



SOUTHERN CENTRE FOR
**INEQUALITY
STUDIES**

UNIVERSITY OF THE
WITWATERSRAND,
JOHANNESBURG



Gauteng City Region: Development and change

Michael Sachs

Adjunct Professor | Southern Centre for Inequality Studies

Faces of the City Seminar | John Moffat Building | 4 June 2019

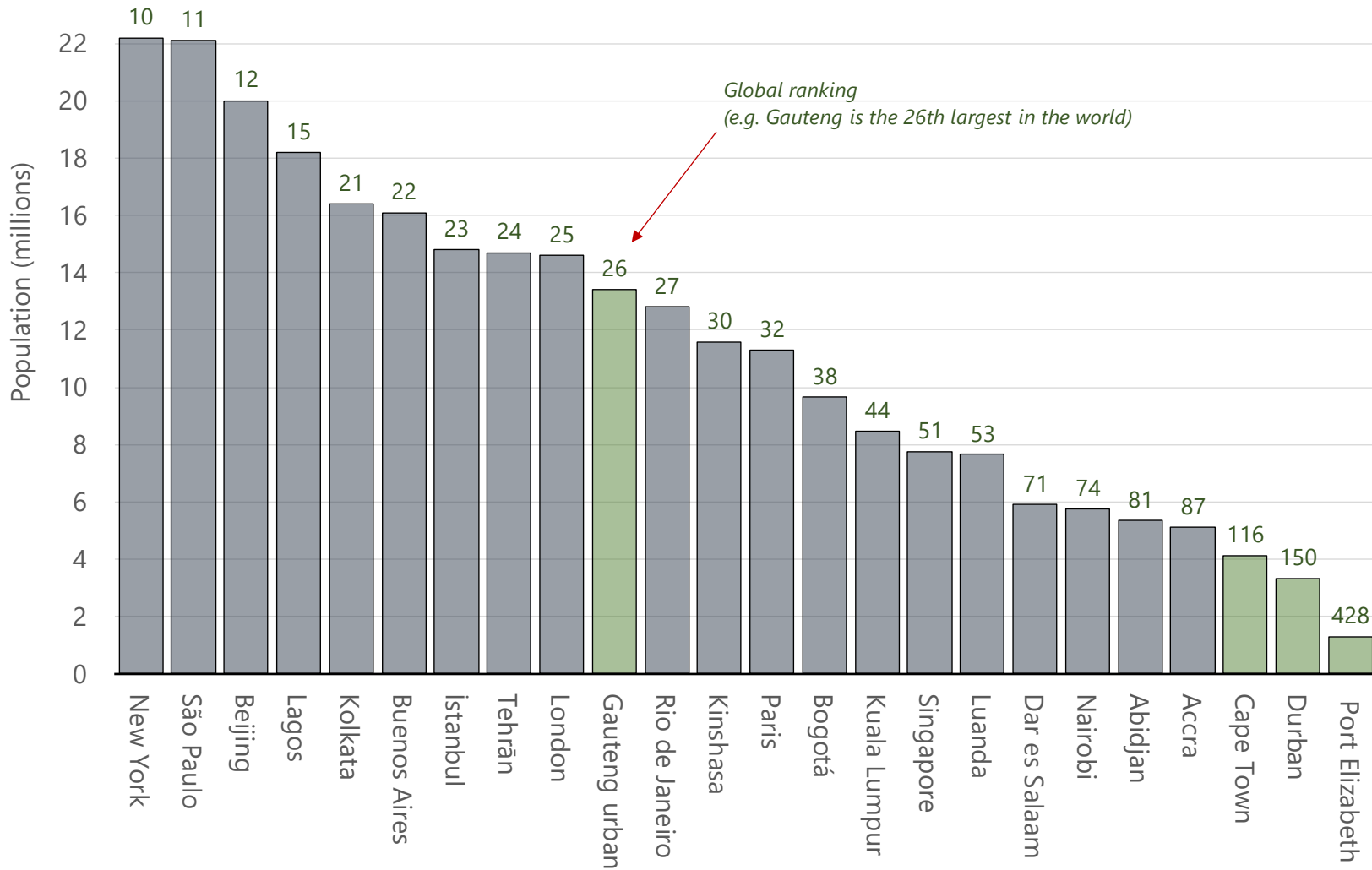
A grey paper

- ▶ The discussion document summarizes key trends in the society and economy of the Gauteng city region since the dawn of democracy, but with a focus on the last ten years.
- ▶ It provides a context for government's successes and challenges, and in some cases highlights strategic factors that will need to be considered in the years ahead.
- ▶ It is intended as a selection of evidence and analysis that can serve as a basis for deliberation with a view to strategic planning in the province
- ▶ The paper draws extensively on the work of the Gauteng City Region Observatory (**GCRO**), which prepared a set of issue papers to inform the work.

A city at the heart of regional development

- ▶ Growing cities can function as ladders for social mobility and inclusion.
- ▶ But how should we evaluate their performance?
- ▶ What are our expectations of the public agencies that operate in the city?
- ▶ What implications can we draw about policy and development strategy?
- ▶ It is important to consider these questions with a focus on Gauteng.
 - It is the largest urban area in South Africa by very far.
 - It is home to a rising share of South Africa's population.
 - It is the central hub for flows of people, goods and capital across the country and beyond its borders.
 - In governance terms, the configuration of jurisdictions around the city region is exceptional (in SA).
- ▶ In short, Gauteng is preeminent in the development of the national and regional economy.

A globally significant population centre

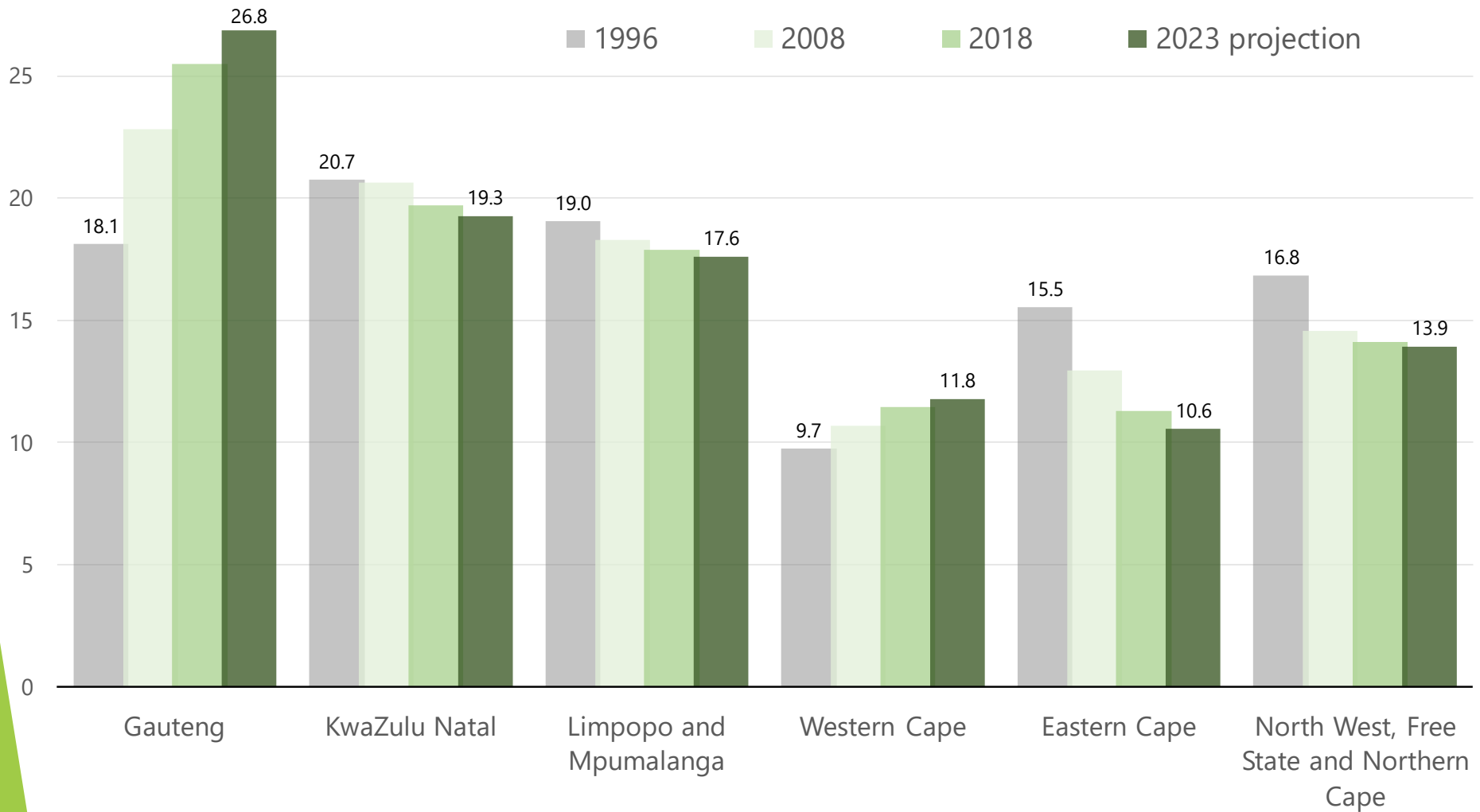


Population within consolidated urban area

Source: Thomas Brinkhoff: City Population, <http://www.citypopulation.de>

Note that this is not the entire population or spatial extent of Gauteng, which stands at some 14.7 million people in 17 000km². This estimate is the population in the area covered by urban land or the "consolidated urban area" surrounding Johannesburg.

