

Gauteng Province

# MEDIUM TERM BUDGET POLICY STATEMENT 2021



**GAUTENG**  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA



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# PROVINCIAL MEDIUM TERM BUDGET POLICY STATEMENT 2021

Gauteng Provincial Government



The Provincial Medium Term Budget Policy Statement (MTBPS) is compiled using information from different sources. Some of this information is subject to revision.

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MEDIUM TERM BUDGET POLICY STATEMENT 2021



**Nomantu Nkomo-Ralehoko**  
MEC: Finance and e-Government

## FOREWORD

This is the 16<sup>th</sup> edition of the Medium-Term Budget Policy Statement (MTBPS) to be tabled in Gauteng Provincial Legislature. It is also the 3rd MTBPS publication produced in the 6th Administration.

The 2021 MTBPS comes at the time when there are uncertainties about the economy over the medium term. IHS Markit forecasts that GDP-R for 2021 will increase by 4.7 per cent, recovering to R1 091 billion, and will only surpass the pre-pandemic production levels in 2023. The downside risks to the domestic economic outlook include setbacks in the fight against COVID-19, and the possibility that the supply side constrains such as load shedding could dampen economic activity.

The 2021 MTBPS is compiled during the environment when government continues to implement the fiscal consolidation programme to rehabilitate public finances in the light of the projected contraction of global and domestic economies over the 2022 MTEF.

In response to the adverse fiscal climate facing government, GPG put the following measures in place:

- Implementation of Five-year fiscal consolidation plan;
- Public Sector Wages & Compulsory baseline reductions;
- Reductions to goods and services;
- Reprioritisation to resource the Gauteng COVID-19 Response Plan; and
- Implementation of GPG Own Revenue Enhancement Strategy - The projects as outlined in the implementation plan, coupled off together with existing revenue sources, it is envisaged that a total of over R20 billion will be collected over the 2022 MTRF.

This MTBPS calls on the provincial government to continue implementing the four priorities of the Gauteng City region. This includes the implementation of the measures I have mentioned, to not only augment national transfers, but resource GGT2030 programmes whilst implementing the provincial COVID-19 response plan.

I express my thanks to the Head of Department, Ms Ncumisa Mnyani, and to Deputy Director-General: Sustainable Fiscal Resource Management, Mr Mncedisi Vilakazi, and the rest staff who continue to perform their tasks with dedication and determination for the delivery of the 2021 MTBPS.

A handwritten signature in black ink, appearing to read 'N. Nkomo-Ralehoko', written over a horizontal line.

**Ms. Nomantu Nkomo-Ralehoko**  
MEC: Finance and e-Government



# Executive Summary

The strict measures that were taken globally to slow the spread of COVID-19 led to the significant slowdown of economic activity in 2020. However, investment made into managing the economy through macroeconomic policy benefited the global economy immensely. The International Monetary Fund projects the world economy to recover by 5.9 per cent in 2021, but the gap between advanced economies and Emerging Market and Developing Economies has widened. The International Monetary Fund further forecasts the South African economy to grow by 5 per cent in 2021, whereas the National Treasury estimates a 5.1 per cent growth outcome<sup>1</sup>. This is highly dependent on several factors including the containment of new COVID-19 infections, an increase in the rollout of the vaccination program, and uninterrupted electricity production which is key to lifting production blockages and restoring confidence. The real Gross Domestic Product by Region of Gauteng rose pre-pandemic, from R1 098 billion in 2017 to R1 117 billion in 2019, though with a year-on-year growth rate of only 0.6 per cent in 2019. In 2020, COVID-19 brought reduced demand in all trading partners and the need for lockdowns to slow the spread of the disease. These combined factors reduced the province's GDP-R to R1 042 billion, a fall of 6.8 per cent. IHS Markit forecasts that GDP-R for 2021 will increase by 4.7 per cent, recovering to R1 091 billion, and will only surpass the pre-pandemic production levels in 2023.

The Medium Term Budget Policy Statement was tabled by Minister of Finance Hon. Enoch Godongwana, in November a year after the COVID -19 has hit the global environment. The Minister lamented that COVID -19 crisis has caused severe disruptions in the global economy and that the impact of the crisis has evidently increased debt levels, worsened income vulnerabilities, resulting in deepening unemployment, poverty, and inequality. Government consistently spent more than it collects in tax revenue whilst debt servicing costs are mandatory and appealed for all to adhere to a balancing act through fiscal consolidation measures. The instant adverse impact of these fiscal challenges on the provincial government were observed, thus mitigation measures had to be immediate. Amongst others, the implementation of the fiscal consolidation plan through the reprioritisation of the provincial budget, enhancing own revenue collection, exploring alternative sources of funding. Additionally, ensuring value for money in all provincial expenditure are envisaged as actions that will ensure that provincial response to the fiscal challenges as well as ensuring that the set priorities of the province are met.

Honourable Premier, David Makhura, during the tabling of the State of the Province Address in February 2021, acknowledged that the rapid outbreak of the COVID-19 pandemic has disrupted people's lives, institutions and economies at a magnitude never seen before. Against this backdrop he cautioned that in order to embrace the "new normal", it is necessary to build pandemic-proof, disaster-ready institutions and resilient systems to respond effectively to potential disasters ranging from pandemic to climate induced natural disasters. Premier Makhura then pronounced that the whole government in the Gauteng City Region should focus on the four priorities in the current year.

Government began implementing the Economic Reconstruction and Recovery Plan in October 2020 after the pandemic was declared a national disaster. The Plan is primarily geared towards accelerating economic growth and improving public finances in order to reach a sustainable position. However, in July 2021, social unrest and riots occurred set back economic growth and placed additional pressure on government finances. The destruction to property and production exacerbated the socio-economic challenges confronting the citizens<sup>2</sup>. The provincial government has continued to implement its economic response plan aimed at fighting the spread of the virus by reducing infections while at the same time addressing the associated economic and social challenges in the Gauteng City Region.

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# Acronyms and Abbreviations

ACSA: Airports Company South Africa  
 AIDS: Acquired Immunodeficiency Syndrome  
 CAPRISA: Centre for the Aids Programme of Research in South Africa  
 CBD: Central Business District  
 CDR: Crude Death Rate  
 CIC: Central Information Centre  
 CJCC: Criminal Justice Coordination Committees  
 CJS: Criminal Justice System  
 CoE: City of Ekurhuleni  
 CoE: Cost of Employment  
 CoG: Centre of Governance  
 CoGTA: Co-operative Governance and Traditional Affairs  
 CoJ: City of Johannesburg  
 CoT: City of Tshwane  
 COVID-19: Coronavirus Disease of 2019  
 CPFs: Community Policy Forums  
 CRDP: Comprehensive Rural Development Programme  
 CRM: Citizen Relationship Management  
 CSFs: Community Safety Forums  
 CSIR: Council for Scientific and Industrial Research  
 DDM: District Management Model  
 DTIC: Department of Trade Industry and Competition  
 ECD: Early Childhood Development  
 EMDEs: Emerging Market and Developing Economies  
 EPWP: Expanded Public Works Programme  
 ERRP: Economic Reconstruction and Recovery Plan  
 EXCO: Executive Committee  
 FDI: Foreign Direct Investment  
 FET: Further Education Training  
 GBV: Gender Based Violence  
 GCR: Gauteng City Region  
 GCRO: Gauteng City-Region Observatory  
 GDARD: Gauteng Department of Agriculture and Rural Development  
 GDACS: Gauteng Department of Community Safety  
 GDED: Gauteng Department of Economic Development  
 GDHS: Gauteng Department of Human Settlements  
 GDID: Gauteng Department of Infrastructure Development  
 GDoE: Gauteng Department of Education  
 GDoH: Gauteng Department of Health  
 GDP: Gross Domestic Product  
 GDP-R: Gross Domestic Product by Region  
 GDRT: Gauteng Department of Roads and Transport  
 GDSD: Gauteng Department of Social Development  
 GEAC: Gauteng Ethics Advisory Council  
 GEP: Gauteng Economic Propeller  
 GFCG: Gross Fixed Capital Formation  
 GGT2030: Growing Gauteng Together 2030  
 GIIMP: Gauteng Integrated Infrastructure Master Plan  
 GIS: Geographic Information System  
 GLEAF: Gauteng Law Enforcement Agencies Forum  
 GPG: Gauteng Provincial Government  
 GPT: Gauteng Provincial Treasury  
 GSRN: Gauteng Strategic Road Network  
 GVA: Gross Value Added

HIV: Human Immunodeficiency Virus  
HSDG: Human Settlement Development Grant  
IBM: International Business Machines Corporation  
ICT: Information Communication and Technology  
IDC: Industrial Development Corporation  
IMF: International Monetary Fund  
JMP: Jewellery Manufacturing Precinct  
LEA: Law Enforcement Agencies  
LSEN: Learners with Special Education Needs  
MAC: Ministerial Advisory Committee  
MASP: Men as Safety Promoters  
MEC: Member of the Executive Council  
Metros: metropolitan municipalities  
MS: Microsoft  
MST: Mathematics, Science and Technology  
MTBPS: Medium-Term Budget Policy Statement  
MTEF: Medium Term Expenditure Framework  
MTRF: Medium Term Revenue Framework  
NACS: National Anti-Corruption Strategy  
NCC: National Coronavirus Command Council  
NDP: National Development Plan  
NEA: Not Economically Active  
NHI: National Health Insurance  
NICD: National Institute for Communicable Diseases  
NPOs: Non-Profit Organisations  
NSC: National Senior Certificate  
NSDWR: Ntirhisano Service Delivery War Room  
NSNP: National School Nutrition Programme  
ODA: Official Development Assistance  
OoP: Office of the Premier  
ORTIA: Oliver Reginald Tambo International Airport  
PES: Provincial Equitable Share  
PP: percentage points  
PPP: Public Private Partnership  
PROVJOINTS: Provincial Joint Operational Intelligence Structure  
q-o-q: quarter-on-quarter  
SAHPRA: South African Health Products Regulatory Authority  
SAMRC: South African Medical Research Council  
SAPS: South African Police Services  
SA-SAMS: South African School Administration and Management System  
SASRIA: South African Special Risks Insurance Association  
SASSA: South African Social Security Agency  
SEZ: Special Economic Zone  
SMMEs: Small Micro Medium Enterprises  
SOPA: State of the Province Address  
SOS: School of Specialisation  
SRD: Social Relief of Distress Grant  
SSIP: Secondary School Improvement Programmes  
Stats SA: Statistics South Africa  
T1M: Tshepo 1 Million  
TASEZ: Tshwane Automotive Economic Zone  
TMR: Transformation, Modernization and Re-Industrialization  
UBPL: Upper-Bound Poverty Line  
UISP: Upgrading of Informal Settlements  
USD: United States Dollar

VAWAC: Violence Against Women and Children  
VES: Victim Empowerment Services  
VEU: Victim Empowerment Unit  
VFR: Victim Friendly Rooms  
WASP: Woman Assault Survival Programme  
Wits: University of Witwatersrand  
WSP: Woman as Safety Promoters  
YCDP: Youth Crime Prevention Desk  
y-o-y: year-on-year  
ZBB: Zero-Based Budgeting



# Chapter 1: Economic Overview and Outlook

## 1.1 Introduction

The strict measures that were taken globally to slow the spread of COVID-19 led to the significant slowdown of economic activity in 2020. However, the investment made into managing the economy through macroeconomic policy benefited the global economy immensely. Moreover, investment in the health system enabled countries to cope with the pandemic and redirect resources to effectively distribute vaccinations that are necessary to kick-start economic activity. Since the start of 2021, economies with efficient vaccination programs were able to unlock economic activity.

The International Monetary Fund (IMF) projects the world economy to recover by 5.9 per cent in 2021, but the gap between advanced economies and Emerging Market and Developing Economies (EMDEs) has widened. Growth prospects for advanced economies have improved as vaccination rollout intensifies. Meanwhile, the outbreak of the Delta variant of COVID-19 and the less aggressive vaccination rollout continue to weigh negatively on the economic prospects in EMDEs.

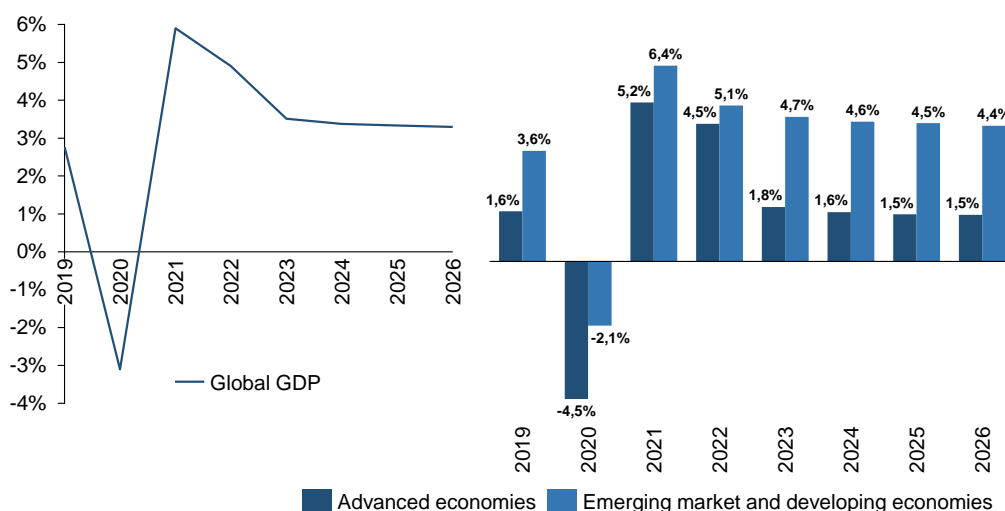
The IMF forecasts the South African economy to grow by 5 per cent in 2021, whereas the National Treasury estimates a 5.1<sup>1</sup> per cent growth outcome. This is highly dependent on several factors including the containment of new COVID-19 infections, an increase in the rollout of the vaccination program, and uninterrupted electricity production which is key to lifting production blockages and restoring confidence.

## 1.2 World Economic Overview under COVID-19 Environment

### 1.2.1 Global Growth

The global economy is expected to experience a stronger recovery in 2021. However, the pace of growth within regions is expected to diverge due to the uneven vaccination rollout<sup>2</sup>. The growth in divergence is between the advanced economies and EMDEs. This comes as growth prospects for advanced economies were revised up by the IMF, while growth for EMDEs were revised down. The main reason for the positive revision in advanced economies is the success of the vaccination rollout plans, and the robust fiscal stimulus that have contributed to the improved growth prospects. On the other hand, the EMDEs have experienced challenges in implementing adequate fiscal policy and the slow rollout of the COVID-19 vaccination.

**Figure 1.1: Global GDP Growth**



Source: IMF, 2021

The global economic growth is expected to recover to 5.9 per cent in 2021, after contracting by 3.1 per cent in 2020. Although most of the economies have learnt to adapt to the obstacles caused by the pandemic with businesses finding new safer ways to conduct their operations, growth prospects remain uncertain due to the evolving mutations of the COVID-19 virus and localised regional challenges.

The speed at which the vaccination for COVID-19 has been rolled out and the additional fiscal support have improved economic growth prospects in advanced economies. The United States (U.S.) will drive the recovery in the advanced economies, supported by its vaccination capacity and new round of robust fiscal stimulus. The U.S.'s fiscal support has managed to significantly increase personal income, thus boosting aggregate consumption. The strong recovery of that economy will also have positive effects on its trading partners. Other advanced economies including Japan, France, Germany, and Italy are also expected to have strong growth from the second half of 2021.

EMDEs have benefited from the increase in external demand and higher global commodity prices. However, economic activity in most of the EMDEs is constrained by the resurgence of the COVID-19 infections, amid the slow vaccination progress. The partial withdrawal of the policy support has also added to the downward growth revisions in the region. Furthermore, most economies within the region continue to be impacted by travel restrictions, especially those that are reliant on tourism.

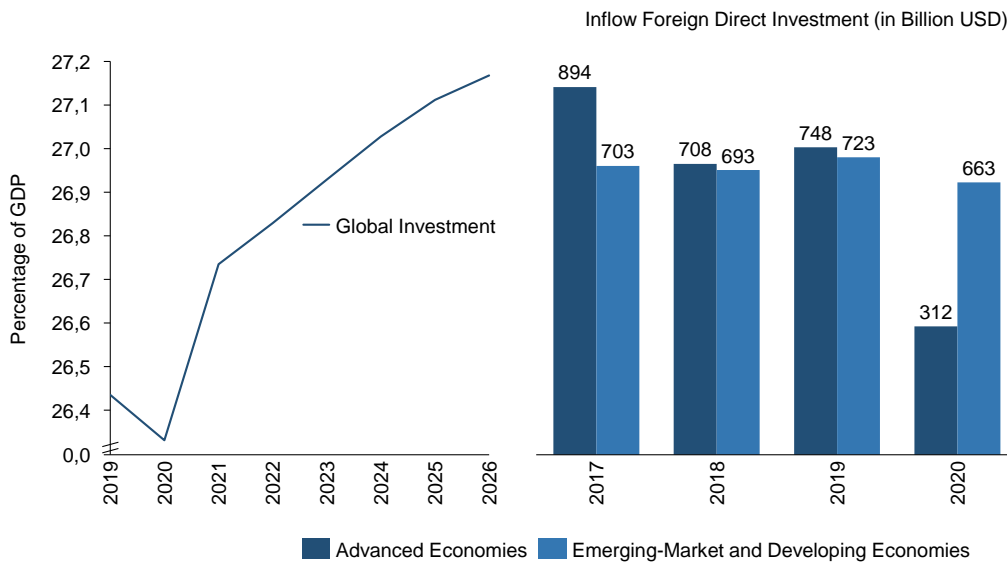
The management of the COVID-19 pandemic remains the main factor in unlocking growth prospects for the global economy. Evidently, some countries will recover much faster than others, and the difference in the strength of the recovery is driven by a combination of factors including the degree of government support, the strength of public health systems and vaccination programmes. As it stands, advanced economies are far ahead with their vaccination distribution, with the IMF estimating that nearly 40 per cent of the population in advanced economies have been fully vaccinated, compared to 11 per cent in emerging-market economies and just 1 per cent in low-income developing countries. Thus, global growth will strongly be supported by the advanced economies.

With that said, the recovery is not certain until the pandemic is contained globally, and the rollout of vaccines is even across all countries. The even rollout of vaccinations is important to reduce the risks of cross-border infections which can cause further severe outbreaks, and which can derail economic recovery.

## 1.2.2 Investment

The lockdown measures imposed by many countries to prevent COVID-19 from spreading have impacted investment flows globally, especially in 2020. This caused the global Foreign Direct Investment (FDI) in 2020 to fall by 35 per cent; this brought the level of global FDI to its lowest since 2005. Major economies such as the European Union and U.S. also experienced a significant decline in real investment. The decline in investment occurred amidst the fall in business confidence levels.

**Figure 1.2: Global Investment and Net FDI Inflows**



Source: IMF, UNCTAD 2021

The global FDI flows during 2020 were affected by the pandemic, more so in advanced economies, where FDI inflows fell from USD723 billion in 2019 to USD312 billion in 2020 (or by 58 per cent). FDI inflows to the EMDEs were not significantly affected, as they only decreased by 8 per cent to reach USD663 billion. The significant fall of FDI in the advanced economies was a result of robust fluctuations resulting from corporate transactions and intra-firm financial flows. In the EMDEs, the relatively smaller decline was mainly due to financial transactions by multinational enterprises in China and Hong Kong, that offset the decrease in FDI. On the contrary, EMDEs' investment in Greenfield projects fell sharply when compared to those in advanced economies. These types of projects are crucial in developing productive capacity through infrastructure and improving prospects for sustainable recovery.

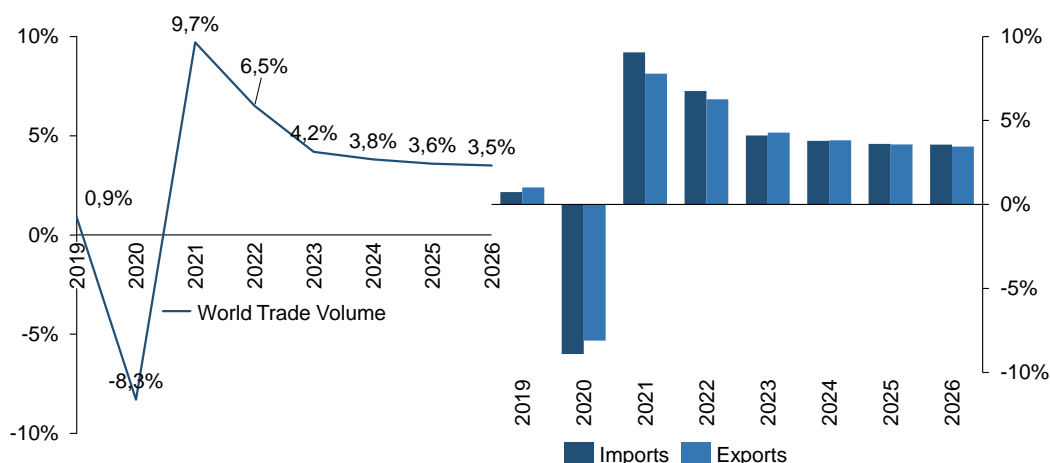
On the other hand, fixed investment remained subdued in many economies around the world due to the impact of the pandemic and structural challenges that existed prior to the COVID-19 crisis. This has affected long-term investment growth. According to the World Bank, the Europe and Central Asia regions' long-term investment growth is projected to decline by 1.7 of a percentage point over the next decade. Investment in the EMDEs excluding China has fallen sharply as most economies have experienced subdued growth, and public investments have receded given limited fiscal space.

## 1.2.3 Trade

Global trade levels were significantly affected by pandemic related restrictions, particularly during the second quarter of 2020. This was due to trade logistics, international travel and respective domestic economies being disrupted by pandemic related restriction policies. World trade volumes were already slowing down before the pandemic due to the changes in global value chains and weaker investment. In addition, trade was already affected in the past three years due to the trade tensions between the U.S. and China.



**Figure 1.3: Growth in World Trade Volumes**



Source: IMF, 2021

In 2021 however, the rebound in global trade volumes came in faster than what was anticipated, despite near-term supply disruptions. World trade volumes are expected to grow by 9.7 per cent in 2021, before rising by 7 per cent in 2022. Although global trade is estimated to be resilient in 2021 and 2022, advanced economies and EMDEs showed divergence in trade patterns, which reflected the different pandemic challenges and policy changes.

The global cross border services trade is expected to remain suppressed if the pandemic continues to affect all the economies. The pandemic has led to current account deficits and managed to widen them, due to the price increases in trade and commodities. Therefore, the current account positions are expected to remain broadly stable in the medium term.

### 1.2.4 Policy Responses to COVID-19

The COVID-19 pandemic has caused a significant economic contraction for all economies, albeit to different degrees, and has not yet been brought fully under control. This has forced many economies to find more ways within macroeconomic and other forms of policies to curb the effects thereof. Amongst other things, policy measures are centred on economic recovery, improving population immunity against the pandemic through vaccination rollout, and strengthening the healthcare systems to cope. The pace of vaccination, efficiency of other contagion-prevention measures, and the scale and modalities of policy support differ widely across countries. China, the U.S., and other economies with sizeable fiscal space, have managed to use their fiscal ability to improve their health care systems and accelerate the rollout of vaccines that have helped to boost economic activity.

#### 1.2.4.1 Fiscal Policy

The response of fiscal policy has been unprecedented in speed and size as governments employ efforts to reduce the spread of COVID-19. As of March 2021, more than USD16 trillion in global pandemic-related fiscal actions have been announced. Of this amount, 62.5 per cent (USD10 trillion) consists of additional spending and forgone revenue. The remaining 37.5 per cent (USD6 trillion) consists of government loans, guarantees, and capital injections. Data shows that government spending and revenue actions have prevented a more severe global economic contraction. At the global level, such efforts are expected to have averted a two-percentage point drop in global growth in 2020.

To help manage and effectively deal with the health and economic crisis, more than half of countries in advanced economies devoted resources towards employment protection and household income support. Several advanced economies have provided lifelines and continue to support the recovery through multi-year fiscal actions, with revenue and spending measures totalling 6 per cent of gross domestic product (GDP) in 2021. For example, Canada is continuing with fiscal support in 2021 and there are no signals that the government will ease this support. The current fiscal year budget of the United Kingdom (UK) focuses on short-term economic support and extended pandemic-related fiscal assistance. On the other hand, it laid out a strategy to restore medium-term fiscal sustainability centred on corporate and income tax increases. The Rescue Package in the U.S. is expected to have provided much needed lifelines and a significant front-loaded fiscal impulse in the next two years. It will provide additional resources to tackle the public health crisis and support those in need through unemployment benefits, the earned-income tax credit, child tax credits and food assistance.

Among emerging market and developing economies, pandemic-related fiscal support typically prioritised investment in infrastructure and employment protection. However, much of the fiscal support has reached its proposed time, with nearly all emerging market economies having eased support. This is mainly due to the fiscal limitations caused by already high debt levels. Currently, most EMDEs are faced with the task of having to balance high debt levels and support economic growth during the pandemic. However, in countries like South Africa, Brazil and India fiscal policy remained supportive despite limited resources. The governments of these countries have planned additional fiscal support that will span over the second half of 2021, aimed at mitigating economic shocks and recurring infection rates.

#### **1.2.4.2 Monetary Policy**

Monetary policy has played an important complementary role in cushioning the macroeconomic and financial impacts of the pandemic. Central banks across the world were able to deploy a range of tools to ease the effects of the COVID-19 shock. These included interest rate cuts to support aggregate demand and help economies to rebound, asset purchases to stabilise financial markets, and liquidity provision and credit support, particularly to businesses.

Most advanced economies are still in the early phases of recovery and have maintained accommodative monetary policy to ensure a successful recovery. Particularly in the U.S., the accommodative monetary policy has resulted in further eased financial conditions since the first quarter of 2021. However, the Federal Reserve's intention to keep policy rates near zero for an extended period may be put to the test by a rapidly narrowing negative output gap.

Given the high amount of non-financial business debt, authorities in advanced economies will need to manage the unwinding of debt carefully. Although the number of non-performing bank loans is far lower than before the global financial crisis, it is expected to grow once deferral measures expire. Insolvency risk has also grown for small and medium-sized businesses with restricted access to new financing. As a result, it would be crucial to proactively develop a menu of policies to protect the banking system's health, such as debt restructuring, asset separation, and recapitalisation, which may be utilised to promote the early resolution of corporate and household insolvencies.

Supported by benign global financial conditions, the EMDEs have generally maintained their expansionary monetary stance. As a result, the average EMDEs 10-year bond rates have risen slightly more than those in the U.S., despite the modest tightening in financial conditions. On the other hand, further increases in advanced economies' yields, might result in more significant transmissions into EMDEs yields and financial conditions, putting the recovery at risk. In the face of significant output gaps, several central banks in the EMDEs are already grappling with challenging policy trade-offs to keep inflation pressures in check, particularly following large currency depreciations. For example, over the last year, EMDEs with more significant current account deficits and higher external debt-to-GDP ratios, experienced more currency depreciation.

Recently, there has been a growing concern of rising price pressures, as demand aggressively increases, and supply chain bottlenecks continue. The current spikes in annual inflation are partly due to mechanical base effects, reflective of the unusual pandemic-related developments and transitory supply-demand mismatches. However, in most countries, inflation is anticipated to revert to pre-pandemic levels by 2022 once these disturbances work their way through prices.

### **1.3 South African Economic Outlook under Covid-19 Environment**

#### **1.3.1 Gross Domestic Product**

The GDP release for the second quarter of 2021 is the first since Statistics South Africa (Stats SA) rebased GDP. As such, the figures in this current Medium-Term Budget Policy Statement (MTBPS) publication, will not match previous editions of the MTBPS. This is compounded by Stats SA's decision to cease using annualised figures as the headline rate. This means that Stats SA is no longer engaging in the practice of multiplying quarter-on-quarter (q-o-q) growth rates by 4 to make them resemble year-on-year (y-o-y) rates.

This is merely an update of statistical practices, and the realities of the South African economy remain the same. As such, South Africa's annual economic growth rate for 2020 remains negative (at 6.4 per cent) following a significant contraction in GDP growth during the second quarter of 2020. There was an economic recovery realised in the second half of 2020 and in the first two quarters of 2021. Growth remained positive, at 1 per cent, in the first quarter

despite the typical slowdown after the festive season. In the second quarter of 2021, the growth rate accelerated slightly, to 1.2 per cent. However, the size of the economy is still smaller (by R55.8 billion) than what it was in the second quarter of 2019.

**Figure 1.4: Real GDP Growth**



Source: Statistics South Africa, 2021

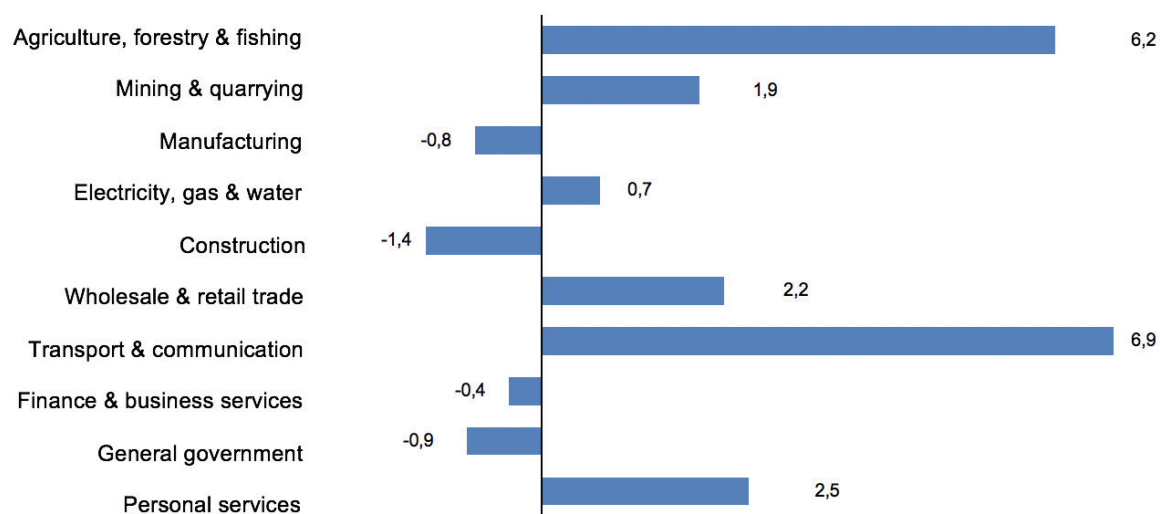
Note: sar = Seasonally Adjusted Rate

If the global recovery continues, the South African economy is likely to benefit. In addition, low interest rates and the future loosening of restrictions that will accompany the expanding COVID-19 vaccination programme, also point to a positive GDP growth rate for 2021. The National Treasury forecasts that the economy will grow by 5.1 per cent in 2021, and by 1.8 per cent in 2022.<sup>3</sup> This outlook is threatened by risks including setbacks in the fight against COVID-19, such as vaccine-resistant mutations, and the possibility that the electricity supply could become further constrained.

### 1.3.2 Sectoral Performance

The largest contributions to the 1.2 per cent overall growth in GDP in the second quarter came from the transport and communication, personal services, and wholesale and retail trade categories. Transport and communication grew by 6.9 per cent and contributed 0.5 percentage points (pp). Personal services increased by 2.5 per cent and contributed 0.4pp, and the wholesale and retail trade increased by 2.2 per cent and contributed 0.3pp. Within the transport and communication sector, increased economic activity was reported for the land transport and communication sub-categories. Growth in personal services was driven by community services, while growth in the wholesale and retail trade was broad-based within the category.

