Gauteng Province

SOCIO-ECONOMIC REVIEW AND OUTLOOK (SERO)

2022

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SOCIO-ECONOMIC REVIEW AND OUTLOOK 2022

Gauteng Provincial Government

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PR26/2022
ISBN: 978-0-621-50055-4

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Foreword

The Gauteng Socio-Economic Review and Outlook (SERO) publication provides an in-depth analysis of socio-economic indicators for the world, South Africa, Gauteng and its municipalities. We present the 15th edition of the SERO at a time when the country has managed to keep COVID-19 under control through a massive vaccination drive programme. However, some challenges are swiftly emerging from both the global and domestic environments, which could potentially delay economic recovery. These challenges include higher global inflation, the Russia-Ukraine conflict and renewed power cuts.

The International Monetary Fund (IMF) estimates global economic growth to have rebounded to 5.9 per cent in 2021. However, following the resurgence of COVID-19 infections towards the end of 2021 and rising global inflation concerns, the IMF lowered its economic growth forecast for 2022 to 4.4 per cent and expects growth to moderate further to 3.8 per cent in 2023.

The domestic economy is expected to post an estimated growth of 4.8 per cent for 2021, slightly lower than the 5.1 per cent previously expected by the National Treasury. The downward revision of the estimate reflects a steep contraction in economic growth in the third quarter due to the Omicron variant of COVID-19 and the public violence in July 2021. The pandemic and the outbreak of public violence did not only take a toll on the economy but the labour market as well. In Gauteng, 650 000 fewer jobs were created in the third quarter of 2021 than in the fourth quarter of 2019.

Premier David Makhura highlighted in his 2022 State of the Province Address (SoPA), that the Gauteng Provincial Government (GPG) has shown proactiveness and commitment to easing the impact of the pandemic and unrest on businesses by setting up a fund earmarked for supporting the recovery and rebuilding of township businesses. The revitalisation of the township economy together with the rolling out of the Special Economic Zones (SEZs) across the Gauteng City Region remains at the core of the GPG's long-term economic growth plans.

The analysis in the 2022 SERO critically looks at the efforts that regions have made to successfully emerge out of the pandemic and strengthen economic recovery. It is envisaged that the information contained in this publication will continue to provide a platform for those at the forefront of policy formation and service delivery to make informed decisions and focus on areas that need strengthening, in order to improve the standard of living of the Gauteng population.

I conclude by thanking the Head of the Gauteng Provincial Treasury, Ms Ncumisa Mnyani and her team for their work done in developing and finalising the 2022 SERO.

Nomantu Nkomo-Ralehoko
MEC for Finance

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List of Acronyms

AIDS	Acquired Immunodeficiency Syndrome
CoE	City of Ekurhuleni
CoJ	City of Johannesburg
CoT	City of Tshwane
ECB	European Central Bank
EMDE	Emerging Market and Developing Economies
EU	European Union
FAO	Food and Agriculture Organisation
FPL	Food Poverty Line
GCR	Gauteng City-Region
GCRO	Gauteng City Region Observatory
GDED	Gauteng Department of Economic Development
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GGT2030	Growing Gauteng Together 2030
GPG	Gauteng Provincial Government
GRF	Gauteng Rebuilding Fund
ICT	Information and Communications Technology
IDC	Industrial Development Corporation
ITAMED	Informal Traders and Micro Enterprises Development
IMF	International Monetary Fund
LAR	Labour Absorption Rate
LBPL	Lower Bound Poverty Line
LFPR	Labour Force Participation Rate
MTEF	Medium- Term Expenditure Framework
MW	Mega Watt
NDP	National Development Plan
OECD	Organisation for Economic and Co-operation Development
PEPP	Pandemic Emergency Purchase Programme
REPO	Repurchase Rate
SALGA	South African Local Government Association
SARB	South African Reserve Bank
SASRIA	South African Special Risks Insurance Association
SEZs	Special Economic Zones
SMMEs	Small, Medium, and Macro Enterprises
SRD	Special COVID-19 Social Relief of Distress
Stats SA	Statistics South Africa
TASEZ	Tshwane Automotive Special Economic Zone
UBPL	Upper Bound Food Poverty Line
UK	United Kingdom
US	United State of America
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development
WHO	World Health Organisation

Executive Summary

The previous edition of the Socio-Economic Review and Outlook (SERO) focused on the impact of COVID-19 on economies and critical focal points emanating from the pandemic. This 15th edition of the publication outlines positive economic developments on the global, national and provincial levels and highlights the work carried out in regions in an effort to successfully emerge from the pandemic.

Chapter One assesses policy decisions across regional economies in mitigating the effects of the pandemic. At the onset of the pandemic, governments and central banks were confronted with the challenge of responding to the COVID-19 shock and had to resort to unprecedented ways of using policy to curb the speed of economic deterioration. More recently, the policy direction worldwide has shifted from crisis to recovery, as countries are gradually emerging out of the dangers of the pandemic. At the same time, the global economic recovery is clouded by several challenges which threaten its sustainability.

Global economic recovery is set to remain, with global gross domestic product (GDP) growth moderating from an estimated 5.9 per cent in 2021 to 4.4 per cent in 2022. However, it is faced with a new set of challenges that have slowed down the strong recovery experienced after economies reopened. These challenges are caused by continuing supply bottlenecks, rising input costs and the lingering effects of the pandemic.

Inflation pressures have emerged in almost all economies, mainly due to high food and energy costs, with the biggest impact being on low-income households. Inflation is anticipated to return to lower rates of increase by 2023 both in advanced- and Emerging Market and Developing Economies (EMDEs). However, high levels of uncertainty remain, especially if price shocks, geopolitical tensions and supply disruptions continue.

From a policy perspective, the deployment of vaccinations to save lives and minimise the risks of further outbreaks remains a priority for many countries, especially in low income and developing economies where vaccination rates continue to be low. As such, fiscal policy needs to remain supportive, and priority should be given to the health sector.

Chapter Two focuses on macroeconomic developments in South Africa. It also provides an update of the country's economic recovery plan. Furthermore, observations are made about how the economy is emerging out of the pandemic and what the impact of the pandemic has been on the socio-economic landscape of the country.

South Africa's economy grew by an estimated 4.8 per cent in 2021. This was lower than the National Treasury's previous estimate of 5.1 per cent, reflecting the effects of the public violence in July 2021 and the fourth wave of COVID-19 infections during the third quarter of that same year. Growth is forecasted to rise to 2.1 per cent in 2022, before moderating further to 1.6 per cent in 2023.

The impact of these events was also noticeable on the labour market, especially during the third quarter of 2021. There were 2.1 million fewer jobs in the third quarter of 2021 than in the fourth quarter of 2019 (before the pandemic hit). The unemployment rate for the country increased to a record-high of 34.9 per cent during the same period. Furthermore, other health indicators of the labour market show a deteriorating picture. The labour absorption rate (LAR) declined from 37.5 per cent in the third quarter of 2020 to 35.9 per cent in the third quarter of 2021. Put differently, this ratio shows the extent to which job opportunities lack in the South African labour market.

The measures of poverty and inequality continue to show the extent to which the pandemic has impacted and regressed the progress made towards improving the socio-economic status of the country. It is estimated that, between 2019 and 2020, about 1.8 million South Africans slipped below the food poverty line. This raised the total number of people below the food poverty line to an estimated 19.4 million (or 32.5 per cent of the population). The effects of the pandemic have also deepened inequality, especially in the context of joblessness and rising unemployment.

Sustainable economic growth is key to addressing the challenges faced by the labour market and this is at the core of the government's economic recovery plan. Noticeable progress has been made to achieve a number of objectives in the economic reconstruction and recovery plan, some of which are highlighted in the chapter. Chief among these objectives are reforms in the electricity sector that are expected to unlock significant investment and alleviate the risk of power cuts.

Chapter Three assesses economic and socio-economic developments for the Gauteng province. The COVID-19-induced lockdown adversely impacted the province's economic performance in 2020. Despite showing signs of recovery, employment creation effectively flattened in 2021 while official unemployment rates remain at an all-time high, particularly among the youth. Furthermore, the pandemic has negatively affected socio-economic trends such as poverty, income inequality, life expectancy, mortality, and migration.

Gauteng's economic growth is estimated to have averaged 4.9 per cent in 2021. The province's economy is projected to moderate to 2.2 per cent in 2022 and 2.1 per cent in 2023. Overall, Gauteng's economy is still about 1 per cent smaller than it was in 2019. Provided that there are no significant economic interventions or disruptions, economic activity will only recover to pre-COVID levels in 2023.

The share of Gauteng's population to the national populace steadily increased to 26.3 per cent in 2021. However, the population growth rate slowed to 1.9 per cent, partly due to a decline in the average fertility rate. On the other hand, mortality levels were higher in 2020 than they were in recent years. However, life expectancy for 2020 (67.3 years) was 0.6 years higher than in 2019. Since 2000, educational attainment for people aged 20 years and above has notably increased. Meanwhile, poverty indicators have significantly regressed since 2015. High levels of income inequality are perpetuated by economic conditions that do not support job creation.

The Gauteng City Region economic recovery plan continues to be the key response to the severe economic impact of the COVID-19 pandemic. Social policies such as the distribution of food parcels, along with the national Social Relief of Distress grant have been some of the programmes that have attempted to cushion vulnerable communities against the impact of the pandemic. From the economic support perspective, the implementation of various business and township enterprise support initiatives, as well as sector investment programmes are important for the sustainable recovery of the province's economy and labour market.

Chapter Four analyses the socio-economic indicators for the Gauteng metropolitan (Metros) and district municipalities. It captures the performance of both economic and development indicators. In 2021, growth in economic activity is estimated to have reached 5.3 per cent in the City of Johannesburg (CoJ), 5 per cent in the City of Ekurhuleni (CoE) and 4.2 per cent in the City of Tshwane (CoT). Economic growth in the district municipalities is also estimated to have improved. The economy of Sedibeng is expected to have grown by 5 per cent in 2021 and is estimated to moderate to 2.6 per cent in 2022. Economic growth in the West Rand is anticipated to have increased to 5.5 per cent in 2021 and is expected to slow down to 0.4 per cent in 2022.

The official unemployment rate has been on the rise across all Gauteng regions. The latest available data shows that in the CoE, the unemployment rate reached 35 per cent in 2020, 28.8 per cent in the CoJ and 28.1 per cent in the CoT during the same period. In Sedibeng, the unemployment rate was at 49.3 per cent while in the West Rand, it was at 38.7 per cent.

Over the years, significant progress has been made to reduce the high levels of poverty and inequality. The deterioration in economic activity due to domestic and external factors has affected poverty and inequality levels. The share of people living below the Upper Bound Poverty Line (UBPL) was 52.7 per cent in the CoE in 2020. This share was 51 per cent in the CoJ and 46.7 per cent in the CoT during the same period. In the Sedibeng region, 56.4 per cent of the total population lived below the UBPL in 2020. This was 52.7 per cent in the West Rand over the same period.

Despite estimates for Gauteng and its regions confirming a recovery in economic activity in 2021, the economic outlook remains vulnerable to the outbreak of new COVID-19 variants and the inconsistent electricity supply capacity. Higher vaccination rates and the implementation of the government's targeted structural reforms are critical to strengthening economic activity and unlocking investment, especially in sectors that were severely affected by pandemic related disruptions.

Chapter 1: Emergence from the COVID-19 Pandemic – A Global View

1. Introduction

Global economic recovery continues to expand despite the presence of the COVID-19 pandemic which had uneven effects on various economies. However, the global economy is faced with a new set of challenges, that have slowed the strong recovery experienced after economies reopened. These challenges are caused by continuing supply bottlenecks, rising input costs and the lingering effects of the pandemic.

Inflation pressures have emerged in almost all economies, mainly due to high food and energy costs, with the biggest impact being on low-income households. Inflation is anticipated to return to lower rates of increase by 2023 both in advanced- and Emerging Market and Developing Economies (EMDEs). However, high levels of uncertainty remain, especially if price shocks and supply disruptions continue.

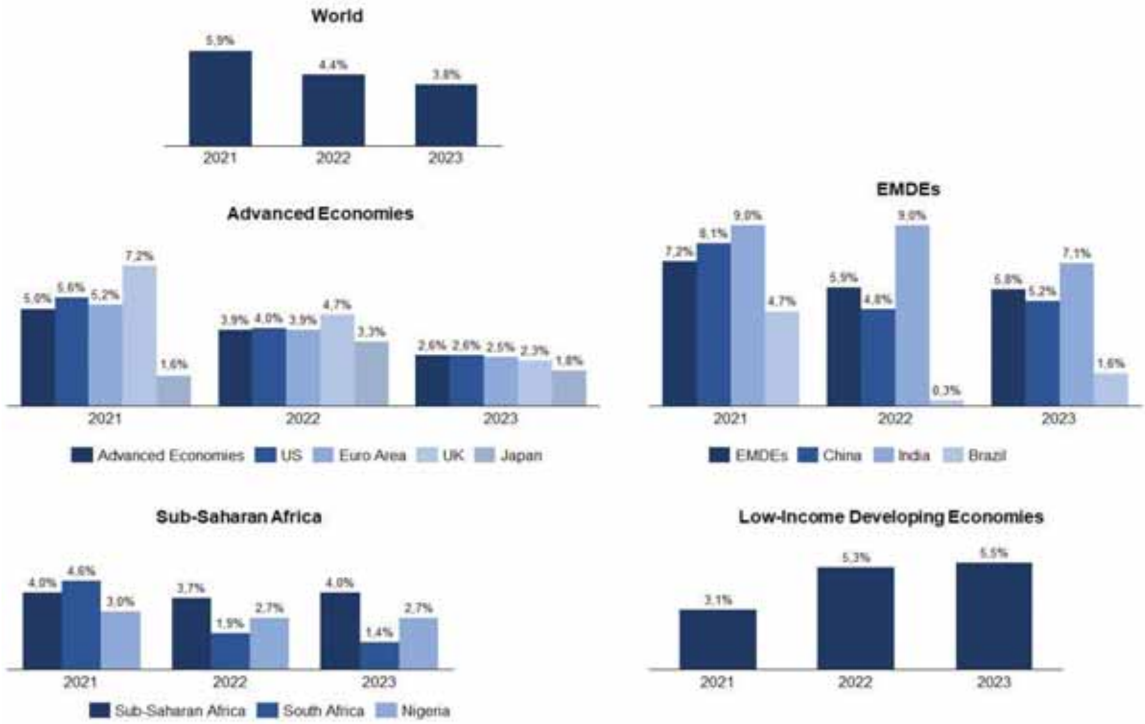
As policy measures taken to respond to the COVID-19 outbreak expire in most countries, policy support is gradually shifting from a crisis to a recovery mode. The common purpose for any policy at this stage should be to ensure that economic recovery is inclusive and promotes equitable growth.

This chapter makes an assessment on policy decisions across regional economies in mitigating the effects of the pandemic. Section 2 looks at global vaccine distribution and its potential impact on economic recovery. Section 3 analyses global inflation developments and how they are impacting food security. Section 4 reviews policy developments and measures employed to help countries emerge from the pandemic.

2. Global Economic Outlook

According to the International Monetary Fund (IMF), global economic recovery is set to remain, with global gross domestic product (GDP) growth moderating from an estimated 5.9 per cent in 2021 to 4.4 per cent in 2022. Figure 1.1 shows growth projections of different regions of the global economy as forecast by the IMF. The United Kingdom (UK) experienced the highest growth within the advanced economies at 7.2 per cent. India posted the highest growth within the EMDEs at 9 per cent. The Sub-Saharan Africa (SSA) region grew by an estimated 5 per cent in 2021, and the region's two largest economies, Nigeria and South Africa, are estimated to have grown by 3 per cent and 4.6 per cent respectively during the same period.

Figure 1. 1: Economic Growth Projections by Regions



Source: IMF WEO January Update, 2022

The 2022 growth forecast is marked with downgrades in the two largest economies in the world, the United States (US) and China. US growth was lowered by 1.2 percentage points to reflect changes in both the fiscal and monetary policies. China's downgrade reflects the ailing housing sector and a slow recovery in private consumption.

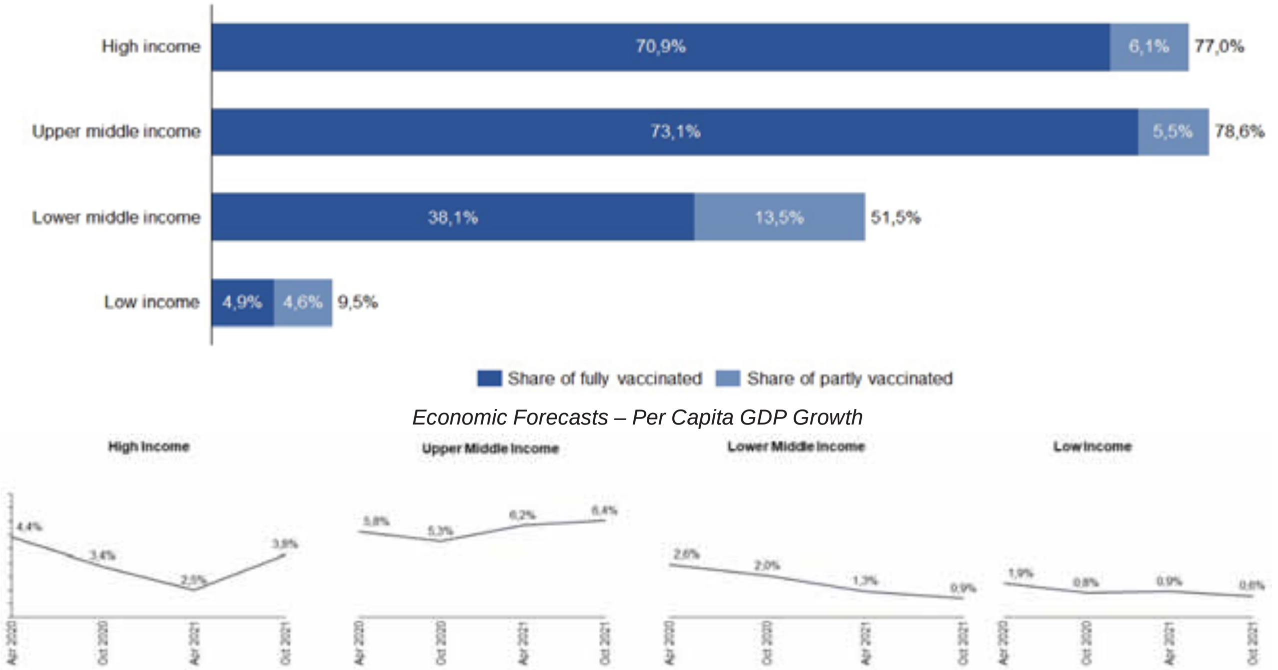
The recovery is expected to remain uneven, with differences mainly determined by vaccination rates. Although the 2022 GDP growth forecast for advanced economies was revised down by 0.6 percentage points in January, most countries in this group are projected to return to their pre-pandemic trend this year. In contrast, slower vaccine rollouts and constrained policy support are likely to slow down growth for emerging market and low-income developing economies.