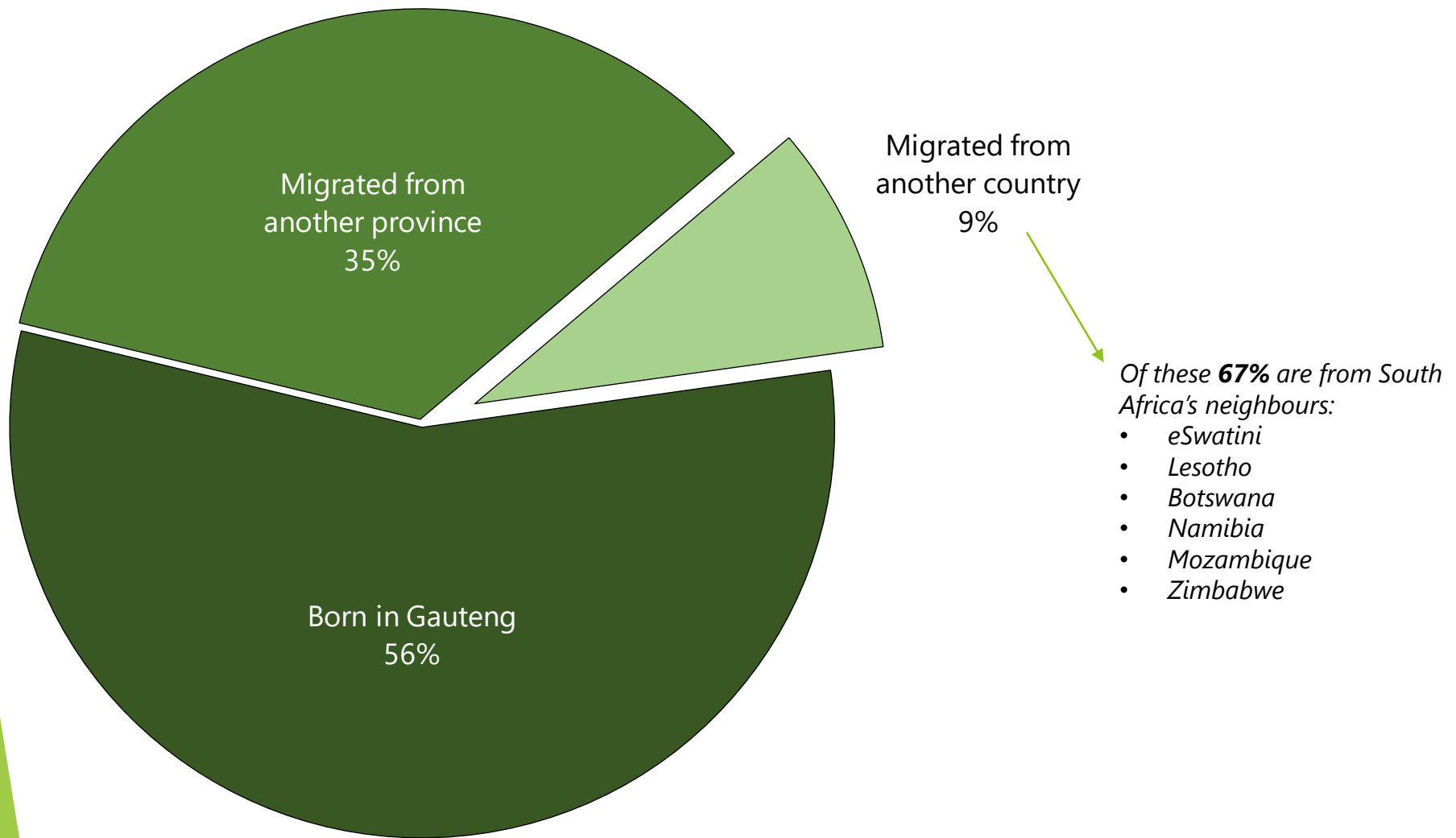
A growing share of South Africa's population



Share of total population by province

Source: Stats SA (Census 1996 and Midyear population estimates)

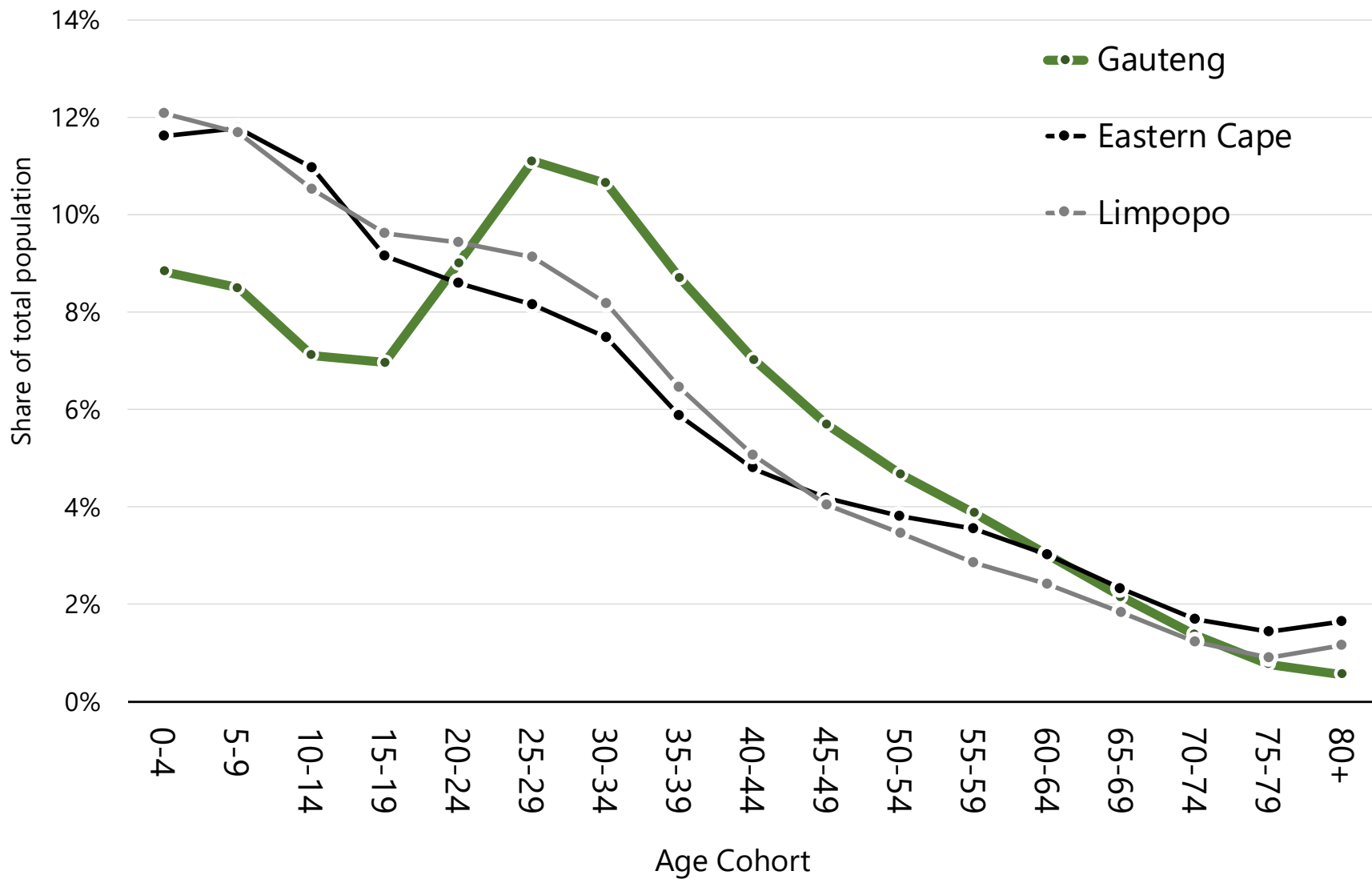
Driven by internal and sub-regional migration



Gauteng: Origin of population by birth

Source: GCRO Quality of Life Survey, 2017/18

Comparative age structure



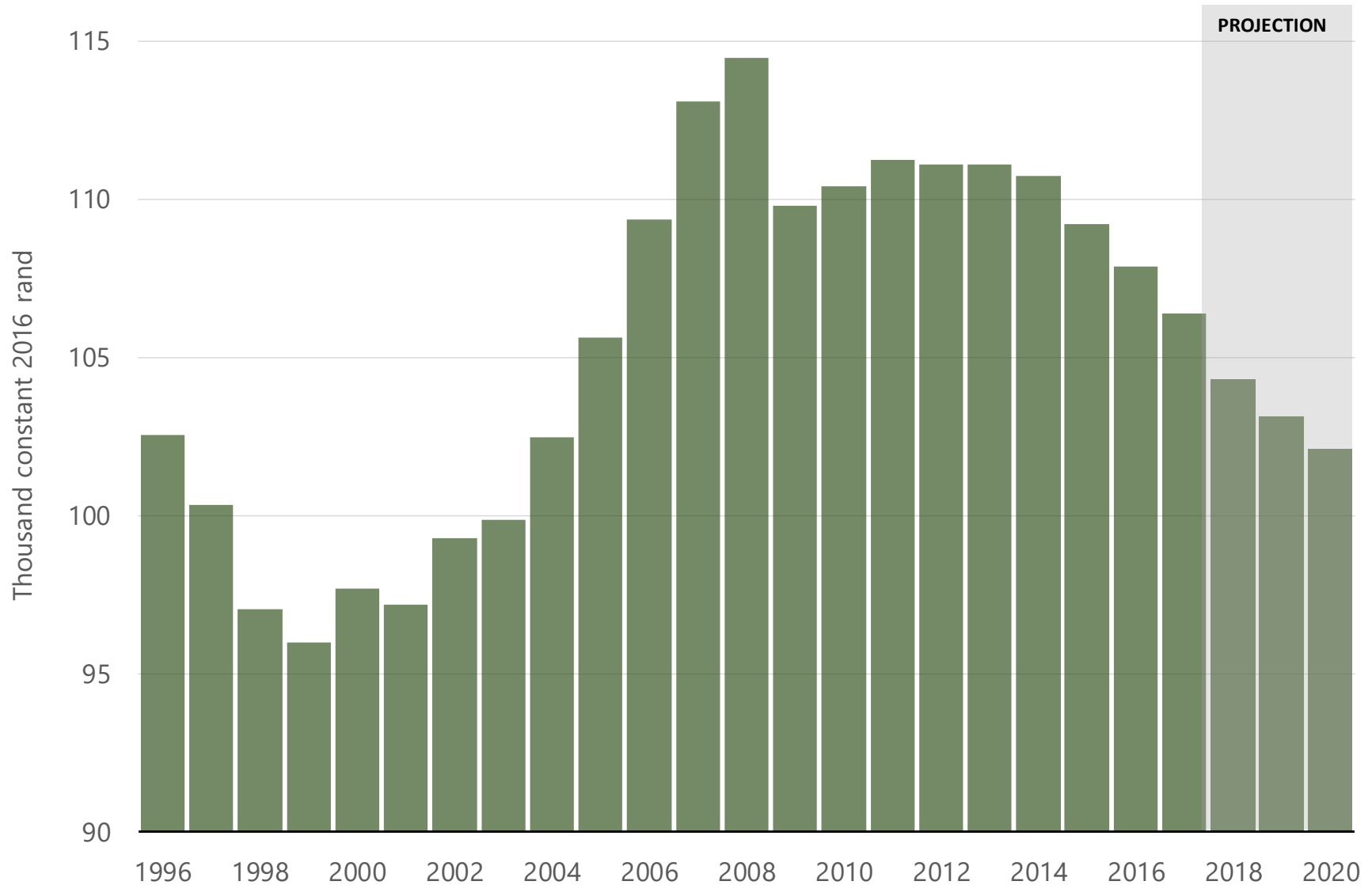
Share of population by age cohort in selected provinces in 2017