**Figure 1.5: Sectoral Growth Breakdown (q-o-q) for 2Q2021**



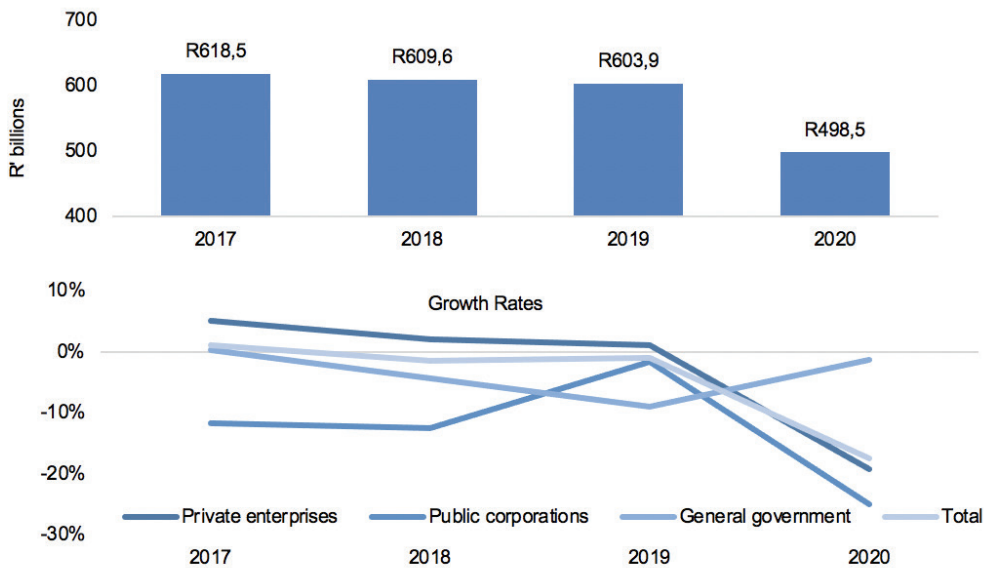
Source: Statistics South Africa, 2021

The overall increase in economic growth was marginally offset by small declines in four industries. Output in the manufacturing sector declined by 0.8 per cent. The general government sector declined by 0.9 per cent and the finance and business services sector declined by 0.4 per cent. These three industries offset the broad increase in economic growth by 0.1 pp each. The construction industry declined by 1.4 per cent, but the small size of the industry meant that it had no significant direct impact on the overall increase. The decline in the manufacturing sector was driven by the petroleum, chemical products, rubber and plastic products division. Decreased economic activity in the general government sector was driven by a decline in employment and the decline in the finance and business services industry was driven by the financial intermediation and auxiliary activities sub-categories.

### 1.3.3 Investment

Real Gross Fixed Capital Formation (GFCF) was at R618.5 billion in 2017. It declined to R603.9 billion in 2019 before the pandemic resulted in a sharp fall to R498.5 billion in 2020, due to reduced economic activity requiring less investment to support production, as well as the understandable loss of business confidence. The growth rate of the general government sector’s investment decreased from 0.2 per cent in 2017 to negative 8.9 per cent in 2019. In 2020, not only did investment decrease, but the already negative growth rate fell further into the negative. General government was the only one of the three categories where the growth rate increased. While it was still below 0 (at negative 1.3 per cent) this was much higher than the negative 8.9 per cent recorded in 2019.

Figure 1.6: Real GFCF



Source: South African Reserve Bank, 2021

South Africa’s national saving rate has increased significantly, compared to the pre-pandemic period.<sup>4</sup> This is because businesses have been cautious about paying dividends to shareholders in the current economic landscape and households have been saving up for similar reasons. This suggests that there is a pool of domestic savings for the government to borrow from, to fund its efforts to both combat the pandemic and support the economy while the pandemic is suppressing activity. South Africa has historically had a low foreign currency risk to its debt, and it would be advantageous for this to continue.

### 1.3.4 Labour Market

From the second quarter of 2020 to the second quarter of 2021, the working age population of South Africa continued to increase, reaching 39.6 million in the second quarter of 2021, a y-o-y growth rate of 1.5 per cent.<sup>5</sup> The labour force, however, grew by an even larger percentage over the same period (at 23.4 per cent) rising to 22.8 million. The growth of the labour force was partly due to the increase in the number of persons employed in the country, from 14.1 million in the second quarter of 2020 to 14.9 million in the same quarter of 2021. This increase in employment was recorded in all sub-categories, with the largest single increase in the second quarter of 2021 being the 406 000 jobs gained in the informal (non-agricultural)<sup>6</sup> sector. This was a percentage increase of 17.8 per

<sup>6</sup> Agricultural employment is separated out due to the volatility of the industry’s seasonal nature.

cent, with private households being the only sub-category to record a larger percentage increase, of 18.8 per cent or 189 000 jobs.

**Table 1.1: Labour Force Characteristics**

	2Q2020	2Q2021	Change '000	% Change
	('000)		(y-o-y)	
<b>Working-age population</b>	39 021	39 599	578	1.5
<b>Labour Force</b>	18 443	22 768	4 325	23.4
Employed	14 148	14 942	793	5.6
Formal (non-agricultural)	10 064	10 200	136	1.4
Informal (non-agricultural)	2 280	2 686	406	17.8
Agricultural	799	862	63	7.8
Households	1 005	1 194	189	18.8
Unemployed	4 295	7 826	3 531	82.2
<b>Not Economically Active</b>	20 578	16 832	-3 746	-18.2
Discouraged work-seekers	2 471	3 317	846	34.3
Other	18 107	13 515	-4 592	-25.4
<b>Unemployment rate (%)</b>	23.3	34.4	11.1	n/a

Source: Statistics South Africa, 2021

Note: Due to rounding, totals do not necessarily add up

Note 2: Q3 information was released after finalisation. Q3 unemployment is 34.9 per cent, and Q2 unemployment was 34.4 per cent.

The large increase in the labour force was primarily driven by the similarly large increase in the number of unemployed people in the country, which rose by 82.2 per cent or 3.5 million people y-o-y to 7.8 million in the second quarter of 2021. As such, the official unemployment rate increased from 23.3 per cent to 34.4 per cent over the same period. The 'other' Not Economically Active (NEA) subcategory shrunk by 4.6 million y-o-y. This suggests that many of the South Africans who were out of work in the second quarter of 2020 gave the researchers from Stats SA reasons such as not being able to travel to look for work, as the explanation of why they were not working.

The second quarter of 2021 did not have the same COVID-19 lockdown as the second quarter of 2020, which resulted in the return of those South Africans to the labour force. The economy, however, has not yet recovered from the pandemic and many of those looking for work have not been able to find it. Such individuals have become officially unemployed or joined the ranks of the discouraged work-seekers, a category that increased by 846 000 people or 34.3 per cent.

### 1.3.5 Trade

From January 2021 to August 2021, South Africa sold exports to the value of R1.2 trillion and purchased imports to the value of R 864.2 billion, leaving the country with a trade surplus of R332.1 billion.<sup>7</sup> In August specifically, monthly exports increased to R158.9 billion, from R144.9 billion in July. The largest contributions to this increase were a R3.7 billion rise in exports of precious metals and stones, a R2.9 billion rise in exports of base metals, and a R1.9 billion rise in the vegetable products category. While a growing trade balance is welcome in the current global economic landscape, exporting manufactured goods generates more value and better jobs for South Africa than exporting raw materials, therefore growth in manufacturing exports would be even more welcome. The overall increase was offset by a decline of R1.7 billion in exports of mineral products.

As vaccination programmes roll out globally, travel is likely to resume and with it the demand for vehicles. It is possible that a degree of discomfort with public transport will linger and, in that case, demand for personal vehicles could rise even higher than it would have without the pandemic. However, there is no guarantee that multinational businesses that assembled some of their vehicles in South Africa will return to pre-pandemic production levels in the country, let alone expand beyond. Government will need to promote the country's automotive sector if South Africa is to benefit from this potential increase in demand, should it be realised. With climate change as an ever-present concern, should demand for personal vehicles rise, many of those new vehicles will likely be required to have catalytic converters to meet emission standards, potentially benefiting South Africa's platinum mining industry.

<sup>7</sup> South African Revenue Service. (2021). SA Preliminary Trade Statistics for August 2021 (Including BELN). Accessed (in October 2021) at [www.sars.gov.za](http://www.sars.gov.za)

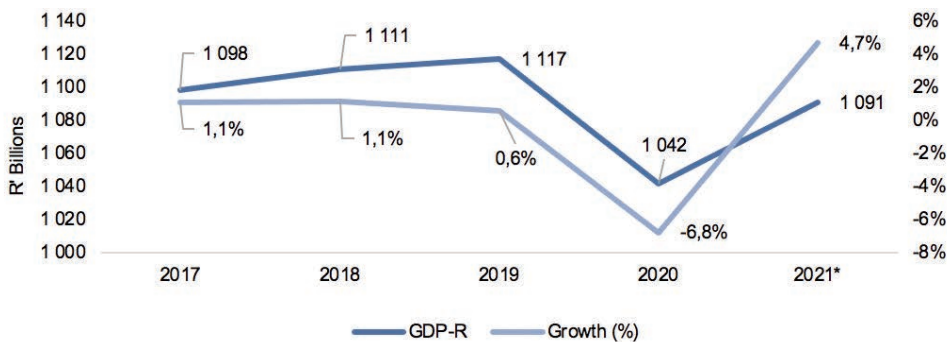
Imports also increased in August 2021, though by a smaller amount, rising to R116.5 billion from R107.9 billion in July. The largest contributions to this increase came from the chemical products category, at R2.3 billion, machinery and electronics at R1.8 billion and original equipment components at R874 million. Increased imports of machinery, electronics and equipment components is potentially a positive sign, as many of the products that South Africa imports under these categories are used in the country’s own production processes. With the reduced demand that has been caused and is currently maintained by the COVID-19 pandemic, some reduction in equipment imports has been recorded in prior months. However, growing imports in August may reflect a higher degree of business confidence if domestic businesses are expanding their capacity for future increases in production.

## 1.4 Gauteng Economic Overview

### 1.4.1 Gross Domestic Product by Region

The real Gross Domestic Product by Region (GDP-R) of Gauteng rose pre-pandemic, from R1 098 billion in 2017 to R1 117 billion in 2019, though with a year-on-year growth rate of only 0.6 per cent in 2019. In 2020, COVID-19 brought reduced demand in all trading partners and the need for lockdowns to slow the spread of the disease. These combined factors reduced the province’s GDP-R to R1 042 billion, a fall of 6.8 per cent. IHS Markit forecasts that GDP-R for 2021 will increase by 4.7 per cent, recovering to R1 091 billion, and will only surpass the pre-pandemic production levels in 2023.

**Figure 1.7: GDP-R and Growth**



Source: Statistics South Africa, 2021. Forecasts by IHS Markit, 2021.

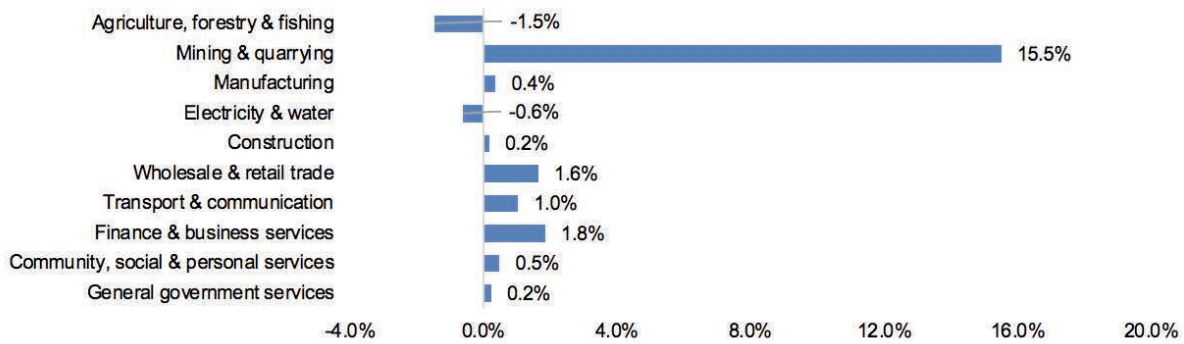
Note: \* indicates forecasts

### 1.4.2 Sectoral Breakdown

Finance and business services remained the largest sector of the Gauteng economy, accounting for 28.5 per cent of Gross Value Added (GVA) in the province in 2020. Government, social and personal services was the second largest sector at, 26.5 per cent. These were followed by manufacturing and the wholesale and retail trade sector, at 14.5 and 13.4 per cent respectively. This shows that Gauteng maintains its relatively modern, service-based economy with primary resource extraction accounting for 2.2 per cent for mining and quarrying and only 0.5 per cent for agriculture, forestry and fishing.

Mining and quarrying recorded the highest q-o-q growth rate by far in the first quarter of 2021, at 15.5 per cent, supported by higher commodity prices and exports. The next-highest growth rates were recorded in the finance and business services industry, at 1.8 per cent, and the wholesale and retail trade, at 1.6 per cent. Only two industries recorded negative growth rates, agriculture, forestry and fishing, at negative 1.5 per cent and electricity and water at negative 0.6 per cent.

**Figure 1.8: GDP-R Growth by Sector (q-o-q) for Quarter 1 of 2021**



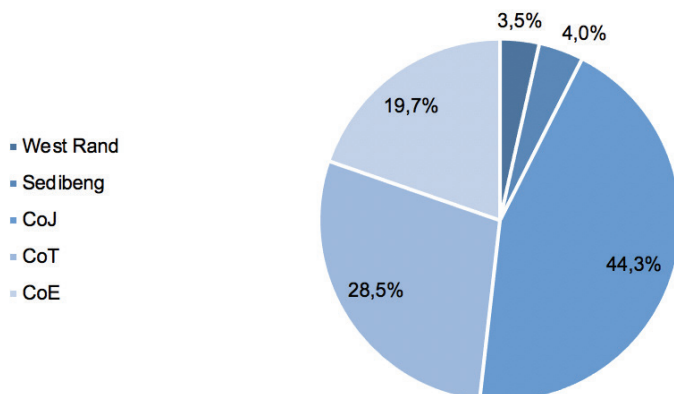
Source: Statistics South Africa, 2021

Manufacturing only managed to secure a growth rate of 0.4 per cent. This is a labour-intensive industry where many of the workers do not require a high level of educational attainment. As such, government is supporting the manufacturing sector in hopes of increasing its size in the future because growth in manufacturing will help to alleviate South Africa’s unemployment challenges. Another secondary sector where growth would be a particularly good indicator is construction. Although accounting for only 3 per cent of the Gauteng economy in 2020, growth in the construction industry would indicate an improvement in confidence in the economy because construction projects are often long-term commitments that are only undertaken when they are expected to be profitable for many years and businesses undertaking production-expanding activities, such as building new factories, are reflected in the construction industry. In 1Q2021, however, the construction sector grew by only 0.2 per cent.

### 1.4.3 Municipal Contributions to Growth

The metropolitan municipalities (metros) account for more than 90 per cent of Gauteng’s GDP-R in 2020, as they are where most of Gauteng’s economic activity is based. The City of Johannesburg (CoJ) recorded the largest contribution, at 44.3 per cent. This is because the CoJ is the financial hub of South Africa and, to a large extent, Africa. Many banks and financial service providers are based there, as are the headquarters of many other types of South African businesses. It is also the capital of Gauteng and much of the provincial government operates from the CoJ. The City of Tshwane (CoT) contributed the second-most at 28.5 per cent. The CoT is the administrative capital of South Africa and most of the national government departments are based there. The City of Ekurhuleni (CoE) accounted for 19.7 per cent of the Gauteng economy. It is home to most of the province’s manufacturing. The two district municipalities, Sedibeng and the West Rand, accounted for a combined share of 7.5 per cent.

**Figure 1.9: Municipal Share of GDP-R for 2020**



Source: Statistics South Africa, 2021

All of Gauteng's municipalities recorded negative growth rates in 2020 as they suffered reduced demand and economic restrictions from the pandemic.<sup>8</sup> The largest negative growth rate was recorded in Sedibeng, where GDP-R fell by 7.8 per cent, while the smallest was recorded in the CoJ, at 6.2 per cent. In 2021, all the municipalities in Gauteng are predicted to recover and record positive growth rates. The highest forecast is for the CoE, where GDP-R is predicted to increase by 5.1 per cent, and the lowest is for the CoT, which still expects a significant increase of 4.2 per cent.

#### 1.4.4 Labour Market and Effect Thereon of COVID-19

As a large share of South Africa's population lives and works in Gauteng, the province's labour market followed similar trends to those of South Africa as a whole. Gauteng's working-age population grew from 10.5 million in the first quarter of 2020 to 10.7 million in the first quarter of 2021 while, as seen in the national labour market, the labour force decreased at the same time, from 7.5 million to 7.1 million. The number of people employed in the province decreased by 508 000, to 4.6 million, while the number of unemployed people increased by 73 000, to 2.4 million. The difference was accounted for by the large increase in the NEA category, of 632 000 people. The decline in employment being largely absorbed by the NEA resulted in an increase in the unemployment rate, from 31.4 per cent to 34.4 per cent in the same period.

**Table 1.2: Gauteng Labour Force Characteristics**

	1Q2020	1Q2021	Change '000	% Change
	('000)		(y-o-y)	
<b>Working-age population</b>	10 508	10 704	196	1.9
<b>Labour Force</b>	7 488	7 052	-436	-5.8
Employed	5 134	4 626	-508	-9.9
Unemployed	2 354	2 426	73	3.1
<b>Not Economically Active</b>	3 020	3 652	632	20.9
Discouraged work-seekers	453	676	223	49.3
Other	2 567	2 975	408	15.9
<b>Unemployment rate (%)</b>	31.4	34.4	3	n/a

Source: Stats SA, 2021

Note: Q3 information was released after finalisation. Q3 unemployment is 37 per cent, and Q2 unemployment was 34 per cent.

The difference between the national and provincial numbers is that there was a large percentage increase in discouraged work-seekers in Gauteng, rising by 49.3 per cent to 3 million people. It is possible that the large increase of the 'other NEA' sub-category in other provinces was due to people not being able to travel to potential places of employment, to look for work because of COVID-19 travel restrictions.

#### 1.4.5 Economic Responses to COVID-19

In his address to the National Assembly on the 21<sup>st</sup> of October 2020, Mr. David Makhura, the Premier of Gauteng, stated that the province would align its Growing Gauteng Together 2030 (GGT2030) strategy with President Cyril Ramaphosa's COVID-19 recovery plan.<sup>9</sup> The areas of the plan upon which the province focused on include; stimulating employment, industrialization and export promotion, recovery of the tourism sector, infrastructure investment, food security, support for the green economy and ensuring gender equality and economic inclusion.

Projects servicing these focus areas are already underway. The Gauteng Provincial Government (GPG) is engaged in efforts to drive connectivity in townships and the redeployment of the Ekasi Labs as hubs for public use, directly supports the emergence of a digital gig economy as a new frontier of opportunity for young people. The economy will be grown in an inclusive manner through the establishment of new special economic zones in Gauteng's Western (West Rand) and Southern (Sedibeng) Corridors as well as reducing red tape for the registration of township businesses and the directive for government contracts to spend a portion of their procurement budgets on township-based businesses.



The Gauteng Enterprise Propeller (GEP) has been supporting township businesses through extant means, including purchase order financing, financial support and grant funding.<sup>10</sup> More than 47 000 suppliers have been added to the Centralised Supplier Database due to campaigns to register township enterprises and over the 2020/21 financial year, the GPG procured goods and services from almost 4 500 township suppliers amounting to over R3bn.<sup>11</sup> Furthermore, some farmers have received access to government-owned land and these and other farmers have been furnished with technical support, such as assistance with mechanization.

#### 1.4.6 Provincial Economic Response Plan for Covid-19

The global pandemic of Coronavirus disease (COVID-19) was first reported on the 31st of December 2019 by the World Health Organization (WHO) country office in China, following a cluster of pneumonia cases in Wuhan City, Hubei Province. On the 15<sup>th</sup> of March 2020, President Cyril Ramaphosa declared a national state of disaster in South Africa in terms of the Disaster Management Act (Act No. 57 of 2002, as amended). Since then, the government has announced bold measures to contain the spread of the virus in South Africa. This section will discuss the interventions taken by the Gauteng Provincial Government (GPG) in response to the impact of COVID-19. As of the 31<sup>st</sup> of August 2021, there were a cumulative 905 489 confirmed cases of COVID-19 in Gauteng, with 879 462 recoveries, and a cumulative COVID-related 18 721 COVID-19 related deaths.<sup>12</sup> Over 3 million vaccines were administered in the province as of the 31<sup>st</sup> of August.

In her speech at the tabling of the 2021/22 budget vote of the Gauteng Provincial Treasury, MEC for Finance and e-Government, Ms. Nomantu Nkomo-Ralehoko, stated that Gauteng's COVID-19 Response Plan has four priority areas. These areas are defeating the COVID-19 pandemic, re-igniting the Gauteng economy, recalibrating social policy, and improving governance.

In early 2021, the GPG hosted the second virtual SMME summit<sup>13</sup>, as part of the response plan. Many large corporations gave presentations detailing useful information for the SMMEs in attendance, such as effective strategising, finding market opportunities and overcoming the financial burden imposed by the COVID-19 pandemic. The large corporations also identified several of the township SMMEs in attendance, who they could develop as suppliers for their value chains. Government offered training in digital marketing to the identified SMMEs. Furthermore, the Gauteng Department of e-Government has rolled out an ICT Skills Development Programme in partnership with Huawei Technologies Africa.<sup>14</sup> This initiative will narrow the digital skills gap in Gauteng and assist the province's youth in finding employment or running their own businesses. The programme trains young people in skills such as coding because Information and Communication Technology skills were identified as essential to Gauteng's future economic growth.

## 1.5 Gauteng Socio-Economic Overview

### 1.5.1 Demographics

Demographic indicators are critical for tracking the progress made towards achieving the sustainable development goals. In addition, timely estimates are necessary to ensure that the government and various other sectors, including health, education and business, plan effectively. This segment focuses on the Gauteng region's demographic changes in recent years. Demographic indicators such as age, gender, fertility rates, mortality rates and life expectancy rates are essential facets of fiscal policy.

<sup>10</sup> Gauteng Provincial Government. (2020). Economic Recovery Strategy for the GCR Update. Accessed (in August 2021) at [www.gpg.gov.za](http://www.gpg.gov.za)

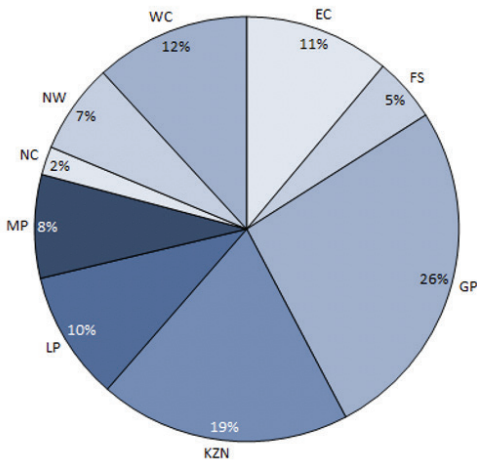
<sup>11</sup> Gauteng Provincial Government. (2020). Speech by Honourable Nomantu Nkomo-Ralehoko. Johannesburg. Gauteng MEC for Finance and E-Government at the tabling of the 2021/22 budget vote of Gauteng Provincial Treasury, Gauteng provincial legislature. Accessed (in August 2021) at [www.gauteng.gov.za](http://www.gauteng.gov.za)

<sup>12</sup> Gauteng Department of Health. (2021). Media Statement: Wednesday, 14 July 2021 - Gauteng Confirmed COVID-19 Cases District Breakdown. Accessed (in July 2021) at [www.gauteng.gov.za](http://www.gauteng.gov.za)

<sup>13</sup> Gauteng Department of Economic Development. (2021). Building resilient SMMEs in South Africa during COVID-19. Accessed (on August 2021) at [www.gauteng.gov.za](http://www.gauteng.gov.za)

<sup>14</sup> Gauteng Department of Economic Development. (2020). ICT Training for Gauteng youth. Accessed (in August 2021) at [www.gauteng.gov.za](http://www.gauteng.gov.za)

**Figure 1.10: Population Share for Provinces for 2021**

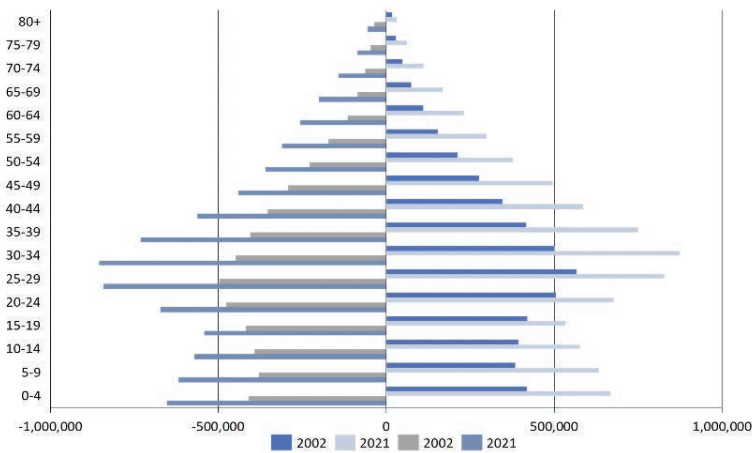


Source: Stats SA, 2020

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

The population of Gauteng is estimated to be 15.8 million<sup>15</sup> according to the Mid-year Population Estimates. This is an increase of about 400 000 people (2.5 per cent) since 2020. Gauteng remains South Africa’s most populous province, accounting for 26.3 per cent of South Africa’s total population (60.14 million in 2021). This is 5.4 percentage points higher compared to 2002. The second most populous province is KwaZulu-Natal, which represents 19.1 per cent of the country's total population. The Northern Cape is still the least populated region, making up 2.2 per cent of the population of the country.

**Figure 1.11: Population Distribution**

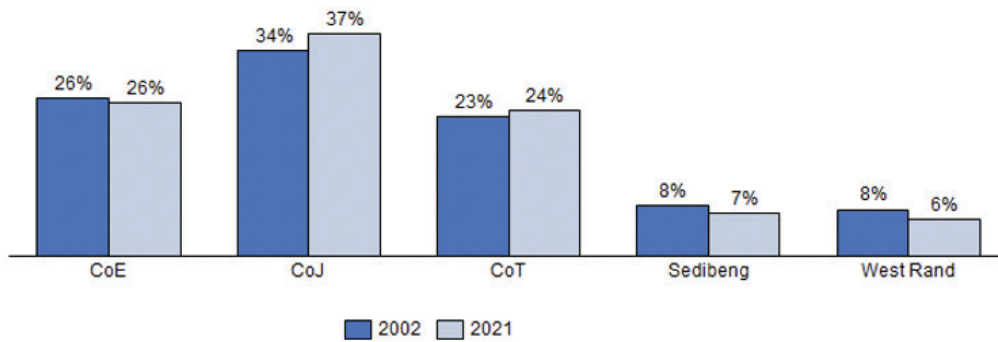


Source: Stats SA, 2021

Figure 11 shows Gauteng’s population distribution by age and gender for the years 2002 and 2021. The figure indicates that the working age population (15–59 year-olds) accounted for the largest share of the province’s population. The table also shows that in 2020, there were more males at 7.8 million, compared to females at 7.7 million. There were more females over the age of 80 years at 53 943, while males were at 30 469.

15 Statistics South Africa. (2021). Mid-Year Population Estimates. Pretoria.

**Figure 1.12: Population Distribution of Gauteng Municipalities**



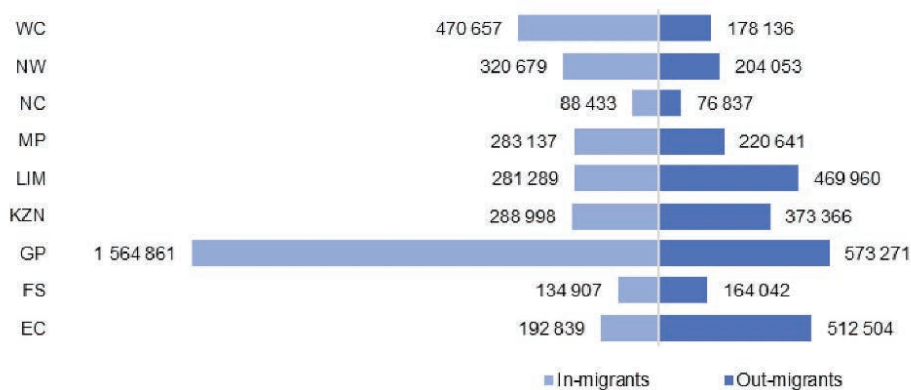
Source: IHS Markit, 2021

The geographic distribution of Gauteng’s population shows that about 87 per cent of the province’s population resides in the metropolitan municipalities. The district municipalities have a combined population of 1.91 million people, making up approximately 13 per cent of the province’s population.

### 1.5.2 Interprovincial Migration

Migration patterns shape the age structure and distribution of the provincial population, and thus, it is an important demographic factor.

**Figure 1.13: Migration Patterns by Province for 2016-2021**



Source: Stats SA, 2021

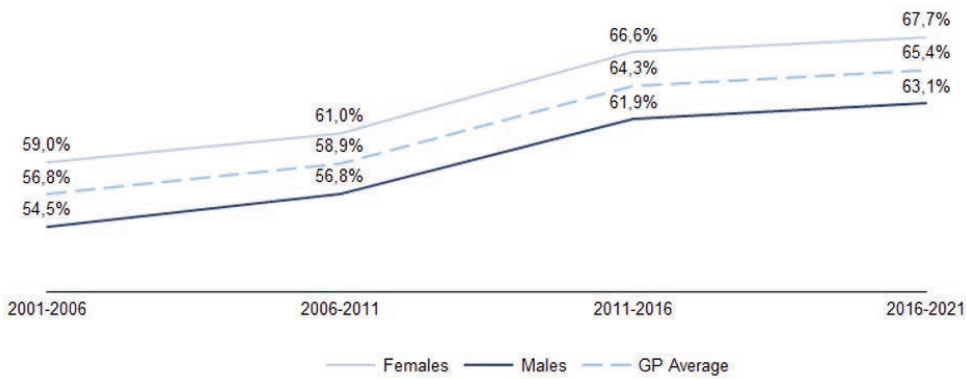
For the period 2016 to 2021, it is estimated that Gauteng experienced the largest inflow of migrants, at about 1.6 million people. The number of people migrating out of the province was almost three times less than the number of people coming into the province. As a result, Gauteng is estimated to have experienced the highest net migration of nearly 1 million people (991 590) for the period of 2016 to 2021.

### 1.5.3 Life Expectancy

On average, life expectancy at birth in Gauteng has gradually increased since 2001 to 2006, and it is estimated at 65.4 years in 2016 to 2021.<sup>16</sup> There is nearly a 5-year gap between female and male life expectancy, with females expected to live longer than males between 2016 and 2021.

<sup>16</sup> Statistics South Africa. (2021). Mid-Year Population Estimates. Pretoria.

**Figure 1.14: Gauteng’s Life Expectancy at Birth by Gender**



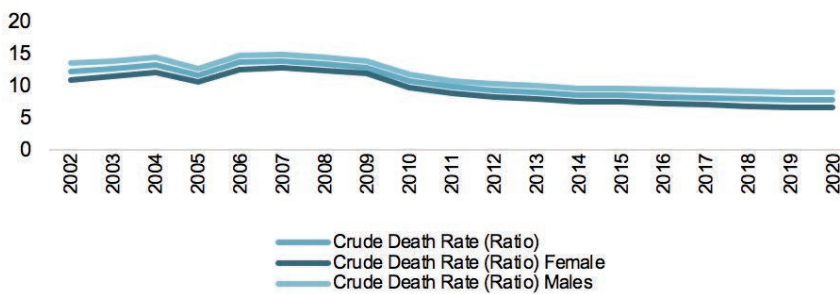
Source: Stats SA, 2021

Interestingly though, life expectancy across the country declined in 2021 and this is attributable to the increase in deaths from COVID-19. Stats SA however, is of the view that the decline may be temporary as the efforts made to contain the virus through vaccination increase.

**1.5.4 Mortality Rate**

Due to the acquired immunodeficiency syndrome (AIDS) epidemic experience, the crude death rate in Gauteng did increase between 2002 and 2006 but thereafter declined as access to human immunodeficiency virus (HIV) treatment and care became available.

**Figure 1.15: Gauteng Crude Death Ratio for Males and Females**



Source: IHS Markit, 2021

Note: 2020 is the latest year that data is available

The crude death rate (CDR) in Gauteng has declined from 12.2 deaths per 1 000 people in 2002 to 7.8 deaths per 1 000 people in 2020.