3. Vaccine Distribution and Economic Recovery

The global economic recovery has slowed down, but remains strong. However, the recovery has not been synchronised across country groups, partly due to inequitable access to vaccines.

Figure 1.2: Global Vaccination Rates and Economic Growth Forecasts

Share of People Vaccinated against COVID-19 (as of 12th January 2022)



Source: Our World in Data & UNDP, 2022

Figure 1.2 helps understand the impact of COVID-19 vaccination rates on economic recovery. High – and upper-middle-income countries are projected to recover quicker, in line with their respective higher vaccination rates. As shown in Figure 1.2, the growth forecasts for October 2021 were concluded after the commencement of the vaccination roll-out. The numbers show that compared to October 2020 (during vaccine development), growth forecasts for high – and upper-middle-income countries were revised upwards to reflect extensive progress made in the distribution of the vaccine.

On the other hand, there was a significant downward revision of GDP growth in the lower middle income and low-income countries between October 2020 and October 2021, as vaccination rates remained relatively low compared to the other two groups. Only 9.5 per cent of people in low-income countries had received at least one dose of the vaccine as of the12th of January 2022. This is discouraging given that in the upper middle income and high-income groups, nearly 80 per cent of the population have received at least one dose.

The failure to share vaccines equitably along with vaccine hesitancy in some instances have notably impacted the poorest countries globally. The World Health Organisation (WHO) maintains that there are enough doses of vaccines globally to drive down transmission and to achieve its target of countries vaccinating at least 70 per cent of their population by mid-2022.[1]

[1] World Health Organisation. (2021). *Vaccine Equity.* (Accessed 16th January 2022): www.who.int/campaigns/vaccine-equity

Box 1.1: COVAX Vaccine Delivery Developments

COVAX is a multilateral initiative that guarantees equitable access to COVID-19 vaccines by participating countries, regardless of their income level. The COVAX Facility works with vaccine developers and manufacturers to incentivise them to expand their production to deliver the required number of vaccine doses globally necessary to end the pandemic.[1]

COVAX has achieved some progress, although it has fallen short of its target of distributing two billion doses worldwide by the end of 2021. To date, over one billion doses have been delivered to 144 countries globally.[2] However, the global picture of vaccine access and vaccination rates remain highly uneven. For example, only less than 10 per cent of the population in the low-income countries has received at least one dose of the vaccine, compared to77 per cent and 78 per cent in high- and upper-middle-income countries, respectively (see Figure 1.1).

Vaccine distribution via COVAX was marked by several setbacks. These include stockpiling in wealthy countries, pandemic outbreaks that led to borders being closed and supply being halted, funding issues, and production problems by some manufacturers due to regulatory delays.[3] The readiness of countries to begin their national COVID-19 vaccination programme was also a hindering factor.

According to COVAX Global Supply Forecast, an estimated 1.38 billion doses were available for distribution by the end of 2021. All these doses have been allocated and communicated to the recipient countries, and deliveries are underway. With several of the setbacks and challenges having been dealt with, it is expected that COVAX will now be able to broadly meet the demands of its participating countries.

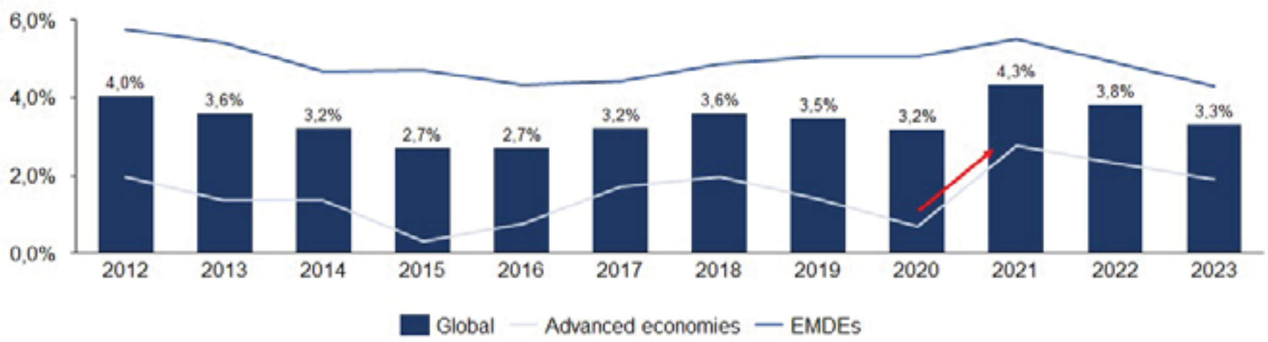
Sources:
[1] UNICEF, 2022.
[2] UNICEF COVID-19 Vaccine Market Dashboard, 2022.
[3] World Health Organisation, 2022.

An analysis by the United Nations Development Programme (UNDP) has shown that the economic recovery rate is likely to be faster for countries with higher vaccination rates. It estimates that, for every million people vaccinated, global GDP will increase by about 7.9 billion United States Dollars (USD).[2] For low-income countries where vaccination rates are significantly low, the recovery will likely be long. The extended process will potentially be marked by uncertainty and the risk of the outbreak of new variants and mutations.

4. Inflation Dynamics

Alongside the recovery in economic activity, global inflation pressures have increased, particularly fuelled by rising commodity prices as well as supply constraints. Part of the increase is a reflection of base effects created by price decreases during the peak of the pandemic.

Figure 1. 3: Global Average Annual Inflation

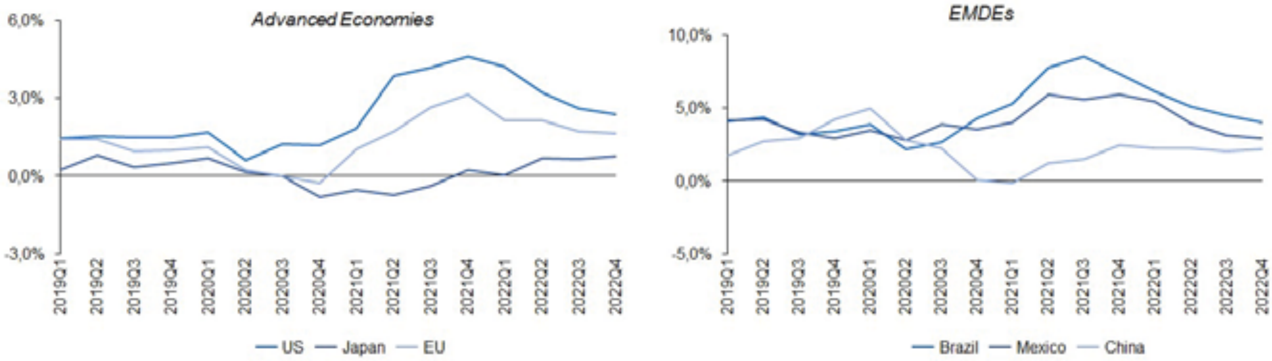


Source: IMF WEO Database, October 2021

[2] UNDP. (2021). *Impact Of Vaccine Inequity On Economic Recovery.* (Accessed 16th January 2022): www.data.undp.org.

Since the beginning of 2021, inflation has increased rapidly both in advanced economies and EMDEs. In advanced economies, inflation has risen sharply. Over the second half of the year in the United States (US), inflation surged to a 30-year high in October [3], due to pent up demand, rising energy costs and supply shortages. Inflation has also reached record high levels in the European Union (EU).

Figure 1. 4: Consumer Inflation for Selected Countries in Advanced Economies and EMDEs



Source: IMF WEO Database, October 2021

In EMDEs, high food prices and other commodities such as oil have pushed up inflation, as consumer demand rises in some instances. Brazil consumer prices are about 10 per cent higher than they were a year ago (10.7 per cent in November 2021), reaching more than three times its central bank's target.[4] In India, inflation was recorded at a three-month high of 4.9 per cent in November from a year ago, and in Russia, it was at its highest level in nearly six years during the same period. In contrast, inflation in South Africa has remained relatively contained, although external price pressures present an upward risk to the outlook.

Food and other commodities

A strong recovery in global demand and supply chain disruptions, amongst other things, have pushed up commodity prices and transportation costs around the world. The strong demand from China and developed economies have driven up metal prices. Food prices have also risen due to strong demands and weather-related disruptions[5].

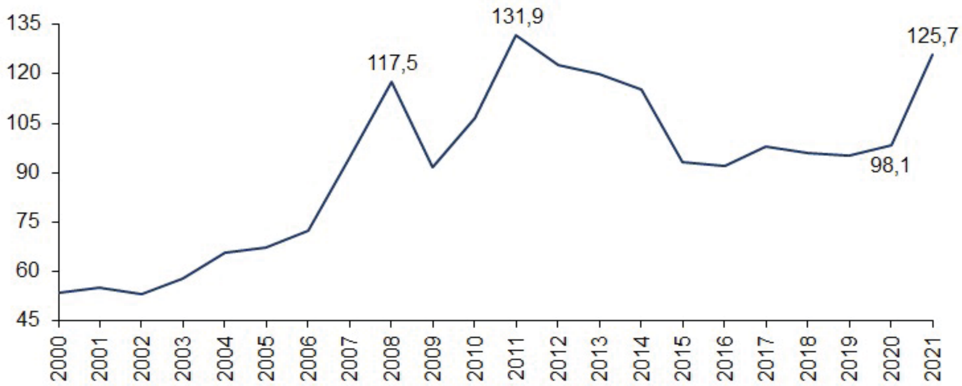
Figure 1. 5: Commodity Price Indices

Source: IMF WEO Database, 2021

Food prices are driving inflation particularly in emerging markets and low-income countries. In the SSA region particularly, food inflation has outpaced and contributed to the overall increase in consumer price inflation. Globally, food prices have been mostly driven by high energy costs (which affected other input costs including transport), and export restrictions in some parts of the world. This is in addition to COVID-19 containment measures, which have affected production and caused harvest setbacks.[6] Shortages of labour and disruption on imports of seeds and fertilisers have also placed additional pressure during the planting season.

[3] US Bureau of Labour Statistics. (2021). *Consumer Price Index Summary.* (Accessed on 11th November 2021): www.bls.gov
[4] IBGE: Statistics Office of Brazil. (2021). *Dashboard of Indicators.* (Accessed on 18th November 2021): www.ibge.gov.br
[5] OECD. (2021). *Keeping the Recovery on Track.* Washington, D.C.
[6] IMFBlog. (2021). *Food Inflation in Sub-Saharan Africa.* (Accessed on 10th January 2022): www.blogs.imf.org.

Figure 1. 6: Global Food Price Index



Source: UN FAO, 2021

Although it declined marginally by 0.9 per cent in December 2021, the United Nations Food and Agriculture World Food Price index ended 2021 on a 10-year high. The index had risen by 28.1 per cent, with all sub-indices averaging sharply higher than in the previous year (see Figure 1.6). The index tracks monthly changes in the international prices of food categories that are commonly traded.[7]

Higher food inflation has raised food security concerns, especially in countries already facing food insecurity and shortages, with a disproportionate impact on poor households. In 2020, the number of people in the world affected by hunger increased by 9.9 per cent (from 8.4 per cent in 2019). This implies that between 720 and 811 million people in the world are estimated to have faced hunger in 2020.[8]

In addition to the high cost of inputs, the ongoing global pandemic and uncertain weather conditions, there is uncertainty about whether food prices will return to normal in 2022. The IMF estimated that food prices would rise by 2.8 per cent in 2021, before normalising to 2.1 per cent in 2022. Oil prices have rebounded to their pre-pandemic level, and crude oil price is estimated to have reached USD66.9 per barrel in 2021, from USD42.3 per barrel in 2020.

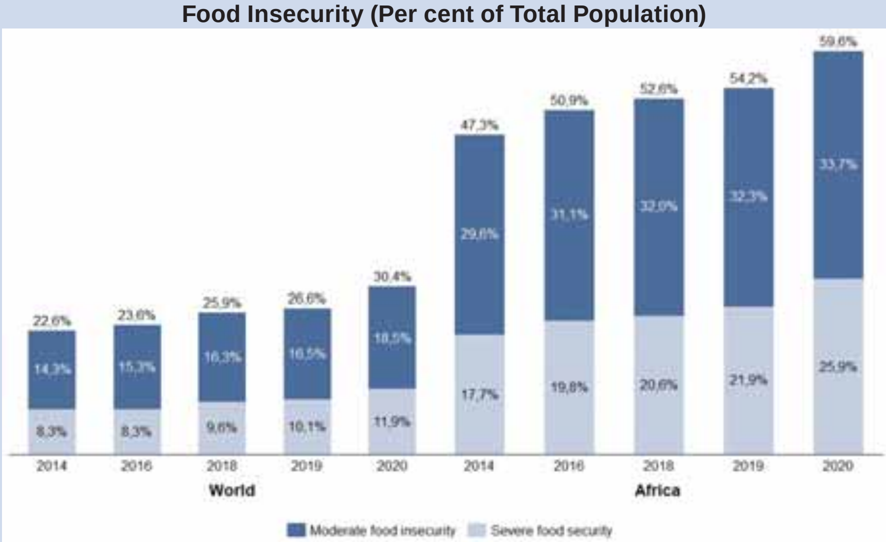
[7] Food and Agriculture Organisation. (2021). *Global Food Prices Dips in December.* (Accessed on 10th January 2022): www.fao.org.
[8] Food and Agriculture Organisation. (2021). *The State of Food Security and Nutrition in the World.* (Accessed on 10th January 2022): www.fao.org.

Box 1.2: High Food Prices and Food Security in SSA

Food prices have been the main driver of inflation in the SSA region. By October 2021, food inflation in the region was recorded at 11 per cent, driving annual inflation to about 9 per cent.1 Globally, inflation has been driven by various factors such as rising energy prices and export restrictions. However, the disparities between countries within SSA suggest that domestic factors including weather patterns and exchange rates are also contributing to food inflation.

Food accounts for roughly 40 per cent of the region's consumption basket. Thus, the dual shock of higher food prices and falling incomes due to the pandemic could worsen the situation for countries already dealing with food insecurity and shortages

Food Insecurity (Per cent of Total Population)



Source: FAO, 2022

The Food and Agriculture Organisation (FAO) data shows that the prevalence of moderate and severe food insecurity has been rising moderately since 2014. In 2020, food insecurity affected over 30 per cent of the global population. The prevalence for the African continent was significantly higher than the global average (and its peer regions such as Asia, Latin America & the Caribbean, and Northern America & Europe2). Food insecurity affected nearly 60 per cent of the population in Africa in 2020, having increased from 47.3 per cent in 2014.

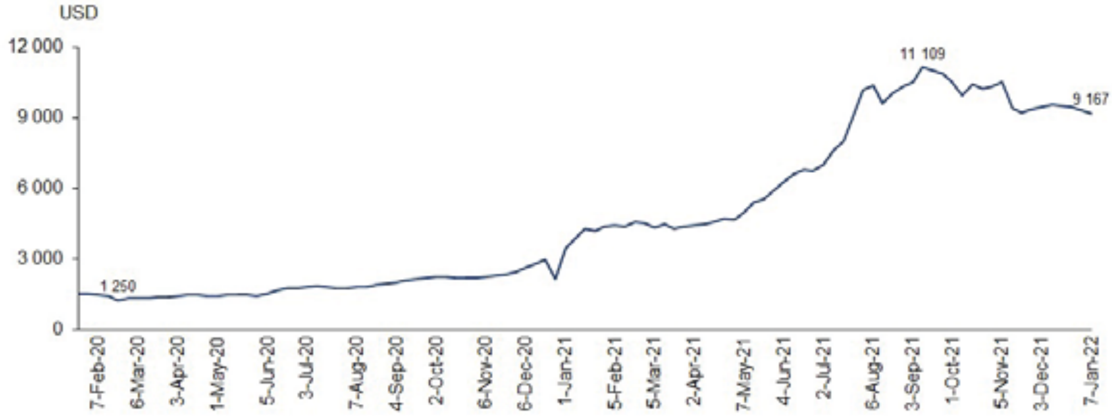
To cope with food insecurity, the IMF recommends that countries that are severely affected should employ targeted social assistance and insurance.

Source: [1] IMFBlog, 2022 [2] FAO, 2022

Shipping and transportation costs

Inflation pressures from shipping costs of most modes of transport continue to mount, largely driven by supply chain constraints. In addition, the Omicron variant created more uncertainty and further outbreaks are likely to add more strain to global supply chains.

Figure 1. 7: Global Container Freight Index (Freightos Baltic Index)



Source: Freightos Data, 2022

Freight rates have increased significantly since the start of the pandemic. However, it was not until September 2021 when the cost of shipping a 40-foot container reached a record high level of over USD11 000, according to the Freightos Baltic Index (FBI). Prior to the pandemic, it cost just over USD1 300 to ship the same container. With about 90 per cent of the world's merchandise shipped by sea, higher freight rates pushed up global supply chain costs that worked their way through to higher consumer prices.[9]

Various factors contributed to higher shipping costs in 2021, including shortages of empty containers and port congestion, resulting in a mismatch between surging demand and reduced supply capacity. Generally, containers are shipped full from export locations and usually return empty to be repositioned to where they are most needed.[10] Due to varying national lockdown restrictions across countries, some importing countries could not return containers, resulting in a shortage of empty containers and higher container dwelling times at ports. With containers scarce and ports being congested, shippers were charged higher demurrage[11] and detention fees, adding to the overall cost of shipping.

The United Nations Conference on Trade and Development (UNCTAD) estimates that the current rise in container freight rates, if sustained, could advance global import price levels by 11 per cent and consumer prices by 1.5 per cent between 2021 and 2023.[12] Furthermore, it is anticipated that the sustained higher shipping costs will weigh on global trade and undermine recovery in global manufacturing.

Overall, the IMF estimates inflation to have jumped to 2.8 per cent on average in advanced economies in 2021 and to 5.5 per cent in EMDEs over the same period. Inflation is expected to remain elevated in 2022, averaging 3.9 per cent in advanced economies and 5.9 per cent in EMDEs.[13]

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9 Reuters. (2021). *Analysis: Shipping Costs - Another Danger for Inflation-Watchers to Navigate.* (Accessed on 11th January 2022): www.reuters.com.
10 United Nations Conference on Trade and Development (UNCTAD). (2021). *Review of Maritime Transport 2021*. USA: New York.
11 Demurrage are fees charged on a container that is left at a port beyond its allocated time.
12 United Nations Conference on Trade and Development (UNCTAD). (2021). *Review of Maritime Transport 2021*. USA: New York.
13 IMF. (2022). *World Economic Outlook January Update.* Washington, D.C.

5. Global Policy Developments and Support During the Pandemic

It has been over two years since the COVID-19 pandemic struck. At the onset of the pandemic, governments and central banks were confronted with the challenge of responding to the COVID-19 shock and have had to resort to unprecedented ways of using policy to curb the speed of the economic deterioration. However, more recently, the policy direction has shifted from crisis to recovery, as countries are gradually emerging out of the dangers of the pandemic. Presently, the most important factor is the deployment of vaccinations to save lives and minimise the risks of further outbreaks. Effective vaccination at a global level remains critical to ensure the suppression of the virus. The inequities in vaccine access and distribution increase the risk of newer and more transmissible variants that are emerging, which will result in more restrictions that will delay the economic recovery.