Source: Stats SA – Mid-year population estimates

Population expansion. Economic stagnation

- ▶ Gauteng is preeminent in the development of the national and regional economy.
- ▶ Over the last decade there has been rapid population growth largely due to internal migration.
- ▶ **But this taken place in the context of economic stagnation**
 - **Falling GDP per capita**
 - **Rising unemployment**
 - **A strong shift from industry to services sectors**

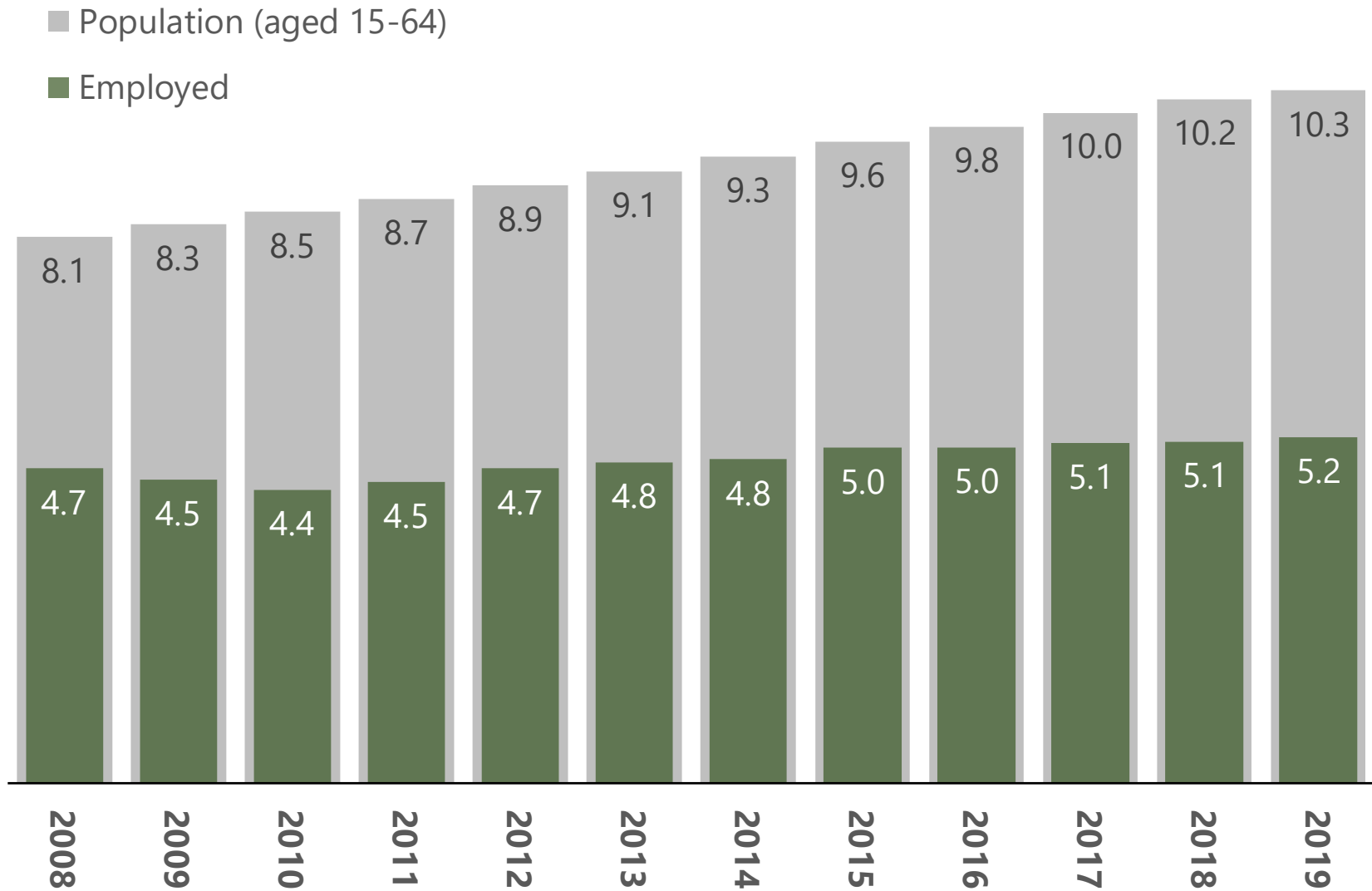
Falling GDP per capita



Gauteng: GDP per capita

Sources: Stats SA (Census 1996 and year population estimates, and GDP-R data)
National Treasury (Budget 2019 GDP projections)

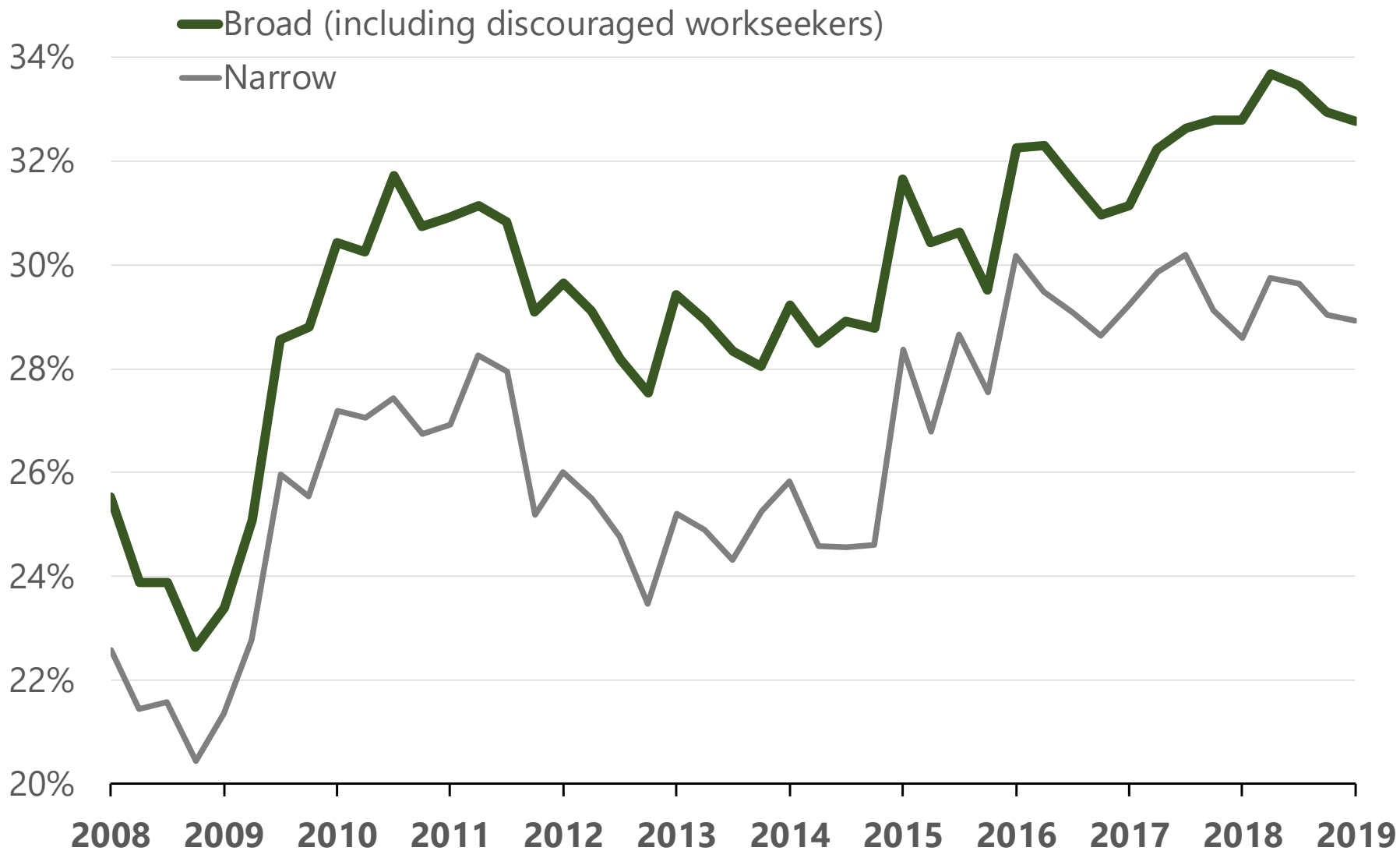
Population growing while employment stagnates



Working age population and total employment

Sources: Stats SA – Quarterly Labour Force Survey. Annual average of quarterly data except 2019 (which is first quarter)