**1.5.5 Poverty**

The guiding objectives of the National Development Plan (NDP) is the elimination of poverty and the reduction in inequality. The impact of COVID-19 has backtracked much of the progress made in fighting poverty, with lockdowns disproportionately impacting low-income households. South Africa uses an internationally recognized approach<sup>17</sup> of three national poverty lines<sup>18</sup> for the measurement and monitoring of money-metric poverty in the country.

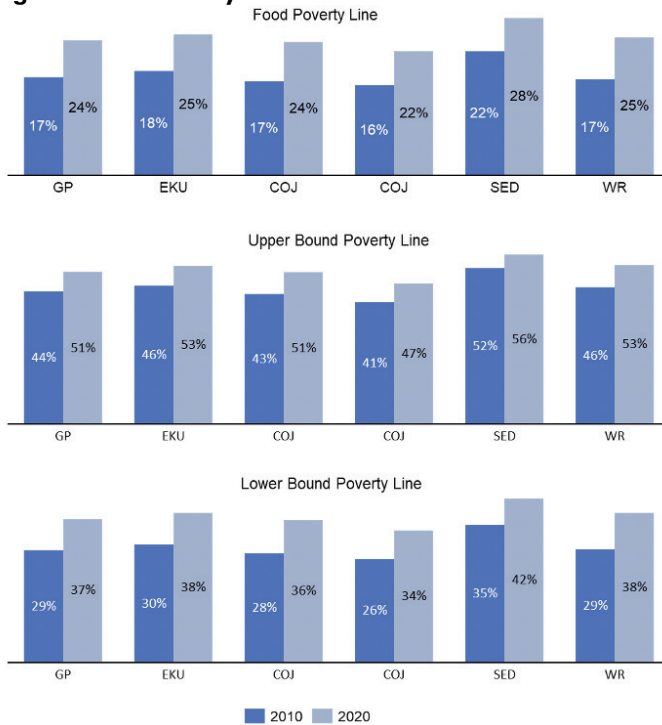
The food poverty line is R624 per person per month. This refers to the amount of money that an individual will need to afford the minimum required daily energy intake. This is also commonly referred to as the “extreme” poverty line. The lower-bound poverty line is R890 per person per month. It refers to the food poverty line plus the average amount derived from non-food items of households in the food poverty line category. The upper-bound poverty line R1 335 per person per month. This refers to the food poverty line plus the average amount derived from non-food items of households in the food poverty line category.<sup>19</sup>

17 The cost-of-basic-needs approach which links welfare to the consumption of goods and services.

18 The food poverty line (FPL), lower-bound poverty line (LBPL) and upper-bound poverty line (UBPL), capture different degrees of poverty and allow the country to measure and monitor poverty at different levels.

19 Statistics South Africa. (2021). National Poverty Lines. Pretoria.

**Figure 1.16: Poverty Headcount Ratio**



Source: IHS Markit, 2021

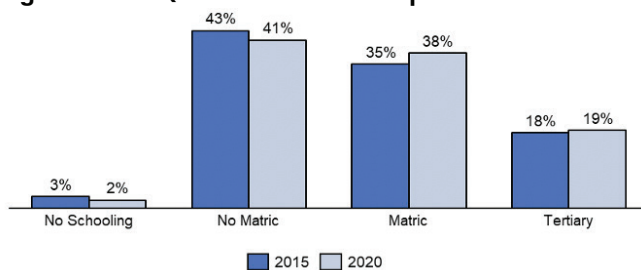
Note: 2020 is the latest year that data is available

More than half of the citizens of Gauteng were poor in 2020. Figure 16 shows that the poverty headcount ratio as measured by the upper-bound poverty line (UBPL) increased to 51 per cent of the total population in 2020, from 44 per cent in 2010. This translates to over 7.4 million people living in poverty in Gauteng. Using the food poverty line measure, the share of population below this line increased notably by 7 percentage points to 24 per cent between 2010 and 2020. Amongst the province’s municipalities, Sedibeng experienced the highest food poverty rate, with 28 per cent of the population living below the food poverty line.

### 1.5.6 Education

Low levels of education are one of the supply-side contributors to South Africa’s structural unemployment problem. The legacy of apartheid directly contributed to low education levels among a large fraction of the working-age population.<sup>20</sup>

**Figure 1.17: Qualifications of People Older than 20 Years**



Source: IHS Markit, 2021

Note: 2020 is the latest year that data is available

The figure above shows the proportions of individuals older than 20 years and their level of qualifications in Gauteng. The proportion of individuals with no schooling decreased from 2.9 per cent in 2015 to 2 per cent in 2020. Although still relatively high, the share of individuals with no matric declined from 43.5 per cent to 41.1 per cent. Data from the Quarterly Labour Force Survey shows that a bigger proportion of those who are unemployed in Gauteng had

20 IMF Working Paper. (2021). Labour Market Reform Options to Boost Employment in South Africa. Washington, D.C.

no matric. In 2015, those with tertiary qualification made up 18.5 per cent and this has marginally increased to 19 per cent in 2020.

### 1.5.7 Crime Statistics

Crime prevention and ultimate elimination is one of the priority goals of the National Development Plan (NDP).<sup>21</sup> In July 2021, the South African Police Service (SAPS) released the annual 2019/20 crime statistics. The 2020/21 crime statistics were estimated from the available quarterly statistics for 2020/21.

The data shows that, number of murders reported in Gauteng increased from 4 495 in 2018/19 to 4 555 in 2019/20 (or by 1.3 per cent). Sexual offences increased as well, by 0.5 per cent to 10 810 in 2019/20. Assault with intent to cause bodily harm declined from 39 805 to 38 362 (or by 3.6 per cent) over the same period.

**Table 1.3: Gauteng Crime Statistics**

CRIME CATEGORY	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/21*	Growth Rate	
							2019/20	2020/21
Murder	3 842	4 101	4 233	4 495	4 555	4 059	1.3%	-10.9%
Sexual Offences	9 510	9 566	10 116	10 752	10 810	9 865	0.5%	-8.7%
Carjacking	7 367	8 610	8 269	7 776	9 025	8 476	16.1%	-6.1%
Robbery at residential premises	7 896	8 731	8 333	8 644	7 695	6 933	-11.0%	-9.9%
Robbery at non-residential premises	6 910	7 187	6 679	6 662	6 989	5 990	4.9%	-14.3%
Burglary at non-residential premises	16 412	17 173	16 220	15 985	15 582	14 329	-2.5%	-8.0%
Burglary at residential premises	64 968	63 661	56 255	53 092	48 980	33 832	-7.7%	-30.9%
Assault with the intent to inflict grievous bodily harm	42 790	39 684	39 552	39 805	38 362	33 627	-3.6%	-12.3%
Theft of motor vehicle and motorcycle	26 646	27 674	25 705	24 321	23 819	18 180	-2.1%	-23.7%
Theft out of or from motor vehicle	42 111	45 266	41 298	39 171	37 475	23 533	-4.3%	-37.2%

Source: SAPS Crime Statistics, 2021

\*2020/21 numbers are estimates calculated from the available quarterly crime statistics.

Robbery at non-residential premises increased by 4.9 per cent to 6 989, while burglary at non-residential premises decreased from 15 985 to 15 582. Carjacking's increased from 7 776 to 9 025 (or by 16.1 per cent) in 2019/20. In fact, the carjacking crime category experienced the largest increase amongst all crime categories between 2018/19 and 2019/20.

For the year 2020/21, estimates suggest that crime in Gauteng declined across all categories. This is partly reflective of the lockdown restrictions associated with COVID-19 during the period. The restrictions also included a ban on alcohol sales during certain months. Alcohol is reported as a major contributor to interpersonal violence in the country.<sup>22</sup>

On the 20<sup>th</sup> of August<sup>23</sup>, the SAPS released the crime statistics for the first quarter of the 2021/22 financial year. The data for Gauteng, showed that, contact related crime, which includes arson and malicious damage to property increased by 48.8 per cent (or by 2 245) between the first quarters of 2021/22 and 2020/21. Property related crimes reported in Gauteng rose by 18.1 per cent during the same period, mostly driven by theft of motor vehicles and motorcycles (which increased by 65.2 per cent).

### 1.5.8 COVID-19

#### 1.5.8.1 Cumulative Cases

Gauteng was the epicentre of the country's third wave of COVID-19 infections, fuelled by the Delta variant. Most new COVID-19 cases reported nationally were from Gauteng. The Department of Health's data shows that Gauteng's share of new COVID-19 cases increased from 21 per cent of daily new infections in April 2021 to a peak of 68 per cent by the end of June. However, there is widespread relief that the third wave of COVID-19 has officially

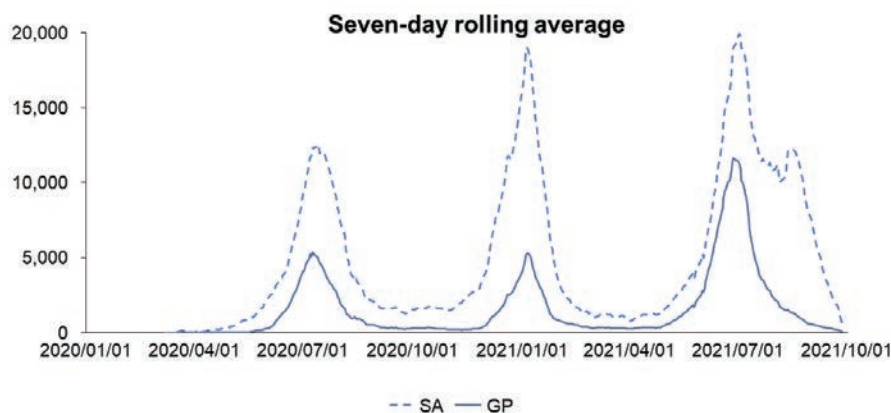
21 National Planning Commission. (2021). National Development Plan 2030. Pretoria.

22 Institute for Security Studies. (2020). How Might the COVID-19 Lockdown Affect Public Safety in SA? Accessed on 03rd September 2021: [www.issafrica.org](http://www.issafrica.org).

23 SAPS. (2021). Police Recorded Crime Statistics. Pretoria

ended, with significantly reduced infection numbers and improved vaccination rates. These favourable conditions have allowed the government to move the country to alert-level 1. Under level 1, the limit on gatherings is relaxed significantly to 750 people indoors and 2 000 outdoors.

**Figure 1.18: 7-Day Moving Average of COVID-19 Cases**



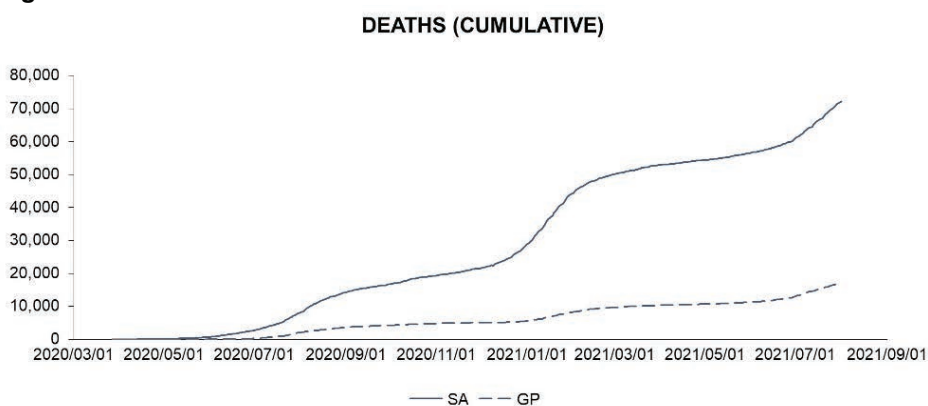
Source: Quantec Research, 2021

The graph above shows the seven-day moving average of new COVID-19 cases in South Africa and Gauteng from 2020 in March. At the peak of the third wave, there were more than 78 000 new Covid-19 cases reported in a week, an average of 11 266 new infections per day in Gauteng. According to data from the Department of Health’s Coronavirus (COVID-19) portal, the number of new COVID-19 cases continue to decline whilst the number of vaccinations steadily increase.<sup>24</sup> The national seven-day moving average of new cases is now well below 1 500, whilst the national vaccine rollout stands well over 18 million as of the end of October 2021.

**1.5.8.2 COVID-19 Related Deaths**

South Africa’s first COVID-19 related death occurred on 27 March in 2020. Subsequently, President Ramaphosa announced an international travel ban, and other measures to contain the spread of the disease and avoid further loss of lives. There are significant variations in new COVID-19 infections and deaths across the 9 provinces.

**Figure 1.19: Cumulative COVID-19 Related Deaths**



Source: Quantec Research, 2021

In Gauteng the true burden of the third wave was reflected in mortality numbers. At all-time highs during the peak of the third wave, there were more than 1 039 deaths reported in a week in Gauteng. The cumulative number of COVID-19 related deaths in the province had reached 16 922 by the end of July 2021.

24 Department of Health. (2021). Online Resource and News Portal. Accessed (8 October 2021): [www.sacoronavirus.co.za](http://www.sacoronavirus.co.za)

### 1.5.8.3 Vaccination Plans

The vaccines have been rolled out in a three-phase approach<sup>25</sup> that began with the most vulnerable in our population. Phase 1 focused on frontline healthcare workers. Phase 2 saw essential workers being vaccinated. Amongst other groups, these included; the South African Police Services, teachers, people in congregate settings (e.g., prisons, old age homes, mental health facilities) with people over fifty years of age and those aged between 35-49 years. Phase 3 focused on the 18 – 34 age group which began on the 20<sup>th</sup> of August 2021, targeting 22 500 000 of the population.<sup>26</sup>

The target is to vaccinate 67 per cent of the population by the end of 2021, to achieve population-immunity.<sup>27</sup> Currently, South Africa is using two vaccines, the one-dose J&J shot and the two-dose Pfizer vaccine. People who receive a J&J shot are fully vaccinated, however, those who receive the Pfizer vaccine need two doses to be fully vaccinated. People 18 years and older are the target population of the vaccination roll-out.<sup>28</sup>

At the provincial level, Gauteng holds the highest number of vaccines administered (more than 5 million). However, the Northern Cape province has recorded the lowest number of vaccines administered, just shy of 400 000. Still, the two provinces report similar results when comparing the percentage of the vaccinated adult population. This is because the Northern Cape has the lowest population in the country. For Gauteng, the adult vaccination rate was 30.9 per cent, whilst for Northern Cape, it was 34.1 per cent by October 2021.

## 1.6 Observations and Conclusion

Drawing on the information from this chapter, the following observations can be made:

- The global economy is projected to recover by 6 per cent in 2021, but the growth divergence between advanced economies and EMDEs is widening.
- This is due to wide differences between vaccination rollout programmes as well as fiscal and monetary policy support amongst the two regions.
- Advanced economies are benefiting from a speedily vaccination rollout and additional fiscal support, especially in the U.S. Meanwhile, the resurgence of COVID-19 infections, amid the slow progress in vaccinations has constrained economic activity in EMDEs.
- The strong global economic recovery is expected to benefit the South African economy. The National Treasury forecasts that the economy will grow by 5.1 per cent in 2021.
- However, downside risks to the domestic economic outlook include setbacks in the fight against COVID-19, and the possibility that the supply side constraints such as load shedding could emerge.
- The Gauteng province continues to attract migrants who are in search of economic opportunities.
- The province is also the most populous, with a population estimated at 15.8 million in 2021. This is an increase of about 400 000 people (2.5 per cent) from 2020.
- The COVID-19 pandemic has had a severe impact on the country and the province's labour markets.
- Incidences of extensive poverty in Gauteng and in the country have also increased between 2019 and 2020, highlighting the severity of the pandemic on the economy.
- At the national level, the Economic Reconstruction and Recovery Plan (ERRP) remains the key response to the severe economic impact of COVID-19. Gauteng has aligned its GGT2030 strategy with the ERRP. Some of the areas of the plan upon which the province focused include stimulating jobs, industrialisation and export promotion, recovery of the tourism sector and infrastructure investment.

25 Phase 1: The country's estimated 1.2 million frontline healthcare workers. Phase 2: Essential workers, persons in congregate settings, persons over 60-years and persons over 40-years. Phase 3: The final phase will target 22.5 million members of the population.

26 Department of Health. (2021). Covid19 Online and News Portal. Pretoria.

27 National Institute for communicable diseases. (2021). COVID-19 Vaccine rollout strategy FAQ. Pretoria.

28 Bhekisisa Centre for Health Journalism. (2021). 10.2 percent of SA adults have been fully vaccinated against COVID. Pretoria.





# Chapter 2: Fiscal Challenges & Measures and Outlook

## 2.1 Introduction

Over the past few years, government's finances have been deteriorating at a rapid pace. This was further worsened by slow economic growth, as well as adverse socio-economic impact of the COVID-19 pandemic. The pandemic has placed government in a position where it has required to pay closer attention to the responsibility of and preserving livelihoods. During the tabling of his maiden mid-term budget policy statement, in November 2021, Minister of Finance Hon. Enoch Godongwana, lamented that Covid-19 crisis has caused severe disruptions in the global economy. He further highlighted that the impact of this crisis has evidently increased debt levels worsened income vulnerabilities, resulting in deepening unemployment, poverty, and inequality.

Despite these challenges, governments globally are focused on mitigating the crisis and hence the global economy is projected to grow by 5.9 percent and 4.9 percent in 2021 and 2022, respectively. On the domestic front, the South African economy is expected to grow by 5.1 percent in 2021 from a 6.4 contraction experienced in 2020. The Minister also cautioned that government consistently spent more than it collects in tax revenue whilst debt servicing costs are mandatory. He also appealed for all to adhere to a balancing act through fiscal consolidation measures.

It is important to note that the fiscal environment is not all that gloomy, as some observations have been made that the consolidated budget deficit is expected to be 7.8 percent of the GDP in 2021, and is steadily expected to reach 4.9 percent in the 2024/25 financial year. In addition to this silver lining, a softening of commodity prices has resulted in an upward revision of R120, 3 billion in tax revenue, which will offer some stimulus to reignite the economy.

This chapter will highlight the immediate adverse impact of these fiscal challenges on the provincial government as well as the mitigation measures put in place. Amongst others these are, the implementation of the fiscal consolidation plan through the reprioritisation of the provincial budget, enhancing own revenue collection, exploring alternative sources of funding, as well as ensuring value for money in all provincial expenditure. These actions that will ensure that provincial response to fiscal challenges along with the set priorities of the province are met.

## 2.2 Fiscal Challenges

The low levels of global and domestic economic growth as measured against the growing socioeconomic demands have significantly increased pressure on the fiscus. The increased pressure on the fiscus has also compounded by the subsequent lockdown as a result of the global COVID-19 pandemic. The pressures have adversely affected economic activity, resulting in the closure of many industries and wide scale job losses. The primary fiscal challenges faced by the country are; increased spending, the growing budget deficit, increased borrowing requirements and the cost of servicing debt, as well as the ballooning national debt.

### 2.2.1 Impact of national fiscal challenges on provincial government

The fiscal challenges at the national government have an immediate impact on the province primarily through transfers from the National Treasury. Transfers from the National Treasury in the form of equitable share and conditional grants constitute a large portion of the provincial budget. National treasury has developed fiscal consolidation measures in a bid to rein in and improve the country's financial position. The need for this arose from the ballooning national debt and widening of budget deficit, as a result of these fiscal consolidation measures, the provincial equitable share allocations to the provinces will be reduced over the MTEF.

Gauteng Provincial Government (GPG) will be receiving a total of R136.397 billion in the form of transfers from the national government in the 2021/22 financial year, which will slightly grow to R137.752 billion in 2022/23 representing a slight increase of 1%, and R139.405 Billion in 2023/24 a slight increase of 1.2%.

It is important to note that although there is a slight increase, it is below the projected Consumer Price Inflation (CPI) levels in these financial years over the MTEF. The reduction in national transfers (equitable share and conditional grants) thus presents immediate implications on the province's fiscal position and its ability to adequately finance

the socioeconomic needs of the province's population. In a bid to accommodate the decrease in transfers from national government, provincial government is undertaking a host of fiscal consolidation measures, as well as reprioritising the budget in order to fund critical, and constitutional protected programmes.

## 2.3 Provincial Fiscal Outlook

The national government raises revenue through taxation which is shared amongst the three spheres of government, namely national, provincial, and local governments. Some of the taxes which national government generates revenue from are Personal Income Tax, Corporate Tax and Value Added Tax. Personal Income Tax collection has also been adversely affected by sluggish employment and wide scale job losses due to the pandemic.

The strict lockdown to contain the COVID-19 pandemic, resulted in severely limiting economic activity. Government provided relief for households and businesses through measures including tax deferrals and direct tax relief. In combination, these dynamics led to a steep downward revision to tax estimates. This has resulted in a decrease in the projected revenue collection by national government, and this severely affected subnational government (provincial and local government) as their main source of revenue comes from national government in a form of equitable share and conditional grants<sup>29</sup>.

### 2.3.1 PES

Section 214(1) of the Constitution of the Republic of South Africa, Act 108 of 1996, as amended, requires an equitable sharing of nationally raised revenue amongst 3 spheres of government and any allocations to provinces and municipalities. Furthermore, Intergovernmental Fiscal Relations, Act 97 of 1997, requires that the Division of Revenue Bill set out how it has taken account of the matters listed in Section 214 (2) (a) to (j) of the Constitution including any formulae used in determining equitable shares. The Provincial Equitable Share (PES) is the main resource for provinces, and they use at their own discretion for service delivery priorities.

#### 2.3.1.1 PES Formula Structure:

The PES formula has 6 components that captures the relative demand for services across provinces considering while considering specific provincial circumstances. The data updates in the formula plays a crucial role in determining final allocations to provinces.

**Table 2.1: Distribution of Equitable Share by Province**

Provinces	Education 48.0%	Health 27.0%	Basic Share Institutional	Poverty Weighted Average	Economic Activity 16.0%		
Eastern Cape	13.7%	12.2%	11.3%	14.8%	7.7%	11.1%	12.7%
Free State	5.3%	5.4%	4.9%	5.1%	5.0%	11.1%	5.5%
Gauteng	19.9%	24.2%	26.0%	18.8%	34.3%	11.1%	21.7%
Kwazulu-Natal	21.5%	20.6%	19.3%	22.0%	16.0%	11.1%	20.4%
Limpopo	12.6%	9.9%	9.8%	13.0%	7.4%	11.1%	11.3%
Mpumalanga	8.3%	7.4%	7.8%	9.3%	7.5%	11.1%	8.2%
Northern Cape	2.3%	2.1%	2.2%	2.2%	2.1%	11.1%	2.6%
North West	6.8%	6.8%	6.9%	8.3%	6.4%	11.1%	7.1%
Westertn Cape	9.8%	11.4%	11.8%	6.5%	13.6%	11.1%	10.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: National Treasury

As highlighted in Table 2.1 the main components of the PES formula are Education, constituting 48.0 per cent and Health accounting for 27.0 per cent of the overall formula. These two components play a crucial role in determining final allocations to provinces. Data updates in both education and health are imperative in determining the quantum of resource flow to provinces.

### 2.3.1.2 PES Formula Reviews:

The Education component has undergone some changes through the introduction of Learner Unit Record Information Tracking System (LURITS) as an attempt to accurately account for school enrolment data. A phased-in approach for a period of 3 years, was adopted to ensure minimal shocks to the system as it impacted on final allocations to provinces. Further updates are being muted to take cognizance of the quintile policy system by the sector to accurately cater for different learners in the school environment.

The Health component of the PES formulae was last reviewed in 2010 whereby the risk-adjusted capitation index and output data from public health facilities, were main determinants to estimate each province's share. The risk-adjusted index accounts for 75 per cent whilst the output sub-component weighs 25 per cent of the total health component. The risk-adjusted component captures the need for health services in each province accounting for differing demographics, disease burden and other health risks.

The National Treasury and provincial treasuries – in collaboration with the health sector embarked on an assignment to review a risk -adjusted index such that the formulae focused on evidence-based factors which could materially account for province specific health needs. The key principle was to ensure the index is easily adaptable to data updates mainly from official statistics or as agreed by the National Health Department as a policy custodian for the sector. The factors that were constituted in the risk-adjusted index included premature mortality, total fertility rate, multiple deprivation index and sparsity.

The agreed weights were compiled as follows:

- Population by age and sex (69%);
- Total fertility rate (3%);
- Premature mortality (12%);
- Multiple deprivation index (11%); and
- Sparsity (5%).

The PES task team represented by the National Treasury as the Secretariat of the team, presented risk-adjusted component for health for consideration by the Technical Committee on Finance (TCF) with a proposal to introduce it in the 2022 MTEF budget process. The TCF endorsed the following guiding principles for special phasing in:

- Applied under exceptional circumstances, namely the review;
- Only changes to the 2 largest components, health and education, will be considered for special phasing-in;
- Per component, if the effect of the change(s) exceeds 1 percent (upwards or downwards), it should be considered for a special phasing in; and
- Special phasing in of changes cannot exceed 3 years.

**Table 2.2: Provincial Equity Formula**

Component	Data Used
<b>Education</b>	Mid-Year Population Estimates 2021 age cohorts(new data)
	2021 School enrolment(new data)
<b>Health</b>	2021 Mid-Year Population Estimates(new data)
	<b>Insured population (2019 GHS), old data</b>
	Risk-Adjusted Index (New)
	<b>Patient load data (DHIS 2018/19 2019/20) old data</b>
<b>Basic</b>	2021 Mid-Year Population Estimates(new data)
<b>Poverty</b>	2021 Mid-Year Population Estimates(new data)
	Income and Expenditure Survey (IES) 2010/11
<b>Economic</b>	GDP-R 2019(new data)
<b>Institutional</b>	Not applicable(data not used)

Source: National Treasury

The impact of changes to the risk-adjusted index on the overall equitable shares is summarized in Table 2.2. Gauteng and Western Cape were the two provinces affected by declines with Gauteng being the most out the two. Some of key challenges for the newly introduced risk-adjusted index is the availability of the output data sub-component, an aspect to be strengthened by the sector in collaboration with relevant provincial treasuries. The most recent publication of the General Household Survey (GHS) for 2019 was used whilst the 2020 GHS was not available as it is likely to be published later in 2021. Other data issues submitted by the National Department of health, reveal significant declines in visits due to Covid-19 as well as data gaps in some of the information was submitted.

### 2.3.1.3 Gauteng Specific Changes: 2021 MTEF vs. 2022 MTEF

In finalizing a budget process, the National Treasury issued allocation letters to provinces having affected a risk-adjusted index and data updates for the 6 formula components.

**Table 2.3: Revisions to Gauteng Equitable Share, 2022 MTEF**

R'thousands	2022 Medium Term Expenditure Framework			Total Revisions
	2022/23	2023/24	2024/25	
PES (as per final 2021 MTEF allocation letter)	112 560 937	113 870 485	118 984 346	345 415 768
<b>Less:</b> Adjustments to baseline due to impact of new data updates in the PES formula (phased in of 2022/23 of 2021 MTEF)	-74 773	-1 066 019	-1 047 973	-2 188 785
<b>Total: Technically adjusted Equitable Shares before</b>	<b>112 486 164</b>	<b>112 804 466</b>	<b>117 936 373</b>	<b>343 226 983</b>
<b>Adjustments to Baselines</b>	<b>2 980 594</b>			<b>2 980 594</b>
<b>Plus:</b> Wage Agreement Additional Allocation: Cash Gratuity (2022/23)	2 980 594			2 980 594
2022 MTEF PES Percentage (new data updates phased-in)	21.49%	21.50%	21.51%	
<b>Total: Preliminary PES, 2022 MTEF</b>	<b>115 466 758</b>	<b>112 804 446</b>	<b>117 936 373</b>	<b>346 207 577</b>
<b>Variance: 2021 MTEF vs. 2022 MTEF</b>	2 905 821	-1 066 039	-1 047 973	791 809

Source, National Treasury Allocation Letters, 2021

Over the 2022 MTEF the province's PES declines are estimated to be a total of R2.2 billion resulting from the recommended phasing in approach. However, the growth of PES over the same period is only a marginal growth of 0.01 per cent. This picture calls for efficient use of resources coupled with provincial own revenue maximization initiatives to supplement declining national transfers.

Equitable share is an unconditional transfer designed to assist in the delivery of basic services and assigned functions. Conditional grants are additional transfers from national government with conditions to address national priorities, programmes or policy imperatives. Own revenue is money which the provinces generate on its own and is generally used to augment the fiscus.

### 2.3.2 Gauteng Provincial Receipts

Provincial receipts which consist of equitable share and conditional grants, makes up approximately 95% of total receipts, 5% is generated from provincial own revenue.

**Table 2.4: Summary of Provincial Receipts for 2021/22 and 2022 MTEF**

R'thousands	Main Appropriation	Medium Term Estimates		
	2021/22	2022/23	2023/24	2024/25
<b>Transfers from National</b>	<b>136 397 914</b>	<b>140 658 632</b>	<b>138 339 557</b>	<b>145 128 691</b>
Equitable share	111 429 473	115 466 758	112 804 466	117 936 373
Conditional Grants	24 968 441	25 191 874	25 535 091	27 192 318
Provincial Own Revenue	6 975 646	7 342 676	7 715 294	8 216 017
<b>Total Provincial Receipts</b>	<b>143 373 560</b>	<b>148 001 308</b>	<b>146 054 851</b>	<b>153 344 708</b>

Source: Estimates of Provincial Revenue and Expenditure 2021

Table 2.4 shows a summary of provincial receipts for 2021/22 and the 2022 MTEF estimates. Total receipts for the 2021/22 financial year amount to R143, 373 billion, this expected to increase to R148, 001 billion in 2022/23 to reach R153, 344 billion in 2024/25.

#### 2.3.2.1 Provincial Equitable Share for Gauteng

Constituting a significantly higher proportion of the total revenue for the province; equitable share was allocated over the 2022 MTEF having considered affected a risk-adjusted index as well as data updates on other 6 formula components.

**Table 2.5: Equitable share allocation for Gauteng, 2021/22 Main and 2022 MTEF**

R'thousand	Main Appropriation	Medium Term Estimates		
	2021/22	2022/23	2023/24	2024/25
Equitable share	111 429 473	115 466 758	112 804 466	117 963 373

Source: EPRE, 2021 and National Treasury Allocation Letter, November 2021

Table 2.5 shows the equitable share allocation for Gauteng, 2021/22 main appropriation and the 2022 MTEF. Equitable share allocation amounts to R111, 429 billion in the current financial year. Equitable share is anticipated to increase from R115, 466 billion in the 2022/23 financial year to R117, 963 billion in the 2024/25 financial year<sup>30</sup>.

#### 2.3.2.2 Conditional Grants

Conditional grants are used to transfer funding to provinces and municipalities for the purpose of achieving national government policy objectives. The grants cannot be transferred or used for purposes other than what it has been allocated for.

30 EPRE, 2021

**Table 2.6: Conditional grant allocation for Gauteng, 2021/22 and 2022 MTEF**

R thousand	Main Appropriation	Medium Term Estimates		
	2021/22	2022/23	2023/24	2024/25
Conditional grants	24 968 441	25 191 874	25 535 091	27 192 318

Source: EPRE, 2021

Table 2.6 shows the conditional grant allocation for the Gauteng province from 2021/22 financial year to 2024/25 financial year. Conditional grants amount to R24, 968 billion for the current financial year, and will over the 2022 MTEF increase at an average annual rate of 3.89%.

**Table 2.7: Conditional grant allocation by vote over the 2022 MTEF**

R'thousand	Main Appropriation	Medium Term Estimates		
	2021/22	2022/23	2023/24	2024/25
<b>Department</b>				
Health	13 219 328	13 351 601	13 200 263	14 056 960
Education	2 678 916	2 703 835	2 816 100	2 998 865
Social Development	170 643	166 961	174 044	185 339
CoGTA	2 037			-
Human Settlements	4 942 660	5 130 438	5 352 784	5 700 180
Roads and Transport	3 519 022	3 423 295	3 578 278	3 810 508
GDARD	143 531	143 840	146 259	155 751
GDSACR	273 316	271 904	267 363	284 715
GDID	18 988	-	-	-
<b>Total Grant Allocation</b>	<b>24 968 441</b>	<b>25 191 874</b>	<b>25 535 091</b>	<b>27 192 318</b>

Source: EPRE, 2021

Table 2.7 shows the conditional grant allocations for Gauteng by vote. Total conditional grant allocation is projected to increase from R25, 191 billion in 2022/23 financial year to R27, 192 billion in the 2024/25 financial year over the 2022 MTEF, representing an average growth rate of 3.89% in the allocation.