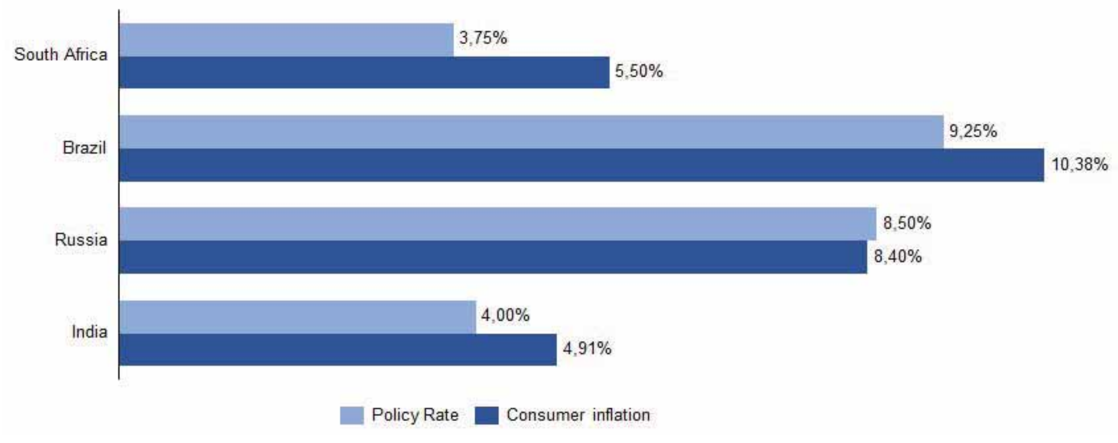
5.1 Monetary Policy

In most cases, monetary policy remains accommodative. However, in response to the current soaring prices, some central banks, especially in major advanced economies, have revealed their intentions to investigate their policy rates. Furthermore, major central banks have begun the process of slowing down their asset purchase programmes, amidst the state of economic recovery. For example, the US Federal Reserve began tapering its current bond-buying programme in November 2021. The European Central Bank (ECB) has also started to slow the pace of its EUR1.8 trillion Pandemic Emergency Purchase Programme (PEPP) that was launched in March 2020 at the height of COVID-19 induced market turmoil.[14]

There are now a set of challenges that central banks are confronted with, the main one being inflation. The key question is; at what point would central banks, especially those in major advanced economies, begin the process of policy normalisation? Despite inflation hovering close to the 2 per cent target, monetary policy remains broadly accommodative in this group of economies. Nonetheless, there are indications that policy will gradually evolve towards normalisation between 2022 and 2023. If the move becomes abrupt and unsynchronised, this could destabilise financial markets with vast implications, particularly for emerging market economies.[15]

Higher food and energy prices have prompted a substantial tightening of monetary policy in some EMDEs such as in Brazil, Russia and India. Although South Africa has seen a recent interest rate hike, the policy stance remains accommodative due to the strong currency and well-anchored inflation expectations.

Figure 1. 8: Latest Available Policy Rates and Consumer Inflation for Selected EMDEs



Source: Various Central Banks, 2022

Considering its battle with double-digit inflation, Brazil sharply hiked interest rate from 2 per cent in January 2021 in what is said to be the most aggressive tightening cycle among major economies. During its December meeting, the central bank hiked its main policy rate by 150 basis points for the seventh consecutive time, to 9.25 per cent[16] (see Figure 1.8). The bank has signalled another such hike in February 2022 as it fights inflation, which was recorded at an all-time high of 10.4 per cent in January 2022. Meanwhile, in Russia, inflation continued to develop above the central bank's forecast. The Bank of Russia hiked the key rate by 100 basis points to 8.5 per cent in December 2021.[17] On the contrary, India's central bank opted to keep its key policy rate unchanged at 4 per cent in December, in the bid to support the country's growth momentum.[18]

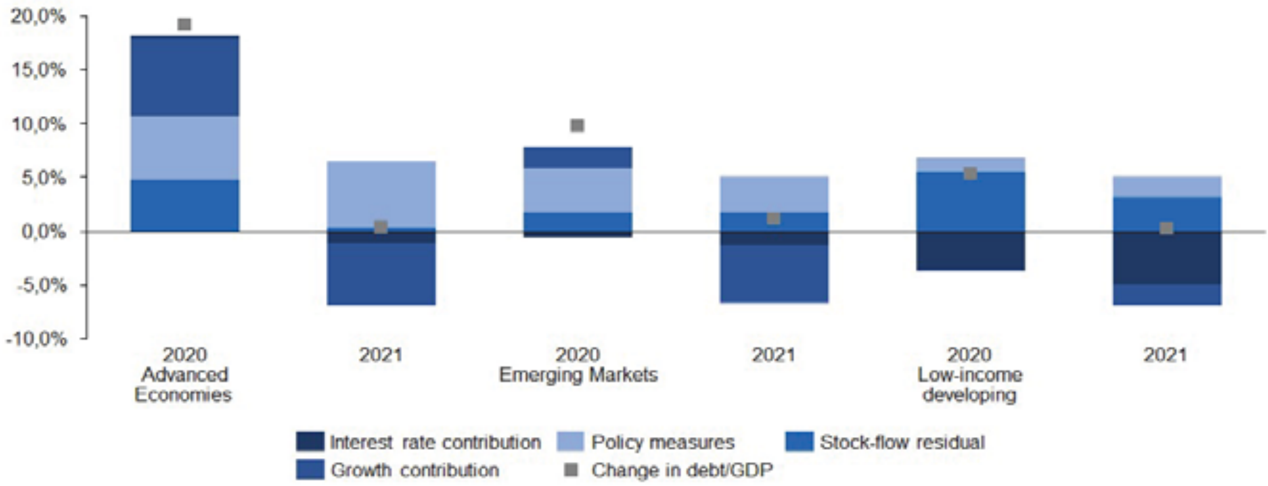
[14] Reuters. (2021). *Life After PEPP: Five Questions For The ECB.* (Accessed on 13th January 2022): www.reuters.com.
[15] OECD. (2021). *OECD Economic Outlook, Volume 2021 Issue 2.* (Accessed on 13th January 2022): www.oecd-ilibrary.org
[16] Reuters. (2021). *Brazil Central Bank Makes 150 Bps Interest Rate Hike, Signals Another.* (Accessed on 13th January 2022): www.reuters.com.
[17] Bank of Russia. (2021). *The Bank of Russia Increases the Key Rate by 100 b.p. to 8.50% p.a.* (Accessed on 17th January 2022): www.cbr.ru.
[18] CNBC. (2021). *India's Central Bank Holds Interest Rates Steady, Says Growth Needs To Be 'Self-Sustaining'.* (Accessed on 17th January 2022): www.cnbc.com.

The asset buying programmes that were introduced in the beginning of the pandemic[19] have been halted in almost all major EMDEs, except for Indonesia.[20] Overall, effective implementation of policy is key to ensuring that economic recovery is inclusive and promotes equitable growth.

5.2 Fiscal Support

Global public debt stock has increased significantly as governments were responding to COVID-19 and its economic, social and financial consequences. The economic environment continues to be marked by uncertainty and unequal access to vaccines, thus; fiscal policy remains imperative and is broadly supported. While some countries, especially in advanced economies, have started to withdraw pandemic-related support measures (as shown in Figure 1.9), policy support remains much higher in this group compared to emerging markets and low-income developing countries. Further, fiscal support has become the main driver of government debt accumulation in advanced economies. In emerging markets, policy support measures to combat the crisis were also substantial, although the support started to wane in 2021

Figure 1. 9: Drivers of Change in Government Debt/GDP Ratio



Source: IMF Fiscal Monitor, 2021

Global government debt stabilised in 2021, but remained at a record high of 97.8 per cent of the GDP.[21] There are, however, variations across countries in terms of fiscal developments. The stark differences are informed by national vaccination rates, the stage of the pandemic and the ability of governments to access low-cost borrowing. The fiscal positions of some countries in the emerging economies have improved, although the outlook remains uncertain.

In commodity-exporting countries such as South Africa, Chile and Argentina, higher commodity prices have bolstered fiscal revenues, while the effect has been the opposite in commodity importing countries such as India and Turkey.[22] Amid limited space and tight borrowing constraints, fiscal support is likely to hold back growth recovery in emerging markets. The average fiscal deficit of this group of countries is estimated at 6.6 per cent of the GDP for 2021, which is 3 percentage points lower than in 2020. It is expected to fall by an additional 1 percentage point in 2022.[23]

In low-income developing countries, the average fiscal deficit is estimated at 5.4 per cent of the GDP for 2021 and is expected to moderate to 5 per cent of the GDP in 2022.[24]This is slightly lower than other income groups, which can be explained by the limited fiscal support that these countries have employed to cope with the virus (see Figure 1.9).

As the pandemic continues to take a toll on economies, it is paramount that fiscal policy remains supportive especially with efforts to expand vaccination coverage. Countries with constrained fiscal space should embark on fiscal reforms that enhance economic growth.

[19] At the start of the pandemic, central banks around the world used Asset purchase programmes as a tool to support economic growth and inflation through which the programme provided liquidity in the financial markets as they were in turmoil. The programme enables central banks to buy various financial assets in order to inject money into the economy to boost economic activity.

[20] OECD. (2021). *OECD Economic Outlook, Volume 2021 Issue 2.* (Accessed on 13th January 2022): www.oecd-ilibrary.org.

[21-24] IMF. (2021). *Fiscal Monitor. Strengthening the Credibility of Public Finances.* Washington D.C., US.

6. Conclusion

Though global economic recovery continues, it is marked by a new set of challenges. Some countries have reimposed mobility restrictions to limit the spread of the Omicron variant of COVID-19 , although the impact of this variant is less severe than the previous one, known as Delta. The IMF expects global economic growth to moderate from 5.9 per cent in 2021 to 4.4 per cent in 2022. Global growth is forecasted to slow down to 3.8 per cent in 2023, subject to improvements in health outcomes in most countries and higher vaccination rates by the end of 2022.

Rising energy and food prices, coupled with supply chain disruptions have resulted in higher inflation rates than anticipated. Higher food prices have disproportionately impacted food security in low-income countries, particularly in the SSA region. Globally, the number of people living in extreme poverty is estimated to have been around 70 million higher than pre-pandemic trends in 2021. This has caused a regression in progress made towards poverty reduction by several years.

As countries gradually emerge from the dangers of the pandemic, the policy space is shifting away from preserving lives to focusing more on economic recovery. Although the global government debt stock remains high, fiscal policy remains supportive of economic recovery, especially in countries where the fiscal space allows. However, in most EMDEs, fiscal policy remains constrained. The most critical factor is the deployment of vaccinations to minimise the risks of further outbreaks. In response to inflationary pressures, some countries have already started raising their interest rates, especially in advanced economies. In these instance, monetary policy is likely to be less accommodative which would prompt tighter global financial conditions, placing added pressure on EMDEs currencies.

Overall, widespread vaccinations and vaccine access remain critical for the sustainability of economic recovery. As such, fiscal policy needs to remain supportive, and priority should be given to the health sector.

Chapter 2: South Africa's Socio-Economic Review and Outlook

1. Introduction

The COVID-19 pandemic has taken its toll on economies, affecting households, businesses, government, and all other role players. The halt in economic activity that commenced in the second quarter of 2020 called for the reinforcement of policies that not only prioritise the economy, but strengthen the health systems and cushion households and businesses against the impact of the pandemic.

South Africa's economic climate remains challenging, reflecting both the impact of the pandemic and long-standing structural constraints that have defined the domestic economy. Strong global demand and higher commodity prices boosted economic activity in 2021 and the economy rebounded by an estimated 4.8 per cent. However, these changes were of a temporary nature and are likely to weigh off over the medium-term. Growth is forecasted to rise to 2.1 per cent in 2022, before moderating further to 1.6 per cent in 2023.

On a positive note, noticeable progress has been made to achieve a number of objectives in the economic reconstruction and recovery plan, some of which are highlighted in the chapter. Chief among these objectives are reforms in the electricity sector that are expected to unlock significant investment and alleviate the risk of power cuts.

Alongside the update of the economic recovery plan, this chapter provides an assessment of economic performance in the past two years. Observations are made about how the economy is emerging out of COVID-19 and what the impact of the pandemic has been on the socio-economic landscape of the country.

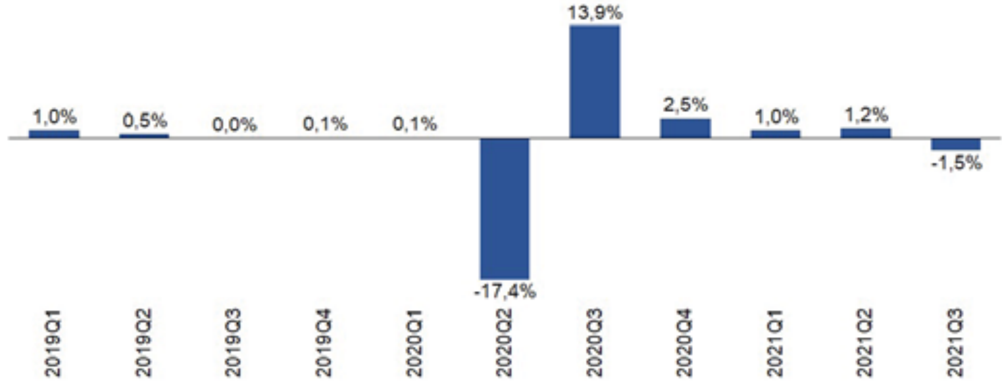
This chapter is structured as follows. Section 2 looks at macroeconomic development; focusing on economic performance, drivers of growth and investment, amongst other things. Section 3 focuses on the performance and outlook of government finances, while Section 4 analyses developments in the labour market. In Section 5, the socio-economic developments of the country are evaluated, while Section 6 provides an update of South Africa's Economic Recovery Plan.

2. Macroeconomic Developments during the Pandemic

2.1 Economic Performance

South Africa's economy recovered stronger than expected following the deep contraction induced by the lockdown restriction in the second quarter of 2020. Since then, the economy recorded four consecutive quarters of growth, having increased by 1.2 per cent quarter-on-quarter in the second quarter of 2021. Higher commodity prices and strong global demand have supported the domestic economic performance. However, the effects of the violent unrest that took place in parts of Gauteng and KwaZulu-Natal in July 2021 have had a devastating impact on the economy in the third quarter, reversing many of economic gains made since the third quarter of last year. The economy contracted by 1.5 per cent quarter-on-quarter in the third quarter of 2021, largely due to the broad-base decline in six of the 10 industries.

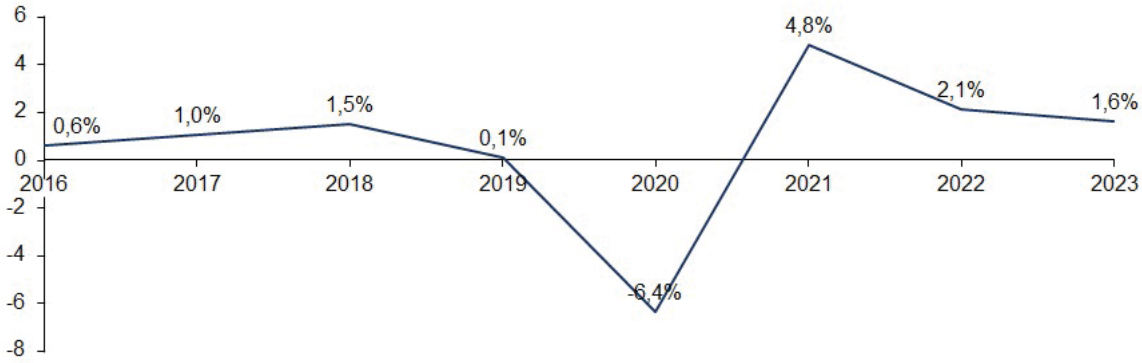
Figure 2.1: Seasonally Adjusted Real GDP (quarter-on-quarter)



Source: Statistics South Africa, 2021

For 2021, growth is expected to rebound to 4.8 per cent[1], following a revised 6.4 per cent contraction in 2020. The revision comes after Statistics South Africa (Stats SA) rebased the gross domestic product (GDP) statistics in line with international practice (see Box 2.1).[2] Even though the 2021 growth projection is higher than initially anticipated due to a supportive global environment, the economy is still about ZAR64 billion smaller than it was in 2019.

Figure 2.2: Annual GDP Growth



Source: Statistics South Africa & National Treasury, 2021
Note: 2021=Estimate, 2022-2022=Forecasts

Estimates suggest that the domestic economy will reach the pre-COVID-19 levels mid-2022. Growth is forecast to rise to 2.1 per cent in 2022, before moderating further to 1.6 per cent in 2023.[3]

[1] National Treasury. (2022). *Budget Review.* Pretoria, South Africa.
[2] Statistics South Africa. (2021). *GDP Rebasing Benchmark 2021.* Pretoria, South Africa.
[3] National Treasury. (2021). *Medium Term Budget Policy Statement.* Pretoria, South Africa.

Box 2.1: South Africa's GDP Rebasing and Benchmark Exercise

In August 2021, Stats SA released rebased GDP estimates for South Africa. The rebasing exercise is conducted every five years, in line with international best practice and it affects the size, structure and performance of the economy. The base year was changed from 2010 to 2015.

In the new base year of 2015, the size of the economy was 9.2 per cent larger in nominal terms, compared with the base year of 2010. Further, the contraction in economic activity during 2020 is smaller than previously reported at 6.4 per cent, compared to 7.1 per cent.

From the supply side, the biggest GDP revisions in the rebased figures were in the finance & business services sector (26 per cent higher), general government services (45 per cent lower) and personal services (206 per cent higher). The steep fall in size of the general government sector and the large increase in personal services are closely linked. Due to an adjustment in methodology, education and health activities that were previously classified under government have been reclassified under personal services. The reason given for the increase in the finance & business sector was mainly due to improvements in methodologies of compiling activities in its various sub-sectors.

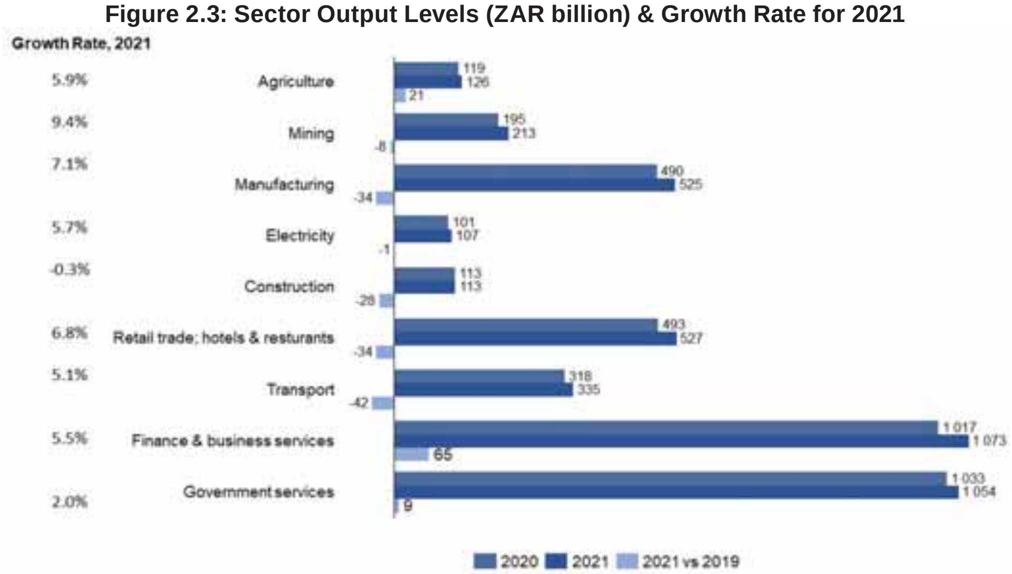
On the expenditure side, the noticeable changes were in the household consumption expenditure. The contribution of household expenditure increased and is now 16 per cent higher. This was due to a combination of the addition of new components and the upward revision of components that were previously underestimated.