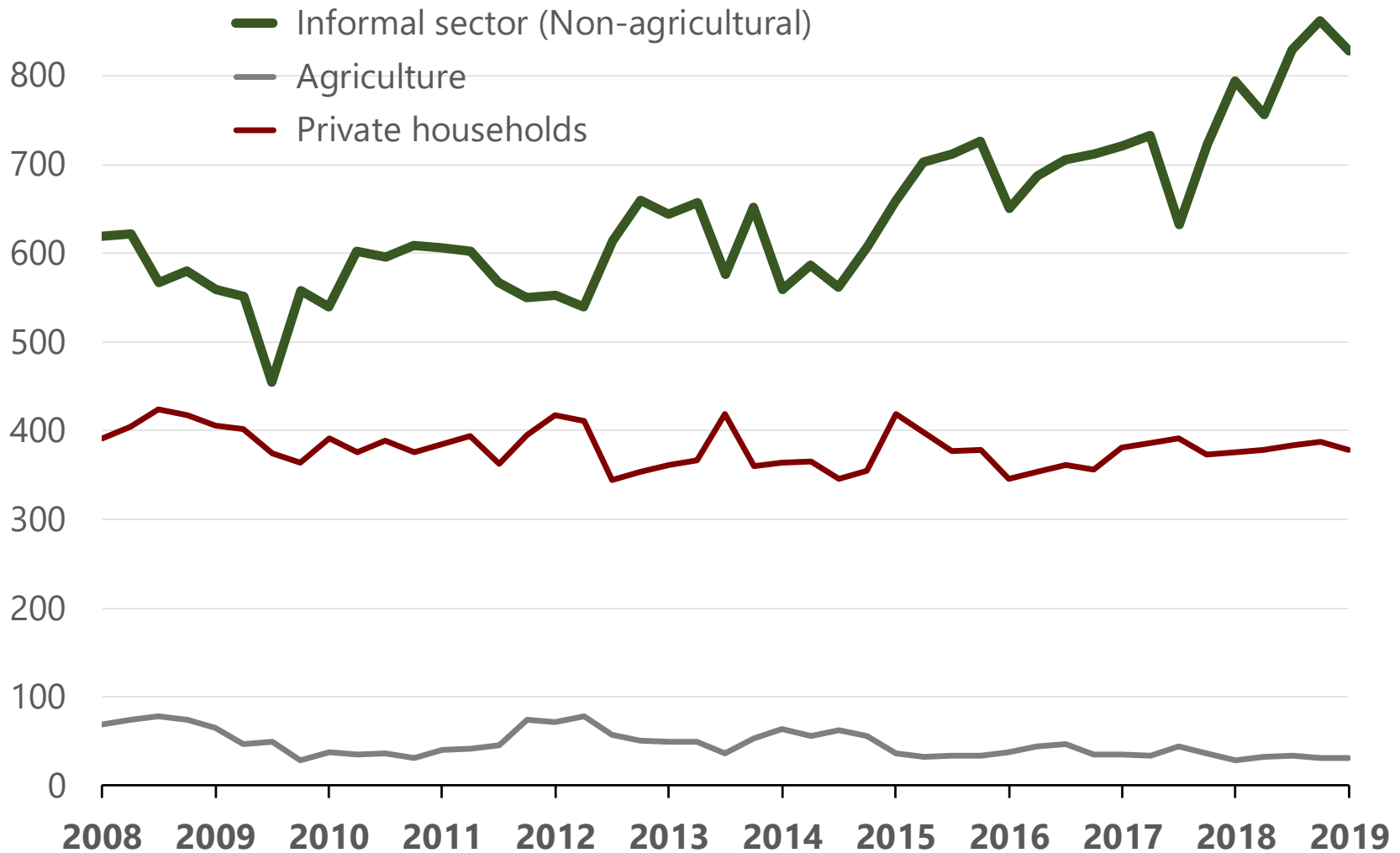
Rising rates of unemployment



Gauteng: Rates of unemployment

Source: (StatsSA – QLFS)

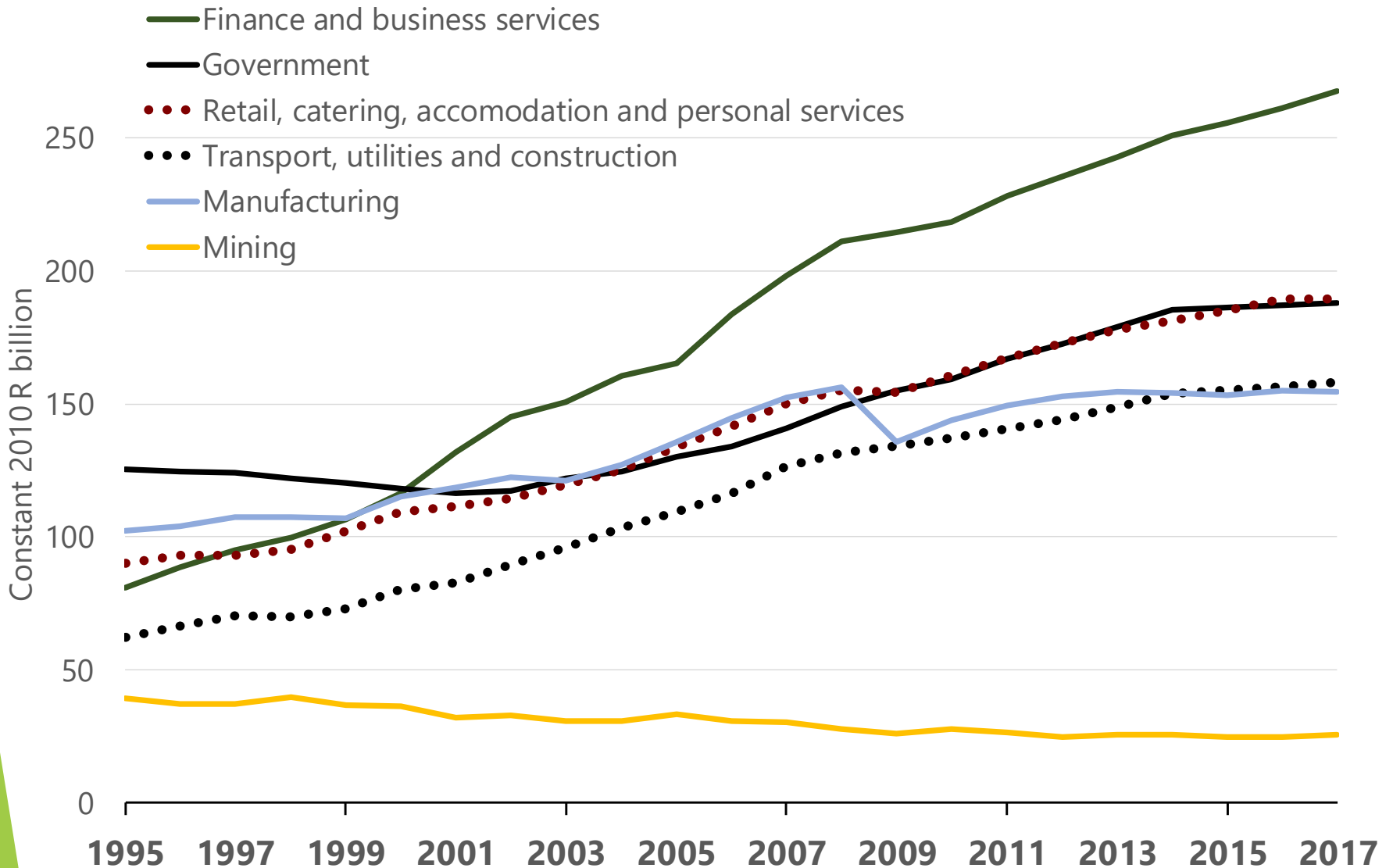
Recent employment growth is informal sector driven



Gauteng: Employees in non-formal employment

Source: StatsSA - QFLS

Long-term fall of mining, rise of services



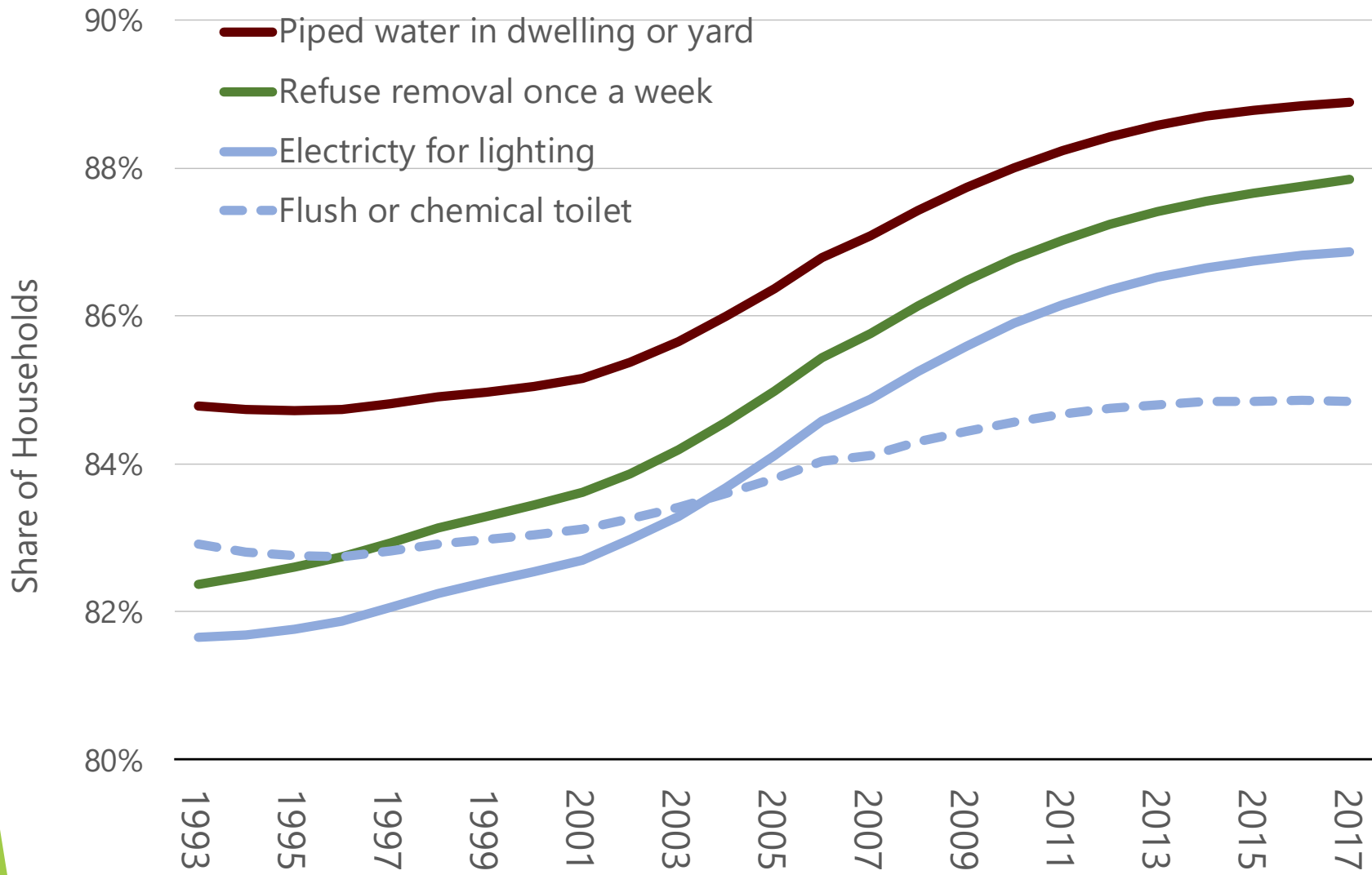
Gauteng: Real GDP by economic sector

Source: StatsSA - QFLS

“Service delivery” in the face of economic challenges

- ▶ Gauteng is preeminent in the development of the national and regional economy.
- ▶ Over the last decade there has been rapid population growth largely due to internal migration.
- ▶ But this taken place in the context of economic stagnation: Falling GDP per capita, rising unemployment and a continuing shift from industry to services
- ▶ **In the face of these pressures:**
 - **Access to basic social infrastructure has kept pace with the expanded households and population**
 - **There have been significant improvements in basic education**
 - **Vertical interventions to combat AID and TB have been largely successful**
 - **Overall, public resource allocations have been sustained at a high level**