The largest grant is allocated to the Gauteng Department of Health (GDoH). This grant is likely driven by the pressure on the "healthcare" system as a result of the COVID-19 pandemic. A new COVID-19 component was created within the HIV, TB, Malaria and Community Outreach Services Grant during the Special Adjustment Budget in 2020/21.

The allocations provided under the COVID-19 component of GDoH grants is for the purpose of rolling out the COVID-19 vaccine programme specifically for the costs associated with the administration of the vaccine programme. This include service delivery costs and vaccine administering related supplies.

Gauteng Department of Human Settlements (GDHS) receives the second highest allocation of conditional grants at R4, 942 billion. The Title Deeds Restoration Grant which comes to an end in 2020/21, has been phased back into the Human Settlements Development Grant (HSDG) in 2021/22 and the funds are already added back to the HSDG's baseline for the 2021 MTEF. In 2019/20, changes were introduced to the structure of the HSDG to increase investment in in-situ informal settlement upgrading.

Gauteng Department of Roads and Transport (GDRT) receives an allocation of R3, 519 billion, in conditional grants for the 2021/22 financial year. The Provincial Roads Maintenance Grant includes an incentive component that is allocated to the province based on performance.

For 2021/22, the incentive components are allocated to provinces in terms of the main formula of the grant. This is due to the fact that updated data for the incentive component is not yet available from the national Department of Transport. The updated data will inform the determination of the incentive allocation for 2022/23 financial year.

Gauteng Department of Infrastructure Development (GDID) receives an amount of R18, 988 million towards the EPWP integrated grant. There is no further allocation for this grant over the 2022 MTEF.

### 2.3.2.3 Own revenue

Provincial own revenue makes up approximately 5% of the province's total receipts (equitable share and conditional grants). It is generated mainly by Gauteng Department of Roads and Transport, Gauteng Department of Economic Development, Gauteng Department of Health and Gauteng Provincial Treasury (GPT) ; through motor vehicle license fees, gambling taxes, patient fees and interest earned on provincial reserves; respectively. These departments generate approximately 98 per cent of total provincial own receipts.

**Table 2.8: Own Revenue Estimates over the 2022 MTRF**

R'000	Medium Term Revenue Framework			Average Annual Growth Rate
	2022/23	2023/24	2024/25	
Office of the premier	386	390	415	3,73%
Economic Development	1 246 177	1 332 981	1 419 491	6,73%
Health	540 800	562 433	598 935	5,24%
Education	39 076	40 951	43 609	5,64%
Social Development	4 201	4 386	4 671	5,44%
CoGTA	370	398	424	7,03%
Human Settlements	919	949	1 011	4,86%
Roads and Transport	4 795 179	5 006 167	5 331 067	5,44%
Community Safety	43 885	45 816	48 789	5,44%
Agriculture and Rural Development	14 967	15 863	16 893	6,24%
GDSACR	377	394	420	5,49%
eGovernment	777	812	865	5,49%
Provincial Treasury	624 091	670 898	714 439	6,99%
Infrastructure Development	31 471	32 856	34 988	5,44%
<b>Total Provincial Own Receipts</b>	<b>7 342 676</b>	<b>7 715 294</b>	<b>8 216 017</b>	<b>5,78%</b>

Source: EPRE, 2021

Table 2.8 shows the own revenue estimates per department over the 2022 Medium Term Revenue Framework (MTRF). Total own revenue collection is expected to increase from R7, 342 billion in the 2022/23 financial year to R8, 216 billion in the 2024/25 financial year. This shows an average annual growth rate of 5.78% over the MTRF. For the GDRT, own revenue is anticipated to increase from R4, 795 billion in the 2022/23 financial year to R5, 331 billion in the 2024/25 financial year. While anticipated revenue for GDED will increase from R1, 246 billion in the 2022/23 financial year to R1, 419 billion in the 2024/25 financial year.

On average the own revenue projections for GDRT and GDED over the MTRF is projected to grow at a rate of 5.44% and 6.73% annually respectively. GDOHs own revenue collection is expected to increase over the MTRF at an average annual rate of 5.24%. It is anticipated that GPT will collect R624, 091 million in the 2022/23 financial year, this will increase to R670, 898 million in 2023/24 and reach R714, 439 million in 2024/25 financial year. This represents an average annual growth rate of 6.99% over the 2022 MTRF.

### 2.3.3 MTEF Estimates

The MTEF provides government with a tool to manage the competing policy priorities within the context of budget realities. It facilitates the reprioritisation of expenditure estimates and leads to informed and affordable policy choices in the medium term. The MTEF is being prepared within a very tight fiscal environment as no additional resources are available for the 2022 MTEF Budget. Thus additional allocations to a programme will need to be funded through reductions in another programme within the department's budget<sup>31</sup>.

31 MTEF budget forum presentation



### 2.3.3.1 Provincial Payments

The MTEF budget takes into account the implementation of the economic reconstruction and recovery plan. The budget continues to build on an adjusted GGT2030 plan in light of COVID-19. The GGT 2030 plan of action, sets out the vision for the Gauteng of 2030, guided by the principles and priorities in the National Development Plan (NDP), and work carried out to date as part of Gauteng's Transformation, Modernisation and Reindustrialisation (TMR) programme.

**Table 2.9: Provincial Payments Estimates over the 2022 MTEF**

R'000	Medium Term Expenditure Framework			Average Annual Growth rate
	2022/23	2023/24	2024/25	
Office of the premier	707 970	718 469	765 098	3,96%
GPL	811 549	828 108	881 852	4,24%
Economic Development	1 512 983	1 482 217	1 578 413	2,14%
Health	55 723 491	57 390 845	61 115 511	4,73%
Education	54 618 171	57 692 145	61 436 365	6,06%
Social Development	5 915 591	5 958 778	6 345 503	3,57%
CoGTA	596 593	583 459	621 325	2,05%
Human Settlements	6 113 790	6 368 108	6 781 398	5,32%
Roads and Transport	8 943 048	9 311 050	9 915 337	5,30%
Community Safety	995 657	1 036 403	1 103 666	5,28%
GDARD	1 022 419	1 067 930	1 137 239	5,47%
GDSACR	1 068 821	1 082 018	1 152 241	3,83%
eGovernment	1 435 001	1 441 620	1 535 181	3,43%
Provincial Treasury	769 520	808 594	861 072	5,78%
GDID	3 243 662	3 205 610	3 413 654	2,59%
<b>Total</b>	<b>143 478 266</b>	<b>148 975 354</b>	<b>158 643 854</b>	<b>5,15%</b>

Source: EPRE 2021

Table 2.9 shows the provincial payments estimate over the 2022 MTEF. Total payments are estimated at R143, 478 billion for the 2022/23 financial year, and anticipated to increase by R5, 497 trillion or 3.83% to reach R148, 975 billion in the 2023/24 financial year. In the 2024/25 financial year total payments are anticipated to reach R158, 643 billion. The average annual growth rate in payment estimates is 5.15% over the 2022 MTEF.

## 2.4 Fiscal Measures

In response to the adverse fiscal climate facing government, GPG is undertaking several fiscal measures. These measures are vital in improving government's deteriorating fiscal position, ensuring key programmes as highlighted in the province's GGT 2030 are adequately financed.

### 2.4.1 Implementation of five-year fiscal consolidation plan

The provincial government's COVID-19 related expenditure, which was a measure aimed at addressing the adverse socioeconomic impact of the pandemic, further accelerated the fiscal deterioration that was already under way in the country. As a result, the MEC of finance in the 2021 provincial budget speech, outlined the implementation of the five-year fiscal consolidation plan that supports fiscal prudence, investment geared spending in order to grow the economy and create much needed jobs.

As difficult as these measures are, the current fiscal climate requires move in this direction in order to narrow the budget deficit and stabilise debt within the next five years. It is important to note that these measures will not be to be carried out in isolation, but will be accompanied by the necessary structural reforms aimed at supporting economic growth. These measure are in diverge from the current unsustainable trend of spending that is funded by more borrowing and higher taxation, which has reached untenable levels that threaten to collapse the nation's fiscus. The fiscal consolidation plan primarily aims reduce expenditure on goods and services, as well as the cost of employment to the provincial government.

### 2.4.2 Public sector wages and Compulsory baseline reductions

The ballooning public sector wage bill has been a growing cause for concern and remains one of the major risks to the country's fiscal position. The current staff establishments in the public service are no longer affordable. This is largely as a result of the fast growth in earnings of public servants over the past decade and the poor economic and fiscal performance South Africa currently faces.

There is a concerted effort by government, to deal with the unsustainable and ballooning public service wage bill. This effort generally entails undertaking public service personnel expenditure reviews, with a focus on the major cost drivers as well as potential cost saving mechanisms to curb the rising public service wage bill. The principle informing this, is the need to reduce public spending, in order to reign in the growing budget deficit and stabilise debt within the next five years.

The path of reducing the cost of employment is of extreme importance in order to ensure that the wage bill is kept at 60% of the total provincial budget. The current provincial wage bill sits at a total of 57% of the provincial budget, and thus to maintain this, strict adherence to the cost of employment guidelines issued out by the provincial treasury is essential.

**Table 2.10: Compensation of Employees**

R'000	Main Appropriation	Medium Term Estimates		
	2021/22	2022/23	2022/24	2022/25
<b>Education</b>	39 049 707	39 993 394	43 313 300	45 258 066
<b>Health</b>	33 323 206	31 458 868	32 960 895	34 440 838
<b>Social Development</b>	2 028 684	2 064 414	2 066 053	2 158 819
<b>Office of the Premier</b>	371 367	358 695	362 857	379 146
<b>GPL</b>	374 062	379 167	379 127	396 150
<b>Economic Development</b>	277 910	283 710	304 774	318 457
<b>CoGTA</b>	360 649	366 821	384 221	401 472
<b>Human Settlement</b>	468 560	474 996	515 190	538 324
<b>Roads and Transport</b>	758 892	776 339	831 606	868 945
<b>Community Safety</b>	687 516	716 952	753 506	787 338
<b>GDARD</b>	509 944	519 111	524 587	548 141
<b>GDSACR</b>	327 240	333 103	321 045	335 460
<b>eGovernment</b>	488 596	498 473	498 473	520 859
<b>Treasury</b>	620 393	641 489	670 867	700 986
<b>Infrastructure Developm</b>	1 115 884	1 137 258	1 225 651	1 280 685
<b>Total</b>	<b>80 762 610</b>	<b>80 002 790</b>	<b>85 112 152</b>	<b>88 933 686</b>

Source: 2021 IYM Database

The departments that are most affected by the efforts to reduce the provincial wage bill are GDoE and GDoH. As line function departments that provide services to the province's populace, both these departments have a large staff complement.

The current wage negotiations have resulted in wage increases in the form of a non-taxable cash contributions from government, and a pay progression increase of 1.5%. Fiscal consolidation measures have halted the trend of above inflation increases in the wage bill.

Over the period under review, it is estimated that other benefits that form part of the cost of employment such as medical aid contributions will increase by medical price index, which is estimated at CPI plus 4%. The projected increase by CPI is informed by the housing allowance will also increase by CPI.

The provincial government is still targeted at keeping the percentage share of expenditure on Cost of Employment (CoE) below 60% of the total GPG budget, and therefore, departments and entities are implementing stringent cost containment on CoE.

### 2.4.3 Reductions to goods and services.

In line with the fiscal consolidation measures which are aimed at reducing government spending, the Gauteng Provincial Government's spending on goods and services is projected to decrease over the 2021 medium term.

**Table 2.11: Cost of Goods and Services**

R'000'	Main Appropriation	MTEF		
	2021/22	2022/23	2022/24	2022/25
Education	5 275 817	7 153 677	7 040 406	7 356 521
Health	4 323 558	19 621 024	20 023 102	20 922 138
Social Development	301 343	1 154 821	1 181 016	1 234 037
Office of the Premier	39 769	163 328	162 287	169 571
Legislature	-	269 497	281 363	293 997
Economic Development	38 324	189 360	182 477	190 665
CoGTA	50 854	216 405	185 898	194 246
Human Settlement	56 870	333 867	313 425	327 497
Roads and Transport	118 243	1 997 901	1 986 175	2 075 352
Community Safety	125 813	158 082	163 541	170 884
GDARD	71 951	459 008	483 669	499 057
GDSACR	47 594	340 678	349 523	365 223
eGovernment	61 268	912 978	919 597	960 888
Treasury	95 022	63 687	66 579	69 562
Infrastructure Development	141 505	819 086	740 283	773 520
<b>Total</b>	<b>10 747 931</b>	<b>33 853 399</b>	<b>34 079 341</b>	<b>35 603 158</b>

Source: 2021 IYM Database

The provincial government estimates that over the 2022 MTEF, expenditure increases on goods and services must strictly be in line with the prescribed CPI rates. In situations where the use of the prescribed rates increases the budget estimates beyond the budget baselines, provincial departments and entities have been advised to absorb the excess within their budget baselines.

Additional funding requirements or growth in budget items, are also to be funded within the existing baselines through reprioritisation. Taking into consideration the fiscal consolidation measures as well as COVID-19 restrictions, some goods and services are expected to grow below inflation, such as travel and accommodation. Keeping in line with installing supporting mechanisms alongside fiscal consolidation measures, priority will be giving to spending that is geared towards stimulating economic growth and job creation. This will be conducted to ensure that the larger effort of achieving greater value-for-money in service delivery priorities is realised.

### 2.4.4 Reprioritisation to resource the Gauteng COVID-19 Response Plan

The provincial government remains fully committed towards defeating COVID-19, and this is reflected in the province's resourcing of the provincial COVID-19 response plan. Resourcing the response to the COVID-19 pandemic along with the adverse economic impact of the pandemic have caused a strain on provincial fiscus over the 2021 MTEF. Due to this, GPG has committed to reprioritising resources in order to adequately respond to the negative socio-economic effects of the pandemic.

A total of R5, 9 billion has been allocated over the 2021 MTEF towards defeating the effects of the COVID-19 pandemic. The bulk of this allocation, a total of R2, 5 billion is to be channelled to the provincial department of health which is at the forefront in the battle against the pandemic. These allocations will primarily cater for the costs associated with the administration of the vaccine programme, including service delivery costs and vaccine administering related supplies<sup>32</sup>. In the current 2021/22 financial year, a total of R1.8 billion has been earmarked for a comprehensive health response to the COVID-19 pandemic by rolling out the vaccination programme at 330 sites<sup>33</sup>.

32 2021 Gauteng Budget Speech

33 Gauteng Provincial Budget Fact Sheet, 2021-2022

Gauteng Department of Social Development (GDSD) has also been one of the key frontline departments in the fight against the pandemic. Thus, the department is receiving additional funding to continue to implement key programmes such as the homeless shelter and food parcel programmes. The department extended services to shelters for the homeless from 2020/21 financial year, which has been a vital aid since the advent of the COVID-19 pandemic. Gauteng Department of Cooperative Governance and Traditional Affairs (CoGTA) is set to receive a total amount of R20 million to continue the Ward-Based Covid-19 Response Committees.

#### **2.4.5 Realignment and reprioritisation**

In light of COVID-19 pandemic, the provincial government has adjusted the Growing Gauteng Together 2030 (GGT2030) plan, in order to realign and adapt the policy to the changed environment. It is important then to highlight and emphasise that the GGT2030 policy framework remains the plan of action for the entire Gauteng City Region This Plan, which is aimed at guiding long term development of each metro and district across the province, irrespective of the environmental changes that may occur in the province and nationally.

The resourcing of the provincial COVID-19 response plan has not detracted the provincial government from the provincial policy roadmap of GGT2030. This Strategy has necessitated the reprioritisation of resources in order to fund GGT2030 programmes, primarily those that are geared towards job creation and as catalysts towards growing the provincial economy.

#### **2.4.6 Own Revenue Enhancement**

As a result of fiscal consolidation measures, the estimated provincial equitable share allocations to the province have been reduced over the 2022 MTEF. In response to this, the provincial government is exploring various means to enhance the provincial own revenue collection to supplement funding of provincial priorities and to continue delivering quality services to the province's populace.

GPG recognises that enhanced own revenue collection lies less in introducing new taxes within the legislated mandate, and more in improving the efficiency of collection from the traditional sources of revenue. The GPG Own Revenue Enhancement Strategy (Strategy) was approved by the provincial Executive Committee (EXCO) on the 31st March 2021 with the overall aim of supplementing the available financial resources towards resourcing GGT2030. The Revenue Enhancement Strategy focuses on two pillars, namely:

- Optimising the current revenue streams to maximise revenue collection; and
- Exploring new revenue streams to augment the revenue baseline.

The two pillars are supported by innovations to modernise revenue collection mechanisms to eliminate loopholes and improve effectiveness. The strategy also seeks to optimise revenue inflows by introducing efficiencies while modernising the revenue management processes and systems. It is in line with the Modernisation of the Public Service mandate as part of the Transformation, Modernisation and Re-industrialisation (TMR) programme of the province<sup>34</sup>.

#### **• Own Revenue Strategy Implementation Plan**

The strategy was approved with a specific recommendation that an implementation plan will be developed and approved, accordingly; while an implementation plan has since been drafted and circulated to departments for further comments in response to EXCO's recommendation. The implementation plan primarily focuses on the following aspects with regards to the projects contained in the strategy:

- The projected revenue targets for the project over a five-year period;
- The activities that departments and entities will implement in the roll out the projects;
- A clear description of the related risks as well as a probability and risk impact analysis;
- The possible mitigation strategies for each risk; and
- An indication of the resource requirements to roll out the projects.

The implementation plan is a vital tool in entrenching and delivering on the enhanced own revenue strategy. It is envisaged that a total of over R20 billion will be collected over the MTRF through the projects outlined in the implementation plan.

It is also important to note that whilst own revenue collection is essential, enhanced own revenue collection is unlikely to fully close the gap emanating from the fiscal consolidation measures. Nevertheless, the efforts will go a long way in filling the gap in the provincial fiscal envelope.

34 Annexure A: Proposed Revenue Enhancement Implementation Plan, 2019/20-2023/24.

The strategy outlines existing and new revenue sources and the lead role-players. The Implementation Plan for the strategy primarily monitors the implementation of the following own revenue enhancement projects undertaken by respective provincial departments.

**Table 2.12: Approved Revenue Sources**

2021 Consolidated GPG Own Revenue Enhancement Strategy Project Summary			
No.	Current revenue maximisation Initiatives	No.	Newly explored revenue initiatives
1	Casino License Operations Automation	11	License Fees of Private Health Care Facilities
2	40 additional Licenses for Bookmakers and 9 for Bingo issued	12	Rollout of Vehicle Impound Facilities
3	Implementation of New Casino Regulations/ Change in Legislation	13	Roadside Advertising
4	Liquor automation system	14	Competition for Motor Vehicle License Holders
5	Point of Sale System Solutions at Nature Reserves	15	Billboards at Government Buildings
6	Rollout of Automated Parking at Health Facilities	16	Development of a Licensing Model for Independent Schools
7	Online Renewal of Motor Vehicle Licenses		
8	Commercialisation of Suikerbosrand Nature Reserve		
9	Motor Vehicle License Function take-back from Delegated Agencies		
10	Online Auction and Leasing of Non-Core State Assets		

Source: Departmental Submission, 2021

Each of the projects the above has a set of activities and milestones that are tracked over the period of the implementation of the project, as well as potential revenue estimates over the medium term. Over the period under review, it is envisaged that revenue targets as approved in the strategy will be met or possibly surpassed<sup>35</sup>.

In order to ensure that the revenue projects are implemented, GPG through GPT has put in place monitoring systems to track progress on the projects on a regular basis. These systems allow the provincial treasury to establish the phases in which the projects are in, the challenges encountered, and thus also allow for the necessary interventions and measures to be undertaken to ensure the successful implementation of the projects. The monitoring of project progress is mainly undertaken through a tracking tool that GPG departments make inputs to.

**Table 2.13: Project Summary and Progress**

No	Project Identification	Key Activities/Outcome	Progress to Date
1.	Automation of Gambling License Operations	Full automation of gambling operations to eradicate illegal gambling.	The department is currently developing all business process requirements based on the Business Blueprint Specification. Other key focal areas of this phase are conducting integration tests and drawing up end user documentation as well as conducting User acceptance testing.
2	New Bookmakers and Bingo Licenses	New License issuance for Book-keepers and Bingo.	Bingo licenses are planned for the 2022/23 financial year, subject to a saturation study, and the MEC and Minister of Department of Trade and Industry rescinding the agreement entered between the parties at national gambling policy. The issuance of any further bingo licenses is also pending national bingo policy.

35 2021 Revenue Enhancement Implementation Plan

3.	Implementation of New Casino Regulations	Consultation with industry to implement new Casino Regulations.	The consultation with the relevant stakeholder has begun and the issuance of the draft amendment of the Gauteng Gambling Act is planned for the 2022/23 financial year.
4.	Liquor License Fees Automation	Liquor License Fees Automation.	Bid Adjudication Committee process are under way for the approval before the placement of advert calling for prospective service providers to apply for the tender.
5.	Rollout of Vehicle Impound Facilities	Rollout of Vehicle Impound Facilities	A Departmental Own Revenue Optimisation Committee has been established were implementation plan of the Rollout of Vehicle Impound Facilities will be determined
6.	Online renewal of Motor Vehicle Licences	Functional Online Motor Vehicle Licence Renewal System	The Memorandum of Understanding between GDRT and Road Traffic Management Cooperation on the Online renewal of Motor Vehicle Licences is under review by GPT, and the Department.
7.	Roadside Advertising	Development of Policy and Regulations for Roadside Advertising on Provincial Roads.	The Department plans to finalise the drafting of policy and regulation at the end of the 2021/22 financial year; and stakeholder consultation on the draft policy on roadside advertising will be initiated thereafter.
8.	Incentive Promotion for Motor Vehicle License Holders.	Development of ToRs for appointment of a service provider to operationalize incentive.	Identification of an implementation agent for the Incentive Promotion for Motor Vehicle License Holders is underway by GDRT, GIFA and Treasury
9.	Motor Vehicle License Function take-back from Delegated Agencies	Stakeholder consultation	Policy decisions are required to facilitate the process of this Project.
10.	License Fees of Private Health Care Facilities	Drafting of Regulations; Public Consultations; Gazetting and Implementation.	The Tariff structure License Fees for Private Health Care Facilities have been sent to the government printers for publication and public comments.
11.	Rollout of Automated Parking at Health Facilities	Refurbishment of parking area; Development of automated parking management system; Activation and work integration.	The Rollout of Automated Parking at the initial hospital (Charlotte Maxeke) had to be halted, the Department is in the process of identifying a new hospital for implementation of the Project.
12.	Cashless Solutions at Nature Reserves	Cashless solution rollout and Centralized system integration development for real-time reporting and reconciliation.	The Department is currently planning to implement a point-of-sale system that can be linked to System Application Product system where individuals visiting the Nature Reserves can be registered on the system to keep record of clients and information can be matched to revenue reports to monitor revenue generation.  Consultation have since started between GDARD and eGovernment to explore using Revenue Information Management System can be used for the project.
13.	Commercialization of Suikerbosrand Nature	Pre-feasibility/ Business case to assess viable options and value add-revenue potential.	The commercialisation of the Suikerbosrand Nature Reserve is to attract an investor for the more than R200m million bulk infrastructure upgrade required to bring into operation the tourism facilities in this reserve. The transactional advisor has been appointed and the inception report and Pre-feasibility study for the Commercialization of Suikerbosrand Nature has been formulated.

14.	Online Auction & Leasing of Non-core State Assets	State owned properties sold & leased out	The online auction of non-core assets initiative has been progressing, 11 properties are undergoing conveyancing and 17 are under due diligence.  The Department has planned to conduct a pre-feasibility/business case to assess viable options and value add revenue potential for Leasing of Non-core State Assets
15.	Billboards at Government Building	Pre-feasibility/Business case to assess viable options and value-add potential.	The Department has planned to conduct a pre-feasibility/business case to assess viable options and value add revenue potential.
16.	Development of a Licensing Model for Independent Schools.	Pre-feasibility/Business case to assess viable options and value-add potential.	Consultation plans with relevant stakeholders, both internally and externally are under way to determine the model for this source

Source: Departmental Implementation Plan Submission, 2021

### 2.4.7 Alternative Sources of Funding

Apart from its own revenue collection, the current fiscal climate as well as the subsequent fiscal consolidation measures as a result, have made it even more essential for provincial government to actively seek alternative sources of funding for GPG projects and priorities. In addition to these fiscal challenges, the province is also faced with the challenge of a growing population, which has consequently resulted in an increased demand for social and economic infrastructure. This requires massive financial resources well-above the provincial revenue fund.

The Gauteng Integrated Infrastructure Master Plan (GIIMP) estimates that the province needs in excess of approximately R1.8 trillion in infrastructure related investment over the next 15 years, in order to eradicate the province's infrastructure backlog<sup>36</sup>. It is under this climate that the provincial government is exploring alternative sources of funding, through a host of mechanisms, such as partnerships with the private sector, State-Owned Enterprises (SOEs), other spheres of government, as well as through bilateral and multilateral development partners. Alternative sources of funding are viewed by the provincial government as a means of leveraging on resources outside of the provincial fiscus in order to achieve the set objectives of the current administration.

Through the Gauteng Infrastructure Agency, the provincial government is currently undertaking several Private Public Partnership (PPP) projects that will have a significant long-term positive effect on the provincial economy<sup>37</sup>. These projects are envisaged to reach financial close in the next 3-4 years or earlier, subject to all the necessary approvals being granted, after which formal PPP agreement/s and partnerships will be entered into with the appointed private parties<sup>38</sup>. The projects are in various sectors namely; electricity, solar energy, waste to energy, transport, office accommodation, fresh produce market as well as schools. The projects are pursued through various funding mechanisms such as PPP, private funding, as well as mixed funding mechanisms. The projects that are currently being pursued by means of alternative sources of funding are as follows:

36 GIFA 2021/22 Annual Performance Plan

37 2020 Gauteng Budget Speech

38 2021/22 National Treasury Visits, GPT Presentation.

**Table 2.14: Projects Funded Through Alternative Sources**

Project	Estimated Cost
Merafong Solar	R 300 million
Constitution Hill Precinct	R 889 million
Merafong Bio-Energy	R 1 billion
Sedibeng Market & Agro-Processing	R 600 million
Tshwane Agro-Processing Hub	R 600 Million
Tshwane Bio-Energy	R 250 Million
PWV15 Freeway Way	R 6 Billion
Vaal Logistics Hub	R 600 million
AIDC Solar	R 300 Million
AIDC Disassembly Knock Down HUB	R 500 Million
COJ Alternative Waste Treatment Technology Project	R 3,5 billion
Gauteng Schools Project	R 5,9 billion
Gauteng Provincial Legislature	R 1 Billion
Krugersdorp Game Reserve Theme Park	R 1.2 billion
Sedibeng Precinct	R 9 Million
West Rand Logistics Hub Phase 1	R 600 million

Source: <http://gifa.co.za/portfolio-view>

The provincial government through GPT, is also in the process of finalising the formulation of a framework for Official Development Assistance (ODA), in order to clarify the process of seeking and receiving donor funding.

#### 2.4.8 Value for Money

In the current fiscal and economic climate, it has become imperative now more than ever for government to ensure that limited resources are spent prudently to guarantee maximum returns on investment made. The concept of value for money is thus a vital principle that the provincial government is pursuing and instilling across all the departments in the province.

The principle of value for money involves comparing alternative goods and services available in the specific market prior to specific choices being made. It is within this context that the provincial government has committed to using resources effectively and economically eliminating wastage, with regards to the total costs and benefits of all expenditure on goods and services. Under this principle, the benefits are compared favourably with the price the departments plan to pay for goods and services. This concept is thus essential in ensuring that GPG departments are able to justify any procurement outcome<sup>39</sup>.

Taking into consideration the severely constrained provincial fiscus as well the devastating adverse effects of the COVID-19 pandemic on the provincial economy, it has become even more imperative and essential that the concept of value for money guides the activities undertaken in delivering services to the provincial populace. There must therefore be a concerted effort to curb wastage in the entire value chain of service delivery, from the procurement of movable or immovable assets, or goods and services alike. In keeping in line with the principle of ensuring value for money, it is the prerogative of the provincial government to ensure that the practice of inflated prices on the procurement of goods and services as well as non-completion of infrastructure projects is no longer tolerated and is tackled.

#### 2.4.9 Expenditure review and Zero-Based Budgeting

The current budget process has focussed on a tight fiscal consolidation process through reprioritisation and moving away from programs that are not aligned to policy priorities. The impact of the COVID-19 pandemic on the economy has led to a decrease in government's ability to raise revenue and hence, strict measures are put in place with regards to expenditure. In April 2020 government launched a series of spending reviews, 30 of which have been conducted to date. They have highlighted significant restructuring opportunities including merging or closing entities to reduce duplication of functions and noted massive inefficiencies in some infrastructure programmes. The reviews have revealed the limits of incremental budgeting, especially where technology has the potential to transform service delivery<sup>40</sup>.

39 GCIS Procurement Policy, 2011.

40 Budget review 2021



The Minister of Finance pronounced that Zero-Based Budgeting (ZBB) be undertaken to align spending with growth enhancing programmes. This is due to some programmes having become obsolete and duplicated across sectors, and therefore, need to be reviewed for relevance and effectiveness. A need has also been identified to further other programmes that require repurposing given the changes brought by technology.

The first step in implementing ZBB is to initiate spending reviews. The spending review methodology allows officials to probe expenditure trends in detail in order to understand the articulation between policy goals and budget needs from a unique perspective. The methodology may provide insight into policy and programme logic and the institutional implementation framework, which is then combined with readily available expenditure data from government accounting systems (BAS, PERSAL, LOGIS). In the case of public institutions, the data from individual accounting systems will be utilised in a series of systematic steps; analysis of expenditure, estimation of unit costs, and analysis of cost drivers.

The primary purpose of the spending reviews is to encourage the re-examination of expenditure baselines to identify possible efficiency gains as well as savings. Each spending review is expected to firstly, cover a significant portion of the department's budgets such that the resultant efficiency gains have a material impact on the department's overall budgets. Ideally the selected topic should be policy or programme related, as opposed to focusing on the expenditure item. Secondly, the spending review is expected to identify efficiency gains and incorporate them into the department's budget submissions.

#### 2.4.10 Expenditure Reviews - Prices Paid for goods and services across service delivery programmes

In a bid to ensure value for money, the provincial government through the provincial treasury, aims to continue conducting performance reviews of infrastructure projects under construction. It is envisaged that this exercise will provide evidence on the performance of capital projects and contribute substantially towards the identification of issues that arise and demand immediate attention in order to ensure that value for money is obtained.

Expenditure reviews for all provincial departments are also to be undertaken, primarily as a measure of assuming a deeper analysing on the prices paid for goods and services across all service delivery programmes, as well as a means of identifying areas where the principle and culture of ensuring value-for-money needs to be entrenched.

#### 2.4.11 Performance reviews of infrastructure projects under construction

Infrastructure spending is viewed by the provincial government as a catalyst to economic growth and job creation in the province in addition to provision of quality service delivery. Under the current fiscal constraints, it has become even more imperative for the provincial government to ensure that infrastructure projects are delivered in a cost effective and efficient manner. This improved efficiency and effectiveness will not only enhance the quality of infrastructure in the province, but also ensure value for money.

**Table 2.15: 2021 MTEF Summary of GPG Infrastructure Expenditure**

Departments	2022 MTEF		
	2022/23	2023/24	2024/25
Health	2 269 589	1 996 532	2 122 086
Education	1 580 702	1 651 947	1 875 286
Social	155 305	160 740	167 957
Human Settlement	5 328 133	5 559 151	5 808 757
Roads and Transport	2 339 000	2 574 066	2 689 639
Agriculture and Rural Development	40 406	53 237	55 627
Sports	12 337	20 643	83 480
Infrastructure Development	126 470	66 699	40 171
<b>Total</b>	<b>11 851 942</b>	<b>12 083 015</b>	<b>12 843 003</b>

Source: Gauteng Province Estimates of Capital Expenditure 2021

The provincial government has committed to continue conducting performance reviews of all infrastructure projects under construction in the province. This is aimed at providing evidence on the performance of capital projects, as well as contributing substantially towards the identification of issues that must receive the necessary attention in order to ensure that value for money is obtained.