The rebased nominal GDP also improved the fiscal position of the country by lowering public-sector debt GDP ratio for 2023/24 to 81 per cent, from 88.3 per cent previously.

2.2 Drivers of Growth

Government and the finance & business sectors remain the largest industries in the South African economy, together accounting for just over 52 per cent of total value added. The finance & business services sector was amongst the biggest revisions during the Stats SA GDP benchmark exercise as indicated in the Box 2.1. Overall, the country's economy is still service-based, and the tertiary sector contributes about 70 per cent of total value added.

Figure 2.3: Sector Output Levels (ZAR billion) & Growth Rate for 2021



Source: Stats SA & IHS Markit, 2021

The tertiary sector suffered the most during the pandemic, more specifically the sectors linked to the hospitality/ tourism industry such as transport and retail trade, hotels & restaurants. The output of the sectors is expected to have improved somewhat, having grown by an estimated 5.1 per cent and 6.8 per cent, respectively in 2021. However, when comparing the sizes of the sectors before COVID-19 (in 2019), transport is still ZAR42 billion smaller than it was before the pandemic, while retail trade, hotels & restaurants is ZAR34 billion smaller. This reflects the fact that these sectors have not yet fully recovered from the effects of the pandemic.

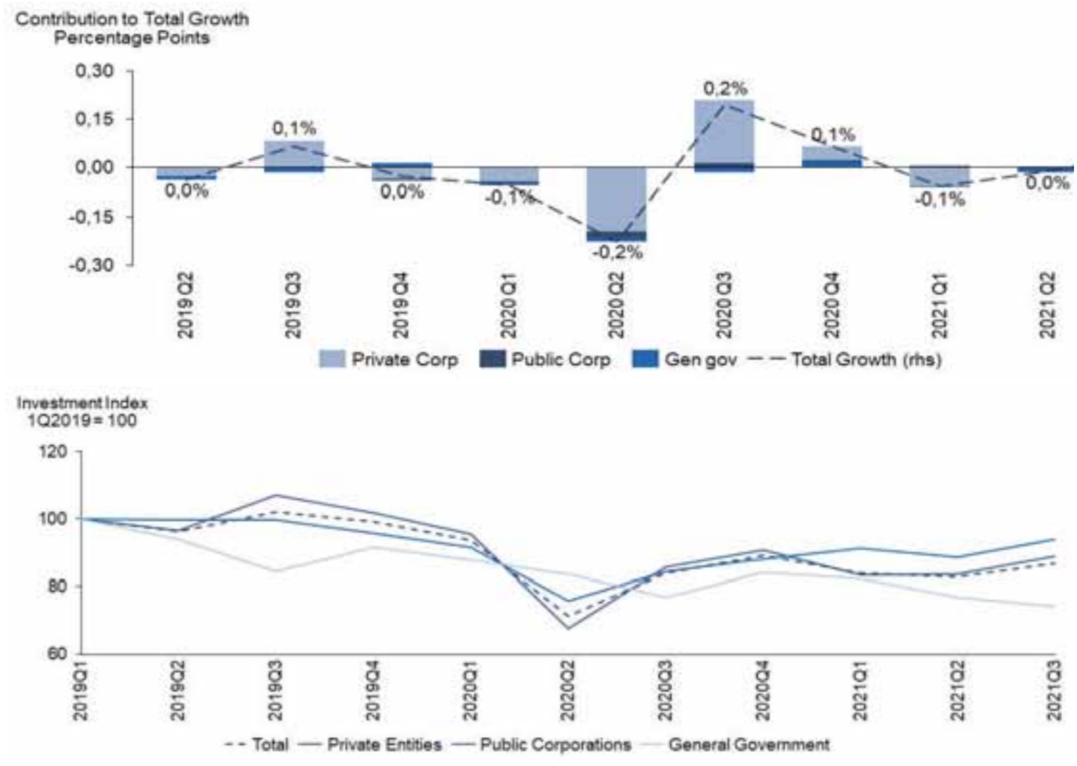
Manufacturing and mining have also not yet recouped their 2020 losses. However, the strong global demand and higher commodity prices in 2021 have supported the sectors, having grown by 7.1 and 9.4 per cent in 2021, respectively. Construction is the only sector where output is expected to have contracted by 0.3 per cent in 2021.

Agriculture, government and finance & business services are expected to have fully recovered their 2020 losses, having risen by an estimated 5.9, 2.0 and 5.5 per cent respectively in 2021. Further, in terms of their economic sizes, the sectors are much bigger than they were in 2019. Unfortunately, these sectors are not significant in terms of their contributions to employment. Those sectors that are more labour intensive, i.e., manufacturing, retail trade, hotels & restaurants and construction, are still reeling from the effects of COVID-19. These challenges can be further seen in the number of jobs that are being shed in the sectors (see Section 3).

2.3 Investment

South Africa's investment climate has been volatile to some extent. With a combination of efforts from the general government, public enterprises and private corporations, growth in total investment[4] last rose above 10 per cent in 2008. Gross fixed capital formation has since been volatile from the result of shocks that were inherently in the market (i.e., inadequate electricity supply) and external demand.

Figure 2.4: Investment by Entity



Source: SARB & GPT Calculations , 2021

[4] Gross fixed capital formation.

Following a contraction of 0.2 per cent in the second quarter of 2020, gross fixed capital formation recorded growth consecutively for the succeeding two quarters. However, the Reserve Bank's database showed that fixed investment contracted by 14.9 per cent for the year as a whole and was only 13.7 per cent of GDP (the NDP targets 30 per cent of GDP by 2030[5]) – its lowest level since the mid-1990s. This compares poorly with South Africa's peer emerging market economies' average investment-to-GDP ratio of 23 per cent[6].

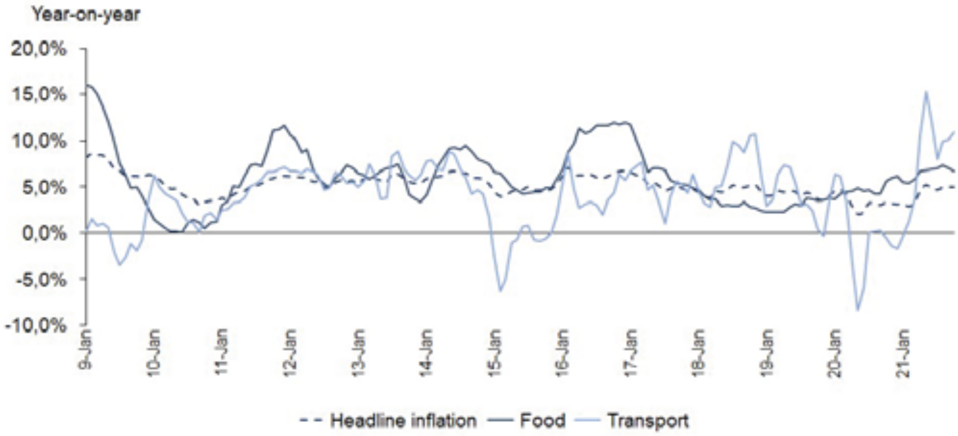
Investment by private enterprises remains the largest component of total fixed capital formation, accounting for roughly 70 per cent. Compared to the other sectors, investment by these entities has improved noticeably in 2021 however, has been slow to recover from the 2020 slump, mirroring weak business confidence and the poor economic growth performance. On the other hand, investment by public corporations recouped somewhat in the third quarter of 2021, while investment by general government continued its declining trend over the same period.

For 2021, gross fixed capital formation is expected to rebound by only 1.2 per cent, before rising by 3.2 and 3.4 per cent in 2022 and 2023, respectively.[7] Adequate electricity supply along with the successful implementation of the structural reforms are important for inspiring business confidence and creating a conducive environment for sustained economic activity.

2.4 Inflation

As outlined in Chapter 1, global inflation pressures have increased, amid strong global demand, higher commodity prices and the ongoing supply chain disruptions. Domestically however, headline consumer inflation outcomes have been moderate.

Figure 2.5: Headline Consumer Inflation



Source: Stats SA, 2021

South Africa's inflation has remained relatively supportive of the current economic environment. In recent months however, food and petrol prices have hiked up, pulling headline inflation to 5.2 per cent year-on-year in May 2021, the highest rate recorded since November 2018. Higher food prices have also increased rapidly, in line with the global trends in food and oil prices. In January 2022, headline inflation quickened to 5.7 per cent, as rising fuel and food prices continued to place upward pressure on inflation.

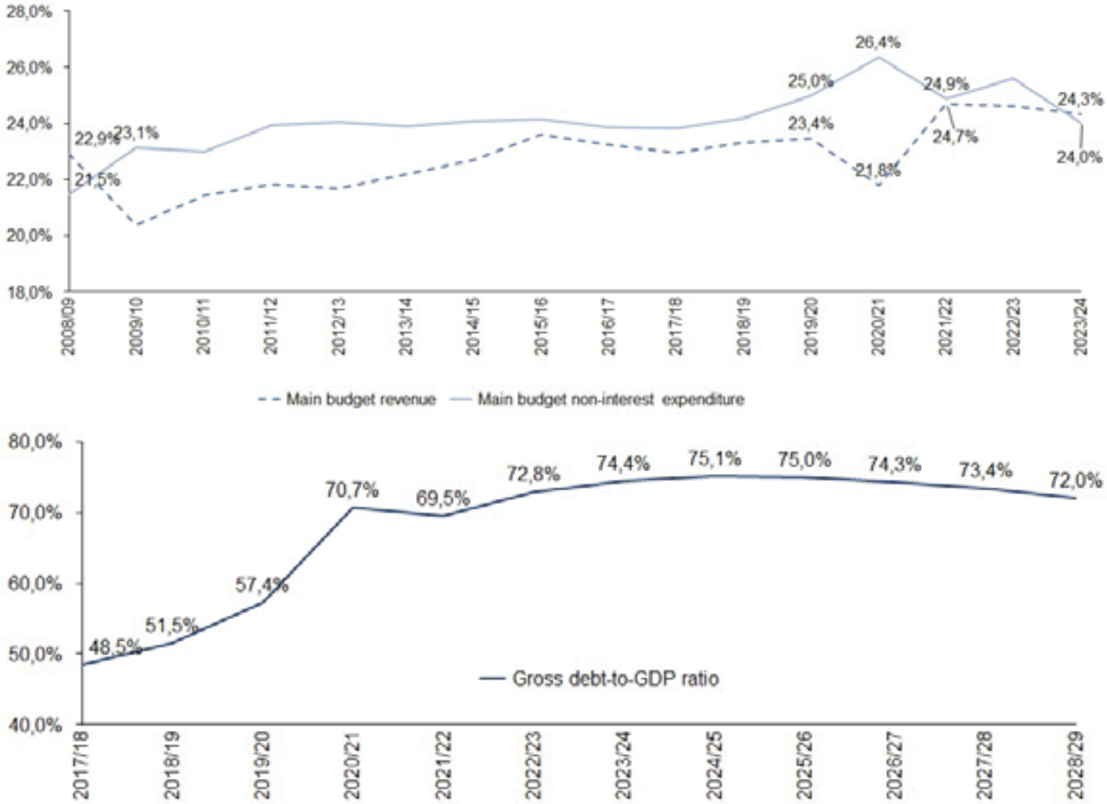
Given the increased uncertainty about global inflation and policy settings especially in advanced economies, the South African Reserve Bank (SARB) decided to increase the repurchasing rate (repo) by 25 basis points to 4 per cent in January 2022. The SARB anticipates that this move will keep inflation expectations well anchored, whilst the current repo rate levels still reflect an accommodative policy stance. Headline inflation averaged 4.5 per cent in 2021. Inflation is expected to peak at 5.6 per cent in the first quarter of 2022, before receding to 4.3 per cent by the fourth quarter of the same year.

5 National Planning Commission. (2012). *National Development Plan 2030.* Pretoria, South Africa.
6 SARB. (2021). *Monetary Policy Review – October 2021*. Pretoria, South Africa.
7 National Treasury. (2021). *Medium Term Budget Policy Statement*. Pretoria, South Africa.

3. Fiscal Performance and Outlook

South Africa's fiscal position (baseline) slightly improved since the 2021 Budget, due to higher earnings in the mining sector that were supported by a strong rebound in global demand and commodity prices. However, factors driving these changes are of a temporary nature.

Figure 2.6: Main Budget & Gross Debt to GDP Ratio



Source: National Treasury, 2022

Since the 2013 Budget, government has continuously tried to contain growth in expenditure in a bid to narrow the gap between revenue and expenditure. As illustrated in Figure 2.6 above, government spends much more than it receives in revenue, leading to an unsustainable fiscal position where gross debt as a share of GDP was hovering uncomfortably near 60 per cent in the 2019/20 financial year. While government succeeded in narrowing the revenue/expenditure gap, low levels of economic growth, amongst other things, hindered the pace of fiscal consolidation as non-interest expenditure started to increase in 2017/18, reaching 25 per cent of GDP in the 2019/20 financial year. Meanwhile, revenue was increasing at a slower pace compared to expenditure.

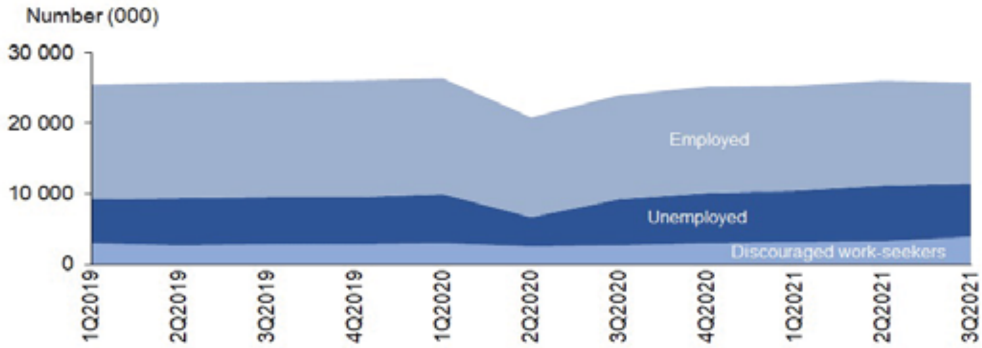
The COVID-19 pandemic which led to economic contraction worsened the country's fiscal position. Public debt increased significantly to ZAR4.3 trillion in the 2021/22 financial year, from around ZAR577 billion in 2007/08, raising the debt burden to 69.5 per cent of GDP. Higher debt also means higher service costs which now consume more than ZAR1 out of every ZAR5 raised in taxes. Furthermore, although expenditure has risen, a larger proportion of it has gone towards current expenditure (i.e., wage increases), rather than towards components that are supportive of long-term growth such as capital investment in infrastructure.

Therefore, the government continues to maintain its fiscal strategy of restricting growth in public expenditure and reducing public debt. Particularly, government's main objective is to contain growth in compensation spending, while increasing capital expenditure to support long-term economic growth. This fiscal consolidation path will reduce debt-service costs to 20.5 per cent of the main budget revenue by the 2024/25 financial year. The consolidated budget deficit is expected to narrow to 4.5 per cent in the 2024/25 financial year from 5.5 per cent of GDP in 2021/22. Government expects revenue to exceed non-interest spending in the Medium- Term Expenditure Framework (MTEF). Gross debt is expected to stabilise at 75 per cent of GDP in the 2025/26 financial year.

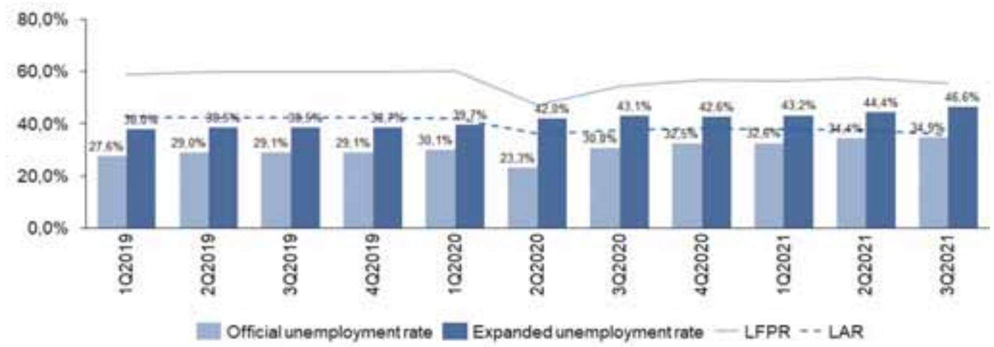
4. Labour Market Developments

In 2020, the government formulated the Economic Reconstruction Recovery Plan which had set out objectives that would not only ensure pre-COVID-19 levels of economic growth are reached but also create sustainable jobs. According to Stats SA, there are several factors that drive a wedge in the labour market space; these include mismatch of skills and gender inequality problems that suggest that males are likely to get jobs sooner than females. Furthermore, the joblessness of young people continues to be a challenge not only to the state of the economy but also the socio-economic status of the country.

Figure 2.7: Working Age Population Characteristics



Official Labour Market Rates

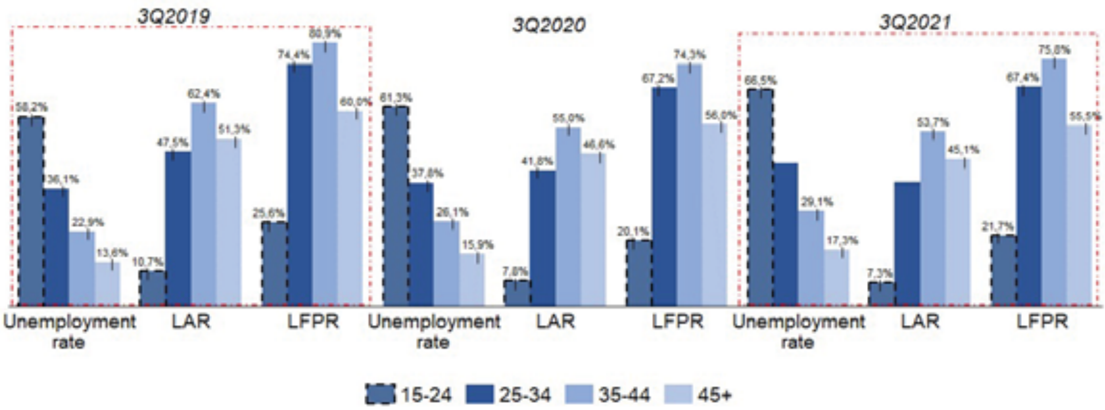


Source: Quantec Easy Data, 2021
Note: LFPR=Labour force participation rate; LAR=Labour absorption rate

Since the COVID-19 pandemic induced slump in the labour market, employment has not recovered to the pre-pandemic levels, despite the stronger than expected economic performance in the last few quarters. In the third quarter of 2021, the economy experienced a 660 000 decline in the number of people employed compared with the second quarter of 2021. On a year-on-year basis, employment was down by 409 000 people during the third quarter. At the same time, unemployment worsened. Compared to the same quarter in 2020, the number of unemployed people (according to the official definition) increased by 1.1 million in the third quarter of 2021. The number of discouraged job seekers increased by 1.2 million year-on-year in the third quarter. When including this category, the unemployment picture worsens, with the number of unemployed people surging by 1.3 million between the third quarter of 2020 and 2021. In order words, the expanded unemployment rate was recorded at 46.6 per cent in the third quarter of 2021, meaning that out of 50 people that are active in the labour market, 23 are unemployed.