Basic infrastructure : high access, but slowing improvements



Gauteng: Share of households with access to basic infrastructure

Source: Quantec EasyData (2018)

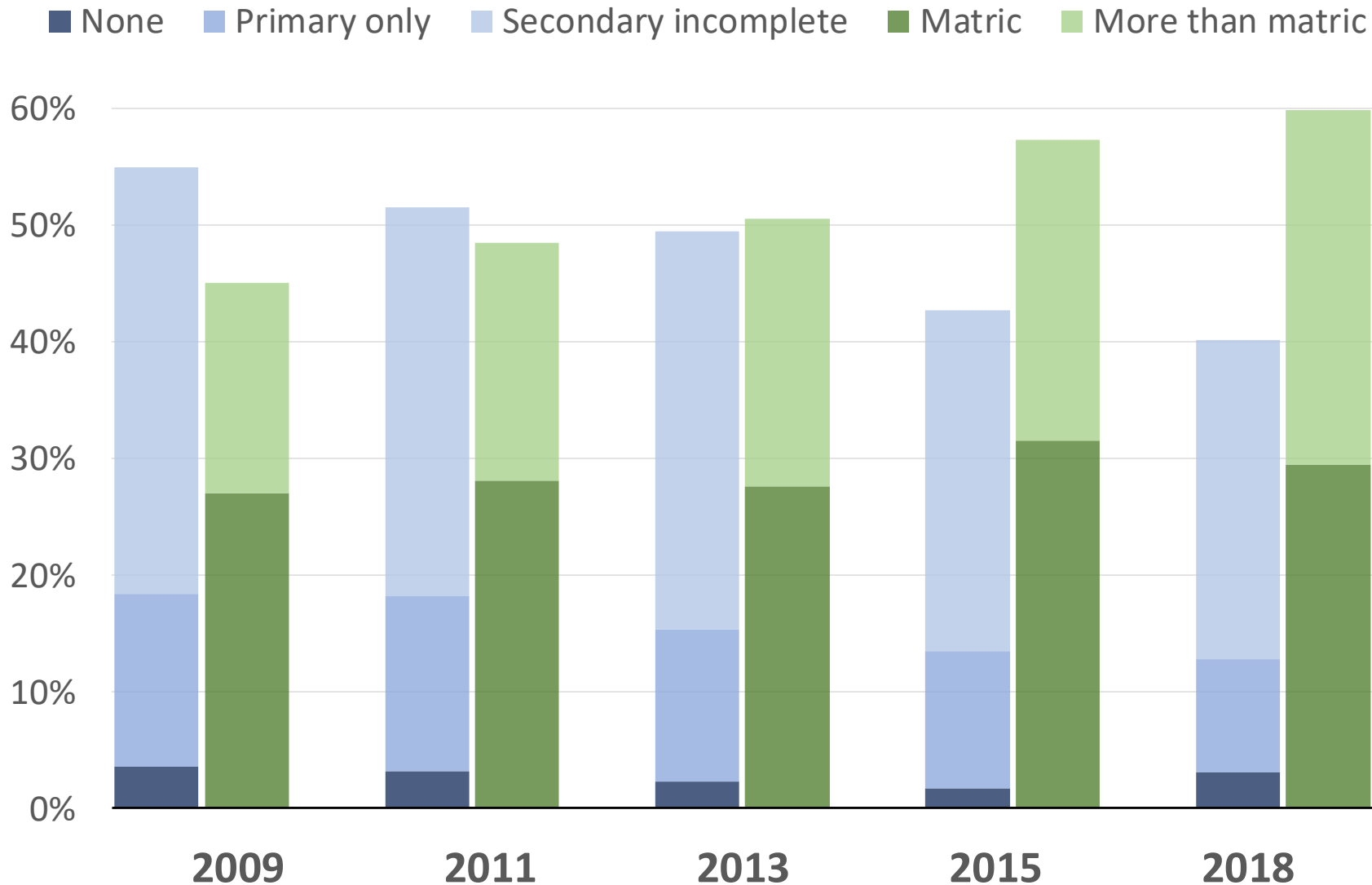
A very large increase in public school pupils

	Number of pupils		Pupils per school		Average pupils per teacher		Spending per pupil
	2000	2016	2000	2016	2000	2016	2015/16
Eastern Cape	2 130 390	1 898 723	345	347	32	33	15 504
Free State	744 868	671 712	293	553	33	30	16 485
Gauteng	1 436 964	2 048 558	754	983	33	32	17 595
KwaZulu-Natal	2 619 621	2 808 137	460	476	37	33	15 007
Limpopo	1 830 018	1 706 725	442	441	34	33	14 815
Mpumalanga	898 599	1 046 234	438	607	34	32	16 112
North West	902 256	810 260	393	551	31	33	16 578
Northern Cape	196 205	288 515	404	529	31	32	17 618
Western Cape	888 251	1 063 349	591	733	32	32	16 660
South Africa	11 647 172	12 342 213	435	520	33	32	15 967