#### **2.4.12 Cost guidelines- towards a standardised budget approach**

GPG “through the provincial treasury” plans on issuing cost guidelines to all provincial departments and entities that are aimed at entrenching a standardised budget approach and processes in the determination of financial information. It is envisaged that these guidelines will be applicable to all Gauteng Provincial Government departments and their respective entities, and will include all categories of infrastructure, information technology, leases, acquirement of land, and goods and services being procured.

### **2.5 Observation & Recommendations**

The country’s unsustainable fiscal position, which is characterised by increased spending, high levels of borrowing as well as increasing debt, has prompted government to pursue a path of fiscal consolidation in order to rein in the deteriorating situation. The fiscal consolidation measures are primarily based on cutting government expenditure over the next five years and are also supported by economic reforms.

These fiscal consolidation measures that have been implemented at a national level have an adverse effect on the provincial finance primarily as a result of declining national transfers. In light of this reality, it has become important “now more than ever” for the province to ensure that own revenue collection is optimised, alternative sources of finance are fully explored. It is also imperative that the limited resources at the provincial government’s disposal are utilised in an effective and efficient manner in order to ensure that the province’s social and economic commitments are met.

Strict adherence to the fiscal consolidation measures put in place by the provincial government is of extreme importance and will require all GPG departments to work together to ensure that the overall objective of improving government’s fiscal position is realised. These measures are paramount to achieving sustainable development.



# Chapter 3: Four Priorities of the Gauteng City Region

## 3.1 Introduction

Honourable Premier, Mr David Makhura, during the tabling of the State of the Province Address (SOPA) in February 2021, acknowledged that the rapid outbreak of the COVID-19 pandemic has disrupted people's lives, institutions and economies at a magnitude never seen before. Against this backdrop he cautioned that in order to embrace the 'new normal', it is necessary to build pandemic-proof, disaster-ready institutions and resilient systems to respond effectively to potential disasters ranging from pandemic to climate induced natural disasters.

Premier Makhura then pronounced that the whole government in the Gauteng City Region (GCR) should focus on the four priorities as detailed below in the current year. This chapter provides in detail, the plans that the Gauteng Provincial Government will be implementing in line with the four priorities; and service delivery results.

## 3.2 Gauteng Province's Four Priority Areas

The province's priority areas are outlined below as pronounced during the tabling of the 2021 SOPA.

- Firstly, winning the battle against the COVID-19 pandemic and building resilient institutional and societal capacity to deal effectively with any future pandemics and disasters in the GCR.
- Secondly, re-igniting the Gauteng economy to take a lead in South Africa's economic reconstruction and recovery plan as well as Africa's industrialisation agenda.
- Thirdly, recalibrating social policy to improve educational and health outcomes, fight crime and protect the most vulnerable sections of the population against urban poverty and hunger.
- Lastly, improving governance across the GCR to focus on delivering results and improving the quality of life of residents as well as enhancing ethics, integrity and accountability.

### 3.2.1 Defeating the COVID-19 pandemic

The COVID-19 pandemic exacerbated economic & social disruption in aspects such as unemployment, inequality, and poverty etc. When societies are hit by an unexpected shock such as a drought, flood, earthquake or pandemic; households can be cut off from their means of survival. Since poor households typically have very little to fall back on, they are vulnerable, and may not be able to make it through without help. It is highly unlikely that households will independently be resilient in such circumstances. The responsibility for the resilience of individuals is in the hands of society, through its ability to provide the means of survival to the vulnerable.

The results from the Quality of Life Survey launched by the Gauteng City-Region Observatory (GCRO) revealed just how much socio-economic fallout the COVID-19 pandemic has caused for Gauteng; 11 per cent of all adults in the province have lost their job since March 2020, while 4 per cent were forced to permanently close their business. Of those who lost their job or closed their business, only 44 per cent subsequently found new employment.

Gauteng Provincial Government (GPG) is committed to winning the battle against the COVID-19 pandemic in the GCR through social mobilization and society-wide support. Security forces and Law Enforcement Agencies (LEA) will enforce regulations and measures; but communities need to adhere to the health protocols and avoid crowded places, closed spaces, and employ close contacts tracing that will contain the spread of the virus.

#### 3.2.1.1 Social mobilization and Society-Wide Support

The COVID-19 pandemic presented unprecedented and catastrophic effects in the South African health system, society and the economy. Social protection and provision of basic services remain vital mitigation strategies, especially for the vulnerable population. In the Gauteng province, the effect of COVID-19 was also felt in the volumes and outputs of some of the priority programmes over and above the overall patient visits to health care facilities.

According to the Gauteng City-Region Observatory Quality of Life Survey 2020/2021, about two-thirds (66 per cent) of the Gauteng residents use the public healthcare system. The survey also highlighted that there is a need to improve the quality of care provided in public health facilities based on the satisfaction survey response that showed a declining trend of over 10 per cent since 2015/2016.

In general, the survey highlights that there have been increases in the overall quality of the respondents' health. This disproportionately affects women and men across Gauteng municipalities – 15 per cent of the women participants of this study are likely to report poor health. Notwithstanding government interventions in the area of mental health care, the research shows that respondents of the survey identify as a high-risk mental health population. It is noteworthy that the challenges in the health sector contribute to the disproportionate impact on the quality of life of the most vulnerable in the population.

The nationwide lockdown on the 27th of March 2020 due to the COVID-19 pandemic forced the closure of different sectors; for the education sector, all schools had to be closed. Appropriately, from April 2020 to June 2020, no children were permitted to go to school and while a small proportion of schools rapidly switched to online learning, educational activity came to a complete halt for most of the learners. Due to different 'levels' of lockdown regulating the types of restrictions placed on peoples' movements and activities; there was partial and full closure of schools.

Education was impacted even after restrictions were lifted, 39 per cent of households with children still kept children away from school once they were allowed to return. As a result, the impact on children's education extends beyond school closures, creating an intensified risk for already disadvantaged households.

There have been indications of positive responses from both the government and society. Almost one quarter of households in Gauteng included an adult who received the COVID-19 Social Relief of Distress grant, while 13 per cent received food support; and levels of community trust have risen dramatically<sup>41</sup>. The results from the survey echo the multi-faceted environment that the response to COVID-19 needs to encapsulate.

### **3.2.1.2 Building Resilient Institutional and Societal Capacity**

Building resilient Institutional and Societal Capacity in the GCR will require engagement with all stakeholders to further share GPG plans to effectively deal with any future pandemics and disasters. Gauteng province has established innovative, agile, and adaptive governance structures which ensure that there is a coordinated response to COVID-19 from three levels of government.

#### **• Review of Gauteng City Region's Response to COVID-19**

When COVID-19 struck the country in March 2020, the Gauteng City Region Observatory (GCRO) worked diligently to compile data and visualisations to inform disaster response planning. Part of the functions of the GCRO are to collect data and benchmark the GCR, provide policy analysis and support, undertake applied research, and publish critically reflective academic work. The focus was on the spatial distribution of some key risks and vulnerabilities in communities at a ward level. This is based on the framework of syndemics (comorbidities) which examines the consequences of epidemics as they interact with other diseases, in conjunction with social, environmental, and economic factors that both facilitate their spread, and in turn compound their impact<sup>42</sup>.

#### **• Gauteng Provincial Coronavirus Command Council**

The establishment of a National Coronavirus Command Council (NCCC) has played the role of monitoring, updating and providing feedback on new COVID-19 related developments. Gauteng Provincial Coronavirus Command Council continues to enable the province to stay abreast with information pertaining to the virus and the relevant response measures the province should undertake<sup>43</sup>. The work of council and work streams is informed by scientific advice, with an emphasis on data-driven and evidence-based decision-making.

#### **• Premier's Advisory Committee on COVID-19**

The Premier's Advisory Committee on COVID-19 was established to help inform response planning decisions. Premier Mr David Makhura acknowledged the Premier's Advisory Committee on COVID-19 for providing data and timeously tracking the dynamics of the pandemic in Gauteng, which underpinned a science-driven and evidence-based approach to the battle against COVID-19. The province has expanded the capacity of its public

41 <https://www.wits.ac.za/COVID19/COVID19-news/latest/covid-fallout-vulnerability-and-signs-of-recovery-in-gauteng.html>

42 <https://www.gcro.ac.za/research/project/detail/responding-COVID-19-pandemic-gauteng/>

43 EPRE 2021

healthcare system with 4 265 new functional beds and 4 992 posts created and filled between April 2020 and January 2021. An additional, 1 425 beds are in the final stages of being made functional and operational with additional staffing from the start of the new financial year. This is a significant long-term investment that will outlive the COVID-19 pandemic. This is important to improve patient care, clinical outcomes, meet the ideal clinical standards and prepare the healthcare system for the NHI<sup>44</sup>.

#### • Ward-Based COVID-19 Response Committees

Gauteng established a ward-based COVID-19 response team for the purpose of tackling the hot spots within the Gauteng regions. The initial requirement for the team was to collect data that would allow the Gauteng Department of Health to know where individuals were - and also assist in mobilising society and enforce regulations to flatten the curve. The former Health Member of Executive Council (MEC) said the ward-based response team would include civil society, faith-based organisations, Non-Profit Organisations (NPOs) as well as public health experts<sup>45</sup>.

#### 3.2.1.3 First, second and third wave

When the President of South Africa declared the country as a state of disaster in March 2020, great panic spread across the country as the only reference of the virus was what people saw in other countries from various news platforms. With little knowledge that the country possessed in relation to COVID-19, the main focus during the first wave was more about learning and understanding the capabilities of the virus while creating room to ensure the provinces and the country at large are well prepared to cater to its residents.

The first wave in South Africa peaked during July of 2020. Incidence risk reported 138.1 cases per 100 000 people, with the highest incidence risk reported in Gauteng (218.8 cases per 100 000 people), followed by Eastern Cape (186.8 cases per 100 000 people), KwaZulu-Natal (142.5 cases per 100 000 people), Free State (113.3 cases per 100 000 people) and Western Cape (108.4 cases per 100 000 people) provinces<sup>46</sup>. With Gauteng housing citizens from other provinces, the surge of positive cases in the province continued to fluctuate as residents moved in and out of the GCR.

The third wave reached its peak in July 2021, yet as confirmed by analysts, there may still be the threat of a new surge. Gauteng is currently the epicentre of the third wave in South Africa, accounting for 65 per cent of new daily cases as of 27th June 2021<sup>47</sup>. As new variants continue to be introduced to the country, the risk of a vicious cycle of the virus becomes more prevalent as no behavioural changes are practiced by the public whenever there is an easing of restrictions. However, the numbers continue to rise in the province, the response to fighting the virus continues to improve.

#### 3.2.1.4 COVID-19 Data Centre

At national level, the COVID-19 data centre was established to monitor and track the spread of the Coronavirus in the country. The centre is housed in a secure facility at the Council for Scientific and Industrial Research (CSIR). It provides close to real-time analytics and dashboards on the Coronavirus outbreak per province, district, local municipality and ward<sup>48</sup>. In addition to the main centre, a number of other data centres providing regular updates on the various statistics as and when they become available are fully functional. These centres include a COVID-19 online resource and news portal administered by the Gauteng Department of Education (GDoE). The National Institute for Communicable Diseases (NICD), Statistics South Africa (StatsSA) and other centres continue to share regular updates on COVID-19 cases for various provinces and the country at large.

In August 2020, Gauteng Province launched a COVID-19 Dashboard, developed by the research conducted by the International Business Machines Corporation (IBM) in partnership with The University of Witwatersrand (Wits) and GCRO which was made available to the public. The dashboard assists policy makers who have questions relating to the current hot spots of infection, the predictions for the spread of the virus and the risk factors that make certain communities more susceptible than others<sup>49</sup>. Any member of the public wishing to access this data is given free access through the website. The GPG Coronavirus website has also been helpful in providing relevant information for COVID-19 cases.

44 <https://www.gov.za/speeches/premier-david-makhura-gauteng-state-province-address-2020-23-feb-2021-0000>

45 <https://www.news24.com/news24/southafrica/news/gauteng-plans-to-establish-ward-based-COVID-19-response-team-to-focus-on-hot-spots-20200521>

46 [https://www.nicd.ac.za/wp-content/uploads/2021/01/An-update-on-COVID-19-outbreak-in-South-Africa\\_The-first-and-second-wave.pdf](https://www.nicd.ac.za/wp-content/uploads/2021/01/An-update-on-COVID-19-outbreak-in-South-Africa_The-first-and-second-wave.pdf)

47 [https://www.nicd.ac.za/wp-content/uploads/2021/07/Sequencing-update-1July-2021\\_V14.pdf](https://www.nicd.ac.za/wp-content/uploads/2021/07/Sequencing-update-1July-2021_V14.pdf)

48 <https://www.csir.co.za/national-COVID-19-information-response-centre-csir>

49 <https://www.ibm.com/blogs/research/2020/08/gauteng-province-launches-COVID-19-dashboard-developed-by-ibm-research-wits-university-and-gcro-now-open-to-the-public/>

The COVID-19 data centre continues to be a helpful source in providing updated information pertaining to the Coronavirus not only in South Africa but the world at large. This enables the country and the Gauteng province to be consistently prepared and aware of how this virus is impacting the world at large.

### **3.2.2 Reigniting the Gauteng Economy**

Prior to the COVID-19 pandemic, the country had already been facing challenges related to the economy. The economic impact could not be overlooked as various sectors were obliged to close operations during the lockdown. Despite the impact on large businesses, the pandemic also had an adverse effect on smaller businesses. GPG was forced to adapt these programmes to the evolved environment that came with the pandemic, and later on, the July 2021 riots in the provinces of Kwa-Zulu Natal and Gauteng. The strategy focuses on three targets:

- To create jobs, primarily through aggressive infrastructure investment and mass employment programmes.
- To reindustrialise our economy (including masterplans in the automotive, clothing and textile, poultry, and sugar sectors) - focusing on growing small businesses.
- To accelerate economic reforms to unlock investment and growth.

#### **3.2.2.1 Infrastructure investment**

Infrastructure investment allows the achievement of multiple objectives such as improving the quality of life of Gauteng residents, unlocking private sector investment, broadening empowerment and creating jobs. It is also through infrastructure development and investment that transformation of the spatial settlement patterns and economic geography of our province is possible.

##### **• Kopanong Precinct**

GPG has identified the need to provide office accommodation through the consolidation of the Head Offices and administrative functions of all GPG departments within the Johannesburg Central Business District (CBD), ultimately resulting in the formation of office accommodation space in the identified precinct.

The project is currently in the latter part of the evaluation phase, and provided all necessary treasury approvals are received, the preferred bidders should be appointed in the current financial year. It is envisaged that construction will begin in 2022 with the first unitary fee estimated to be paid in 2024 when operations will begin.

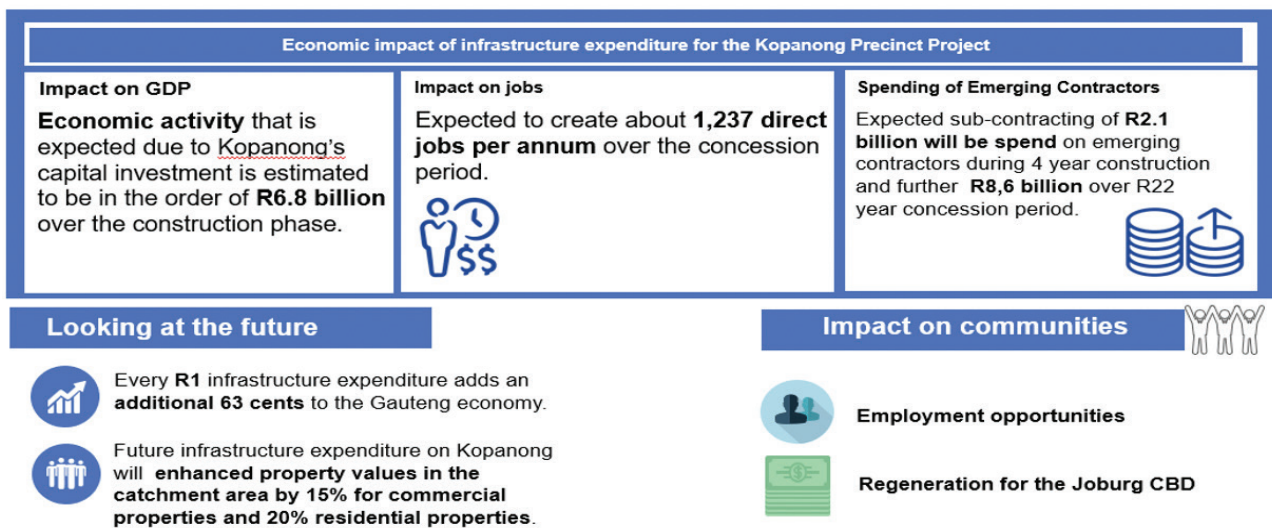
The objectives of the Project include the following<sup>50</sup>:

- Eliminating process and work disruption by stability of tenure; contracts of a private party will be at least 26 years in duration;
- Creating an urban design of a government precinct through consolidation of office space structures that will act as a stimulus for urban regeneration and socio-economic empowerment;
- Improving space functionality and working environments accommodating projected growth of various departments in the coming years and allowing flexibility in structures;
- Improving service delivery through efficient functional interrelation and openness in the public and community to ensure that accessibility, transparency and accountability are promoted by providing office and public spaces that allow that; and
- Identifying a vehicle of changing equity ownership of the property estate in the CBD through the socio-economic empowerment and developmental objectives of the project.

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50 Gauteng Department of Infrastructure Development MTEC Presentation, October 2021

**Figure 3.1: Estimated Socio-Economic impact of Kopanong Precinct**



Source: Gauteng Department of Infrastructure Development MTEC Presentation, October 2021

Figure 3.1 demonstrates an estimate for the socio-economic benefits that the project will bring in the province. The province envisions an economic impact of infrastructure expenditure, economic activity due to capital investment, employment opportunities and regeneration for the Johannesburg CBD.

**• Urban Renewal Programme**

Gauteng is currently in the process of developing road K43 Phase 1 which is an which includes upgrading the current infrastructure and developing new construction aimed at alleviating traffic congestion and improving mobility leading to reduced pollution and reduced travel times. There are plans to construct the North-South Corridor portion of K43 alignment in order to develop the Gauteng Strategic Road Network (GSRN). The K43 alignment is planned to provide the link between the areas of Lenasia, Eldorado and Walter Sisulu Square (Kliptown).

The K122 East road is a new single carriage-way road that will reduce traffic congestion and travel time on major roads around the area. It is located between the Golden Highway (P73-1) and R82 (K57) and forms as an important link between Walter Sisulu Square, Eldorado Park, Naturena and Eikenhoff areas. It is a strategic transport corridor that supports economic development, public transport, re-industrialisation and social cohesion.

Located in the West - East corridor, road P241-1 is planned for rehabilitation and capacity improvements to alleviate traffic congestion, pollution and road accidents in the area. It links Mogale City Municipality area and the City of Joburg (CoJ) Metropolitan area.

**• The Upgrading of Informal Settlements Programme**

Gauteng Department of Human Settlement (GDHS) has prioritised the Upgrading of Informal Settlements Programme (UISP) in a bid to address the ever-increasing housing demand in the province. In the interim, the department plans to provide support services to a total of 62 informal settlements. Social contracts will be entered into between the department, municipalities and communities as part of improving community participation in the programme.

**• The Rapid Land Release Programme**

The Rapid Land Release Programme (RLRP) is one of the such strategic priorities that the GDHS will be continuing to implement to provide adequate shelter to Gauteng citizens. The Department plans to hand over a total of 1000 release opportunities to qualifying beneficiaries in the 2022/23 financial year; and 2000 release opportunities will be handed over to qualifying beneficiaries in the 2023/24 and 2024/25 financial years.

**• The Hostel Redevelopment Programme**

GDHS plan to redevelop 2 hostels in Jabulani and Rethabile; and over the 2023 Medium Term Expenditure Framework (MTEF), the number of hostels to be redeveloped will see an increase from 8 to 12 and 16. The



number of family units to be built in hostels also increases gradually from 160 in the 2021/22 financial year to 500 to 1000 and 2000 during over the 2023 MTEF<sup>51</sup>. The programme is aimed at ensuring that hostels are modernised, and accommodate families, thus contributing to social cohesion in the province.

### 3.2.2.2 Mass Employment Programmes

The official unemployment rate in South Africa is reported to be 32, 6 per cent in the second quarter of 2021<sup>52</sup>. Unemployment is a challenge for developing and developed countries; this has a negative impact on the economy as well as exacerbates social degeneration<sup>53</sup>. GPG has various initiatives that are geared at employing citizens to reduce unemployment in the province. The provincial government can make a direct contribution to job creation and business development, while simultaneously creating an enabling environment through private sector-led mass employment programmes.

**Table 3.1: Progress report on Job Creation initiatives**

<ul style="list-style-type: none"> <li>• ConHill Visitor Centre</li> <li>• BioPark Phase 3 Construction</li> </ul> <p><b>Gauteng Industrial Development Zone</b> – 537 construction jobs, 2 330 operations jobs = 2 867 jobs (since the start of the current 5-year term)</p> <ul style="list-style-type: none"> <li>• Gauteng Industrial Development Zone Superblock Building (practical completion reached and beneficial occupation underway – 168 construction jobs created,</li> <li>• MetCon 70 construction jobs and 74 operational jobs,</li> <li>• Agro processing plant jobs 265 construction and 2256 operations jobs and</li> <li>• 34 construction jobs at Southern Precinct</li> </ul>
<p>Other Job creation Initiatives (since the start of the current 5-year term)</p> <ul style="list-style-type: none"> <li>• AIDC –59 jobs</li> </ul> <p>Unemployed job placement – 7</p> <p>Indirect jobs facilitated through partners – 52 +7= <b>59</b></p> <p>- TIH</p> <p>Incubated companies' jobs and Graduate trainee programme – 305 + 29 = <b>334</b></p> <ul style="list-style-type: none"> <li>• Trade and investment facilitation</li> </ul> <p>4 543 + 382 = <b>4 925</b></p> <ul style="list-style-type: none"> <li>• Constitution Hill Expanded Public Works Programme Jobs = <b>20</b></li> </ul>

Source: GDED, July 2021, National Treasury site visit presentation,

Table 3.1 shows the job creation initiatives that Gauteng Department of Economic Development (GDED) have in the pipeline. Furthermore, it illustrates how many jobs will be generated due to construction of the buildings.

### Tshepo 1 Million

Harambee in partnership with Tshepo 1 Million (T1M) have made significant improvements to ensure that there are work placements and pathways to earning opportunities for young people of the Gauteng Province. The cumulative progress is as follows:

- young people placed on pathway to earning = 142 814; and
- young people accessing work opportunity placements = 20 020.

51 Gauteng Department of Human Settlements MTEC Presentation, October 2021

52 Quarterly Labour Force Survey (QLFS) Q2:2021

53 Karikari-Apau, E. and Abeti, W., 2019. The Impact of Unemployment on Economic Growth in China.

Tshepo 1 Million launched the learning content and opportunity cards that give young people line of sight, ability to apply or learn and continuous feedback on what works for them.

The young people have opportunities to learn about the efficacy of digital solutions as well as which best combination of mediums of engagement have the best impact.

In line with lockdown regulations, T1M teams are back in communities to activate, reconnect and support young people on their pathways to earning. These events have evolved into a space where young people can access the services of T1M and the partners who support this work<sup>54</sup>.

### 3.2.2.3 Reindustrialise the economy focusing on growing small businesses

#### • Tshwane Automotive Special Economic Zone

The Automotive sector is one of the high-growth priority sectors that will unlock infrastructure in different corridors and districts of GCR. Tshwane Automotive Special Economic Zone (TASEZ) is a perfect model of a social compact between different sectors. It is an example of how government can cut red tape and make quick decisions that are able to attract and safeguard investment. TASEZ is a prime example of our vision for spatial and economic transformation and integration of township enterprises, Black-owned, women-owned, and youth-owned businesses into the supply chains of big corporates.

TASEZ will produce over 200,000 vehicles by 2022. Working with the Mamelodi community, entrepreneurs and Small Micro Medium Enterprises (SMMEs), TASEZ is providing non-financial and financial support to 262 SMMEs, Grades 1-7. Over R1.7 billion (47 per cent of infrastructure spent) worth of SMMEs are already allocated and another R531 million of work will be allocated to township SMMEs in the coming months of the 2021/22 financial year for the built programme to construct the first set of factories.

#### OR Tambo Industrial Development Zone

Gauteng Department of Economic Development is partnering with Airports Company South Africa (ACSA) and the City of Ekurhuleni to fully realise the potential of the OR Tambo Special Economic Zones (SEZ) as an anchor of the broader aerotropolis vision. Part of the partnership is to work on an Air Access Initiative aimed at enhancing air service connectivity between the global gateways and Gauteng province via OR Tambo International Airport (ORTIA). The Jewellery Manufacturing Precinct (JMP) superblock in the Industrial Development Zone (IDZ) at the OR Tambo International Airport (ORTIA) has reached 91 per cent of overall construction<sup>55</sup>.

#### Vaal River City Special Economic Zone

The Vaal River City SEZ management company has been established in partnership with the Department of Trade Industry and Competition (DTIC) and it is currently securing expert support staff that will equip the SEZ to operate along the lines of a Vaal Regional Economic Development Agency.

GPG through the Department of Economic Development is engaging with private sector investors who are future anchor tenants of the Western Corridor Special Economic Zone, including Sibanye-Stillwater and Busmark. It is envisaged that the SEZ will serve as a green energy and agro-processing ecosystem along the N12 corridor.

These SEZs processes and projects are tied to the upgrade of the township industrial estates; by using the SEZs the way legislation intended, i.e., as levers for scaling industrialisation and investment into new and revitalised industrial clusters<sup>56</sup>.

#### Poultry Production

The production of agricultural products in the Gauteng province is mainly concentrated on soybean, maize, sunflower, poultry, cattle, sheep, pig, and vegetable products. Grain production in the province was the main contributor to the country's total production of grain.

Gauteng Department of Agriculture and Rural Development (GDARD) supported 40 smallholder and 16 commercial black farmers with feed, medication, day-old chicks for broiler farmers and pullets for layer farmers. The department contributed to the poultry production by supporting farmers and providing them with 96 000

54 Office of the Premier Citizen Report, 2020/21

55 <http://www.treasury.gov.za/documents/provincial%20budget/2021/3.%20Estimates%20of%20Prov%20Rev%20and%20Exp/GT/2.%20Estimates%20of%20Prov%20Rev%20and%20Exp/GT%20-%20Vote%2003%20-%20Economic%20Development.pdf>

56 Address by the Gauteng MEC, Hon. Parks Tau, for Economic Development during his 2021/22 budget vote speech, Gauteng Legislature

day-old chicks and 45 000 pullets, inclusive of feed, medication, and bedding materials during the 2020/21 financial year<sup>57</sup>.

### 3.2.2.4 Accelerate Economic Reforms

Government is implementing a series of growth reforms that promote economic transformation, support labour-intensive growth, and create a globally competitive economy<sup>58</sup>.

**Table 3.2: Sector contribution to economic growth, 2019-2025**

	2019	2020	2021	2022	2023	2024	2025
Electricity	-0.046%	-0.091%	0.068%	0.041%	0.044%	0.036%	0.047%
Transport	-0.005%	-1.352%	0.585%	0.254%	0.252%	0.172%	0.223%
Agriculture	-0.009%	0.064%	0.018%	-0.014%	-0.001%	0.007%	0.008%
Construction	-0.112%	-0.648%	0.027%	0.070%	0.083%	0.080%	0.090%
Finance services	0.649%	-1.048%	0.824%	0.853%	0.794%	0.743%	0.883%
Manufacturing	-0.099%	-1.602%	0.568%	0.221%	0.261%	0.165%	0.240%
Tourism related (hotel & restaurants)	0.000%	-0.097%	0.036%	0.013%	0.014%	0.009%	0.013%

Source: IHS Markit, 2021

Table 3.2 shows seven sectors that contribute to the economic growth of the province. In 2020, agriculture was the only sector that recorded growth, while the other sectors recorded a decline in economic growth. In spite of the growth, agriculture is forecasted to contract in 2022 to 2023 and only begin growing in 2024 to 2025.

### 3.2.3 Recalibrating Social Policy

When the pandemic hit the country in 2020, the closure of most activities directly impacted the income of many individuals including street vendors, part-time informal workers and people who depend on daily activities and efforts to raise income for survival. The introduction of the special COVID-19 Social Relief of Distress (SRD) Grant was to assist the various vulnerable groups whose income or means of making income was challenged or worsened as a result of COVID-19. The South African Social Security Agency (SASSA) continues to play a big role in ensuring that eligible persons apply for the grant to receive social relief.

#### • Gauteng Social Relief Fund

To give effect to social relief interventions from the National Department of Social Development, the Gauteng Department of Social Development (GDSD) reprioritised its budget and plans for the 2020/21 financial year so as to intensify the delivery of social welfare and community development programmes in the province in response to the COVID-19 pandemic<sup>59</sup>. The Department allocated R43 million towards the provision of food parcels in the 2021/22 financial year<sup>60</sup>.

The Gauteng Social Relief Fund aimed at supporting athletes and artists through collaborations with the Gauteng Department of Sports, Arts, Culture and Recreation (GSACR). The individuals in the arts and sports sector who fully depend on events and performance related incomes were greatly affected as a result of the restrictions around entertainment and sporting events. The MEC of Sports, Arts, Culture and Recreation mentioned that a number of artists have benefitted from the fund<sup>61</sup>.

#### • Gauteng Taxi Relief Fund

The Gauteng Social Relief Fund was extended to the taxi industry which evidently suffered under the lockdown restrictions. Having restricted movements resulted in fewer passengers and additional costs of procuring cleaning materials for the taxis and sanitizers for commuters. The burden and pressure of working with limited capacity and fewer trips per day was found worthy of social relief. Gauteng continues to work with the taxi Industry to fight Covid-19 through the Cadet program whilst providing sanitisers to protect commuters and operators<sup>62</sup>.

57 GDARD National Treasury Provincial Visits, 2021

58 [http://www.treasury.gov.za/comm\\_media/press/2019/Towards%20an%20Economic%20Strategy%20for%20SA.pdf](http://www.treasury.gov.za/comm_media/press/2019/Towards%20an%20Economic%20Strategy%20for%20SA.pdf)

59 GDSD 2019-21 Mid-Term Review Inputs

60 National Treasury Provincial Treasury visits, July 2021

61 <https://www.gauteng.gov.za/Publications/PublicationDetails/D3F104F5-1DCA-4A6B-B743-3D365E4E4511>

62 Gauteng Department of Roads and Transport 2021 Budget Speech

A directive on the Taxi Relief Fund was issued to mitigate the impact of COVID-19 in the taxi industry<sup>63</sup>. Although these measures could not be compared to what they would receive if business was never disrupted, the government's fiscus was already under pressure, and still needed to provide assistance to many other industries facing similar challenges.

The relief was also extended to small business owners who were faced with the challenge of non-operation under the lockdown restrictions. Many young entrepreneurs in Gauteng have risen over the past few years adding value to the economy and those eligible to receive such relief were given the opportunity to apply.

#### • Dignity Programme

The Dignity Programme plays a vital role in protecting the most vulnerable sections of the population against poverty. The programme mainly protects the self-esteem of many young girls in the province through the provision of dignity packs. The packs contain sanitary pads, deodorant, soap, toothpaste and body lotion. GDSD in collaboration with the GDoE have over the years identified that the lack of sanitary towels affects many young girls and their progress in school. Due to poverty and affordability reasons, many girls were bound to stay home for the duration of their monthly cycles which resulted in them falling behind in their studies.

With the budgetary constraints faced in the province, the redirection of funds to the response of COVID-19 became a top priority for all GPG departments. By the end of the third quarter, 374 632 dignity packs were distributed against the target of 1 336 896. GDSD plan to provide 1 767 752 dignity packs to children in the 2021/22 financial year<sup>64</sup>.

#### • Shelter provision and substance abuse

The growing population in Gauteng increases the demand for shelter and safety in the province. As more people flock into the province for a better life, homelessness becomes even more prevalent. Homelessness which is often associated with drug addicts and street dwellers has proven to affect people who may not fall into these stereotyped categories. It also affects others who are unable to afford adequate accommodation due to the lack of a stable income.