Other health indicators of the labour market show a deteriorating picture. The labour absorption rate (LAR) which shows the proportion of the working-population that is employed, declined from 37.5 per cent in the third quarter of 2020 to 35.9 per cent in the third quarter of 2021. Put differently, this ratio shows the extent to which job opportunities lack in the South African labour market.

Figure 2.8: Labour Market Rates by Age

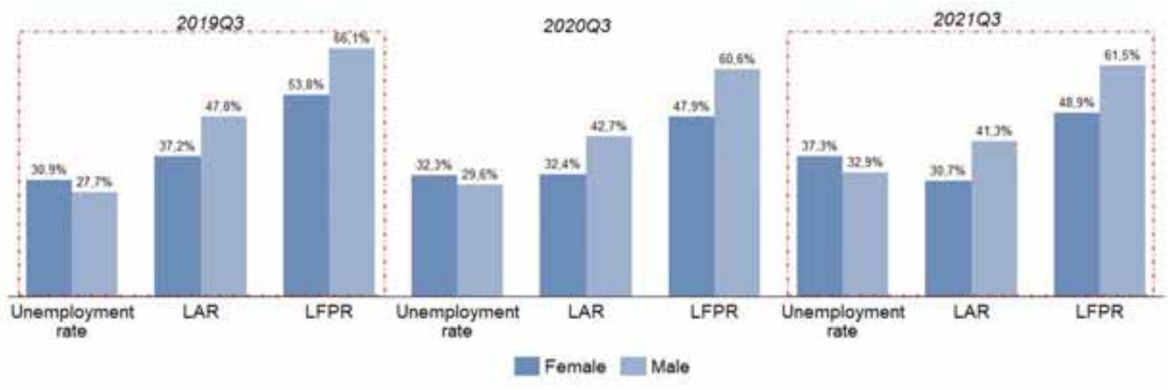


Source: Statistics South Africa, 2021
Note: LFPR=Labour force participation rate; LAR=Labour absorption rate

The unemployment rate among youth increased further in the third quarter of 2021, along with the other labour market indicators. During the third quarters of 2020 and 2021, the unemployment rate for youth aged 15 – 24 years increased by 5.2 percentage points to an all time high of 66.5 per cent. Similarly, for the age group 25- 34, it increased by 6 percentage points to 43.8 per cent. Young people continue to carry the burden of unemployment, evidenced by the fact that those aged 15-34 account for 59.4 per cent of the total number of the unemployed people in South Africa.[8] Meanwhile, the proportion of adults (35-44 years) who are unemployed was only 24.9 per cent of the total unemployment in the third quarter.

The youth population also recorded low participation rates in the labour market, indicative of the lack of job opportunities. While young people have been historically disadvantaged in the country's labour markets, they have been even more negatively affected by the pandemic. This is due to the fact that as a group, they are more likely to work in industries and occupations with the largest job losses such as trade, manufacturing, and construction.

Figure 2.9: Labour Market Rates by Gender



Source: Statistics South Africa, 2021
Note: LFPR=Labour force participation rate; LAR=Labour absorption rate

Even though conditions have worsened for both males and females since the COVID-19 pandemic, the labour market is still more favourable to men than it is to women. The LAR indicates that the proportion of men

[8] Statistics South Africa. (2021). *Quarterly Labour Force Survey – Third Quarter 2021*. Pretoria: South Africa.

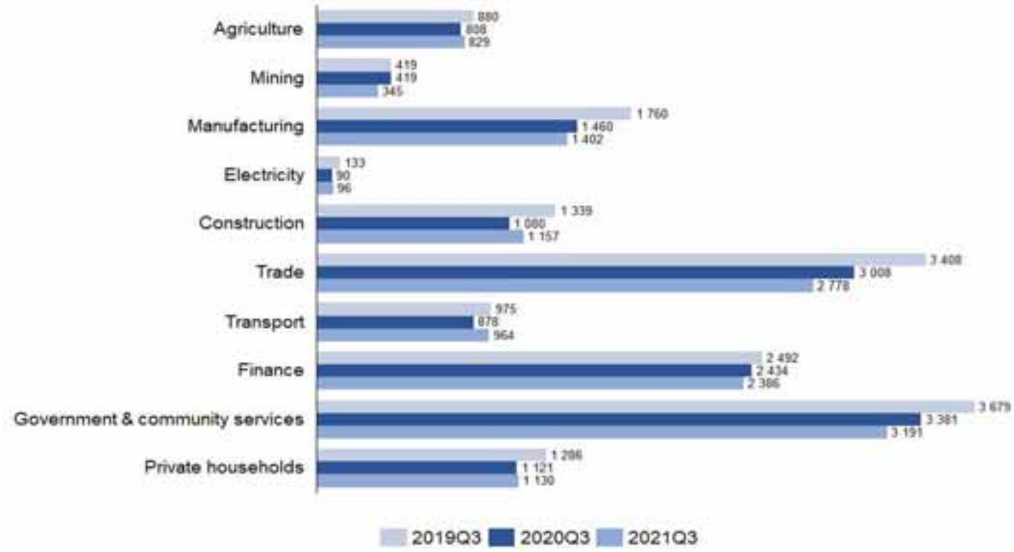
(41.3 per cent in the third quarter of 2021) that are employed is higher than that of women (30.7 per cent). As indicated by the labour force participation rate (LFPR), 61.5 per cent of males who are of working-age participated in the labour market during the third quarter of 2021, compared to only 48.9 per cent of their female counterparts.

Furthermore, when looking at the rate of increase in the unemployment rate across the period under review, the unemployment rate for females increased at a faster rate than that of males. For example, the female unemployment rate increased by 5 percentage points to 37.3 per cent in the third quarter of 2021 compared to the previous quarter; for males, it rose by only 1.9 percentage points to 32.9 per cent during the same period.

Sector Employment

Since the third quarter of 2020, the economy lost 409 000 jobs; the number of employed people was recorded at 14.2 million in the third quarter of 2021. Compared to the third quarter of 2019, the number of employed people declined by 660 000. Between the second and the third quarters of 2021, all industries experienced job losses, with the exception of finance. The severe declines in employment were attributed to the effects of the July unrest which was prominent in Gauteng and KwaZulu-Natal provinces.

Figure 2.10: Employment Size by Industry



Source: Statistics South Africa, 2021

Most industries are still struggling to recoup their employment losses since the pandemic. These are mainly labour-intensive industries which reflect the general poor performance of these industries. For example, compared to the third quarter of 2019, trade experienced employment losses of 631 000, whereas jobs in construction and manufacturing declined by 181 000 and 358 000 respectively during the same period. Overall, in 2020, total employment declined by 1.3 million (or 7.9 per cent) compared to 2019.

The outlook for the job market also remains poor as data suggests that the economic recovery is not supportive of employment creation. Year-to-date (third quarter of 2021), employment declined by 334 000 (or by 2.2 per cent) and it is unlikely that all the jobs lost during the year will be recouped by the end of 2021.

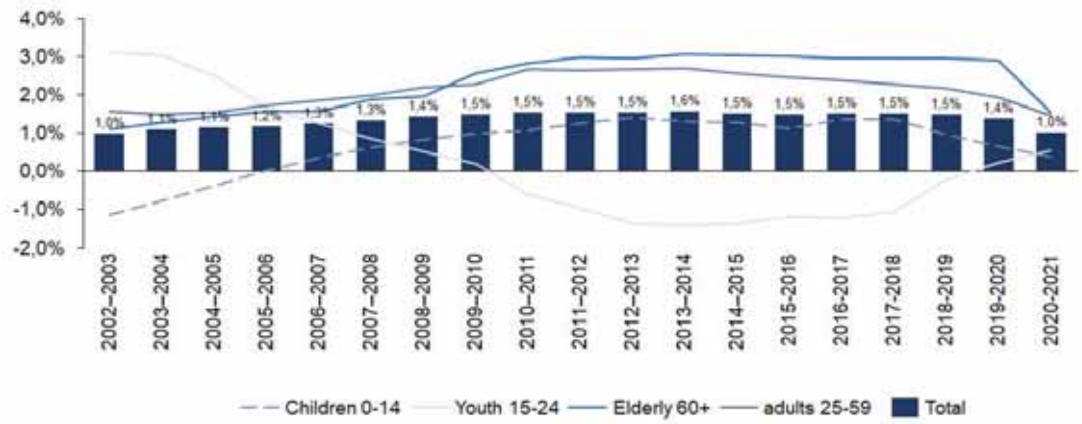
5. Socio-Economic Developments

The pandemic has further exposed the challenges that the socio-economic landscape of the country faces. At the time when poverty, inequality and unemployment were high, COVID-19 significantly aggravated this picture. This section provides a socio-economic analysis of South Africa, covering demographics, and social issues such as poverty and inequality.

5.1 Demographics

The South African population growth rate has been rising at an average of about 1.5 per cent each year. To some extent, this has created an adverse impact on the effectiveness of service delivery, especially in urban provinces such as Gauteng (see Chapter 3). South Africa has more people living in urban than in rural areas, with an urban population rate of about 65 per cent. The migration of people to urban areas is mostly due to the better job opportunities, education, health, or business related.

Figure 2.11: Population Growth by Selected Age Groups



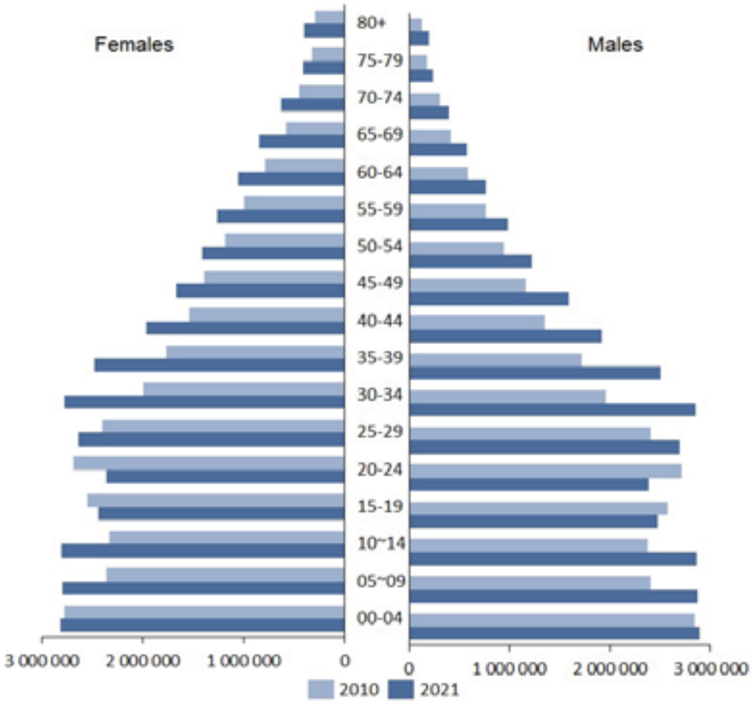
Source: Statistics South Africa, 2021

According to the 2021 mid-year population estimates, South Africa's population is estimated to have increased by 604 281 people (or 1.0 per cent) to 60.1 million between 2020 and 2021. The number of births were the main driver of the increase in population. When disaggregated by gender, females made up 51.1 per cent (30.8 million) of the total population, while males accounted for 48.9 per cent (or 29.4 million). Even though the size of the population is estimated to have increased in 2021, the rate of growth reflects a decline to 1.0 per cent, which is directly related to the radical increase in deaths and decline in migration during the year.[9] According to Stats SA, deaths were significantly higher in 2021 compared to the previous year due to the outbreak of COVID-19.

When looking at the rate of growth by various population groups, all population age categories, except for the youth cohort of 15-24 years, reflected a decline in growth between 2020 and 2021. The proportion of the population aged 60+ was steadily increasing prior to COVID-19. However, the growth rate among this age group drastically declined between 2019-2020 and 2020-2021 from 2.9 per cent to 1.5 per cent. Stats SA attributes this decline to the high mortality levels among the elderly population during the pandemic.[10]

[9] Statistics South Africa. (2021). *Mid-Year Population Estimates.* Pretoria: South Africa.
[10] Statistics South Africa. (2021). *Mid-Year Population Estimates.* Pretoria: South Africa.

Figure 2.12: Population Structure in SA

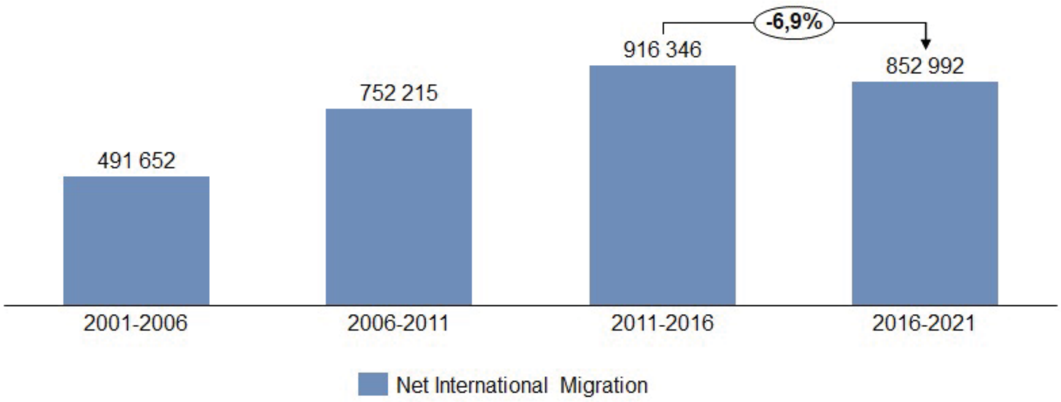


Source: Stats SA, 2021

The structure of the South African population reflects a youthful population. In fact, there is a significant youth bulge aged 25 to 39. Over a 10-year period, population numbers increased across most age categories, except for the groups aged 15-19 and 20-24 years. Across most age categories, the female population has continued to outpace their male counterparts. Migration, fertility, and mortality are important factors that continue to shape the age structure and distribution of the country's population.

Migration Patterns

Figure 2.13: Net International Migration

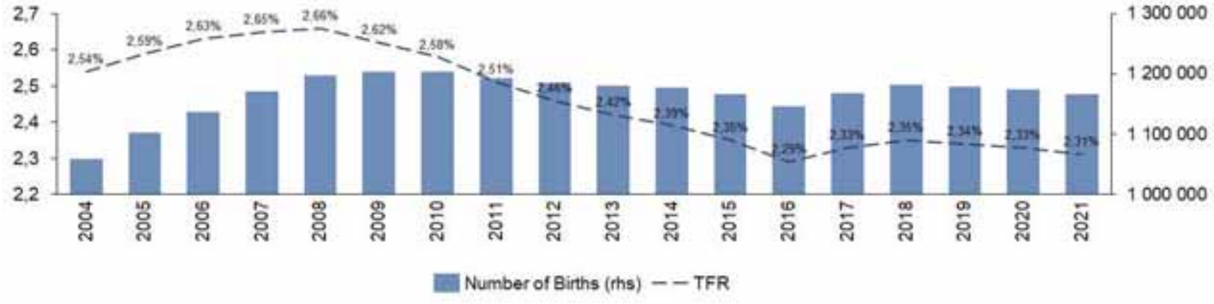


Source: Statistics South Africa, 2021

The period 2016 -2021 saw a reversal of the earlier growth in net international migration. Net migration declined by 6.9 per cent to reach 852 992 in 2016-2021, compared to the 2011-2016 period. As expected, migration patterns were significantly affected by lockdown restrictions in 2020, which were characterised by the international travel bans that brought travel to an abrupt halt.

Fertility and Mortality

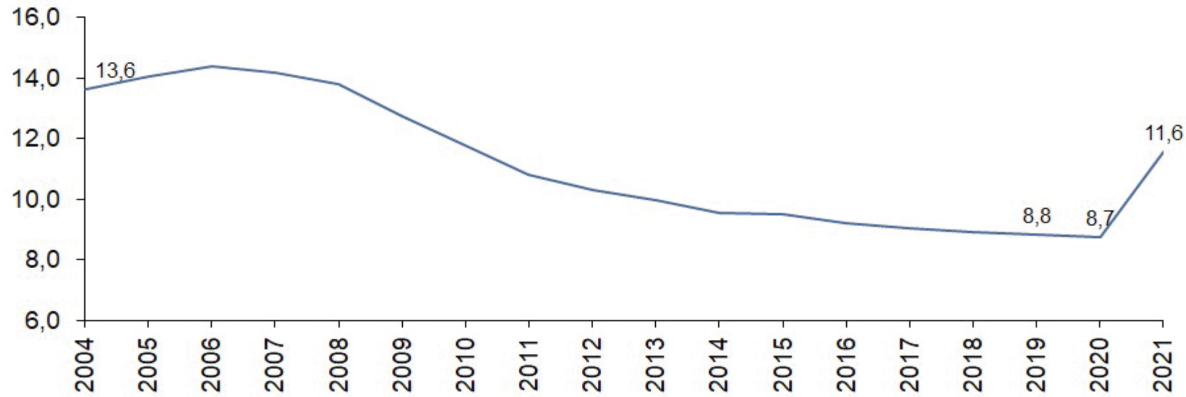
Figure 2.14: Total Fertility Rate & Number of Births



Source: Stats SA, 2021

The total fertility rate, which measures the average number of children born to a woman over her lifetime, has declined notably over the years, due to to progress made in access to information about family planning and birth control contraceptives. In 2008, the total fertility rate picked at a high of 2.66 children and has since been on a declining trend. The minimum fertility rate required for a population to remain constant is 2.1 (also known as replacement fertility rate). It is anticipated that South Africa could soon reach this level, especially given that life expectancy is also rising, which also implies that the country could have a fairly large elderly population.[11] These developments will have policy implications.