Public schools: selected data

Source: SAIRR

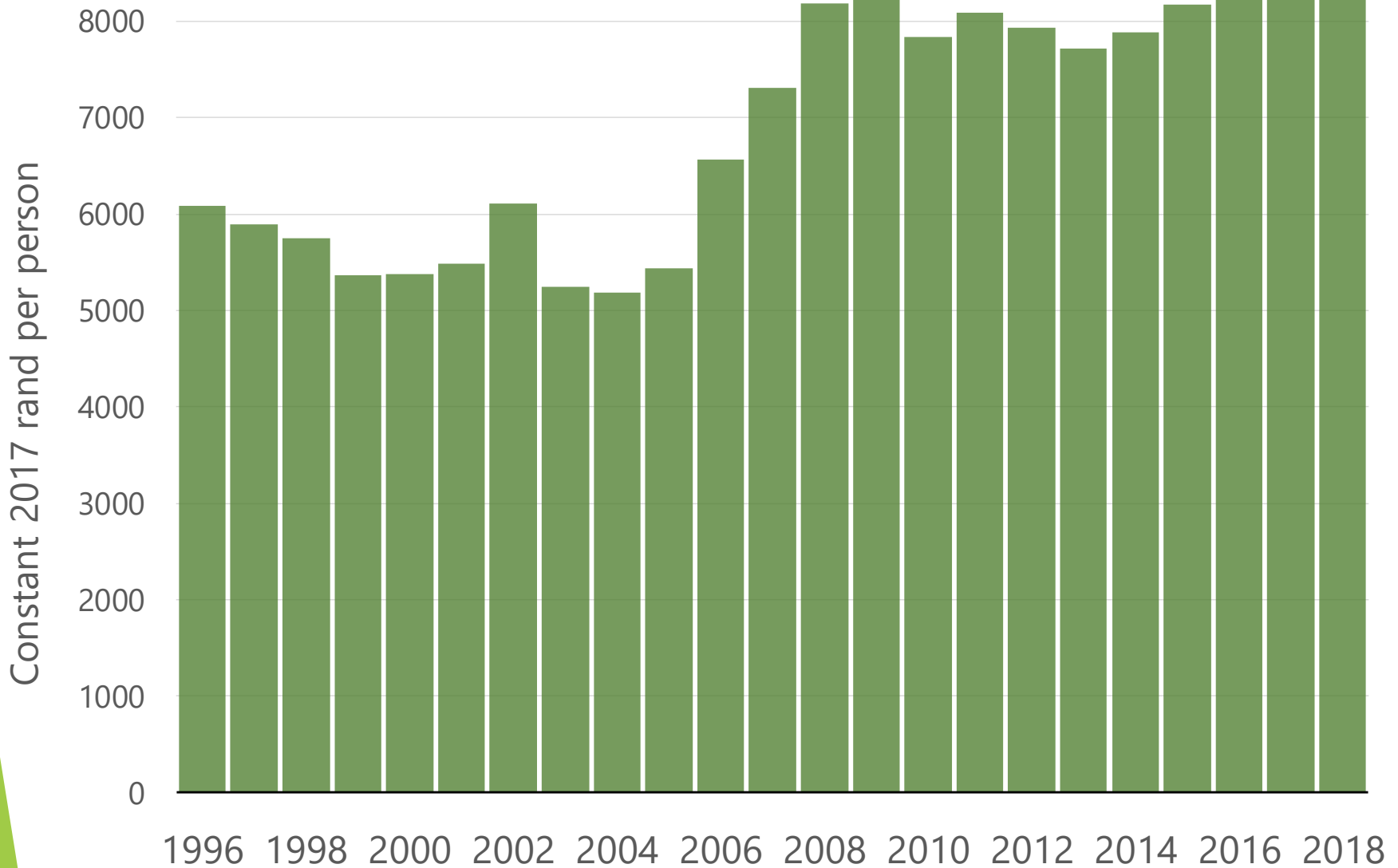
Rising education levels



Highest education level of over 25s: Share of Gauteng Population

Source: Gauteng City Region Observatory, Quality of Life Surveys

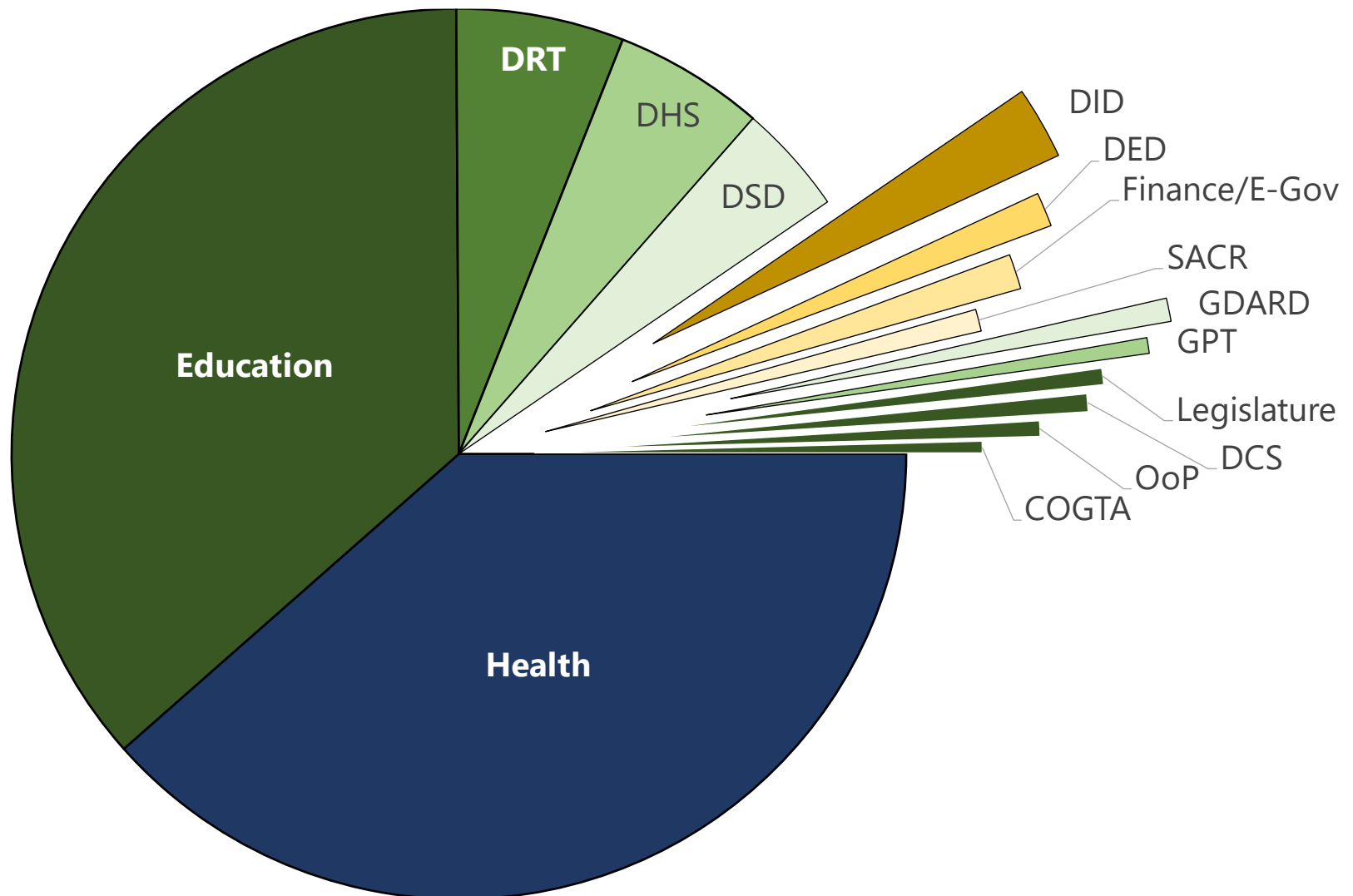
Resources keeping pace with population



Real spending per capita: Gauteng Provincial Government

Source: National Treasury, Gauteng Provincial Treasury, StatsSA

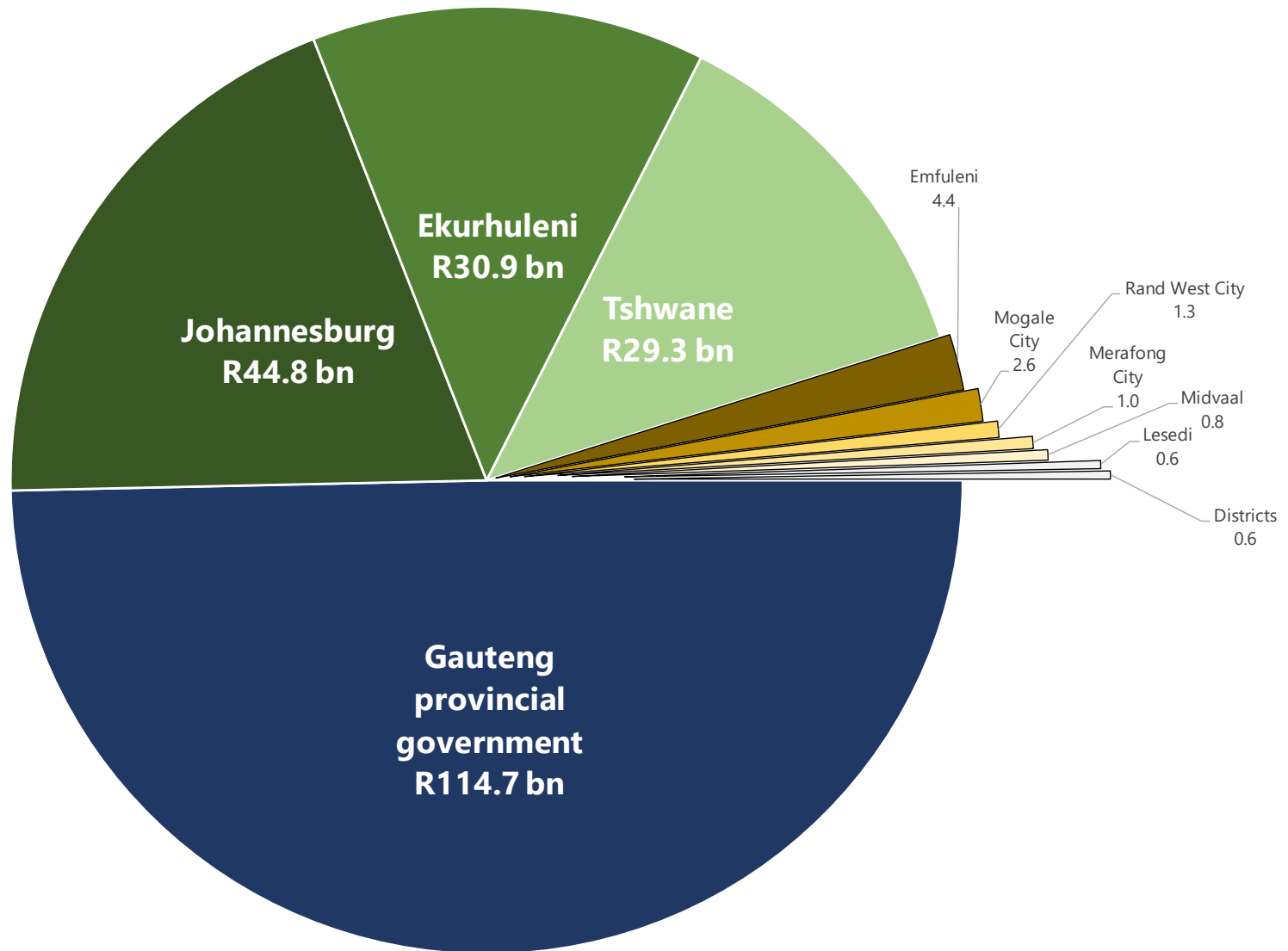
With resources allocated to social policy and the built environment



Expenditure by department – 2017/18 revised estimates

Source: Gauteng Provincial Treasury

Spending by spheres of government



Total cash payments (2017/18)

Source: National Treasury, Gauteng Provincial Treasury

But separate development is reinventing itself

- ▶ Gauteng is preeminent in the development of the national and regional economy.
- ▶ Over the last decade there has been rapid population growth largely due to internal migration.
- ▶ But this taken place in the context of economic stagnation: Falling GDP per capita, rising unemployment and a continuing shift from industry to services
- ▶ In the face of these pressures government has been to raise the quality of life in important respects - improved access to basic services, targeted health interventions and good-quality basic education.
- ▶ **But rising social, economic and spatial polarisation threatens a path of maldevelopment that will undermine economic expansion and foreclose possibilities for social inclusion**
 - **Race and class remain too strongly aligned**
 - **Widening spatial polarisation between the centre and the periphery**
 - **Growing density on the periphery, aided by government policy**
 - **The growth of security estates is alarming**

Income strata in Gauteng (1)

	Chronically poor	Minimum-wage workers	Living-wage workers	Lower middle class	Upper middle class	Wealthy elite
Share of Gauteng population	11.0%	34.0%	29.0%	12.0%	9.0%	6.5%
Monthly household income	R1-R800	R801-R3200	R3201-R12800	R12801-R25600	R25601-R51200	R51201+

POPULATION GROUP

African	97.1%	95.1%	87.0%	63.8%	40.6%	24.5%
White	1.0%	2.0%	7.6%	25.5%	47.3%	62.2%
Coloured	1.5%	2.2%	3.6%	5.5%	5.2%	4.3%
Indian/Asian	0.4%	0.6%	1.8%	5.2%	6.9%	9.1%

EMPLOYMENT

Worked in the last 7 days	23.7%	25.2%	38.9%	46.2%	51.9%	56.9%
Unemployed and looking for work	56.3%	42.2%	29.1%	16.4%	9.0%	5.0%

EDUCATION

None	5.4%	5.1%	1.4%	0.3%	0.3%	0.1%
Primary only	14.1%	15.1%	6.5%	2.6%	0.6%	0.1%
Some secondary	41.7%	38.2%	28.1%	11.4%	5.6%	2.5%
Matric	30.9%	32.4%	41.7%	31.4%	20.0%	16.5%
Higher than matric	7.9%	9.2%	22.3%	54.2%	73.6%	80.9%

	Chronically poor	Minimum-wage workers	Living-wage workers	Lower middle class	Upper middle class	Wealthy elite
Share of Gauteng population	11.0%	34.0%	29.0%	12.0%	9.0%	6.5%
Monthly household income	R1-R800	R801-R3200	R3201-R12800	R12801-R25600	R25601-R51200	R51201+

Origin

Born in Gauteng	41.2%	54.0%	54.9%	59.8%	66.8%	72.1%
Migrated from an SA province	46.4%	37.1%	37.0%	32.6%	25.5%	22.2%
Migrated from another country	12.4%	8.9%	8.1%	7.6%	7.7%	5.7%

I live in a household where there is a person who:

Receives a social grant	42.3%	58.3%	46.5%	25.3%	14.4%	9.4%
Owns a car	6.6%	13.2%	35.7%	79.6%	95.9%	98.8%
Has TB or HIV/AIDS	14.4%	11.6%	10.0%	5.9%	3.9%	1.7%

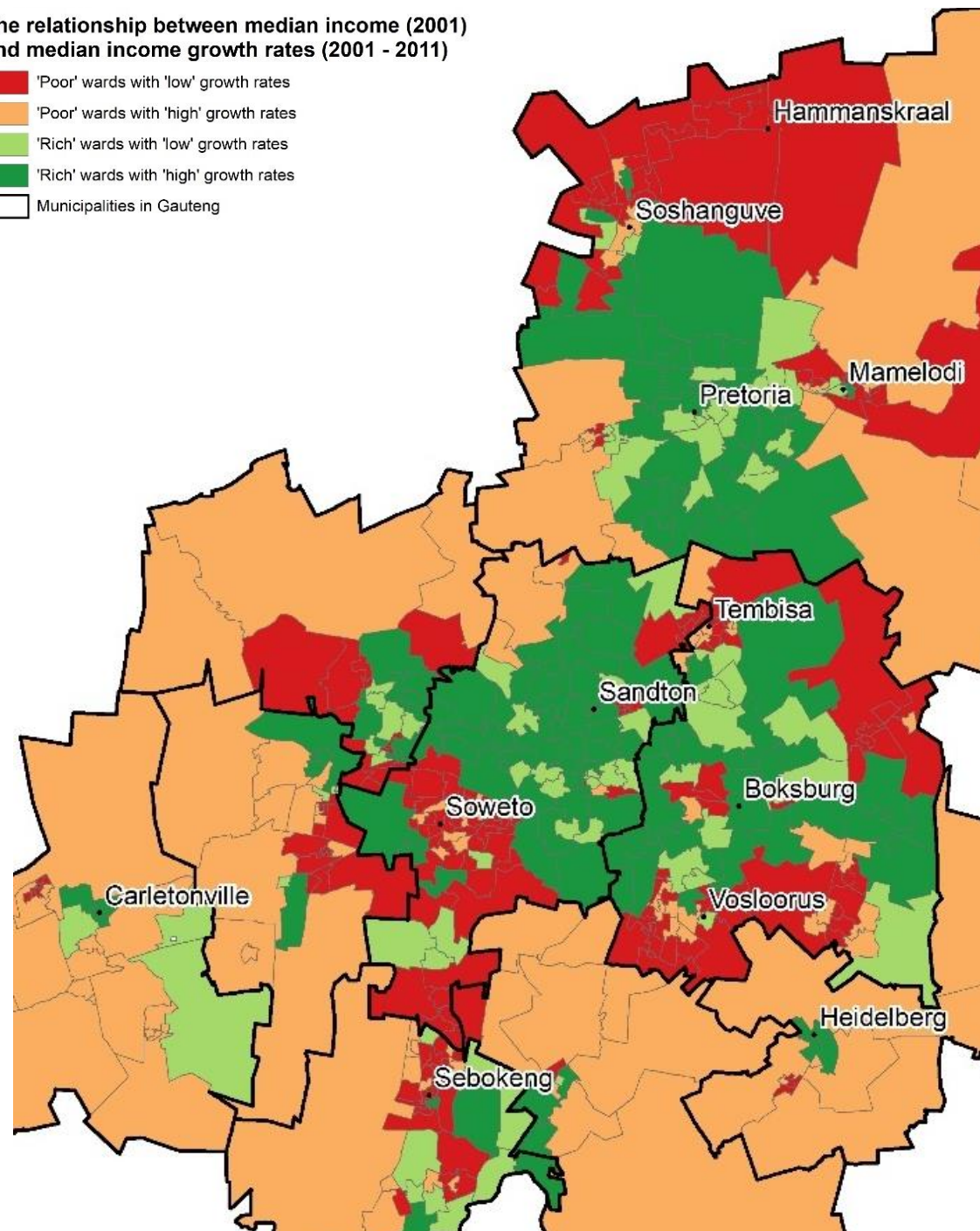
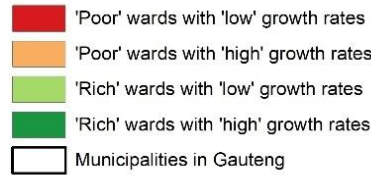
I have:

No medical aid coverage	91.9%	89.4%	77.3%	40.1%	14.6%	4.6%
Been a victim of crime in the last year	22.5%	23.9%	24.4%	23.2%	19.6%	18.8%
Recently participated in a protest	14.1%	10.3%	9.0%	5.3%	2.8%	1.5%
Recently participated in a trade union activity	2.0%	2.3%	5.9%	8.9%	7.7%	6.6%

Economic polarisation 2001-2011

- ▶ The median income in many township wards declined in real terms in the decade to 2011

The relationship between median income (2001) and median income growth rates (2001 - 2011)



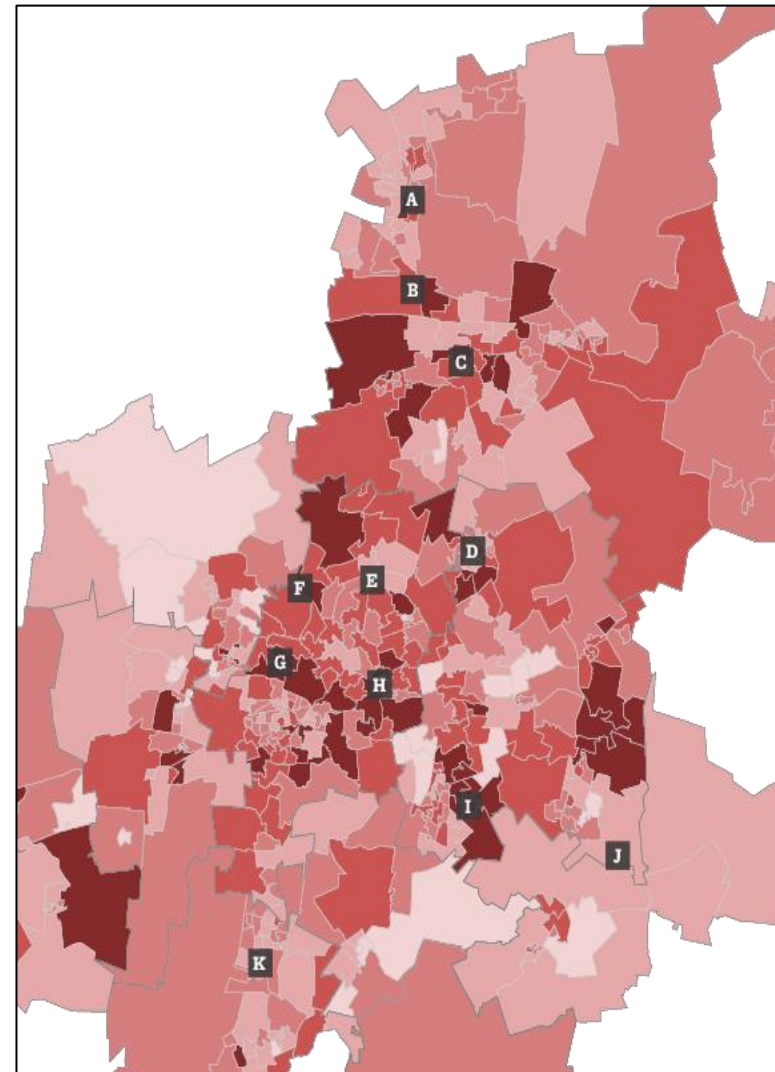
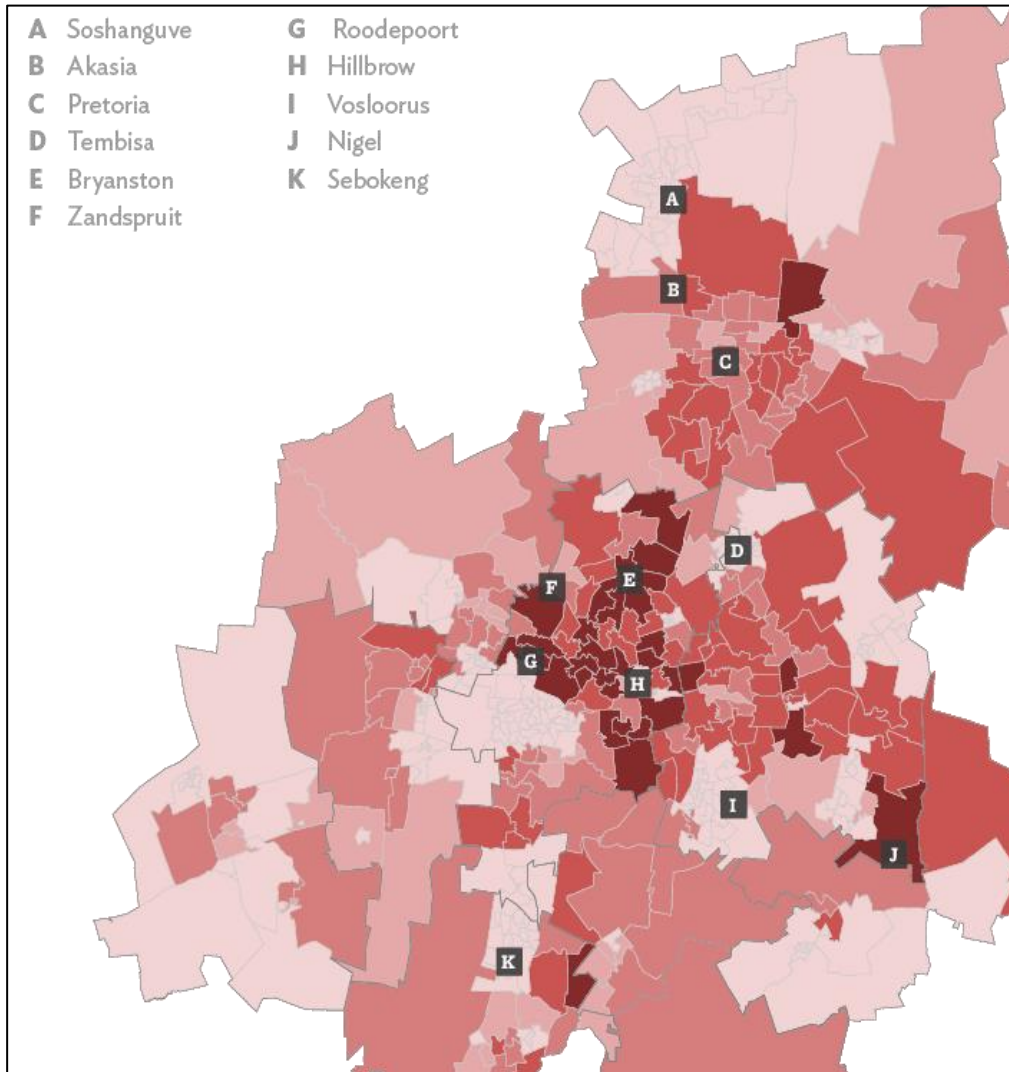
Source:
Christian Hamann and Dr Koech Cheruiyot
Map of the Month (October 2017)
Gauteng City Region Observatory