GDSD embarked on an operation to search, trace and place homeless people and street urchins across the province with the aim of ensuring their maximum social protection and providing the necessary support during the COVID-19 lockdown<sup>65</sup>. The burden of homelessness that existed before the COVID-19 pandemic meant that thousands of homeless people needed to be housed in churches, schools, sports stadiums and locked down public areas as an attempt to reduce the spread of the virus<sup>66</sup>.

The department transfers funds to non-profit institutions for the provision of holistic treatment services which consist of psychiatric and psycho-social support, family reunification, medication and substance abuse services. The lockdown provided the province with an opportunity to serve the communities, and GPG made a commitment to intensify work on combating urban poverty, hunger and homelessness in Gauteng<sup>67</sup>.

### 3.2.3.1 Education Response

The quality of education in Gauteng has been a concern and remains a focus in the sector. The GDoE through has implemented a number of programmes with a focus on improving the education outcomes annually in the province. One of the strategic risks adopted by the Office of the Premier was inadequate and/or substandard education and skills development.

Under the 'new normal' the education sector was also faced with a number of unique challenges that required a whole new way of schooling. The lockdown restrictions have in one way or another changed the way teaching is provided, and have pushed the introduction of more creative ways of learning. Although the incorporation of Information Communication Technology in the education sector has benefited developed schools, there is a need to resource underprivileged schools. The COVID-19 pandemic has made it more necessary for the province to adapt to the 'new normal'. GDoE is striving to ensure that the 2021 curriculum does not fall behind even during the ongoing difficulty of adjusting to the 'new normal'.

63 Disaster Management Act: Directions: Taxi relief fund to mitigate the impact of Coronavirus COVID-19 in the taxi industry

64 EPRE 2021

65 GDSD 2019-21 Mid-Term Review Inputs

66 Case Study on Gauteng City Region's efforts to combat the impact of COVID-19: A Provincial Deep Dive (2021)

67 SOPA 2021

The pressure on Gauteng schools to cover lost time remains high in the 2021 academic year amidst the possibility of a surge in new cases as a new variant has already hit the country. Unending pressure on the education sector has been demanding on all educators, learners and parents at large with a hope that one day things will be restored to normal. Safety in schools remains a priority and efforts to improve the basic capacity needs for adherence to COVID-19 protocols such as washing of the hands, should be prioritised by ensuring that water is made available in those schools.

In responding to the need for accommodating more learners in a classroom, the social distancing in primary schools was reduced to 1 metre as primary school learners were to return to the traditional and daily attendance timetabling model from August 2021<sup>68</sup>. Due to the limited capacity in some schools, the restarting plan could not be implemented in all Gauteng primary schools, especially those in the townships. However, the Ministerial Advisory Committee (MAC) guided the department to advise unions and principals to continue with full capacity schooling despite the ability to fully adhere to the 1 metre physical distancing<sup>69</sup>.

GDoE offers subsidies to public schools to assist in the improvement of quality education within those schools. Independent schools have also been granted access to receiving these government subsidies provided they meet the required criteria<sup>70</sup>. Subsidies to independent schools are directly linked to the per capita allocations of public ordinary schools, meaning that they grow congruently. Therefore, increases in the per capita rate of public ordinary schools also increases subsidies provided to independent schools.

#### • **Early Childhood Development and Primary Schools – increasing enrolment and performance**

The Early Childhood Development (ECD) programme plays a critical role in grooming children for their enrolment in primary schools. GPG recommended that the ECD function be migrated from the Gauteng Department of Social Development to the Gauteng Department of Education as it is more suitable in the functioning of the education sector. The key priorities of GDoE is to make two years of ECD compulsory for all children, including strengthening practitioner training and the achievement of universal access of ECD which would include two years of compulsory quality pre-school enrolment for 4 and 5-year olds before Grade one.

The role played by GDSD and GDoE in ensuring that ECD centres are registered and remain compliant with the required standards will enhance the quality of care and education provided to the children. GDSD has allocated funds to ECD centres with the aim of improving and increasing the conditionally registered facilities to meet the basic requirements to become fully registered non-profit institutions. As part of the 2021/22 financial year plans, the department aims to ensure that 1 09 351 children can access ECD services from 1 509 partially funded care sites and to fully register 1 790 ECD centres<sup>71</sup>.

#### • **Grade 12 Performance Improvements**

The 2020 matric results and pass rate in the province slightly declined by 3 per cent compared to the 2019 results<sup>72</sup>. Nonetheless, of the top ten best performing districts in the country, six are from Gauteng with numbers 1-5 being the best performing districts. Some of the top five districts have township schools in Atteridgeville and Olievenhoutbosch. Gauteng contributed the highest number of Bachelor passes in the country in 2020, at 49 679 as compared to 43 494 in 2019 with more learners from township schools also contributing to the overall the number of Bachelor passes and distinctions coming out of Gauteng<sup>73</sup>. The pressure surrounding the grade 12 learners continues to rise but GDoE with the involvement of parents and caregivers, will amongst others, will enable the matriculants to thrive in these challenging circumstances surrounding them.

The department will also endeavour to improve the matric pass rate for Gauteng in line with the primary objective to deliver quality education and credible examinations. The objectives towards improving the matric pass rate is as follows:

- Increasing the number of learners achieving Diploma and Bachelor passes;
- Increasing the number of Bachelor passes to more than 45 per cent in all gateway subjects including languages;
- Increasing the number of Grade 12 learners registered to write Physical Science to 42 000;
- Decreasing the percentage pass rate gap between No Fee- and Fee-Paying schools to 70 per cent;

68 <https://www.gov.za/about-sa/school-calendar>

69 <https://businesstech.co.za/news/government/510184/blow-to-full-reopening-of-schools-in-south-africa-report/>

70 <https://www.isasa.org/state-subsidies-for-independent-schools/>

71 EPRE 2021

72 <https://www.matric.co.za/provincial-matric-results-2020/>

73 SOPA 2021

- Increasing participation in Mathematics and Physical Science;
- Increasing the number of learners including female learners who pass Mathematics and Physical Science in the National Senior Certificate (NSC) examinations to 70 per cent and 75 per cent, respectively;
- Improving the learner performance to ensure 85 per cent of the female learners pass the NSC examination; and
- Continuing to implement the Secondary School Improvement Programmes (SSIP) through 350 walk-in sites, to all Grade 12 Learners in the Province with the aim of achieving a Grade 12 pass rate of not less than 90 per cent.

#### • **Modernisation of the education system - Use of Information Communication and Technology in classrooms**

The province continues to invest in the modernisation of the education system by enabling schools to have access to Information Communication and Technology (ICT) related equipment. Following the announcement by the Minister of Basic Education to introduce an ICT based curriculum, GDoE made provision in the budget specifically for ICT related programmes and infrastructure. Over 10 000 classrooms were ICT enabled, 10 000 LED boards were installed in classrooms, 20 000 laptops were distributed to educators and 200 000 tablets were distributed to learners in 2020.

ICT and e-Education Strategy for education spells out 6 vital Pillars for successful implementation and adoption of ICT in the teaching and learning process. These are:

Pillar 1 - Connectivity: all schools are to be linked to a GDoE portal.

Pillar 2 - Content: digital content available through the portal for learners and teachers.

Pillar 3 - Capacity: training of teachers on ICT, curriculum, and pedagogy.

Pillar 4 - Infrastructure: technical support and physical prerequisites such as electricity and a secure environment for ICT.

Pillar 5 - Support: IT-based services including South African School Administration and Management System (SA-SAMS) at all schools.

Pillar 6 - Innovation: inter-branch management and monitoring of the study, and an innovation group to foster implementation of best practice<sup>74</sup>.

#### • **Enablers around Teaching and Technology**

To enable the GDoE's aspiration for blended learning, the solution will focus on four elements namely; teacher training, eContent, devices, and analytics. These four elements converge to create a learning solution that addresses priorities for teachers, learners and their establishment.

Training will include the basic and advanced courses. Core requirements for Tech-Enabled Learning around content knowledge and pedagogy, exposure to eLearning, basic ICT training, ICT troubleshooting, and eClass management will form initial training. Advanced skill training will be provided for some teachers to customise and create content for high-level learner support to advance to blended learning.

eContent consists of eLessons, lesson content, lesson plans, and a content delivery platform; digital assessments that automatically grade learners and report on specific weaknesses; recommendation engines that suggest additional lessons for learners; and remedial content specifically aimed at learners who are struggling with specific content or need to revise work from previous grades.

Devices are divided between those installed in the classroom and those used by learners. Classroom technology will make lessons engaging through interactive smart boards, integrated tablet-based exercises, and engaging multimedia lessons. Tablets and computer labs will be used by learners to progress independently, do homework exercises, or complete assessments.

Analytic systems will be used to track learner achievement, including historical records of class enrolment and attendance. These can be used by teachers to customise lessons and assess learner subject weaknesses.

#### • **Schools of specialisation**

GDoE plans to improve access to relevant curriculum offerings through the School of Specialisation (SOS) Programme with a focus on the expansion of the technical vocational curriculum currently being piloted in special schools and introducing ICT to learners with Special Education Needs (LSEN) sector. As part of enabling ICT programmes in schools, the Department will continue to develop e-content and will make online resources

74 GDE ICT And E-Education Strategy and Implementation Progress presentation

available for the Further Education Training (FET) Phase and connectivity for online teaching. Learners will have access to Microsoft Teams, Zoom, Google Classroom and Microsoft (MS) Licenses to be able to access MS Teams. Learners may also apply to be zero-rated so that they can access schools' web sites at no cost<sup>75</sup>.

The SOS programme has adopted an implementation plan which aims to eventually establish and phase in 35 schools as SOS across the five regions of the province. SOSs assist in responding to skill shortages and the unemployment crisis among the youth of the country by equipping learners with the skills and knowledge to give them an opportunity to succeed in their life. SOS will focus on the five disciplines, namely; Mathematics, Science, Engineering, Commerce and Entrepreneurship, Sport and the Arts. Existing schools will be modernised with hardware and bandwidth, as well as newly purpose-built schools to be built in the future. The five disciplines will be equipped with the state-of-the-art facilities and will be staffed with subject matter experts<sup>76</sup>.

As part of the strategy to transform all technical schools into effective institutions for skills development, new schools offering technical subjects were identified for resourcing through the Mathematics, Science and Technology (MST) grant. Priority is given to no-fee paying schools with the intent to encourage redress, improve the teaching environment and increase learner access to technical fields especially with schools in previously disadvantaged communities<sup>77</sup>.

### **3.2.3.2 Health Response**

A number of activities and programmes were implemented, since the beginning of the pandemic; to ensure that adequate response measures are in place to combat the negative impact that COVID-19 brought. Some of the measures included: closing borders, restricting interprovincial movement, and contact tracing for individuals who may have been in contact with a positive COVID-19 case. These safety measures were put in place in an effort to curb the spread.

Although most of the initial restrictions have been eased to date; the various research activities, developments, adjustments and the introduction of new programmes to fight against COVID-19 continue to be explored within the province, therefore ensuring positive outcomes. The desired result in all the ongoing activities is to reduce the negative impact that the pandemic has had on the province at large as well as restore a safe environment within the Gauteng communities.

The protection of the healthcare workers who have sacrificed their safety to take care of others has been a high priority for the country and the Gauteng province. GPG has implemented the Sisonke Programme; aimed at ensuring that most of the healthcare workers receive the vaccine to protect themselves against the severe risk of the virus they face daily. The health response to the virus has gone through various challenges in the various stages of the pandemic. Since the beginning of the pandemic, Gauteng province has seen an overwhelming demand of healthcare needs<sup>78</sup>.

In a bid to cope with the rising number of COVID-19 patients amidst the third wave peak, the Gauteng Department of Health (GDoH) has recruited more than 5,000 extra personnel and added more beds in their facilities. As of June 2021, the province had dedicated about 4050 hospital beds to COVID-19 patients<sup>79</sup>.

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75 EPRE 2021

76 Education-2022-23 MTEC Presentation Ver1 - Planning(30Sept2021)-Consolidated

77 EPRE 2021

78 <https://www.sowetanlive.co.za/news/south-africa/2021-07-02-gauteng-health-brings-in-5000-more-staff-extra-beds-for-third-wave-peak/>

79 <https://www.sowetanlive.co.za/news/south-africa/2021-07-02-gauteng-health-brings-in-5000-more-staff-extra-beds-for-third-wave-peak/>

**Table 3.3 Breakdown COVID-19 Cases per District**

DISTRICT	+CASES	NEW CASES	DEATHS	RECOVERIES
Johannesburg	359,087	38	5,714	352,867
Ekurhuleni	184,332	17	4,737	179,332
Tshwane	254,927	28	5,695	248,700
Sedibeng	58,486	9	1,483	56,881
West Rand	53,843	5	1,696	52,089
Unallocated	6,173	0	81	6,067
<b>Total</b>	<b>916,848</b>	<b>97</b>	<b>19,406</b>	<b>895,936</b>

Source: Gauteng Department of Health, media statement, 04 October 2021

\* Unallocated cases in the district breakdown refer to confirmed cases in Gauteng, that are yet to be allocated to one of the five districts in the province.

The total number of confirmed COVID-19 cases in Gauteng as at 03 October 2021 sat at 916 848 with 895 936 recoveries and 19 406 deaths. Johannesburg showed a higher incidence level compared to other districts with 359 089 positive cases as at 03 October 2021. A total number of 2 012 people were hospitalised in public (631) and private (1381) facilities. A total of 4.7 million vaccines had been administered in the province as at 03 October 2021.

#### • Vaccine rollout

The rapid growth of the virus across the world created an urgent need for a solution that could minimise the severe effect of the virus across various nations. As COVID-19 vaccines became available across various states in the world, the purchasing power of wealthier nations gave them an earlier advantage to accessing and implementing the vaccine in their communities. In the beginning of 2021; the President mentioned that negotiations are underway with various vaccine manufacturers to ensure availability in the country<sup>80</sup>.

**Table 3.4: Vaccination rollout breakdown per district**

District	Vaccines Administered	Population
Johannesburg	2,553,879	4,360,765
Ekurhuleni	1,265,006	2,858,411
Tshwane	1,339,184	216,998
Sedibeng	271,076	688,797
West Rand	375,878	686,355
<b>Total</b>	<b>5,805,083</b>	<b>8,811,326</b>

Source: Gauteng Department of Health, media statement, 27 October 2021

Table 3.4 shows data for the vaccination rollout per district in Gauteng. A total of 5.8 million of the 8.8 million eligible population were vaccinated as at 26 October 2021. As at 26 October 2021 the total number of individuals vaccinated was 3.8 million and individuals fully vaccinated sat at 2.9 million. Johannesburg has the highest population with 4.3 million eligible, recording 2.5 million total vaccinations by 26 October 2021. West Rand has the least population in Gauteng, with 686 355 eligible citizens; the district managed to vaccinate 375 878 people. However, Sedibeng recorded the least amount of vaccinations; tallying in only 271 076 patrons that received the vaccine.

The vaccine rollout plan comprised of a three-phase approach, beginning with the most vulnerable in our population<sup>81</sup>.

Phase 1: The country's estimated 1.2 million frontline healthcare workers.

Phase 2: Essential workers, persons in congregate settings and persons over 50 years.

Phase 3: The final phase will target 22, 5 million members of the population over the age of 18 years.

The target is to vaccinate 67 per cent of the population by the end of 2021, to achieve herd immunity<sup>82</sup>.

There are several vaccination sites made available within the Gauteng province thus making it accessible for all

80 <https://www.gov.za/speeches/president-cyril-ramaphosa-south-african-progress-national-effort-contain-coronavirus-COVID-19>

81 <https://www.nicd.ac.za/covid-19-vaccine-rollout-strategy-faq/>

82 <https://sacoronavirus.co.za/vaccine-updates/>

Herd immunity occurs when a large portion of a community (the herd) becomes immune to a disease, making the spread of disease from person to person unlikely. As a result, the whole community becomes protected — not just those who are immune.



individuals to receive their vaccinations. As of August 2021, there were 53 additional sites in CoJ, 41 sites in City of Tshwane (CoT), 19 sites in the Westrand district, 19 sites in the Sedibeng district and 33 sites in the City of Ekurhuleni (CoE). The availability of these vaccination rollout services continues to broaden as some vaccination sites operate on weekends therefore providing everyone with the opportunity to be vaccinated.

During August 2021, Gauteng had administered a total number of 2.3 million vaccine doses with a continued daily increase in doses administered. This is followed by Kwa-Zulu Natal and Western Cape with a total of 1, 7 million and 1, 4 million vaccinations respectively<sup>83</sup>. The major pharmacies in South Africa and several medical aids also have vaccination portals where individuals can register and visit to receive their jabs. This response has greatly minimised the pressure that hospitals and clinics would face if no additional accessible sites were provided.

The Premier together with other MECs continue to make vaccination drives across the province to monitor and encourage people to vaccinate. A drive for informal settlements was established where individuals received vaccinations outside their homes with the assistance of Saaberie Chishty Society<sup>84</sup>. The efforts and awareness on the importance of being vaccinated has encouraged many who were previously fearful to confidently take their jabs.

As part of evidence that the rollout is being carried out effectively, all age groups from 18 years were eligible to receive their vaccines from August 2021 whether registered or not. There are a number of testing stations as pharmacies have also introduced various COVID-19 related tests which assist in detecting the virus or its antibodies<sup>85</sup>. Due to this response, statistics are able to be released sooner as more people get tested daily. The workload within the various laboratories has increased as a result of COVID-19 but the willingness of clinical laboratory scientists to serve amidst this pandemic has alleviated the pressure.

#### • Phase 3B implementation study

The phase 3B implementation study conducted through the Sisonke Programme in collaboration between the National Department of Health (DoH), South African Medical Research Council (SAMRC), Desmond Tutu Health Foundation, Centre for the Aids Programme of Research in South Africa (CAPRISA), and Janssen and Johnson & Johnson, and allows the government to make the Ad26.COVS COVID-19 vaccine immediately available to healthcare workers using a research programme<sup>86</sup>. With the rise of COVID-19 infections, it was necessary that healthcare workers receive the vaccine in the early stages due to the nature of their work. Although South African Health Products Regulatory Authority (SAHPRA) temporarily paused their vaccine due to negative reactions of rare blood clots, it was later lifted upon the findings that no South African healthcare worker showed adverse reactions. Thorough research studies are conducted as a way to discover findings that can help the province and country at large to overcome this pandemic.

Gauteng province had six Sisonke vaccine sites available, namely; Ahmed Kathrada Private Hospital, Charlotte Maxeke Hospital, Chris Hani Baragwanath Hospital, Dr George Mukhari Hospital, Netcare Milpark Hospital and Steve Biko Academic Hospital. The Sisonke phase 3B open label implementation study, which commenced in February 2021 and was completed in May 2021, vaccinated 477 234 health workers across the country<sup>87</sup>.

#### 3.2.3.3 Fighting Crime and protecting the most vulnerable sections

The crime statistics indicate a 2.2 per cent decline in Gauteng of the 17-community reported serious crimes. On the other hand, nationally, the country realised a decline in cases relating to murder and assault with the intent to inflict grievous bodily harm, by 1.8 per cent and 2.5 per cent respectively. However, there has been an increase of 0.7 per cent in the total number of contact crime (crime against a person)<sup>88</sup>.

83 <https://sacoronavirus.co.za/latest-vaccine-statistics/>

84 <https://www.groundup.org.za/article/gauteng-government-takes-vaccination-drive-informal-settlements/>

85 [https://www.dischem.co.za/dis-chem-COVID-19-drive-through-testing-stations?utm\\_source=google&utm\\_medium=search&utm\\_campaign=dynamic&gclid=CjwKCAjwgvilBhBkEiwA10D2j2SJUISPTMAf20URBIAD2t0QHJdRnCiWWjC2-n5UKJ3Rk-00\\_JyxmBoCyHAQAvD\\_BwE](https://www.dischem.co.za/dis-chem-COVID-19-drive-through-testing-stations?utm_source=google&utm_medium=search&utm_campaign=dynamic&gclid=CjwKCAjwgvilBhBkEiwA10D2j2SJUISPTMAf20URBIAD2t0QHJdRnCiWWjC2-n5UKJ3Rk-00_JyxmBoCyHAQAvD_BwE)

86 [http://sisonkestudy.samrc.ac.za/#\[object%20Object\]](http://sisonkestudy.samrc.ac.za/#[object%20Object])

87 <https://sacoronavirus.co.za/wp-content/uploads/2021/08/Sisonke-Provisional-Results-6-August-2021GG2.pdf>

88 Gauteng Department of Community Safety APP 2021/22

**Table 3.5: Total Reported Serious Crimes**

	April to June 2020_21	April to June 2021_22	% Growth
Contact Crimes (Crimes against a person)	24,382	38,454	57.7%
Sexual Offences	1,497	2,632	75.8%
Contact-Related Crimes (Arson & damage to property)	4,601	6,846	48.8%
Property-Related Crimes	19,489	23,010	18.1%
Other Serious Crimes	21,321	28,409	33.2%
<b>Total Reported Serious Crimes</b>	<b>71,290</b>	<b>99,351</b>	<b>39.4%</b>

Source: SAPS Crime stats<sup>89</sup>, 2021/22

Table 3.5 shows the reported serious crimes between April and June for the years 2020/21 and the same the months in 2021/22. Contact Crimes against people have worsened by 57.7 per cent. Sexual Offences have also worsened from with a 75.8 per cent increase, representing the highest growth as compared to other reported serious crimes. Contact-Related Crimes (Arson & Damage to property) have increased by 48.8 per cent. Property-Related Crimes and Other Serious Crimes have increased by 18.1 per cent and 33.2 per cent respectively. Property-Related Crimes show the least growth to total reported serious crimes.

#### • Reduction in priority crimes

Police visibility has been identified as one of the positive contributors towards reducing crime with information collected through a dedicated monitoring tool. To this end, Gauteng Department of Community Safety (GDSCS) plans to procure 50 motor vehicles for policing purposes and 4 mobile police stations. These mobile police stations will serve as service points where citizens can report crimes and/or ask for help. To date, 4 mobile police stations have been procured and 36 safety kiosks have been deployed. These will be deployed at crime hot spot areas, including selected tertiary institutions to improve the safety of the students<sup>90</sup>.

Technology enabled tools of trade are planned to be piloted within the Traffic Management Programme such as the use of body cameras. Based on the concept document developed on 'The State-of-the-Art Command Centre', a building will be identified, and suitable technological equipment will be acquired and installed to enable efficient and effective policing. As part of efforts to improve police performance and service delivery, GDSCS plans to continue to monitor all 143 police stations in the province through the developed monitoring tools.

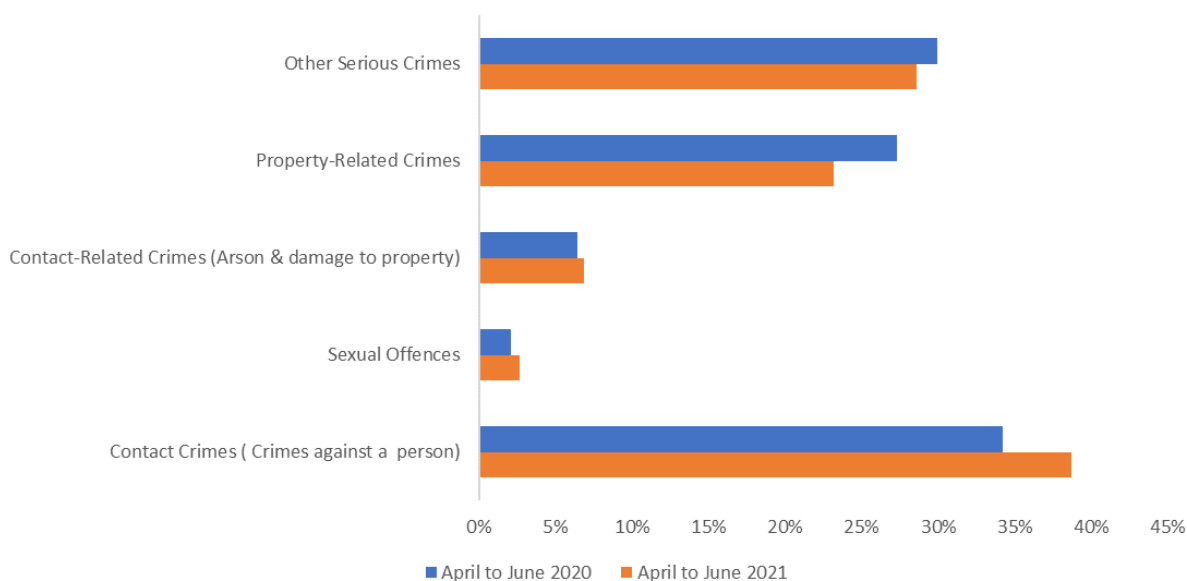
GDSCS assists police to reduce violent crimes also known as TRIO crimes, that is; robbery with aggravating circumstances, including carjacking, house and business robbery. The department is consistently re-training and capacitating agents for Community Safety Forums (CSFs). It strengthens the involvement of ward councillors in policing by supporting and monitoring CSFs and street committees. The department continues to participate in crime prevention initiatives including operation 'O kae Molao' which is implemented with other Law Enforcement Agency (LEA) initiatives. The department also enhances the oversight model on LEA which includes the South African Police Services (SAPS) and the three metropolitan police departments operating within the province.

As part of the effort to improve the integration and effectiveness of the Criminal Justice System (CJS), Court Watching Briefs will be undertaken at the courts. The purpose of the watching briefs will be to identify gaps and areas for improvement in the crime investigation process. GDSCS plays a pivotal role in reducing crime by participating in joint operations by coordination of Gauteng Law Enforcement Agencies Forum (GLEAF). The department will continue to coordinate the CJS joint monitoring session to improve collaboration and planning within the GLEAF. The Provincial Joint Operational Intelligence Structure (PROVJOINTS) will remain an operational component of the Criminal Justice Coordinating Committees (CJCC).

89 <https://www.saps.gov.za/services/crimestats.php>

90 Gauteng Department of Community Safety APP 2021/22

**Figure 3.2: Serious Crimes Reported**



Source: SAPS Crime stats, 2021

Figure 3.2 compares various crime percentage growths between April and June for 2020 and 2021. Contact Crimes (crimes against a person) were the most reported in 2020 and 2021, 35 per cent and 39 per cent; respectively. These types of crimes recorded the second highest growth after Sexual Offences.

Other Serious Crimes reported 29 per cent in 2020 and 28 per cent in 2021, while Property Related Crimes reported 27 per cent and 23 per cent in 2020 and 2021. Property Related Crimes recorded the lowest growth between 2020 and 2021, however they are the second most reported crimes after Contact Crimes. Sexual Offences are the least reported at less than 5 per cent for both periods. However, they have the highest growth of 75 per cent between 2020 and 2021 as compared to Other Serious Crimes.

**• Gauteng Response Plan on Gender Based Violence**

Gender Based Violence (GBV) is a pandemic that has affected South Africa for a number of years and continues to be a challenge within communities. Gauteng has recorded a number of abuses where some victims die, while others survive after enduring a significant levels of abuse by perpetrators. Various awareness campaigns and protests have made done to bring to light the realities some individuals face in the hands of those who have claimed to love them. Institutions of higher learning have become hot spots for GBV; thus, GDCS plans to roll out GBV support programmes in these institutions.

The GDCS will also establish and strengthen partnerships with various stakeholders, including communities, to intensify the roll-out of Green Doors. This is an initiative that offers shelter and support for women and children who are survivors of sexual abuse and domestic violence as well as outreach programmes and support to GBV victims. In response to the country-wide crises of GBV and Femicide<sup>91</sup>, the department will continue to fund 92 service sites managed by funded NPOs. In addition, 45 085 victims of crime and violence will have access to psycho-social support services.

**• Gender-Based Violence Brigades programme**

GDCS has launched the Gender-Based Violence Brigades programme, which facilitates and strengthens a survivor-focused, resourced and co-ordinated response to GBV. The MEC of Community Safety announced that 620 GBV Brigades were recruited, screened and inducted. GDCS will intensify the psycho-social services programme to extend its reach and improve services provided to approximately 13 000 GBV victims in partnership with the GDSD. The role of the brigades includes raising awareness in communities and assisting victims of GBV

91 "It is the killing of a female, or perceived female person on the basis of gender identity, whether committed within the domestic relationship, interpersonal relationship or by any other person, or whether perpetrated or tolerated by the State or its agents, and private sources." <https://www.justice.gov.za/vg/femicide/forms.html>

to open cases and break free from abusive and toxic relationships. The recruitment of GBV Brigades will continue in the province and training will be provided to LEA to ensure compliance with the Domestic Violence Act, Act 116 of 1998. The training offered to the brigades equips them with the skills to detect and assist those victims who suffer in silence in their local communities<sup>92</sup>.

#### • **Reduction in crimes against women, children and the LGBTQIA+ community**

Abuse towards women and children has exposed the levels of frustration derived from many factors that various people go through. Social transformation strengthens police oversight and intensifies existing social crime-prevention initiatives such as Violence Against Women and Children (VAWAC). A total of 294 072 beneficiaries will be reached through the programme of no-violence against children and women including 16 Days of Activism<sup>93</sup>. The 16 Days of Activism for No Violence against Women and Children Campaign (16 Days Campaign) is a United Nations campaign which takes place annually from 25 November (International Day of No Violence against Women) to 10 December (International Human Rights Day). Other key commemorative days during this period include World Aids Day on the 1st December and the International Day for Persons with Disabilities, on 3 December of every year<sup>94</sup>. GDCS embarked on GBV awareness campaigns aimed at communities with the highest number of reported cases. In 2019, the SAPS reported that GBV offences were perpetrated against over 45 000 women and over 8 000 children in Gauteng alone<sup>95</sup>.

GDCS continues to coordinate and monitor the implementation of the Gauteng GBV response plan through the establishment and functionality of the Victim Empowerment Services (VES) in the form of Victim Friendly Rooms (VFR) in all 143 police stations. VES are intended for vulnerable groups such as women, children, the elderly and persons living with disabilities when reporting cases at police stations. The Victim Empowerment Unit (VEU) conducted docket audits at identified police precincts; that were aimed at identifying threats attributed to the withdrawal of GBV cases. Docket analysis of priority crimes including closed GBV dockets will also continue to be undertaken. The department will develop and pilot a case-tracking system that will be used for priority crimes and GBV cases to ensure that victims of crime experience justice. GDCS will continuously monitor compliance with the prescribed minimum norms and standards by SAPS when dealing with GBV cases.

#### • **Social crime prevention**

GDCS remains committed to strengthening the social movement against crime in Gauteng therefore, safety structures such as Community Policy Forums (CPFs) and community patrollers play a critical role in this regard. CPFs, patrollers and other safety structures such as the Youth Crime Prevention Desk (YCDP), Woman as Safety Promoters (WSP) and Men as Safety Promoters (MASP) are critical to crime prevention and understand crime issues emanating from local levels<sup>96</sup>.

#### • **School Safety Promotion Plan**

The development of the plan is aimed at combating increased incidences of violence at schools in an integrated manner. Aspects to be included in the plan are:

- o School searches, in collaboration with the GDoE and the SAPS.
- o Multi-disciplinary diversion programmes in partnership with the GDSD, GDoE and GSACR.
- o Participation of LEAs and schools in the 'Adopt a Cop' programme.
- o Combating alcohol and drug abuse, particularly at institutions of higher learning.
- o Social crime prevention activations through MASP and Woman Assault Survival Programme (WASP).
- o Deploying and training 10 patroller teams per ward.
- o The professionalisation, monitoring and assessment of CPFs and CSFs.

### **3.2.3.4 Fighting urban poverty and hunger for the most vulnerable section**

GDSD is tasked with following interventions to ensure alignment with the GCR Urban Poverty and Hunger Elimination Strategy:

- o Youth from child-headed households, women, and people with disabilities linked to skills development, learnership and direct employment.
- o People especially youth participating in economic opportunities; and
- o Elderly people participating in community food gardens.

92 EPRE 2021

93 EPRE 2021

94 <https://www.gov.za/16DaysOfActivism2021>

95 Emergency response plan on GBV, 30 April 2020

96 Gauteng Department of Community Safety APP 2021/22

• **Household food gardens**

GDARD has played a role in overseeing agricultural activities within the province under its mandate. The department supported community food gardens with production inputs such as seeds and seedlings, fertilisers, chemicals, chicks, feeds and medicines.