Figure 2.15: Crude Death Rate



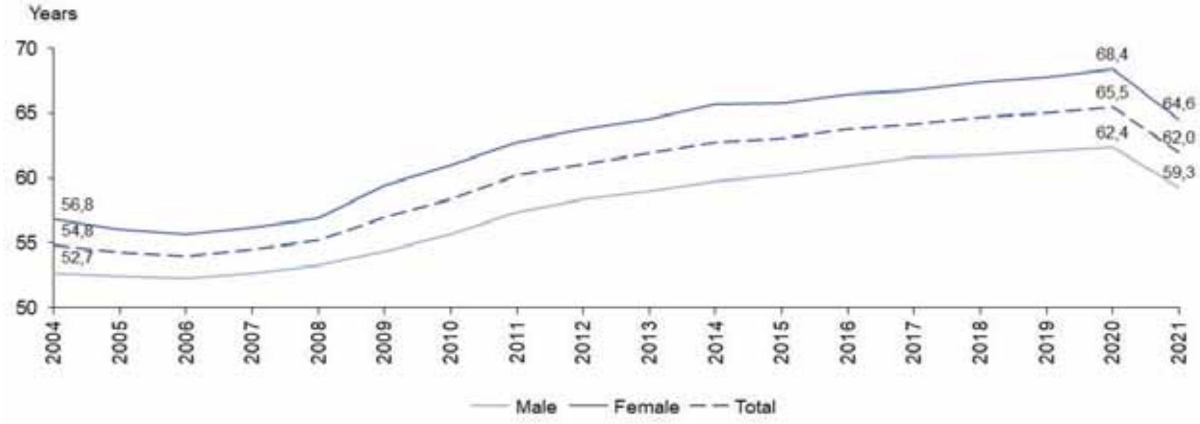
Source: Statistics South Africa, 2021

The crude death rate has been on a decline, having decreased from 13.6 deaths per 1 000 people in 2004 to 8.8 deaths per 1 000 people in 2020, mainly due to access to Human Immunodeficiency Virus (HIV) treatment and care that became available after the 2006 spike in the crude death rate. The drastic increase to 11.6 deaths in 2021 was influenced by COVID-19.

[11] Institute of Race Relations. (2021). *SA's Changing Demographics – Implications for Policy*. (Accessed on 10th December 2021): www.irr.org.za.

Life Expectancy

Figure 2.16: Life Expectancy in SA



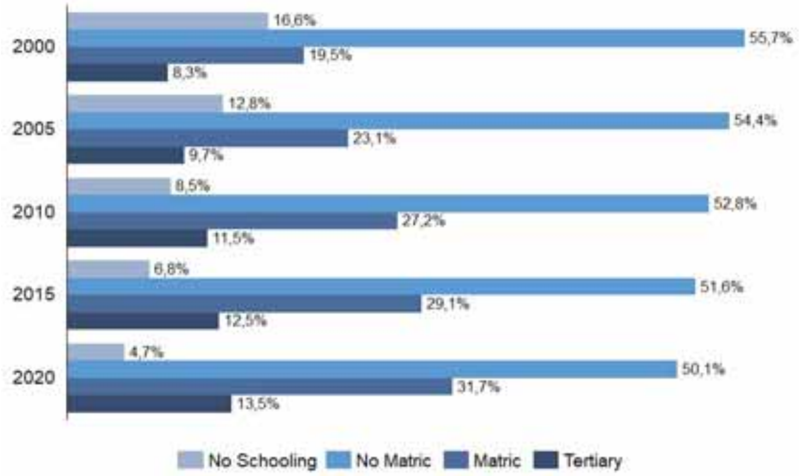
Source: Statistics South Africa, 2021

Life expectancy at birth in South Africa has improved significantly over the years for both males and females. The slight deterioration (and stagnation to some extent) in life expectancy between 2004 and 2006 was due to the impact of the Acquired Immunodeficiency Syndrome (AIDS) epidemic. Thereafter, it increased steadily to reach an average of 65.5 years in 2020. A gender split shows that there is an average gap of about 6 years in life expectancy between males and females in South Africa, with females having a higher life expectancy rate than males. The abrupt impact of COVID-19 on mortality can be seen in the drastic decline in life expectancy at birth in 2021 for both genders.

5.2 Educational Attainment

Since 2000, the proportion of people aged 20 years and over with no schooling has decreased to more than half, from 16.6 per cent to 4.7 per cent in 2020. This is a positive effect for the economy as education is known to be a catalyst in reducing unemployment and inequality.

Figure 2.17: Educational Attainment for People Aged 20+



Source: IHS Markit Regional eXplora, 2021

Furthermore, the share of the population with tertiary education has also risen significantly to 13.5 per cent in 2020 from 8.3 per cent in 2000. Overall, educational attainment in the country has improved. In their latest Article IV report for South Africa,[12] the International Monetary Fund (IMF) has emphasised the need to improve educational attainment and how the educational system is one of the factors that could reduce growth impediments in South Africa. It highlighted good quality education and vocational training programs as an effective way to provide youth with the skills required by employers, and thus curbing youth unemployment.

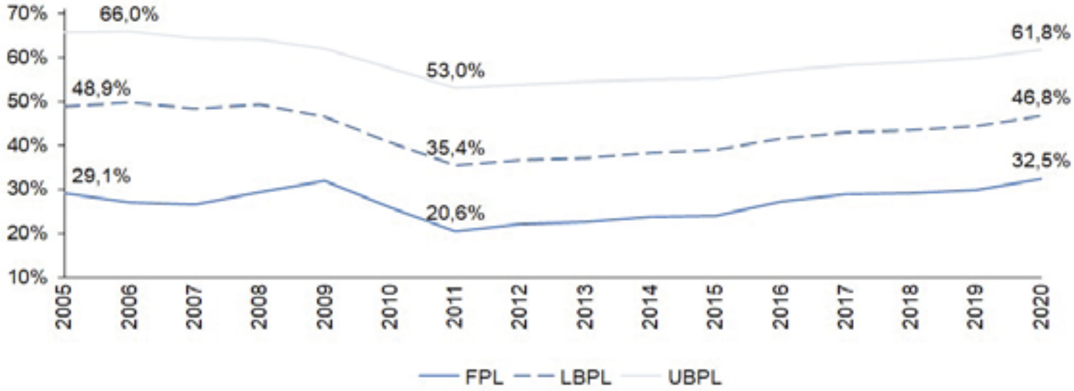
12 IMF. (2021). *South Africa: Staff Concluding Statement of the 2021 Article IV Mission.* Pretoria, South Africa.

5.3 Poverty and Inequality

One of the most crucial macroeconomic objectives of government is to alleviate poverty and inequality. In most developing countries, there is a constant battle to curb the spread of poverty and inequality, with a specific focus on countries in Africa. In light of the recent COVID-19 pandemic shock, the World Bank has committed an amount of USD157 billion to support developing economies in the fight against the pandemic which will assist in distributing vaccinations and protecting the poor.[13]

Poverty

Figure 2.18: The Share of Population Below the Specified Poverty Lines



Source: IHS Markit Regional eXplora, 2021
Note: FPL=Food poverty line; LBPL=Lower bound poverty line; UBPL=Upper bound poverty line.

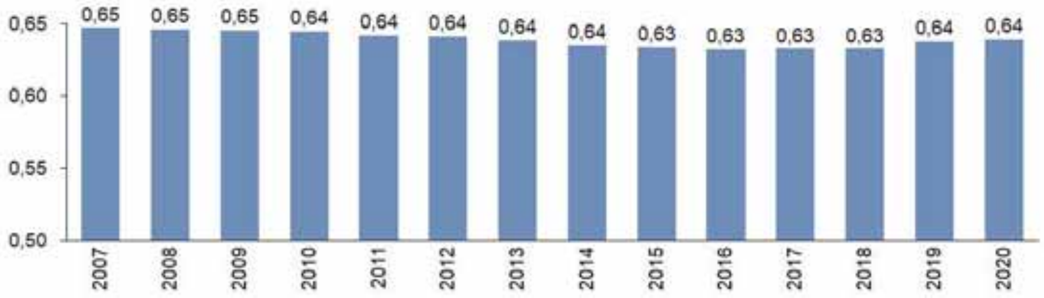
South Africa uses three measures of poverty[14] , as outlined in Figure 2.18. Following the 2009 financial crisis, significant progress was made to reduce poverty especially when considering the food poverty line (also known as extreme poverty). The food poverty rate peaked at 31.9 per cent of the total population in 2009 before declining significantly to 20.6 per cent in 2011. Thereafter, it gradually increased to 32.5 per cent in 2020 reflecting the impact of COVID-19. A closer look at the 2020 figure suggests that about 1.8 million South Africans slipped below the food poverty line of ZAR 585[15] per person per month, between 2019 and 2020. This raised the total number of people below the food poverty line to 19.4 million and an increase of about 10 per cent.

Meanwhile the share of the population living below the lower bound and upper bound food poverty lines increased from 44.5 per cent and 59.9 per cent to 46.8 per cent and 61.8 per cent, respectively, over the same period. Households living below the lower bound poverty and upper bound poverty lines are characterised by the ZAR840[16] and ZAR1 268[17] per person, per month, respectively[18]

[13] World Bank. (2021). *The Response to the covid-19 and Recovery.* (Accessed on 10th December 2021): www.worldbank.org
[14] The national poverty lines were constructed using the cost-of-basic-needs approach which links welfare to the consumption of goods and services.
[15] This refers to the amount of money that an individual will need to afford the minimum required daily energy intake.
[16] This refers to the food poverty line plus the average amount derived from non-food items of households whose total expenditure is equal to the food poverty line.
[17] This refers to the food poverty line plus the average amount derived from non-food items of households whose food expenditure is equal to the food poverty line.
[18] Statistics South Africa. (2021). *National Poverty Lines 2020.* Pretoria, South Africa.

Inequality

Figure 2.19: Income Inequality Measured by Gini Coefficient



Source: IHS Markit Regional eXplora, 2021

South Africa is still believed to be amongst the most unequal societies in the world. According to research conducted by the World Bank, South Africa's inequality gap continues to widen despite the redistribution of income through social grants to provide social relief to the poor.[19] In 2020, the Gini coefficient was 0.64 unchanged from 2019. The last time the Gini coefficient fell below 0.64 was between 2015 and 2018 when it was 0.63. The effects of the pandemic will likely continue to deepen inequality, especially in the context of joblessness and rising unemployment.

6. South Africa's Economic Recovery Plan Update

The COVID-19 pandemic magnified the country's socio-economic issues, particularly the crises of poverty and joblessness. During the pandemic, the economy needed a broad-based recovery plan that not only dealt with the immediate impact of COVID-19, but also addressed the long-term structural constraints that hindered economic growth. Thus, in October 2020, the president outlined the country's economic recovery plan that identifies three priorities to focus on, namely: infrastructure investment, localization, reindustrialization & export promotion with an employment orientation; and a supportive policy environment.

This section highlights some of the progress made on several key reforms through Operation Vulindlela.[20] The reforms are outlined as follows:

Energy

- The Electricity Regulation Act will be amended to raise the threshold for embedded generation projects from 1 Mega-Watt (MW) to 100MW. Along with these interventions, new generation projects up to 100MW will be registered and provide power to one or more end-users.[21] This is predicted to unlock significant investment and alleviate the risk of power cuts.
- 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[22] .
- 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 government also plans to bring on new electricity generation projects which include 3 000MW of gas power and 500MW of battery storage. Requests for proposals for these projects will be released later this year.[23]

[19] World Inequality Database. (2021). *World Inequality Lab: Can Redistribution Keep Up with Inequality? Evidence from South Africa, 1993-2019.* (Accessed on 10th December 2021): at : www.worldbank.org

[20] The Presidency. (2021). *The State of Nation Address Updates – Operation Vulindlela Dashboard.* (Accessed 12th December 2021): www.stateofthenation.gov.za/operation-vulindlela

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

[22] 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

[23] The Presidency. (2022). *State of the Nation Address by President Cyril Ramaphosa, Cape Town City Hall.* Cape Town.

Transport

- The impact assessment and establishment of the National Ports Authority as a wholly owned subsidiary of Transnet have both been completed. In order to ensure greater efficiency in the country's ports, it is important to create a clear separation between the roles of the infrastructure owner (Transnet National Ports Authority) and the terminal operator (Transnet Port Terminals). 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.[24]
- With regards to cable theft and vandalism on the freight rail network, Transnet has developed partnerships with the private sector to address these through advanced technologies and additional security personnel.[25]

Water

- With regards to water reforms, the government has processed outstanding water use licence applications.
- The government has also implemented a comprehensive national programme to assist municipalities with improving water services.

Presidential Employment Stimulus

- The first two phases of the Presidential Employment Stimulus programmes, which were launched in October 2020 have supported over 850 000 opportunities.[26]
- As of October 2021, the Presidential Employment Stimulus has created 393 713 jobs (about 90 per cent of its target). It has also provided livelihood support in the form of grants and awards in a range of programmes to over 120 000 beneficiaries (61 per cent of its target).[27]
- Of the total beneficiaries of the stimulus programme, 83 per cent were youth aged 18-35 years and about 66 per cent of the beneficiaries were females.

Infrastructure Investment

- The Infrastructure Fund has been instituted with an allocation of ZAR18 billion over the next three years. The fund has begun work on three projects in student housing, digital infrastructure and water infrastructure.

Tourism

- In a bid to simplify visa application processes, the new e-Visa system has been completed. The system has now been launched in 14 countries including China, India, Kenya and Nigeria.[28] This reform will promote and support the tourism industry.

The success of these reforms and others that are still to be implemented remain key to the recovery of the country's economy, especially in terms of unlocking private investment and creating jobs.

[24] The Presidency. (2021). *President Announces New Reform to Improve the Efficiency of South Africa's Ports And Boost Investment.* Pretoria.
[25] The Presidency. (2022). *State of the Nation Address by President Cyril Ramaphosa, Cape Town City Hall.* Cape Town.
[26] The Presidency. (2022). *State of the Nation Address by President Cyril Ramaphosa, Cape Town City Hall.* Cape Town
[27] Presidential Employment Stimulus. (2021). *The Next Phase of the Presidential Employment Stimulus – October 2021.* Pretoria, South Africa
[28] The Presidency. (2022). *State of the Nation Address by President Cyril Ramaphosa, Cape Town City Hall.* Cape Town.

7. Conclusion

The impact of the COVID-19 pandemic and electricity supply limitations are major risks to South Africa's economic growth outlook. The temporary impact of the strong global demand and higher commodity prices that have boosted growth in 2021 has started to dissipate. On the other hand, prospects in the job market remain poor and data suggests that the economic recovery in 2021 has not been supportive of job creation. Up until the third quarter of 2021 (year-to-date), employment had declined by 2.2 per cent (334 000), compared to the same period in the previous year. It is unlikely that the job market would have recovered from these losses by the end of 2021.

The measures of poverty and inequality continue to show the extent to which the pandemic has impacted and regressed the progress made towards improving the socio-economic status of the country. It is estimated that, between 2019 and 2020, about 1.8 million South Africans slipped below the food poverty line. This raised the total number of people below the food poverty line to an estimated 19.4 million (or 32.5 per cent of the population). The effects of the pandemic have also deepened the inequality, especially in the context of joblessness and rising unemployment.

Overall, the National Treasury anticipates economic growth to have accelerated to 4.8 per cent in 2021. Growth is forecast to moderate to 2.1 per cent and 1.6 per cent in 2022 and 2023, respectively. However, higher vaccination rates and the implementation of some structural reforms could improve economic activity and unlock investment, especially in sectors that were severely affected by pandemic related disruptions.

Chapter 3: Gauteng’s Socio-Economic Review and Outlook

1. Introduction

The 2020 COVID-19 induced lockdown significantly affected the province’s economic performance. Before the pandemic (2010 to 2019), economic growth in Gauteng averaged 1.9 per cent. In 2020, pre-existing growth constraints resurfaced yet again and, to some extent, became worse. For 2021, growth was likely to have remained subdued amid high uncertainty generated by the July riots and the third (possibly fourth) wave of COVID-19 infections. Inadequate electricity supply will also reduce the pace of economic recovery in the province.

While the labour market improved in the second half of 2020, job creation effectively flattened out in the second quarter of 2021, despite the relatively strong expansion in the Gross Domestic Product (GDP). Moreover, official unemployment rates, particularly among youth, remain at an all-time high. Meanwhile, low confidence levels, including high uncertainty about energy generation and overall economic conditions, are expected to weigh negatively on future investment decisions.

On the socio-economic front, trends in the province’s demographics have changed, especially in the wake of the pandemic. Of particular interest are poverty, income inequality, life expectancy, mortality, and migration patterns, which have been directly affected by the pandemic. Poor households have been disproportionately affected by COVID-19, which, in turn, would drive up the already high-income inequality levels. Life expectancy and migration patterns are likely to have significantly changed owing to the pandemic. Meanwhile, mortality rates are expected to have been even higher in 2020 and 2021.

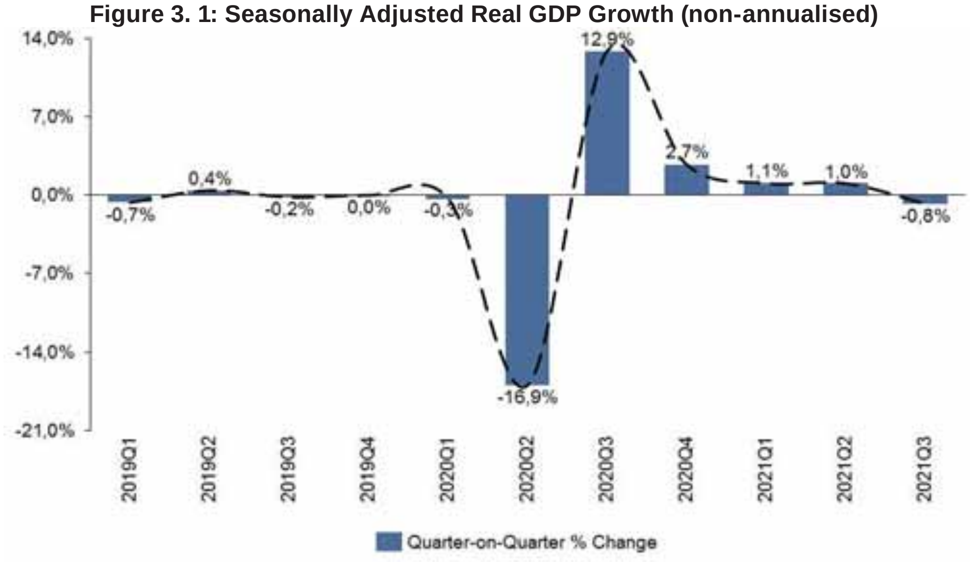
All these economic and socio-economic developments for the Gauteng province are analysed in this chapter. Section 2 of the chapter analyses the economic developments of the Gauteng economy. Section 3 looks at the developments within the Gauteng labour market. Section 4 focuses on the socio-economic developments in the province. Meanwhile, Section 5 reviews the Gauteng Provincial Government (GPG) policy initiatives and their implementation to boost growth, before Section 6 concludes the chapter.

2. Economic Developments

2.1. Economic Performance

The COVID-19 pandemic has undoubtedly had a devastating impact on Gauteng's economic performance in the second quarter of 2020. However, the easing of lockdown restrictions and subsequently, the recommencement of economic and trade activity in the third quarter of 2020 led to a significant rebound in economic output and growth. Since the third quarter of 2020, the Gauteng economy recorded four quarters of consecutive growth, highlighting a more evident path to recovery.