New geographies of race and class

Darker areas are more diverse
Lighter areas are homogenous

Race

Income



Source: Christian Hamann and Dr Richard Ballard
Map of the Month (September 2017)
Gauteng City Region Observatory (GCRO)

Residential buildings (urban and non-urban)

	2001		2016		% Change (2001- 2016)
	Structures	Share of total	Structures	Share of total	
Freehold formal houses	1,190,167	56%	1,647,686	49%	38%
Informal housing structures	395,449	19%	598,406	18%	51%
Backyard structures	266,929	13%	813,224	24%	205%
Difficult to classify as formal or informal	161,963	8%	148,753	4%	-8%
Estate and security village housing	26,573	1%	92,696	3%	249%
Flats, hostels, townhouses, semi-detached	19,848	1%	27,245	1%	37%
Smallholdings / agriculture	42,872	2%	47,223	1%	10%
Rural workers housing	13,920	1%	16,945	0%	22%
Total	2,117,721	100%	3,392,178	100%	60%

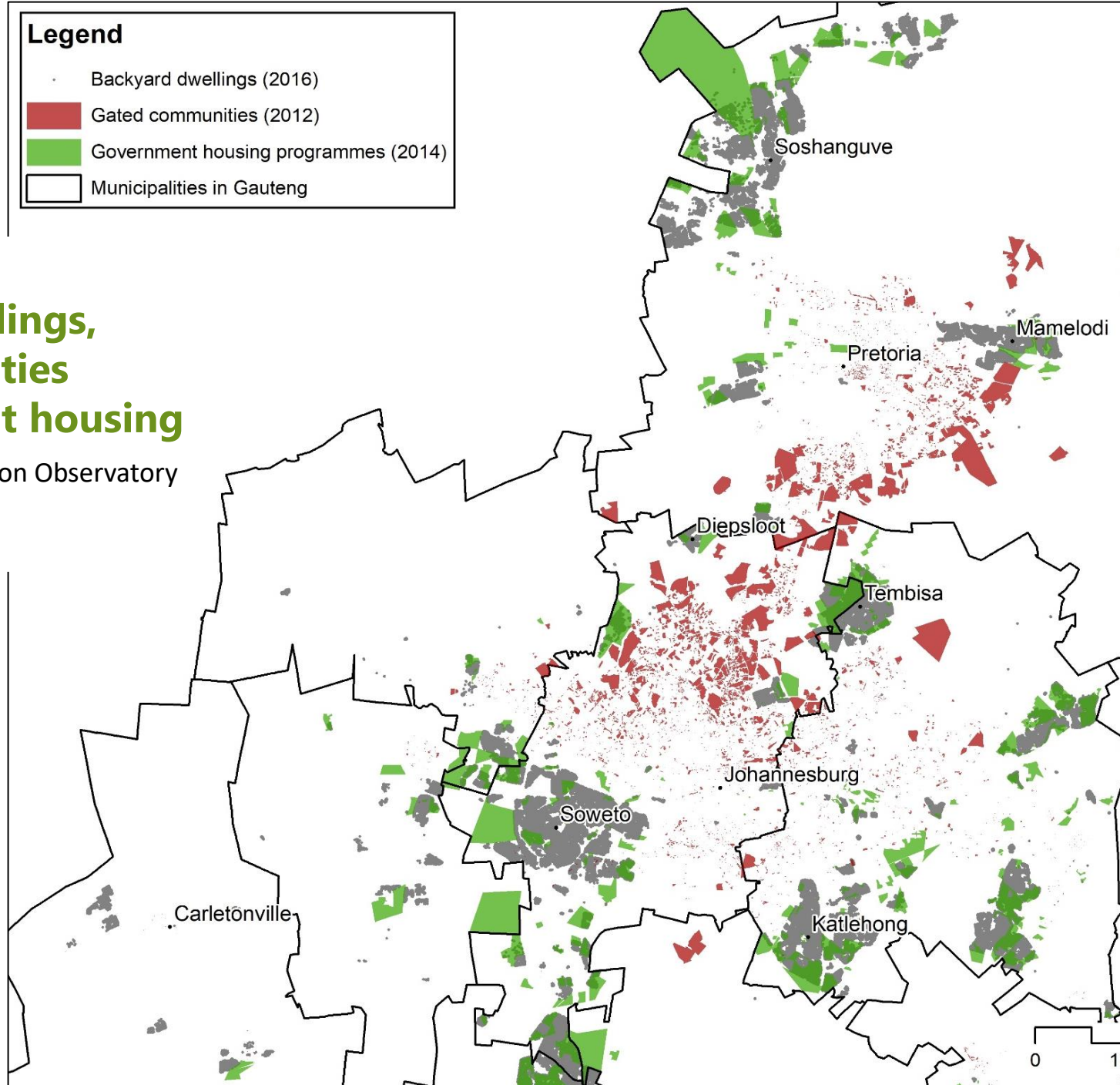
Source: GTI via Gauteng City Region Observatory (GCRO)

Legend

- Backyard dwellings (2016)
- Gated communities (2012)
- Government housing programmes (2014)
- Municipalities in Gauteng

Backyards dwellings, gated communities and government housing

Source: Gauteng City Region Observatory



A new approach to the idea of “Gauteng City-Region”

- ▶ Gauteng is preeminent in the development of the national and regional economy.
- ▶ But over the last decade, rapid population growth, largely due to internal migration, has taken place in the context of economic stagnation and rising unemployment
- ▶ In the face of these pressures government has been to raise the quality of life in important respects - improved access to basic services, targeted health interventions and good-quality basic education.
- ▶ But rising social, economic and spatial polarisation threatens a path of maldevelopment that will undermine economic expansion and foreclose possibilities for social inclusion.
- ▶ **This calls for a rethinking of the concept of the Gauteng City Region, as a governance concept focused around social policy and spatial integration.**

The global city region

- ▶ A reading of the “global city region” concept in both academic and policy discourse might include the following elements:
 - A post-national unit of global economic integration, growth and capital accumulation
 - A sub-national development strategy which foregrounds economic change, industrial policy, cluster development, employment creation, enterprise development, technological change and the construction of economic infrastructure
 - A concept of spatial change grounded in market forces, decentralised choices of economic agents, private initiative and scepticism about public capabilities.

Spatial change and economic development

- ▶ It is common to approach the challenge of spatial inequality and social development through the lens of economic policy or the spatial economy - e.g. World Bank (2018), Cheruiyot (2018)
- ▶ In our context it may be more productive to see spatial separation as a binding constraint on accelerated growth and employment creation.
- ▶ For instance:
 - The concentration of deprived and marginalised neighbourhoods reproduces poverty and exclusion across generations.
 - Labour market fragmentation erodes productivity gains.
 - The bifurcation of public goods provision and financing raises fiscal costs and weakens public services
 - The political economy of separate development erodes social cohesion and reinforces populist politics
 - Growth is retarded by the elevated costs of travel between work and home life.
 - The basis of innovation is narrowed as the benefits of agglomeration fragmented.
 - The economic potential of both town and township is weakened by oscillation between day and night.

Social policy as development strategy

- ▶ Need to revisit the debate on social policy as development strategy
 - Amartya Sen (1999): The enhancement of human freedoms as an object and *means* of development
 - Mkandawire (2004): Need to think about social policy not only in a protective and redistributive sense, but also as transformative.
 - Arrighi, Aschoff and Scully (2010): “Strategies to improve the welfare of the majority of the population should be put front and centre, both as a key prerequisite for successful capitalist development and as a desirable end in itself”
 - Evans (2010): . “Policies that expand capabilities may look like ‘social policy’ or ‘welfare policy’ but they are essential to growth policy.”
- ▶ Many issues arise:
 - Income redistribution versus wealth/asset redistributions
 - Spatial fragmentation and the inter-generational transmission of inequality
 - The relationship between asset/wealth distributions, labour markets and spatial forms
 - The capability of the state
 - Rethinking of state, private and community agency in the provision of public goods (e.g. Ostrom. 2010, Bowles and Gintis, 1998)

Marshalling public resources

- ▶ In South Africa, Gauteng presents a unique relationship between functional form and governance arrangements.
- ▶ The political environment of governance in the province has become more heterogenous in recent years. This is likely to remain the case in the future.
- ▶ Fiscal constraints are unlikely to abate in the years ahead.
- ▶ Levers in the hands of provincial and local government are:
 - Social services (particularly education and health)
 - Significant resources to fund the construction of the urban built-environment (housing, roads, public transport and social infrastructure)
 - Regulatory power over land use
- ▶ If marshalled effectively, the combination of these instruments can impact on the direction of development.

Reinventing the GCR-vision?

- ▶ Could we rethink the concept of the Gauteng City Region
 - Focussed on new forms of governance that respond Gauteng's exceptionalism
 - Foreground social policy and spatial integration through policy action to unlock economic growth through social transformation
- ▶ The Gauteng City Region as a development strategy
 - A framework to mobilise public and private actors behind a common vision of spatial integration and social change.
 - A vision with the potential to align diverse public agencies – in national provincial and metro government – behind strategic action.
 - A programme to build a more effective, professionalised public service in the province.
 - A forum that encourages different parts of government to “think outside the box” and address “wicked problems”
- ▶ This implies:
 - Building stronger technical interaction between public agencies in the province
 - Moving beyond a focus on “service delivery” by building the capacity to lead in a complex environment
 - Marshalling the public resources effectively
 - Moving beyond government provision to a stronger focus on regulation and financing.

Thank you