GDARD implements community and homestead food gardens to boost income and improve household well-being as a way to revitalise the informal economy. The focus is to ensure that school food gardens contribute towards alleviating hunger amongst school children by supporting the National School Nutrition Programme (NSNP). This will create jobs in school food gardens with the Expanded Public Works Programme (EPWP) being the major contributor in creating employment opportunities and skills development.

• **Support for black farmers**

GDARD plans to implement the commercialisation of black smallholder producers so that the number of farmers operating at a large commercial scale can improve their performance in selected value-chains and productive partnerships. The department plans to achieve this through increased access to production infrastructure, inputs, finance, markets, training and strengthened business development support to farmers and agro-entrepreneurs. The intention of GDARD is to help black smallholder farmers commercialise, focusing on youth, women, people with disabilities and military veterans.

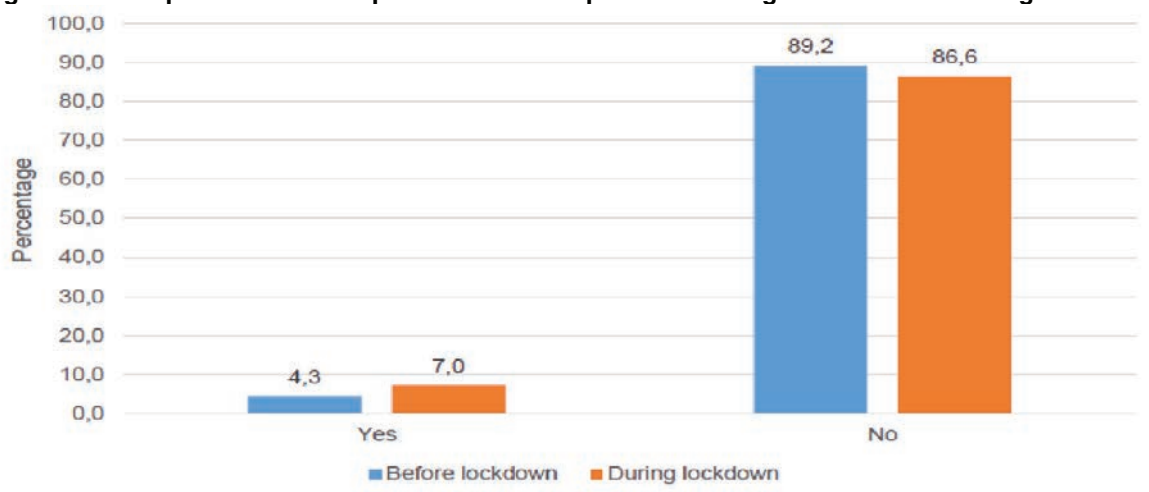
The support to the prioritised groups will be in the Northern Corridor (CoT); Sedibeng and CoE (Germiston); and the Western Corridor (Randfontein). It is envisaged that the increased participation of black farmers in commercial agriculture will contribute at least 2 percent of R288 billion to the national Gross Domestic Product (GDP). This will be achieved through:

- Addressing the identified direct and indirect causes for production inputs;
- Appropriate on-farm infrastructure and other support guided by a thorough and objective need analysis;
- Improvement of market access, with the focus on government procurement spending; and
- Targeted training in-line with identified agri-business capability gaps<sup>97</sup>.

• **COVID19 Implication on Food Security**

The agricultural sector remained highly essential for food production and veterinary services even during the peak of the COVID-19 restrictions. A major contribution for the agricultural sector’s stability and contribution to the economy is the export services; fortunately, these services were not hampered by the lockdown restrictions. A number of beneficiaries continue to rely on this sector for basic food and nutrition which is more prevalent since the COVID-19 pandemic hit the country<sup>98</sup>.

**Figure 3.3: Respondents who reported to have experienced hunger before and during the lockdown**



Source: GDSD Annual Report, 2021/22

97 Department of Agriculture And Rural Development APP 2021/22

98 GDARD presentation at National Treasury Provincial visits, 2021

Figure 3.3 illustrates the respondents who reported to have experienced hunger before and during the lockdown. From an online survey conducted by Statistics South Africa during the national lockdown level 5, it was found that the number of people who experienced hunger exponentially increased during the lockdown. Even though half of the respondents of the survey were from Gauteng, it also shows that hunger grew during the lockdown period on a national scale. The COVID-19 lockdowns disproportionately affected lower-income households. While 94 per cent of workers with graduate qualifications reported receiving their full salaries in the second quarter of 2021, only 86 per cent of workers with matric or less reported receiving the same. More than three-quarters of post pandemic job losses have been for people in lower-earning positions. Furthermore, fewer than 8 per cent of employees in these positions were able to work from home during lockdown periods<sup>99</sup>.

**• 20 Year Food Security Plan**

GPG has developed a 20 Year Food Security Plan that seeks to achieve the constitutional right of access to food for all residents living in the province. The plan sets out a portfolio of targeted strategic programmes to address food insecurity in the province in a comprehensive way, to reduce the levels of hunger and inadequate access to food by half before 2030. The targeted strategic programmes are as follows:

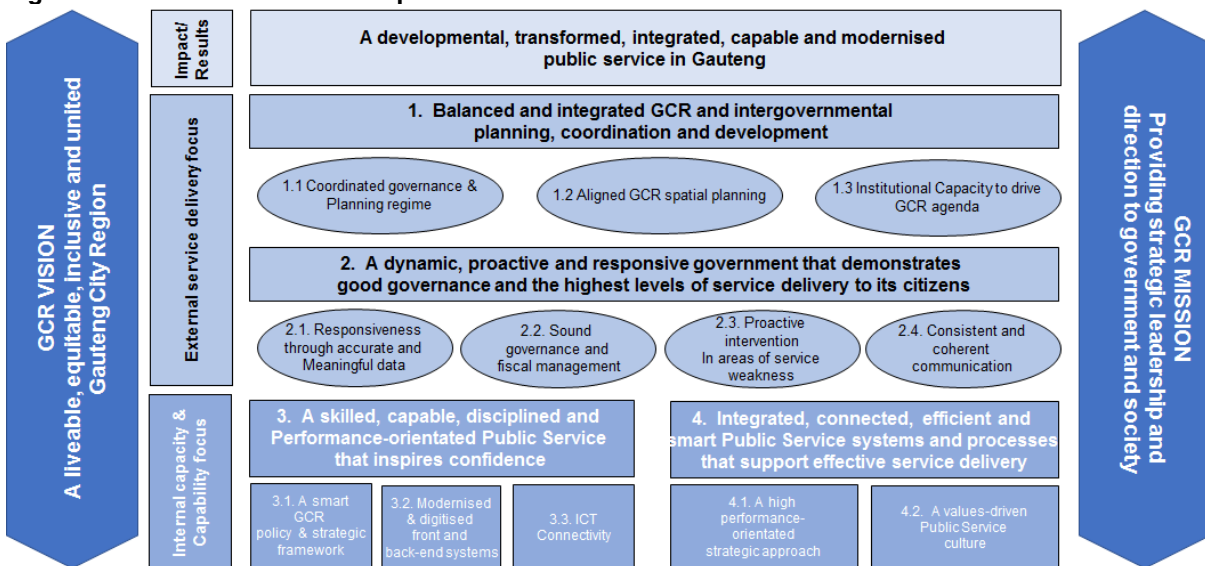
- o No more than per cent of the population should experience hunger,
- o No more than 10 per cent of the population should experience inadequate access to food, and
- o No more than 13 per cent should live in poverty by 2030<sup>100</sup>.

A number of beneficiaries continue to rely on this sector for basic food and nutrition which has been more prevalent since the COVID-19 pandemic hit the country<sup>101</sup>. Gauteng’s central role in the food production value chain is through agro–processing and part of GDARD’s initiatives is to provide quality infrastructure to harness agro–processing to support agro–preneurs (agro-processing entrepreneurs) through training and access to markets<sup>102</sup>. The department will continue with the implementation of the Agrologistic Chain Program aimed at assisting farmers to access the market, while concurrently pursuing the development of Agri-Parks and Agro-processing infrastructure projects. GDARD co-ordinates the implementation of the Comprehensive Rural Development Programme (CRDP) in the targeted rural areas in the West Rand, Sedibeng and CoT, as well as in the rural nodes of Devon, Hekpoort, Bantu Bonke and Sokhulumi.

**3.2.4 Improving Governance across the Gauteng City Region**

The Office of the Premier (OoP) is committed to driving governance in the GCR, thus ensuring that GPG is accountable, ethical, efficient, transparent, activist and people driven in the service that it delivers to Gauteng citizens.

**Figure 3.4 Governance Roadmap**



2021 MTEC, 15 October 2021

99 2021 National Medium Term Budget Policy Statement  
 100 Gauteng 20 Year Food Security Plan  
 101 SOPA 2021  
 102 EPRE 2021

GCR has demonstrated how to build more integrated and coordinated city-region governance. This included amongst others; studying governing practices, processes, and systems in the city-region. The governance roadmap is one of the systems that chart a developmental, transformed, integrated and modernised service in Gauteng.

The Centre of Government (CoG) departments includes the OoP, Co-operative Governance and Traditional Affairs (CoGTA), e-Government and Gauteng Provincial Treasury. But OoP occupies the central role in this evolving policy and governance architecture, by coordinating and integrating them within a broader social compact approach. The department will do so through the following:

- Driving delivery and good governance
- Building a capable, ethical and developmental state
- Driving the coordination, integration and implementation of GGT
- Strengthening intergovernmental relations as well as the District Development Model
- Driving the Transformation, Modernization and Re-industrialization (TMR) programme
- Adapting an organisational structure that is fit for purpose
- Driving and coordinating government communications

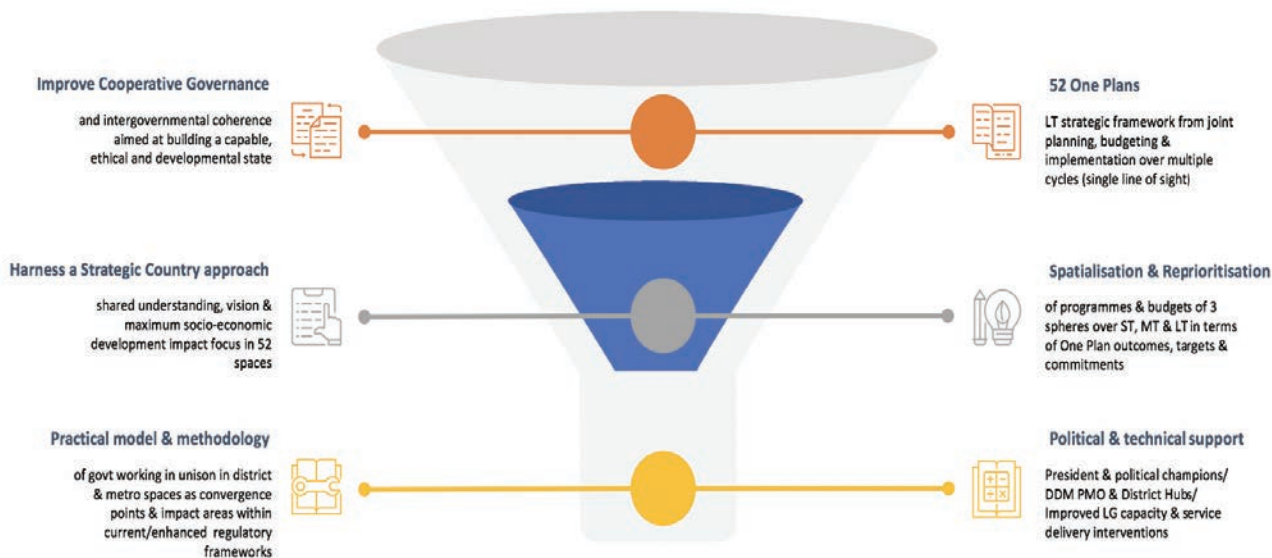
### 3.2.4.1 Delivering results and Improving the quality of life of residents

Improving the life of residents requires but is not limited to, the advocacy and facilitation of community engagement, public participation and government services. CoGTA is working closely with the Office of the Premier and the Gauteng Provincial Treasury to coordinate planning and budget processes towards One Plan of District Development Model (DDM). This is in line with the department’s Urban Planning and Intergovernmental Relations (IGR) role to ensure synergy between provincial and local government priority plans.

#### • District Development Model

The District Development Model (DDM) was introduced to improve service delivery due to the silos in the public sector and the fragmentation in planning across the board.

**Figure 3.5: Critical Feature of the District Development Model**



Source: GDED, August 2021, District Development Model Implementation Presentation

Figure 3.5 the implementation of DDM will amongst others, improve local government capacity and service delivery intervention, and cooperative governance and intergovernmental coherence aimed at building a capable, ethical and developmental state. DDM will provide for levels of government working together in unison with the public to improve service delivery. DDM will provide both an institutional and territorial approach and focus for all three spheres of government wherein the One Plan for each space guides and directs all strategic investment and development for transparent accountability<sup>103</sup>. The One Plan is a comprehensive plan that is customised to suit the needs of the municipality and is consistent with national and provincial spheres of government’s directives.

DDM is envisioned to address six problems that the South African public sector is facing that may contribute to inefficient service delivery:

- Poor integration and coordination of programmes or projects.
- Unclear rationale of the projects.
- Sector departments do not collaborate.
- Most projects are not spatially mapped.
- Weakness in data gathering and research capabilities.
- The presence of the skills gaps in specific areas of expertise.

Critical actions to be taken for the effective implementation on the plan in GPG include the following:

- o Mobilise the participation of national departments;
- o Mobilise the participation of parastatals and the private sector;
- o Determine/establish a total quantum of government spent within a district/metro space and provide an analysis and impact of this spending to the district space, economy and infrastructure;
- o Determine a total state entity and private sector investment within a district and metro space and conduct an impact-analysis of this spending to the district space, economy and infrastructure;
- o Ensure that progress on the implementation of One Plans' is included in municipal Integrated Development Plan (IDP);
- o Hold bi-annual imbizos across the 5 districts/metros on the implementation of the One Plans' in collaboration with districts and metros;
- o Ensure that all district and metro websites contain progress on the implementation of the One Plans'; and
- o Develop a process plan to review the One Plans' in during the current financial year<sup>104</sup>.

#### • Ntirhisano

The Ntirhisano Outreach Programme provides a platform for government in the Gauteng City Region to assess service delivery and engage with residents to help them resolve their challenges. OoP started the 6th administration with the full implementation of the Ntirhisano Service Delivery War Room (NSDWR). The War Room System has four fully functional components:

- o Central War Room and Central Information Centre (CIC);
- o Citizen Relationship Management system (CRM);
- o War Room Machinery; and
- o Outreach Programme<sup>105</sup>.

#### Outreach programme

An Ntirhisano tracking and monitoring system has been introduced as part of the Ntirhisano Outreach Programme, and regular reports are developed and tabled in the EXCO system. Commitments are tracked to a point of resolution, and key issues emanating from the visits are integrated within planning and budgeting processes<sup>106</sup>.

The repositioning of the Ntirhisano Hotline resulted in a 24/7 operations; recruitment of learners to handle frontline channels, the establishment of a back-office team to drive case responsiveness, and the appointment of 8 regional coordinators to drive the implementation of the system at a regional level. The hotline analysts were reskilled to support the full functioning of the CIC. The implementation of the CIC analytical maturity ladder resulted in the business intelligence tool being configured and deployed as well as the availability of dashboards and Geographic Information System (GIS) Online Maps. The CIC provides the information needed to understand the state of service delivery across the province; it is structured to inform the next Ntirhisano programmes and rapid response interventions.

#### Citizen Relationship Management System

The GCR-wide integrated Citizen Relationship Management System (CRM) system was developed and implemented across all spheres of government in Gauteng. It provides a seamless multiple interactive channel experience that allows citizens to use their preferred channel to engage their government. The system also provides an opportunity to conduct profiling at Household, Community and Ward levels. It allows cases to be routed into different regions for resolution and it also allows for commitments to be captured where resolution cannot be made immediately. The quality management and customer satisfaction survey is built into the system to ensure quality resolution and an increase in citizen satisfaction.

104 GDED, August 2021. District Development Model Implementation Presentation

105 Office of the Premier Citizen Report, 2020/21

106 Office of the Premier 2021 Annual Performance Plan



### 3.2.4.2 Enhancing ethics, integrity and accountability.

The Premier reappointed the members of the Gauteng Ethics Advisory Council (GEAC) to serve for another five-year term. The GEAC was established to provide independent oversight, advice and advocacy on fighting corruption and promoting integrity in the GCR. The Integrity Pact for Businesses has been finalised by the GEAC and will be submitted to the EXCO for adoption. The purpose of the pact is to encourage transparency and accountability in tender processes. Ideally, the Integrity Pact should make it easier for GPG to review and terminate the contractual obligations with service providers that breach this formal agreement with minimal risk of litigation.

#### • Open tender and integrity management systems

GEAC participated in the national process and immensely contributed to the development of the National Anti-Corruption Strategy (NACS) which has taken into consideration the inputs that were submitted by the GEAC. The first key proposal from the GEAC which was incorporated into the NACS, is the establishment of an interim National Anti-Corruption Advisory Council as a structural arrangement to ensure greater monitoring, accountability and transparency.

The second key proposal from the GEAC is the open tender process which the NACS requires adoption throughout the public service. This initiative will reinforce government's commitment to transparent public procurement processes. This is in line with the Open Tender Process introduced by the GPG to subject the tender process to greater public scrutiny and probity to eradicate manipulation in the awarding of tenders.

GPG Open Tender innovation includes public scrutiny over the opening of the tender boxes and imprinting of all documents, appointing external, independent probity auditors to scrutinize every phase of the tender evaluation process to ensure total compliance with laws and regulations. Most important of all, this process invites public adjudication of the decision on the recommended service provider where bidders, the media and interested members of the public can watch the proceedings.

Transparent tender procurement processes are more likely to be free from corruption and achieve their intended development objectives than processes where the information is not readily available. It also promotes small businesses in line with government's commitment to economic transformation and inclusion<sup>107</sup>. Gauteng Provincial Treasury (GPT) continues to procure the probity audit services required for the Open Tender Process. The Open Tender Process addresses the issues of fraud and corruption and improves transparency in government procurement processes<sup>108</sup>.

## 3.3 Observations and Conclusion

- COVID-19 exacerbated the socioeconomic conditions that already posed challenges in the province. The effects were multi-faceted and required dynamic interventions.
- Education has suffered as children could not access schools during the COVID-19 lockdowns. As a result there is a backlog in lessons which has affected the quality of education.
- The health sector has braced the direct effects of the pandemic that have intensified the health crisis. However, the province has been able to capacitate healthcare facilities with more beds and healthcare workers; in preparation for the NHI. In addition, the province is maintaining efforts to encourage citizens to vaccinate in order to improve herd immunity.
- Job losses have caused an increase in poverty in the province with more citizens reported experiencing hunger during the periods of hard lockdown. Gauteng has responded through various interventions such as mass employment programmes, and the payment of the Social Relief Grant through SASSA.
- The province is focusing on its high-growth priority sectors and infrastructure investment projects that will unlock the transformation, modernisation and reindustrialisation of the different corridors and districts of our city region.
- The development of the single multi-tier SEZs is the primary anchor of our industrialisation agenda. It is our goal to have at least one SEZ in each district or metro, specializing in distinct sectors and industries in each corridor.
- The province aims to renew the GPG through multiple interventions that improve governance and provide a

107 <https://vulekamali.gov.za/datasets/procurement-portals-and-resources/gauteng-province-e-tenders>

108 <http://www.treasury.gov.za/documents/provincial%20budget/2021/3.%20Estimates%20of%20Prov%20Rev%20and%20Exp/GT/2.%20Estimates%20of%20Prov%20Rev%20and%20Exp/GT%20-%20vote%2014%20-%20Treasury.pdf>

more active and responsive public service.

Gauteng has comprehensively responded not only to COVID-19 but to the myriad of socioeconomic challenges presented to the Gauteng province. Furthermore, the province is being proactive to address the future health, education, social and economic needs of the province with various interventions that aim to improve the quality of life of the citizens of the province.



# Chapter 4: Progress on Government Economic Response to COVID-19

## 4.1 Introduction

In response to the socio-economic impact of the COVID-19 pandemic and the nation-wide lockdown, the national government began implementing a three phase Economic Reconstruction and Recovery Plan in October 2020 after the pandemic was declared a national disaster. The first phase included a broad range of measures to mitigate the worst effects of the pandemic on businesses, communities and individuals. The second phase of the economic response was aimed at stabilising the economy, addressing the extreme decline in economic output and protecting jobs. The third phase of the strategy is aimed at driving economic recovery as the country emerges from the pandemic. The plan is primarily geared towards accelerating economic growth and improving public finances in order to reach a sustainable position. However, in July 2021, social unrest and riots occurred that set back economic growth and placed additional pressure on government finances.

The social unrest, looting and riots that occurred, resulted in damaged infrastructure primarily in Gauteng and KwaZulu-Natal. The destruction to property and production exacerbated the socio-economic challenges confronting the citizens of the two provinces.<sup>109</sup> The Gauteng Provincial Government (GPG) has continued to implement its economic response plan based on six pillars, that are aimed at fighting the spread of the virus by reducing infections while at the same time addressing the associated economic and social challenges in the Gauteng City Region (GCR).

## 4.2 National State of Disaster on COVID-19 – One Year Later

In 2020, Parliament declared a National State of Disaster in response to the COVID-19 pandemic. Parliament has since approved extensions of the National State of Disaster, with the most recent lasting until the 15th of November 2021. This marked the 20<sup>th</sup> month since South Africa has been in a state of disaster<sup>110</sup>.

The National State of Disaster enables government to institute regulations and give effect to lockdown restrictions in order to curb the spread of the COVID-19 pandemic. Following the declaration of the state of disaster and the subsequent hard lockdown in March 2020, South Africa adopted a Risk-adjusted Strategy to manage the gradual easing of lockdown and to bring different sectors of the economy back to work.<sup>111</sup> Guided by several criteria, the five-level COVID-19 alert system was introduced including infection rates, the capacity of the health system, as well as the economic and social impact of the restrictions.

The adjustment of levels had to be done in a way that generated a balance between saving lives and saving livelihoods. Some sectors were affected more severely than others. As of the 1st of October 2021, South Africa moved to alert level one, which is the least stringent of all levels. At this level however, the economy is still not fully reopened and industries, especially those that have high contact and are more labour-intensive such as tourism have been severely affected by these restrictions. According to the Bureau for Economic Research (BER), before the pandemic (in 2018), the tourism sector contributed about 7.2 per cent to the GDP. In 2020, this contribution had shrunk to 2.9 per cent. Furthermore, the number of jobs supported by the sector declined from 1.6 million to 640 000 between 2018 and 2020.<sup>112</sup>

At this point, the survival of tourism and other affected industries depends on getting COVID-19 under control, which will allow for a permanent lifting of the COVID-19 restrictions. A key element in achieving this is to ensure high vaccination rates. The BER expects a more sustainable recovery in these industries to start in 2022 once vaccinations have been rolled out more widely and international travel resumes.<sup>113</sup>

109 National Treasury. (2021). 2021 Medium Term Budget Policy Statement: Check against delivery. Pretoria.

110 The national state of disaster was initially set to lapse on the 15th of June 2020. The Disaster Management Act provides that it can be extended by the COGTA minister by notice in the gazette for one month at a time before it expires.

111 COGTA. (2020). Draft Framework for Consultation. Schedule of Services – Framework for Sectors. Pretoria, South Africa.

112 BER. (2021). The COVID-19 Pandemic and South Africa's Tourism Sector. Stellenbosch, South Africa.

113 BER. (2021). The COVID-19 Pandemic and South Africa's Tourism Sector. Stellenbosch, South Africa.

The risk of the fourth wave of the COVID-19 infections, which is anticipated around late December 2021 or early January 2022, is heightening. Thus, the government extended the national state of disaster by a further month, to 15<sup>th</sup> December 2021.<sup>114</sup> It is also highly possible that the regulations will be extended into the new year. The extension takes into account the need to continue observing all non-pharmaceutical interventions against the COVID-19 pandemic and increasing vaccinations as part of the measures being undertaken to mitigate against the virus's impact.<sup>115</sup> In the event that the fourth wave hits South Africa, the government will rely on the ongoing state of disaster to reintroduce lockdown restrictions at short notice if necessary.

#### 4.2.1 The July 2021 Unrests Added Another Dimension to the Problems

The unrest that erupted in July; claimed lives of many, reduced business confidence and lowered economic growth while South Africa was still recovering from the pandemic-induced slowdown. This reduction in confidence and growth was at least much smaller than that caused by the pandemic in the second quarter of 2020. There was damage caused to South Africa's supply chains in Gauteng and KwaZulu-Natal, provinces that together account for more than half of the country's GDP and much of its shipping capacity.

Furthermore, some of the most vulnerable communities in South Africa were put at risk as grocery stores that service those areas were destroyed or abandoned. Former Minister of Finance, Mr Tito Mboweni stated that the estimated cost of damage to property and equipment in eThekweni in KwaZulu-Natal alone was R15 billion.<sup>116</sup> South Africa's largest fuel refinery, one of four major refineries in the country, had to be temporarily closed due to the unrest. This left only one refinery open as the other two were already closed for maintenance. Despite this and the panic buying of fuel that occurred during and shortly after the riots, the country's fuel reserves proved sufficient to prevent a shortage.<sup>117</sup> Over 800 shopping centres were looted, with approximately 200 of these destroyed.

There is a risk that many shops will not reopen as business owners may consider the locations where they were destroyed to be unsafe. Disruptions to KwaZulu-Natal's ports have also caused a substantial rerouting of some of the cargo, both export and import, away from South Africa. As a result, businesses that have made the effort to work with a new port may decide to continue with their new arrangement indefinitely rather than return to South Africa. These factors pose additional challenges for South Africa's economic recovery. In response, government has assigned R11 billion as a provisional allocation to the South African Special Risks Insurance Association (SASRIA) for risk coverage in the wake of the unrest.<sup>118</sup> SASRIA is the state-owned insurer covering risks such as public disorder and riots and will ensure that claims following the July public violence are settled.

#### 4.3 Progress on the Health Care Response

The third wave of COVID-19 infections in South Africa began in April 2021 and ended in September of the same year. At its peak, there were approximately 20 000 new cases per day.<sup>119</sup> For seven days before President Mr Cyril Ramaphosa announced on the 30<sup>th</sup> of September that the National Alert Level would be reduced to Level 1, there had been an average of 1 800 new cases per day. As of the president's announcement, 17 million doses of vaccines had been administered, with 8.6 million people fully vaccinated. Government has recognised that it is difficult for many South Africans to go to the vaccination sites on weekdays and has introduced the Vooma Vaccination Weekends initiative which will see vaccination sites operating on selected weekends. As of 23<sup>rd</sup> October 2021, 14.7 million people in South Africa have received at least one dose of a COVID-19 vaccine.<sup>120</sup>

114 COGTA. (2021). Government Gazette – Extension of National State of Disaster (COVID-19). Pretoria, South Africa.

115 The South African Government News Agency (2021). National State of Disaster on COVID-19 extended to 15 November.

116 National Treasury. (2021). Media Statement by Minister of Finance, Mr. Tito Mboweni - 28 July 2021. Accessed (on September 2021) at [www.treasury.gov.za](http://www.treasury.gov.za)

117 Pangea Risk. (2021). Special Report: The Economic, Political, and Regional Impact of South Africa's Riots. Accessed (on September 2021) at [www.pangea-risk.com](http://www.pangea-risk.com)

118 National Treasury. (2021). 2021 Medium Term Budget Policy Statement: Check against delivery. Pretoria.

119 The Presidency. (2021). President Cyril Ramaphosa: South Africa's response to Coronavirus COVID-19 pandemic. Accessed (in October 2021) at [www.gov.za](http://www.gov.za)

120 National Treasury. (2021). Medium-Term Budget Policy Statement. Pretoria.

The latest data from National Treasury shows that, to date, R35.4 billion worth of goods and services have been ordered by government for the fight against the COVID-19 pandemic.<sup>121</sup> So far R16.5 billion has been paid towards these orders. Vaccines account for approximately R1.9 billion of payments to date while, over the medium-term, a total of R9 billion has been allocated for vaccine purchases.<sup>122</sup> According to the national Medium Term Budget Policy Statement (MTBPS), an allocation of R3 billion has been made to a contingency fund for additional vaccine purchases, should they be required.<sup>123</sup>

#### 4.4 Progress on the Economic Response

The South African economy needed a broad-based recovery plan after it was affected by the COVID-19 pandemic which hit the country in March 2020. Prior to that, the economy had also struggled to grow given the domestic and global challenges. Due to these developments, in October 2020 the South African government outlined a recovery plan to reconstruct the battered economy. The South African Economic Reconstruction and Recovery Plan<sup>124</sup>, which was pronounced over a year ago, identifies three priorities to focus on, namely; infrastructure investment; localization, reindustrialization & export promotion with an employment orientation; and a supportive policy environment. Table 4.1 categorises the priorities and programmes of the plan.

**Table 4.1: Priorities and Implementation Programmes of the Economic Reconstruction and Recovery Plan**

Priorities	Programmes
1. Infrastructure investment	<ul style="list-style-type: none"> <li>• Modernizing of network industries.</li> </ul>
2. Localization, reindustrialization & export promotion with an employment orientation	<ul style="list-style-type: none"> <li>• Addressing the racial, gender and skills-development that hamper deeper economic growth and development;</li> <li>• Lowering barriers to entry for businesses as well as improving education and skills-development;</li> <li>• Greater beneficiation of raw materials;</li> <li>• Promotion of regional trade between South Africa and other African countries.</li> </ul>
3. Supportive policy environment	<ul style="list-style-type: none"> <li>• Removal of constraints such as the high cost of doing business and low levels of competitiveness.</li> </ul>

Source: Government Communication and Information System, 2020

Interventions are also categorised into short-, medium- and long-term. Short-term interventions are focused on providing relief to South Africans negatively affected by the pandemic, and to make rapid progress towards deepening industrialization, building business and consumer confidence, and kick-starting the economy. Medium- to long-term interventions are judged on sustainability, inclusivity, and labour-intensiveness.

##### 4.4.1 Progress on the Economic Reconstruction and Recovery Plan

Operation Vulindlela is a government-wide approach through which ministers, departments and entities implement structural reforms. A Vulindlela unit in The Presidency and National Treasury monitors progress and actively supports implementation. It aims to fast-track the implementation of high-impact reforms while addressing obstacles or delays to ensure execution on policy commitments.<sup>125</sup> Through Operation Vulindlela, government has made some high-level progress in implementing the Economic Reconstruction and Recovery Plan:

- The president announced that the Electricity Regulation Act will be amended to raise the threshold for embedded generation projects from 1 megawatt (MW) to 100MW and new generation projects up to 100MW will be registered and provide power to one or more end-users.<sup>126</sup> This is predicted to unlock significant investment and reduce the impact of load-shedding;
- The Infrastructure Fund has been instituted with an allocation of R18 billion over the next three years. The

121 National Treasury. (2021). COVID-19 Report Summary. Accessed (in October 2021) at [www.treasury.gov.za](http://www.treasury.gov.za)

122 National Treasury. (2021). Budget 2021 Budget Review. Accessed (in October 2021) at [www.treasury.gov.za](http://www.treasury.gov.za)

123 National Treasury. (2021). 2021 Medium Term Budget Policy Statement: Check against delivery. Pretoria.

124 Republic of South Africa. (2020). Implementation Plan for the South African Economic Reconstruction and Recovery Plan. Pretoria.

125 The Presidency. (2021). Operation Vulindlela Summary Booklet. Pretoria.

126 The Presidency. (2021). President Announces Major Reform to Enable Investment in Embedded Generation and Promote Energy Security. Pretoria.