Figure 3. 1: Seasonally Adjusted Real GDP Growth (non-annualised)



Source: Quantec, Easy Data, 2021

In the first half of 2021, the Gauteng economy grew by 7.4 per cent compared to the same period last year. This was after the economy grew by 1 per cent quarter-on-quarter in the second quarter, slightly lower than the growth recorded in the previous quarter. The higher than anticipated recovery in the first half of the year reflects supportive global growth, higher commodity prices and the easing of the COVID-19 lockdown restrictions.

However, in July 2021, violent unrest took place in parts of Gauteng and KwaZulu-Natal, costing the economy of Gauteng ZAR5 billion.[1] As a result, the civil unrest wiped out some of the economic gains made; this has become more evident in the third quarter GDP numbers. The economy contracted by 0.8 per cent in the third quarter of 2021. The possibility of new variants of COVID-19 combined with Eskom's load-shedding pose additional risks towards economic recovery.

[1] Office of the Premier. (2021). *Gauteng businesses lost R5 billion in the recent looting – August 2021*. Accessed (27 October 2021): www.gauteng.gov.za.

Figure 3. 2: Annual Real GDP

Source: IHS Markit, 2021
Notes: 2021=estimate; 2022-2024=forecasts.

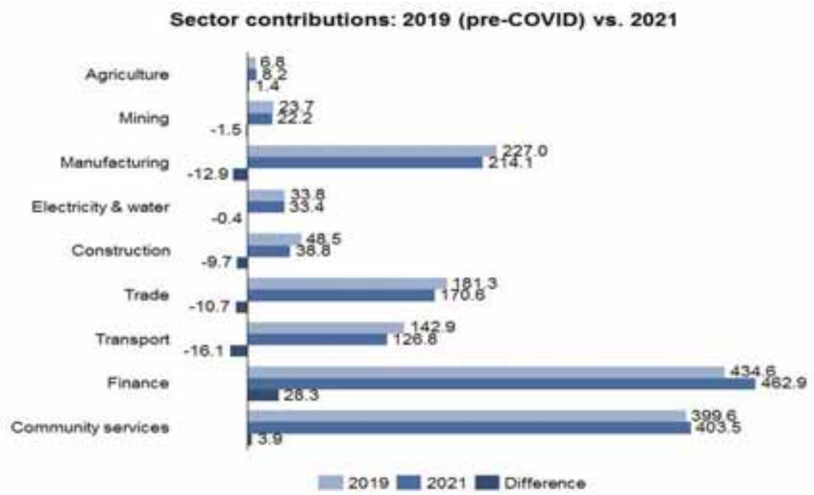
Overall, Gauteng's economy is still about 1 per cent smaller than it was in 2019. Provided that there are no significant economic interventions or disruptions, economic activity will only recover to pre-COVID levels in 2023. In the short- to medium-term, the province's economy will be significantly aided by rising vaccination numbers. To date, Gauteng holds the highest number of vaccines administered, at over 7 million.[2] The economy of Gauteng is projected to have grown by 4.9 per cent in 2021, from a revised -6 per cent in 2020, before moderating to 2.2 per cent in 2022 and 2.1 per cent in 2023.

2.2 Drivers of Economic Growth

Gauteng is a service-based economy that is mainly dependent on the tertiary sector. The industries with the highest share of total provincial output in 2021 were finance and community services (28 per cent each), manufacturing (roughly 16 per cent) and trade (13 per cent). In the second quarter of 2020, dominant industries were particularly hard-hit following the prohibition of non-essential industries to operate under alert-level five.

The easing of COVID-19 related restrictions due to, amongst other reasons, increased vaccine rollout in 2021, meant that previously stifled industries are now able to operate and have primarily benefited from this result. However, the recovery remains uneven across industries.

Figure 3. 3: Industry Size – ZAR Billion (Pre-COVID vs. 2021)



Source: IHS Markit, 2021

[2] Office of the Premier. (2021). *Gauteng administered vaccination district breakdown*. Accessed (27 October 2021): www.gauteng.gov.za.

As shown in Figure 3.3, the economic recovery compared to 2019 (pre-COVID) varies considerably by industry. Industries such as agriculture, finance and government services are expected to have rebounded significantly in 2021 compared to 2019. However, output of industries such as mining, manufacturing, trade, and transport has not yet recovered and is still below the pre-pandemic levels of value-added. Most notably, the output of transport, manufacturing, and trade industries is expected to be respectively ZAR16.1 billion, ZAR12.9 billion, and ZAR10.7 billion smaller in 2021 than in 2019.

Table 3. 1: Industry Contributions

	Industry Size (000)			Growth Rates		
	2020	2021	2022	2020	2021	2022
Agriculture	7 721 041	8 182 113	7 952 081	14,10%	6,00%	-2,80%
Mining	20 643 375	22 249 326	21 558 995	-13,00%	7,80%	-3,10%
Manufacturing	199 238 478	214 109 234	219 228 904	-12,20%	7,50%	2,40%
Electricity & water	31 803 905	33 398 584	34 442 617	-5,90%	5,00%	3,10%
Construction	38 915 445	38 811 487	40 363 894	-19,70%	-0,30%	4,00%
Trade	159 935 586	170 575 369	174 505 521	-11,80%	6,70%	2,30%
Transport	121 099 121	126 799 549	129 699 372	-15,30%	4,70%	2,30%
Finance	439 367 875	462 879 194	478 505 635	1,10%	5,40%	3,40%
Community services	395 437 125	403 519 432	405 539 870	-1,00%	2,00%	0,50%

Source: IHS Markit, 2021

As presented in Table 3.1, only agriculture (6 per cent), finance (5.4 per cent) and community services (2 per cent) experienced growth. The three industries are expected to have recovered fully from the pandemic induced contractions. Growth reported in other industries is all due to the low base effects of 2020.

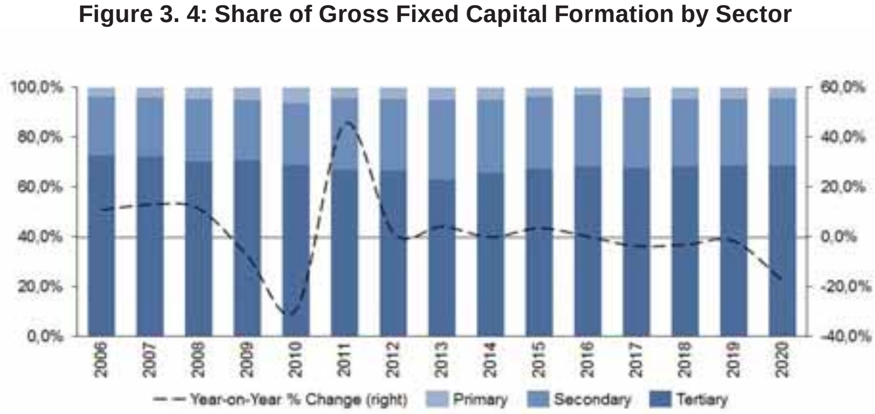
Though still below pre-COVID-19 levels, quarterly data shows that the transport industry continued to drive total provincial output in 2021, primarily due to increased fuel prices. At the same time, there has been a significant change in transport patterns owing to COVID-19. For example, the main reason people travel nowadays is shopping and the proportion of people using transport to travel for shopping in Gauteng has increased from 29 per cent in 2017 to 44 per cent in 2021.[3] Meanwhile, the expansion in the community services industry continues to reflect the COVID-19 relief interventions that were initiated earlier in 2020. An example would be the increase in employment in provincial governments and tertiary institutions.[4]

To help drive economic recovery, unlock growth, create sustainable jobs and support small, medium, and micro enterprises (SMMEs) development, the GPG has established a provincial war room. Through this war room, economic growth will be unleashed by matching public policy support and government action with consolidated commitments by sector leaders on investment and jobs.[5]

2.3 Investment Landscape

In 2020, one of the most affected components of GDP (from the expenditure side) was gross fixed capital formation (GFCF), also referred to as investment. GFCF is comprised of investment by the primary, secondary, and tertiary sectors. The tertiary sector holds the highest share of GFCF (roughly 69 per cent), whilst the primary and secondary sectors take on roughly 4 and 27 per cent, respectively.

Figure 3. 4: Share of Gross Fixed Capital Formation by Sector



Source: Quantec, Easy Data, 2021

During the period under review (shown in Figure 3.4), the investment landscape for Gauteng has yielded mixed results. There have been periods of relatively high growth (2006 to 2008 and 2010 to 2011). However, from 2016 onwards, investment growth has mainly been in negative territory. As expected, total investment significantly decreased by 17.6 per cent in 2020, partly as pipeline investment programmes were delayed due to COVID-19. The significant dip in investment growth also reflects the pre-pandemic economy where business confidence was weak and electricity supply was constrained. The July 2021 unrest further dented investor confidence. For the tertiary sector, investment growth declined to 17.8 per cent in 2020, whilst investment growth in the primary and secondary sectors contracted by 27.7 and 15.2 per cent during the same period, respectively.

Businesses affected by the COVID-19 pandemic and the July 2021 unrest have received some form of relief through initiatives such as the Gauteng Rebuilding Fund (GRF). The GRF is a ZAR100 million fund, including ZAR50 million committed by the GPG and a further ZAR50 million raised through a partnership with the Industrial Development Corporation (IDC).[6] This fund aims to ensure that the most vulnerable businesses, particularly SMMEs that are not insured, can contribute to the economy of Gauteng without the burden of formal business loans.[7]

[3] Culwick Fatti, C. (2021). Transport. In J. de Kadt, C. Hamann, S.P. Mkhize & A. Parker (Eds.), *Quality of Life Survey 6 (2020/21): Overview Report (Section 3)*. Johannesburg: Gauteng City-Region Observatory.

[4] Gauteng Provincial Treasury. (2020). *Quarterly Economic Updates – Quarter 3*. Accessed (27 October 2021): www.gep.co.za

[5] SoPA. (2022). *Gauteng State Of The Province Address By Premier David Makhura: "From The Public Health Emergency To The Economic And Service Delivery Emergency"*. Johannesburg: South Africa.

[6] Department of Economic Development. (2021). *Moruo Magazine – Issue 36. Accessed* (29 October 2021): www.gauteng.gov.za

3. The Labour Market

The labour market in South Africa and, consequently, Gauteng has felt the full brunt of the health pandemic. For example, annual data for 2020 shows that employment (formal and informal) has decreased by 340 000 jobs (6.3 per cent) in Gauteng compared to the previous year. To date, this is the largest ever recorded full-year decline, which highlights the extent that the pandemic has exacerbated structural rigidities within the labour market. Regarding the number of unemployed individuals, this figure declined by 214 000mainly due to the decrease (-557 000) in the number of people actively participating in the labour market.[8]

Table 3. 2: Key Labour Market Indicators

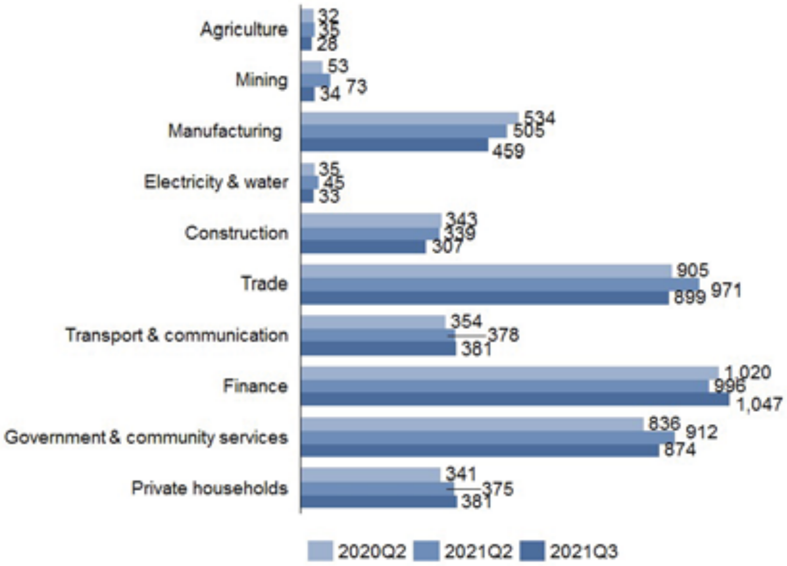
Indicator (thousand)	Period 2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3
Working Age Population	10508	10557	10607	10634	10704	10753	10799
Labour Force	7488	6081	6797	6935	7052	7196	7056
Employed	5134	4473	4506	4570	4626	4648	4448
Unemployed	2354	1608	2291	2365	2426	2548	2607
Not Economically Active	3020	4476	3810	3699	3652	3557	3744
Discourage Job Seeker	453	509	490	622	676	799	879
Unemployment Rate	31,4	26,4	33,7	34,1	34,4	35,4	37
Labour Absorption Rate	48,9	42,4	42,5	43	43,2	43,2	41,2
Labour Participation Rate	71,3	57,6	64,1	65,2	65,9	66,9	65,3

Source: Quantec, Easy Data, 2021

Up to the second quarter of 2021, the labour market had shown signs of recovery in terms of the active labour force and number of jobs.[9] For example, of those individuals (roughly 1.4 million) who had exited the labour force in the second quarter of 2020, only 432 000 are yet to return. Although this outcome may be interpreted as positive, employment numbers are still 686 000 lower than before COVID-19.

There were roughly 2.6 million unemployed individuals in the third quarter of 2021. This figure is notably higher (by 59 000) than the number recorded in the quarter before. Moreover, this outcome largely reflects the number of jobs shed due to the civil unrest, and directly translates to a 1.6 percentage point rise in the official unemployment rate, which has increased to a record high of 37 per cent.

Figure 3. 5: Employment by Industry (2020Q2, 2021Q2 and 2021Q3)



Source: Quantec, Easy Data, 2021

7 Department of Economic Development. (2021). *Moruo Magazine – Issue 36. Accessed* (29 October 2021): www.gauteng.gov.za
8 These figures are from Quantec Research.
9 This view is also reflective in the labour force participation rate, which has increased by more than 7 percentage points since the second quarter of 2020. However, it remains below 71.3 per cent (as in the first quarter of 2020).

The relaxation of COVID-19 restrictions (following the second quarter of 2020) had a varying effect on employment levels across industries, with some showing signs of recovery whilst others continued to report declining numbers. For example, mining, manufacturing, and construction industries reported noticeable declines in employment numbers. For manufacturing and construction, declining job numbers were also reflective of poor growth performance of these sectors (as shown in Figure 3.3). In contrast, other industries saw a significant regain in job numbers in the second quarter of 2021, compared to the same quarter a year ago. These industries were trade (66 000), government & community services (76 000) and private households (34 000).

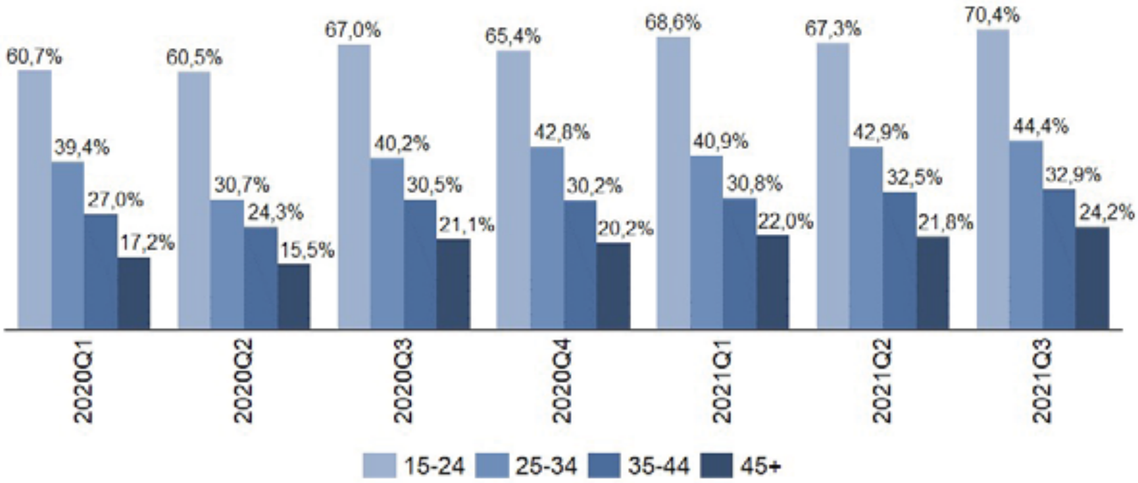
Industries that had made complete rebounds in employment levels in the second quarter of 2021 were set back even further. These include trade, which saw employment decrease from 971 000 to 900 000 in the third quarter. There were also fewer (38 000) employed persons in the government & community services in the third quarter than there were in the second quarter. Meanwhile, finance and private households reported significantly higher employment levels in the third quarter, compared to the previous quarter. Still, the number of employed people in these industries is notably lower than before the pandemic.

Figure 3. 6: Official Unemployment Rate by Gender

Source: Quantec, Easy Data, 2021

Unemployment rates by gender show a gradual increase since the second quarter of 2020, especially for females. The unemployment rate for females remained much higher than the rate for males, pointing to unfavourable conditions for females within the labour market. In the third quarter of 2021, the official unemployment rate significantly increased for females by 1.2 percentage points to 40.2 per cent quarter-on-quarter. Meanwhile, for males, the official unemployment rate was up 1.8 percentage points to 34.3 per cent.

Figure 3. 7: Official Unemployment Rate by Age



Source: Quantec, Easy Data, 2021

Since the third quarter of 2020, the official unemployment rate by age has increased across all age groups. Before the pandemic (that is, the first quarter of 2020), more than 60 per cent of the youth between the ages of 15 and 24 years were unemployed. In the third quarter of 2021, this rate increased to 70.4 per cent. This suggests that out of ten young people aged between 15 and 24 years in the labour force, about seven did not have a job in the third quarter, while only three were employed.

Youth between the ages of 25-34 years also experienced high unemployment rates relative to other older age groups, namely 35-44 and 45+ years. In fact, the official unemployment rate for the 45+ age cohort was, on average, three times smaller than that of the youth in the sample period. These statistics highlight the challenges of youth unemployment and how the burden of unemployment is largely concentrated within this group, despite accounting for the majority of the population (as shown in Figure 3.10).

Pre-COVID-19, the structure of South Africa's social protection system relied entirely on the assumption that dependent age groups (for example, the disabled, children and elderly) required support.[10] Meanwhile, much of the labour force, specifically those between 15 and 44 years, did not receive social assistance since they were presumed to support themselves through the labour market.[11] However, since the second quarter of 2020, there has been much more provision for the working-age demographic that is unemployed through social protection programmes, particularly the special COVID-19 Social Relief of Distress (SRD) grant.

