wealthier regions because of prohibitive cost of living and high property rates structures in previously advantaged regions. In general, though, the number of households decreases with higher levels of income. Low-income households spend a higher percentage of their incomes on basic services such as accommodation, food, transport, fuel and energy, reflecting inter-, and intraregional socioeconomic disparities across regions. In general, findings revealed that CoJ households are living beyond their means, as the amount of total expenditure exceeds their annual incomes.

10.8 TOURISM IN IN COJ

During the last few decades, tourism has become an important economic and social activity in the national and global economies and its role needs to be supported at all levels of government, including CoJ. Tourism as a sector contributes significantly to the national, provincial and CoJ economies.

The 2004 CoJ Tourism Strategy identified MICE, general business tourism, cross-border shopping and leisure tourism (in order of importance) as priority sectors. However, there is no current documentation of the review of the importance of these sectors to the city's economy. The tourism sector continues to play a crucial roles in the CoJ economy, in generating revenue and contributing to the city's efforts to address some of its key challenges in the GDS 2040 and other national strategies targeted at the socioeconomic problems of unemployment, inequality and poverty. Both domestic and international tourism remain important to the CoJ economy, the main impacts being foreign exchange earnings, contributions to government revenues, and generation of employment and business opportunities.

According to statistics released by Johannesburg Tourism, the amount of tourism spend in CoJ was expected to reach R27 billion in 2012, making Johannesburg the second most visited destination city in Africa, with a projected 2.5 million international visitors in 2012 (MasterCard Global Destination Cities Index[30]). In 2012, international visitors were projected to spend more while visiting CoJ than any other destination city on the continent, with US$3.3 billion (about R27.8 billion) estimated for 2012, an increase of 8.1% on 2011's figures (Joburg Tourism, 2012). The findings show that promoting sustainable development of the CoJ tourism sector offers great potential to contribute to growth and address socioeconomic challenges through job creation.

10.9 CRIME

The relationship between crime and economic growth is emerging as an important area of inquiry among academics, policymakers and politicians. This is important for South Africa as it is usually perceived as a high crime country, more so for CoJ. In recent times, the intense interest in the relationship between crime and economic growth has been spurred by the recent financial and economic crisis. Some evidence suggests that the financial crisis of 2008/2009 was caused by fraudulent borrowing, which is classified as a financial crime.

As an emerging economy, South Africa has relatively high interest rates – potential to attract FDI. However, high crime rates have a negative impact on investor perception and confidence, which results in investors and businesses shunning the city with adverse impacts on economic growth and on opportunities for growing employment, among other things. Although low crime rates are not the only factor impacting on business investment opportunities, they do contribute to attracting new businesses and encouraging current ones to expand their operations. More efforts are required at both city and national levels to continue the fight against crime. An increase in the number of murders in CoJ has the potential to raise fear in both investors and employees. Some studies have confirmed that high murder areas are often associated with low economic growth (Glaeser, 2005). Regions D and F experienced a relatively high number of murders from 2000 to 2011, while Region B reported the lowest number of murders. High crime rates divert resources meant for strengthening economic growth and development towards crime prevention measures and infrastructure.

30 Available at http//cities.masterintelligence.com

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We produce the findings in this book in the knowledge and hope that it will guide and contribute to the City's policy formulation and development agenda, using the information on economic and other key indicators as baseline.

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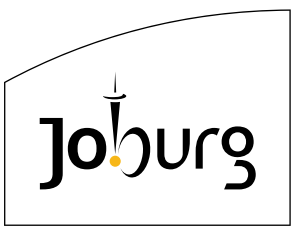

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