- fund has begun work on three projects in student housing, digital infrastructure and water infrastructure;
- The Renewable Energy IPP Programme has connected 1 200MW of new generation capacity to the grid and a request has been issued for proposals for a further 2 600MW in additional projects<sup>127</sup>;
  - Eleven preferred bidders have been approved as part of the emergency power procurement programme. This programme will deliver almost 2 000MW to the grid over the next 18 months;
  - The Presidential Employment Stimulus has supported close to 700 000 job opportunities through a combination of creating new work vacancies and protecting existing jobs regarded as vulnerable;
  - Funding for the projects outlined in the Economic Reconstruction and Recovery Plan has been included in the budgets of all national departments according to their areas of responsibility; and
  - It has been announced that the National Ports Authority will be established as an independent, wholly owned subsidiary of Transnet. This will lead to the reinvesting of port revenues in port infrastructure while ensuring that terminal operators are treated fairly and equally, thereby enabling greater private sector participation in terminal operations.<sup>128</sup>

#### 4.4.2 Other Economic Interventions

Additionally, interventions have been made to remove constraints such as the high cost of doing business and the low levels of competitiveness. It is expected that solving these problems will unlock a large amount of private sector investment, which will drive economic growth and create employment. Success in these fields will ensure that higher economic growth is achieved. Development finance institutions such as the Industrial Development Corporation (IDC) and the Land Bank have lost significant amounts of money due to the disruptions caused by COVID-19, which has negatively affected business and investor confidence. The Land Bank in particular, defaulted on its debt repayments in April 2020. Subsequently, the 2021/22 financial year budget has allocated R7 billion in recapitalisation over the medium-term to stabilise the bank and allow it to return to its role in promoting economic development.

By the end of January 2021, over 430 000 jobs were supported through the public employment initiative and a further 180 000 jobs were in the recruitment process when the 2021/22 budget was released. Placements were made in education, business services, the creative and cultural sector, and in programmes aimed to reduce the quantity of waste in landfills.

The poultry industry has received R800 million in investments from government, which also invested R500 million into the clothing, textiles, footwear & leather sector as well as R16 billion into the automotive industry. The industries that use large quantities of sugar had agreed to source at least 80 per cent of their sugar from local farmers. The Small Enterprise Finance Agency has provided R233 million in support to 26 small-scale local manufacturers and non-financial support to 66 local enterprises.

The electronic visa system is being expanded to support the tourism sector and attract skilled immigrants.<sup>129</sup> Electronic visas will make it easier to visit South Africa as applying for a visa will only require an internet connection instead of contacting or visiting an embassy.<sup>130</sup> The process requires applicants to fill out an easy-to-use online form with their personal passport and other travel information and they will receive their visa by email. Minister of Finance, Mr Enoch Godongwana, has stated that the e-Visa system is complete and will be rolled out to 15 countries by March 2022.

Government has also allowed businesses to defer some of their tax payments due to the financial pressure applied by the pandemic. Companies have deferred R1.9 billion in Pay-As-You-Earn (PAYE) income tax contributions and approximately R32 billion in other taxes. Workers also received relief, with the Unemployment Insurance Fund paying R63 billion to 5.4 million workers by the 14<sup>th</sup> of October 2021.<sup>131</sup>

The implementation of the government recovery plan and a broad range of structural reforms remain key to sustainable economic recovery. These will inspire confidence and create an enabling environment for accelerating economic activity. To set the country on a path of recovery, it is important to increase the rate of vaccinations and ensure that the majority of South Africans are protected against the virus. As a result, government seeks to save

127 Parliament of the Republic of South Africa. (2021). Insession vol 03 Issue 03, 2021. Following up on our commitments: Making your future work better. Accessed (in August 2021) at [www.parliament.gov.za](http://www.parliament.gov.za)

128 The Presidency. (2021). President announces new reform to improve the efficiency of South Africa's ports and boost investment. Pretoria.

129 National Treasury. (2021). 2021 Medium Term Budget Policy Statement: Check against delivery. Pretoria.

130 South Africa Visa. (2021). Electronic Visa to enter South Africa. Accessed (in October 2021) at [www.southafricavisa.com](http://www.southafricavisa.com)

131 Department of Employment and Labour. (2021). Employment and Labour continues to make a difference through UIF funding. Accessed (in October 2021) at [www.gov.za](http://www.gov.za)

lives by providing vaccines, free of charge, to South Africans (who cannot afford to pay) and allow economic activity to return to -and eventually surpass- the pre-pandemic levels as the economy reopens. In the context of constrained public finances, government is prioritising economic reforms that require minimal budgetary support such as regulatory reforms that enhance competition.<sup>132</sup>

#### 4.4.3 Social Relief

Government first opened applications for the Special COVID-19 Social Relief of Distress (SRD) Grant in May 2020.<sup>133</sup> The grant could be collected for up to three months by a qualifying citizen. The grant was initially intended to run for six months but was then extended to January 2021.<sup>134</sup> It was then reinstated in July 2021 and is currently set to run until March 2022.<sup>135</sup> Applications for the second instalment of the grant, which is set at R350 per beneficiary, opened in August 2021.

The South African Social Security Agency (SASSA) has successfully started paying out the first batch of applicants for the reinstated SRD grant.<sup>136</sup> The grant is set to benefit unemployed citizens, most of whom lost their jobs when COVID-19 struck in 2020. By August 2020, SASSA had received 8 931 375 applications from all nine provinces, of which 41 per cent were from males and 59 per cent from female applicants.

The Special COVID-19 Social Relief of Distress (SRD) grant was allocated R26.7 billion when it was reintroduced in August 2021.<sup>137</sup> The SRD is available to South Africans who meet the following criteria:

- Currently unemployed;
- Between 18 and 60 years of age;
- Not receiving any other social grant or other type of government financial aid;
- Neither receiving nor qualifying for any UIF benefit; and
- Not a resident in a government funded or subsidised institution.

The SRD can be applied for online and can be paid into a bank account, collected through the post office or paid through mobile money transfers.

Overall, government remains committed to supporting low-income households, especially in the context of the severe impact of the pandemic. Government has indicated that if its fiscal situation improves by February 2022, additional resources for social relief will be set aside. For now, the extension of the Social Relief Grant was funded through improved revenue performance which emanated from higher earnings in mining due to strong commodity prices.

132 National Treasury. (2021). Medium Term Budget Policy Statement. Pretoria.

133 COVID-19 Coronavirus Crisis Centre. (2020). Applications for COVID-19 unemployment grants of R350 now open. Accessed (in October 2021) at [www.corona.org.za](http://www.corona.org.za)

134 Department of Social Development. (2020). Minister Lindiwe Zulu: Social relief measures to mitigate Coronavirus Covid-19 pandemic. Accessed (in October 2021) at [www.gov.za](http://www.gov.za)

135 The South African Government News Agency (2021). Payment of R350 grant resumes.

136 The South African Social Security Agency (SASSA). (2021).

137 Department of Social Development. (2021). Special COVID-19 SRD Grant applications open this week. Accessed (in October 2021) at [www.sanews.gov.za](http://www.sanews.gov.za)



## 4.5 Gauteng City Region (GCR) Economic Recovery Plan

### 4.5.1 Progress on GCR Economic Recovery Plan

The Growing Gauteng Together (GGT2030) plan is the key long-term economic development plan for the province. This plan also worked as a guide to formulate the Economic Recovery Plan that will rebuild the Gauteng economy from the impact of the pandemic.<sup>138</sup> The GGT2030 is adopted from the National Development Plan 2030 and has seven major priorities as penned out in the Figure 4.1.

**Figure 4. 1: Growing Gauteng Together 2030**



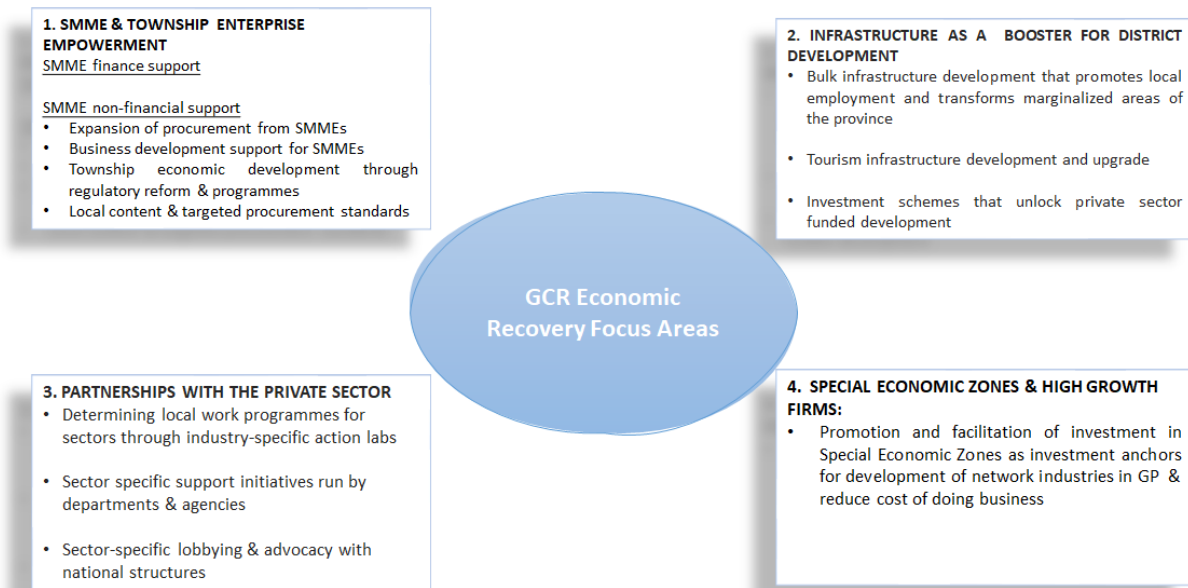
Source: Gauteng Provincial Government, 2021.

Note: PGDS is the Provincial Growth and Development Strategy

The Gauteng Economic Recovery plan was developed from the South African Reconstruction and Recovery Plan and borrowed some elements of the GGT2030. As shown in Figure 4.2, the plan prioritises four areas, namely SMME and Township Enterprise Empowerment, investment in infrastructure as a catalyst for corridor development, fostering partnerships with the private sector, and a focus on SEZs and high growth sectors.<sup>139</sup>

<sup>138</sup> Gauteng Provincial Government. (2020). Growing Gauteng Together.

<sup>139</sup> Gauteng Provincial Government. (2020). Medium Term Budget Policy Statement.

**Figure 4. 2: Focus Areas of the GCR Economic Recovery Plan**

Source: GDED, 2021

Loosely translated, the economic recovery plan includes the creation of jobs; primarily through aggressive infrastructure investment, reindustrialising the economy, focusing on growing small businesses and accelerating economic reforms to unlock investment and growth.

Notable progress has been made in some focus areas of the province's economic recovery plan and below are some of the highlights:

### 1. SMME & Township Enterprise Empowerment

- An SMME & Township Enterprise Empowerment Fund initiated, which aims to provide R250 million worth of working capital loans, stock credit and purchase-order financing to Black-owned, township based, and township linked firms (1/3 public money, 2/3 private). This investment will scale up to over R1 billion later on. As of October 2021, 635 financial support applications were received through this fund, and are currently at various stages of screening. About 12 Gauteng applications were approved by the IDC, with R15 million disbursed to these businesses and 30 jobs saved.
- Capacity building is also an important area for SMME empowerment. In partnership with Rutisa Sechaba, 3 122 SMMEs participated in 137 training programmes offered across all Opportunity Centres in the City of Johannesburg (CoJ) in the financial year 2020/21. There were 37 community outreach campaigns conducted during the 2020/21 financial year, with a total of 1 073 clients. Furthermore, an Informal Traders and Micro Enterprises Development (ITAMED) training was provided to 80 informal traders and microenterprises in the West Rand district. About 51 informal traders were allocated business stalls and offered R3 000 vouchers each to buy stock for their businesses.

### 2. Infrastructure as a Booster for District Development

- The strategy to use infrastructure as a catalyst for corridor development, will initiate the release of the masterplan for the New Smart City in Lanseria. This development will kickstart an innovative process with the Development Bank of Southern Africa (DBSA) to fund all bulk infrastructure (including water/sanitation, electricity, roads and fibre) for the new city with loans that will be repaid through the service charges paid by future developments.<sup>140</sup>
- Notable progress on the Kopanong Precinct Project has been made. The Kopanong Precinct Project aims to transform the Johannesburg Central Business District (CBD) by upgrading and refurbishing office accommodation for the Gauteng Provincial Government. As of the 30<sup>th</sup> of September 2021, the project was at the bid's evaluation stage. The announcement of the preferred bidder is expected in the fourth quarter of the 2021/22 financial year.
- The CoJ has outlined a commitment of 491 infrastructure projects for the period 2020/21 – 2022/23. For

140 Gauteng Provincial Government. (2021). GCR ECONOMIC RECONSTRUCTION & RECOVERY PLAN.

the first year, 81 per cent of the infrastructure budget was spent at the end of June 2021. To avoid delays, there are measures that have been put in place to accelerate the delivery of these projects and improve performance. One of these is the city's infrastructure committee, which meets continuously to address arising challenges of procurement and social unrests, along with issues related to these projects.

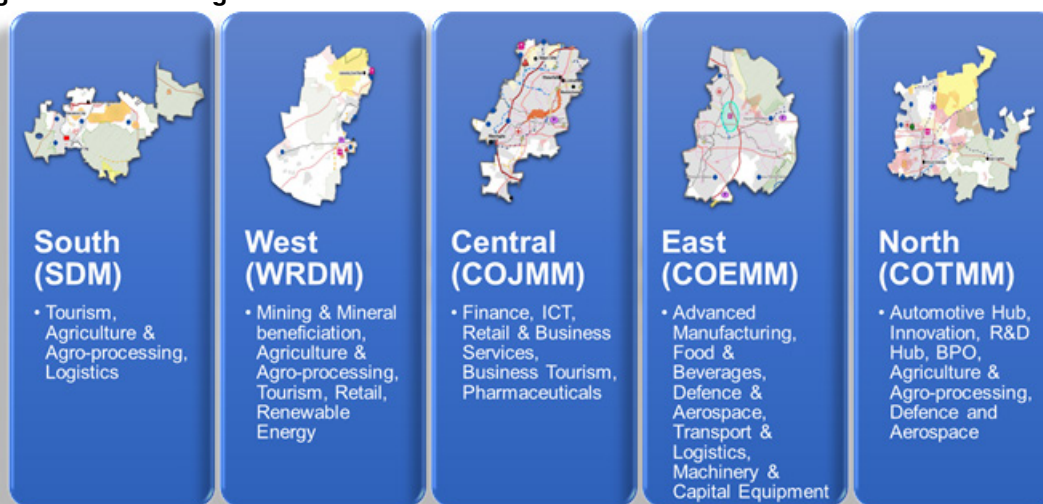
### 3. Partnerships with the Private Sector

- The province is continuing to develop strategic partnerships with multiple stakeholders such as Ubank, SA SME Fund, the Kathorus Retailers Association among others, to drive the implementation of the Rebuild programme- a GPG's response initiative to the recent unprecedented challenges faced by small businesses.
- The CoJ has a standing partnership with Rutisa Sechaba to capacitate SMMEs in the province. In addition, the City has established a partnership with Southern African Association for the Conference Industry (SAACI) to support and encourage the recovery of small businesses in the city.

### 4. Special Economic Zones and High Growth Firms

- SEZs are high growth sectors that create special economic sectors in different points of the GCR. The different SEZs are positioned strategically in different corridors, whereby they are assigned to specialise in specific industries, given the comparative advantage of each corridor. The corridors are the five regions in the province divided as per the illustration in Figure 4.3.

**Figure 4. 3: Gauteng's Economic Corridors**



Source: Gauteng Provincial Government, 2021

- Evidently, there are SEZ related construction projects that commenced in August 2020 in the Northern corridor. Investments in these projects have increased from R2.46 billion to R4.33 billion.<sup>141</sup> So far; the business case, all technical reports, master plans, and studies have been completed for the high-tech and science SEZ in Ekandustria. Approximately 46 000 jobs will be created during the construction phase and 7 000 jobs during operation. Moreover, construction in the Eastern corridor has begun at Bonaero Park where 9 per cent of construction has been achieved.

The SEZ project in the Tshwane Automotive Special Economic Zone (TASEZ), will boost the automotive industry infrastructure, and will produce 200 000 cars a year by 2022. The building phase of this SEZ in Tshwane which attracted investment from Ford Motor Company and R4 billion of public investment is expected to reap benefits in 2022, when production of Ford Ranger vehicles begins. In addition, two of the twelve investors have already occupied their operational sites in the TASEZ. SMMEs have also benefited by participating in the supply chain of the TASEZ construction process. As a result, 45 per cent of the spending as of August 2021 was awarded to these SMMEs, in addition to the support packages worth R431 million that they received.

141 Gauteng Provincial Government. (2021). GCR ECONOMIC RECONSTRUCTION & RECOVERY PLAN.

Due to its dwindling mining industry, the West Rand region has struggled economically as a result of consistently rising input costs.<sup>142</sup> This prompted authorities to emphasise diversifying the West Rand economy from mining to an economy which is green and blue. Green includes energy, transport, agriculture, and forestry, whereas the blue includes fisheries. Once they are complete, these latest interventions aim to drive bulk infrastructure schemes in the Western Corridor and will complement the first stage of the R55 billion Gauteng Infrastructure pipeline.

#### 4.5.2 The Township Economic Development Bill

The Gauteng Department of Economic Development (GDED) has developed the Gauteng Township Economic Development Bill. The bill aims to structurally transform the province's economy by bringing the historically disadvantaged population into the productive mainstream activities as owners, wealth creators and asset builders. Its purpose is to revitalise and mainstream the township economy and move towards new ways of authentic empowerment for township enterprises and Black-owned businesses. This will make it easier, more affordable, and quicker to open and register an operated business in the township. These improvements will be achieved by loosening red tape, removing bottlenecks and improving the ease of doing business for township enterprises.

The bill further intends on changing how townships are regulated and governed to transform them into zones of widespread, job creating commercial activity. This is to be done through new draft standard bylaws and streamlined regulations. In addition, the bill will develop better procurement rules and programmatic support which will allow government and its main contractors to buy from large groups of township-based firms, with systems linking them so they can supply as if they were one large firm. The bill contains legislation on the establishment of the Gauteng Township Economic Development Fund, which will provide affordable and accessible credit or loans to township-based enterprises. The objectives of the bill further include the development and support of taxi ranks into micro central business districts. Furthermore, it aims to support the development and promotion of township-based real estate sector development, to convert areas with high commercial densities into township high streets, transforming them into township central business district nodes.<sup>143</sup> The GDED tabled the bill in the provincial legislature in September. The bill is currently awaiting completion of legislature processes towards enactment.

#### 4.5.3 Social Relief

Gauteng province is situated within a developing national economy and there were socio-developmental challenges that existed long before the COVID-19 crisis. However, the crisis has halted the progress made thus far, causing interventions from all spheres of government to attend to the effects of the pandemic. The interventions that involve addressing the socioeconomic challenges are made possible through food and security support. Moreover, they will incentivise rebuilding that focuses on retail and associated logistics and ensure the implementation of the Gauteng township development programme that is linked to the presidential employment stimulus.

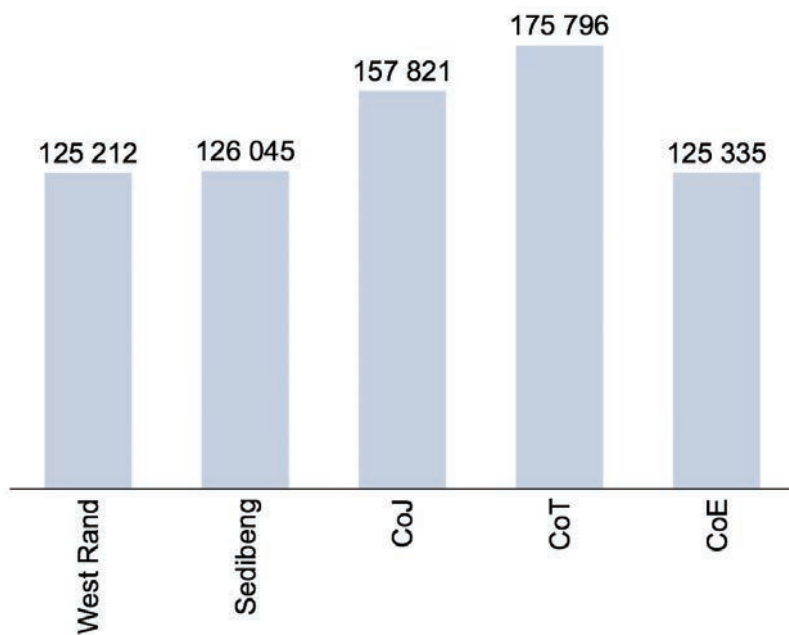
Poverty alleviation is one of the significant development milestones. The impact of COVID-19 has affected food security for most citizens, and the recent riots and looting that happened in July have created challenges in addressing poverty.<sup>144</sup> The Gauteng Department of Social Development is addressing poverty by distributing food parcels to vulnerable communities; this is in line with the National Household Food and Nutrition Security Strategy. This programme has distributed 710 209 food parcels as of July 2021. Figure 4.4 shows the distribution amongst Gauteng municipalities.

142 West Rand District Municipality. (2020). District One Plan: West Rand District.

143 Gauteng Provincial Government. (2021). GAUTENG TOWNSHIP ECONOMIC DEVELOPMENT BILL Accessed (in October 2021)

144 Gauteng Provincial Government. (2021). GCR Economic Reconstruction & Recovery Plan

**Figure 4. 4: The Number of Distributed Food Parcels**



Source: Gauteng Provincial Government, 2021.

Note: CoJ = City of Johannesburg, CoT = City of Tshwane, CoE= City of Ekurhuleni.

The GPG has distributed additional food parcels that amounted to over 192 393, through the initiative that began in August. This was made possible by reprioritising funds and obtaining resources from the solidarity fund. The broader food security strategy ensures that:

- Children benefit from school nutrition;
- All eligible persons receive the R350 of the social relief of distress grant;
- Smallholder food producers are supported;
- Women farmers are supported;
- Small-scale farmers are supported to produce in Sedibeng and the West Rand municipalities;
- Households are supported with agricultural food initiatives; and
- Relevant support is allocated to school food gardens.

Investment in education helps in addressing socio-economic challenges, thus assisting in the alleviation of poverty. To achieve the desired education interventions, the GPG has aligned the GGT2030 strategy to develop the education capacity of the province.<sup>145</sup> The efforts made aim to improve;

- Accessible and quality Early Child Development services;
- The support of learners to achieve functional numeracy;
- The ability to read for meaning;
- The passion for life-long learning amongst learners;
- The access and participation of all children of school-going age in quality education; and
- The reintroduction of literacy and mathematics components in all phases of schooling.

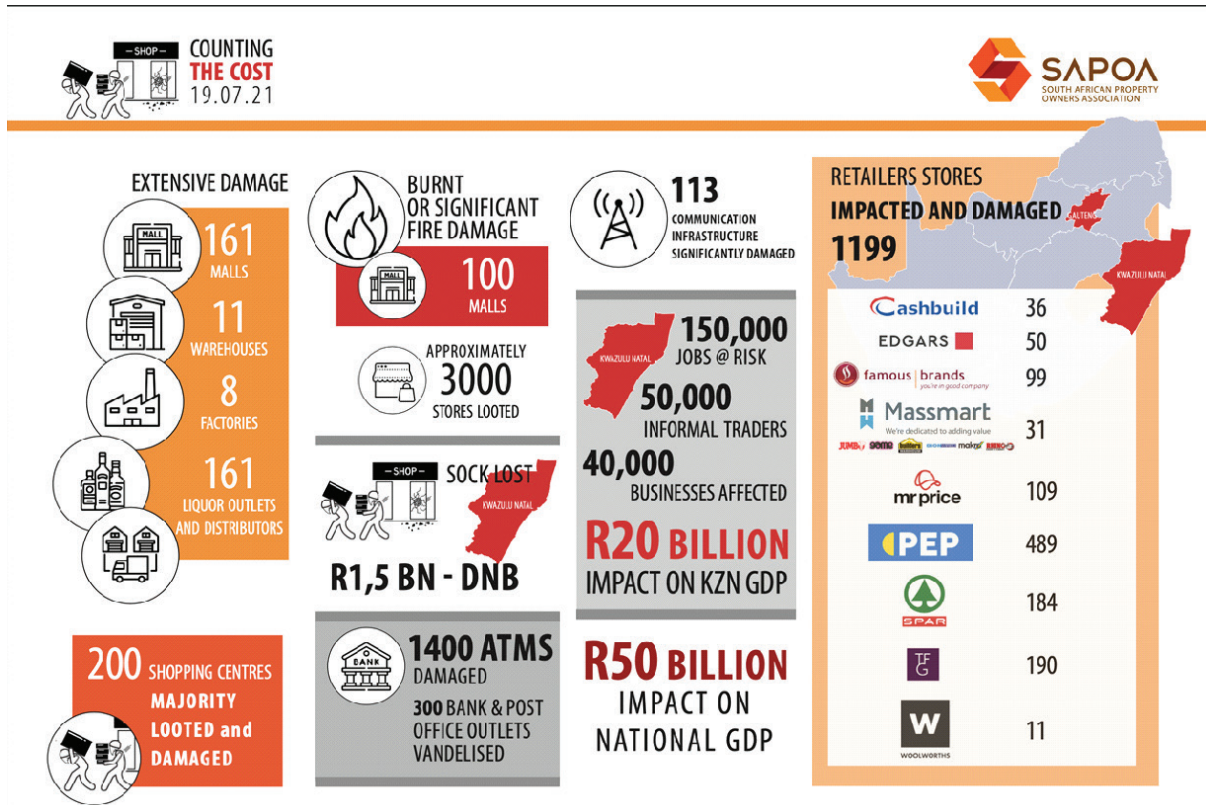
## 4.6 Social Unrest in Gauteng

The social unrest that occurred in July 2021 led to riots that damaged infrastructure and assets, especially assets that belong to the retail industry. This has led to a devastating cost implication for business and job insecurity for those who were employed by the affected businesses. The riots have affected over 18 000 jobs, and the cost to business was estimated to be at least R3.5 billion.<sup>146</sup> Moreover, the micro businesses were the most affected in terms of the ability to recover from the riots, due to most of these businesses not insured.

<sup>145</sup> Gauteng Provincial Government. (2021). 2022 Medium -Term Expenditure Committee Education.

<sup>146</sup> Gauteng Provincial Government. (2021). Gauteng City Region’s Comprehensive Response to the Socio-economic Impact of the Social Unrest.

Figure 4. 5: Impact of the Social Unrest



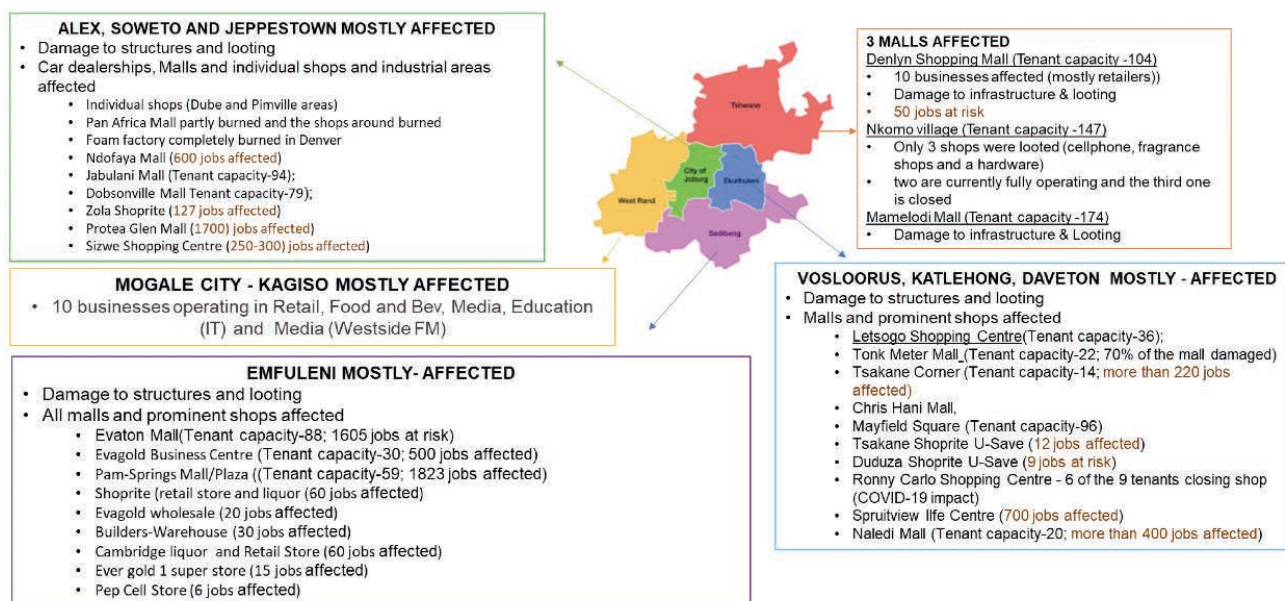
Source: Gauteng Provincial Government, 2021

Figure 4.5 shows the impact of the riots at the national level for large corporate retailers. The overall cost to the South African economy is estimated to be R50 billion as a result of the unrest in Gauteng and KwaZulu-Natal. Subsequently, the GPG has set up a specific funding mechanism for the sector. In October 2021, an online application management system with the option to use regional offices for direct disbursement was established. The system is operated jointly by the Gauteng Economic Propeller (GEP) and the IDC for rapid response to disperse funds for distressed township businesses. The support will be up to R50 000 for per informal businesses in grant funding and up to R1 million for formal businesses (50 per cent grant/ 50 per cent loan).

Prior to the riots, the GEP had allocated R10 million in the 2021/22 financial year as its capital seed contribution towards the establishment of the retail support fund. This fund focuses on the full spectrum of the township retail value chain participation. Furthermore, GEP will increase its contribution to the fund by R10 million each year over the next two financial years.

The impact of the riots was seen in most of Gauteng’s major townships, and the most affected areas were Alexandra, Soweto and Jeppetstown. In these areas along with several others, informal traders, SMMEs and cooperatives suffered some form of loss on premises, inventories, and trading stock. Figure 4.6 below shows how the impact of the unrest spanned across the Gauteng province.

**Figure 4. 6: Gauteng Geographical Impact of Unrest**



Source: Gauteng Provincial Government, 2021

The figure shows that on average, in the areas of Alexandra, Soweto and Jeppetown, a total number of over 2 600 jobs were affected and put at risk by the riots. The number of jobs affected were even higher in Sedibeng at over 4 100. In the East Rand the townships of Vosloorus, Katlehong and Daveyton suffered the most damage with over 1 300 jobs - affected.

The GPG’s economic response to the COVID-19 pandemic intends to minimise the negative impact on businesses and thus, the economy. The GGT2030’s core value is to deal with social and economic challenges, as a result its solutions also cover the socioeconomic challenges that form part of the social unrest.

#### 4.7 Observations and Conclusion

The COVID-19 pandemic has exacerbated the long-term challenges faced by both the economies of Gauteng and South Africa at large. This has, to a certain extent, reversed some developmental gains achieved during the democratic era. More specifically, the Delta variant of the pandemic and the riots that took place in July 2021 have resulted in renewed challenges. These developments have further dampened the socioeconomic outlook for the Gauteng province during 2021.

- The economic destruction associated with the recent unrest in the province is estimated to be R35 billion and a total of over 18 000 jobs
- Micro businesses, which in many instances lack sufficient insurance cover, are the most affected by the riots, compounding the pre-pandemic vulnerability in the province.
- The province continues to battle the triple challenge of unemployment, poverty and inequality. These social ills have now been exacerbated by the aftermath of the recent unrest.
- The GPG’s economic reconstruction and response to the COVID-19 pandemic intends to minimise the negative impacts that the lockdowns have caused on businesses and thus the economy.
- Interventions that were responding to the COVID-19 aftermath remain relevant to the current economic recovery and rebuilding strategies, guided by the GGT2030 framework.
- The Economic Reconstruction and Recovery Plan emphasises four action areas that include SMME & Township Enterprise Empowerment, infrastructure as catalyst for corridor development, partnerships with private sector, and Special Economic Zones/ High growth sectors.
- The Province has endorsed the Township Rebuild programme as an overarching driver for the required revitalization and transformation of the township economy.
- A total of 91 SMMEs were assisted with access to finance during the 2020/21 financial year.
- In the Lanseria Smart City development, the process of setting up implementation of the bulk infrastructure projects will be completed.





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