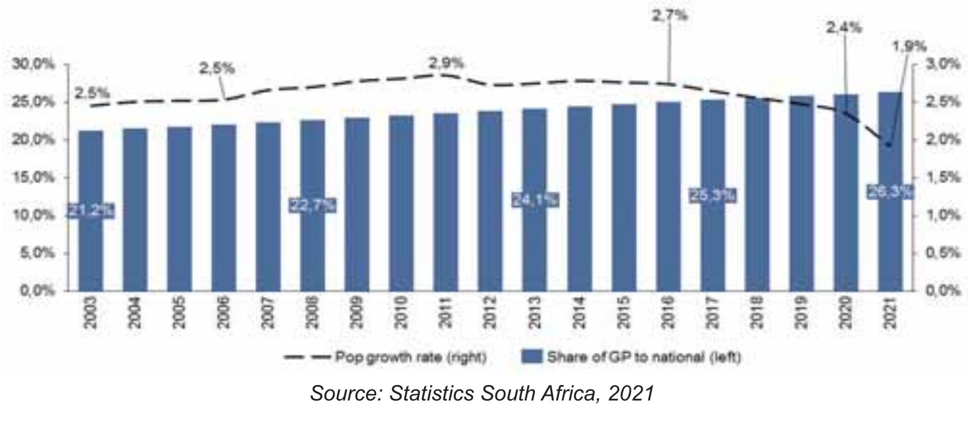
When the GPG started the Tshepo flagship programme, its aim was to bridge the gap between young people and the opportunities for them to earn a livelihood. In the past five years, Tshepo 1 Million has provided 718 636 young people with learning and entrepreneurship opportunities. Beneficiaries of these opportunities were predominantly among the Black-African youth (86 per cent) and women (64 per cent).

4. Socio-Economic Developments

The COVID-19 pandemic continues to have a destructive impact on the livelihoods of people worldwide and as a result, significantly altered South Africa's demography as a result.[12] The abundant loss of human life presents an unprecedented challenge to the government and the world as we know it. This section examines the effects of the pandemic on demographic indicators for Gauteng. It also reviews the interventions (where relevant) used to combat the pandemic.

4.1 Demographics

Figure 3. 8: Population Share and Growth Rate



Source: Statistics South Africa, 2021

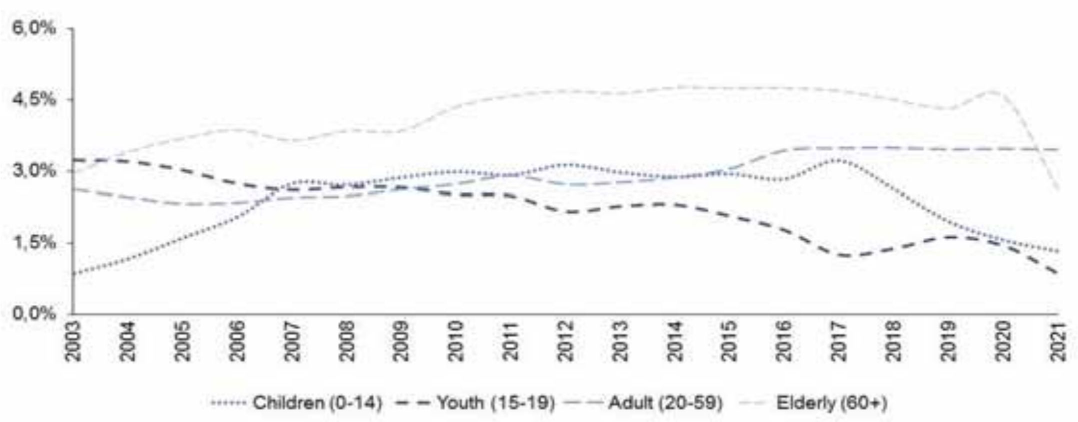
According to data from Statistics South Africa (Stats SA), Gauteng continues to hold the highest share of the national population.[13] From 2003 to 2021, the share of Gauteng's population to national populace steadily increased from 21.2 per cent in 2003 to 26.3 per cent in 2021. Gauteng contributes significantly to the national GDP. Consequently, as the economic hub of the country, the province tends to attract people who seek employment and economic opportunities. This contributes to the rapidly rising population in the province.

However, the population growth rate has slowed over the past ten years. In 2011, the population growth rate of Gauteng was 2.9 per cent, the highest in the period of review. In 2021, this rate slowed significantly to 1.9

[10] Köhler, T., & Bhorat, H. (2020). *COVID-19, Social Protection and the Labour Market in South Africa: Are Social Grants being Targeted at the most Vulnerable?*
[11] Köhler, T., & Bhorat, H. (2020). *COVID-19, Social Protection and the Labour Market in South Africa: Are Social Grants being Targeted at the most Vulnerable?*
[12] Statistics South Africa. (2020). *COVID-19 Pandemic in South Africa.* Accessed (8 November 2021): www.statssa.gov.za
[13] Statistics South Africa. (2021). *Mid-Year Population Estimates 2021*. Pretoria, South Africa.

per cent. One possible explanation that the literature offers for this result is the decline in average fertility rates (see Figure 3.11), which to some extent, has been impacted by the COVID-19 pandemic During periods of economic crises, which are characterised by high uncertainty, the number of births tend to decrease as people deem it not the ideal time to have children.[14] Furthermore, lockdown restrictions in 2020 and, for the most part of 2021 affected migration patterns (see Figure 3.13). The pandemic has also affected deaths and life expectancy which will be discussed further in this section.

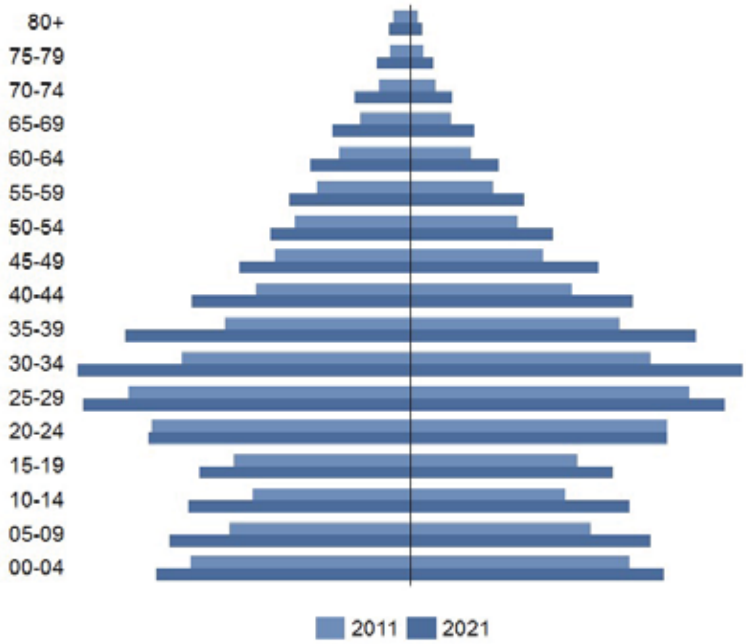
Figure 3. 9: Population Growth by Age Groups



Source: Statistics South Africa, 2021

Over the past four years (2017 to 2021), data on population growth by age cohort has varied significantly. For example, population growth of children aged between 0-14 years has continued to decrease. This outcome is consistent with the fact that there are fewer births (or lower fertility levels) within the province as seen in Figure 3.11. This is also indicative of the shift between various age cohorts. Similarly, the population growth of those aged 60+ noticeably slowed down, particularly from 2017, and dipped significantly in 2021. By contrast, the adult's age cohort (20-59 years) shows no significant growth for the same period.

Figure 3. 10: Population Structure



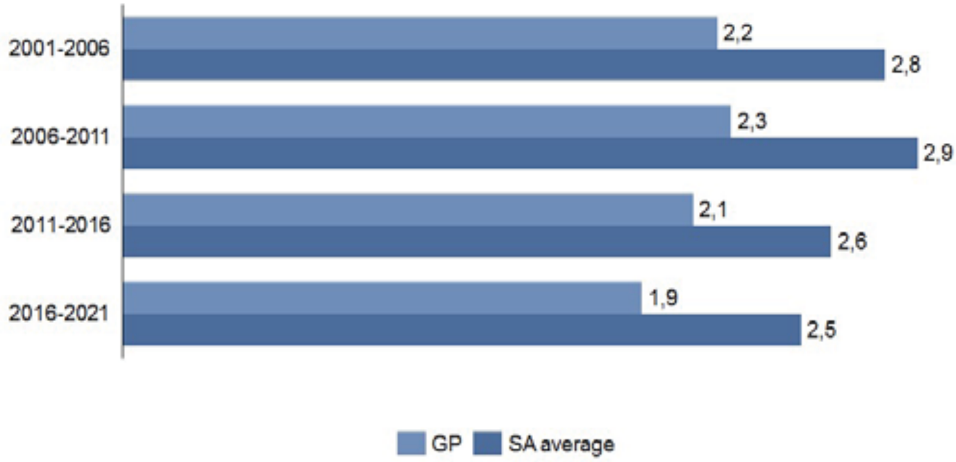
Source: Statistics South Africa, 2021

14 Statistics South Africa. (2020). *COVID-19 Pandemic in South Africa. Accessed* (9 November 2021): www.statssa.gov.za

In Figure 3.10, one of the most striking features is the large proportion of the population between the ages of 20 and 44 years. This is known as the youth bulge, and is a common occurrence among developing countries. Further, these age cohorts make up the most share of the labour force within the province (at roughly 70 per cent in 2020).[15] Amongst these age groups, unemployment rates also happen to be the highest as shown in Figure 3.7. In contrast, the 60+ age group accounts for the smallest population, regardless of gender. Age bands also appear to be significantly broader, reflecting an increase in the total population numbers between 2011 and 2021.

Fertility Rates

Figure 3. 11: Average Fertility Rates



Source: Statistics South Africa, 2021

One of the primary drivers of population growth is fertility rates[16]. As previously mentioned, the average fertility rate in Gauteng has declined in the sample period. For example, between 2006 and 2011, a woman in Gauteng was, on average expected bear 2.3 children in her lifetime. However, between 2016 to 2021, this notably decreased to an average of 1.9. The average fertility rates in the province are also significantly lower than at the national level. Nationally, a woman will, on average, give birth to 1.3 more children (compared to Gauteng) in her lifetime.

The declining trend in average fertility levels within Gauteng is likely due to several factors. First, it has been shown that the more empowered or educated a woman is, the fewer children she is likely to bear.[17] Second, more urbanised provinces tend to have lower fertility rates compared to less urbanised regions.[18] Both factors are influenced by the increasing knowledge and access to contraceptives by women in urban areas.

[15] IHS Markit. (2021). *Regional eXplora* Program v2.6n.

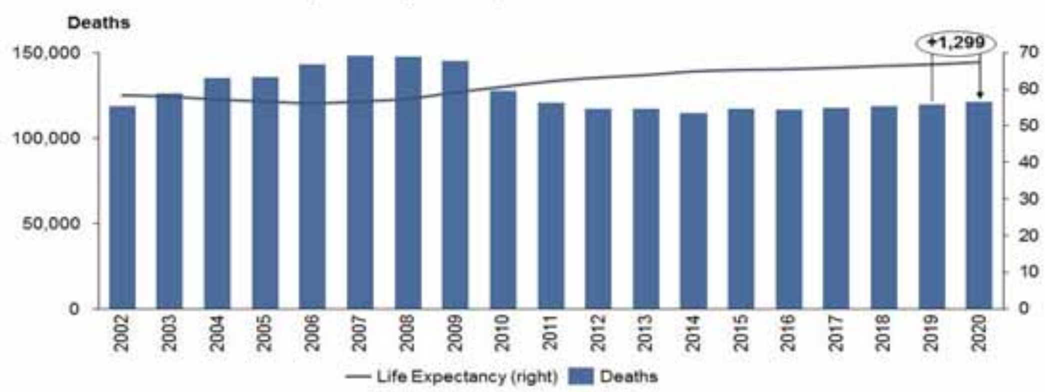
[16] Fertility rates refer to the average number of children that will be born to a woman over her lifetime.

[17] Elinah Pradhan.(2015). *The Relationship between Woman's Education and Fertility.* (Accessed on 02 December 2021): www.weforum.org

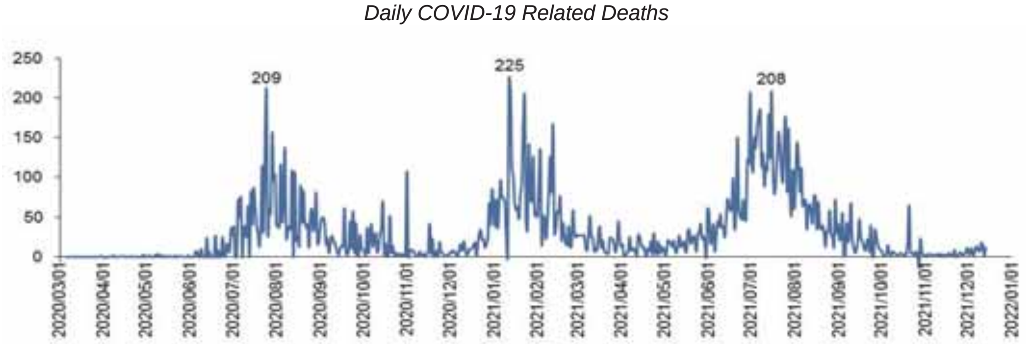
[18] Stats SA. (2021). *Mid-Year Population Estimates*. Pretoria, South Africa.

Mortality and Life Expectancy

Figure 3. 12: Mortality, Life Expectancy and COVID-19 Related Deaths



Daily COVID-19 Related Deaths



Source: Quantec, Easy Data, 2021

In the wake of a pandemic, an important question to ask is whether mortality and life expectancy have changed. Regarding mortality, the number of deaths over the past decade has flattened. In 2020, this increased to 120 000, which was marginally higher by 1 300 when compared to 2019. It is also higher than the average number of deaths for the past decade (roughly 119 000 per year). The highest reported daily number of COVID-19 deaths coincide with the waves of infection. For example, during the first wave (July 2020) there were 209 deaths, in the second wave (January 2021) 225 people died, whereas in the third wave (July 2021), there were 208 deaths. Meanwhile, for 2021 cumulative COVID-19 deaths are expected to exceed 20 000.[19]

Life expectancy at birth increased significantly to 67.3 years in 2020 from 57.3 years in 2008. Furthermore, data show that life expectancy for 2020 was 0.6 years higher than in 2019. This outcome is reflective of an improvement in the general conditions that contribute towards living a longer life. National data, however, shows that life expectancy in 2021 is estimated to have declined to 62 years (from 65.5 years) due to COVID-19.[20] At the same time, life expectancy does differ between genders. Although it has improved for both genders, life expectancy for females is significantly higher than for males.

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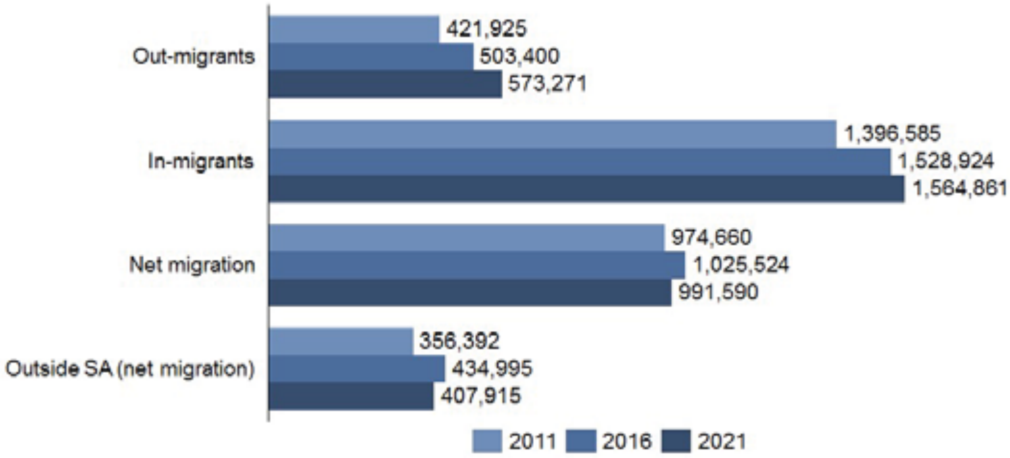
[19] This figure is from Quantec Research.

[20] Statistics South Africa. (2021). *Mid-Year Population Estimates – 2021*. Pretoria, South Africa.

Migration Patterns

Figure 3. 13: Migration Patterns



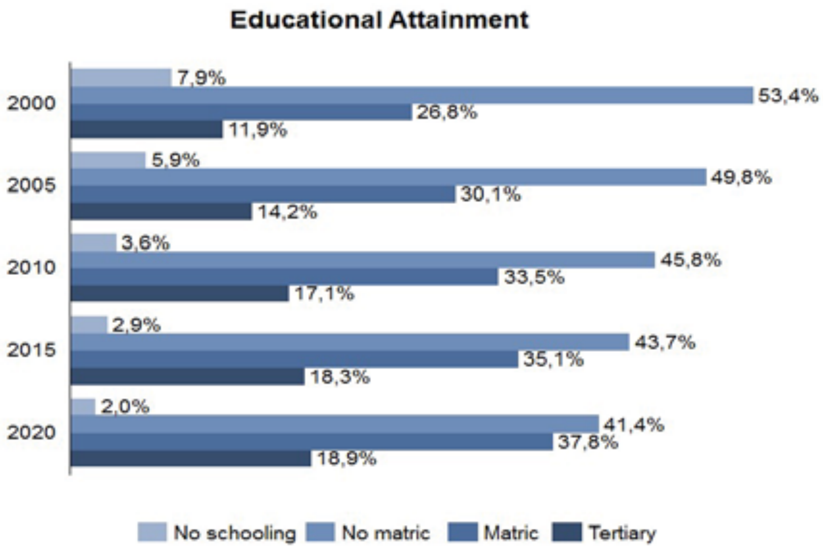
Source: Statistics South Africa, 2021

On a five-year interval, migration patterns in-and-out of the province have changed. In 2016, for example, there was a significant influx of net domestic migrants (in excess of one million) compared to 2011. Of these migrations, roughly 500 000 people left the province, whilst 1.5 million migrated to Gauteng. Regarding net migration from those outside the country, this figure was about 80 000 higher in 2016 than in 2011. The noticeable increase in net domestic migration patterns in the province is partly driven by the pursuit of job opportunities. For foreign migrants, this increase may be attributable to the province's recreation and leisure activities.

Between 2016 and 2021, net domestic migration declined by 34 000 people. In 2021, there were an estimated 27 000 fewer foreign migrants than in 2016. Given the nature of the data (only available on a five-year scale), it is difficult to quantify the impact of the pandemic on migration in the province. Still, it is suspected that migration patterns were adversely affected by the COVID-19 related restrictions both in 2020 and 2021.

4.2 Educational Attainment

Figure 3. 14: Educational Attainment for People Aged 20+



Source: IHS Markit, 2021

Since 2000, educational attainment for people aged 20 years and above has notably increased. The share of people with no schooling in 2020 was marginally lower than in 2015 (by 0.9 percentage points). A comparison between 2000 and 2020 also shows that the proportion of those with no schooling has declined from 7.9 per cent to 2 per cent, respectively. Similarly, those with no matric (the largest group) has significantly declined. In 2000, the proportion was 53.4 per cent, and declined to 41.4 per cent of the population in 2020.

Meanwhile, the share of those with matric has almost doubled in the last two decades from 26.8 per cent in 2000 to 41.4 per cent in 2020. On the other hand, the proportion of those with tertiary education[21]has steadily increased throughout the sample period.

4.3 Poverty and Inequality Trends

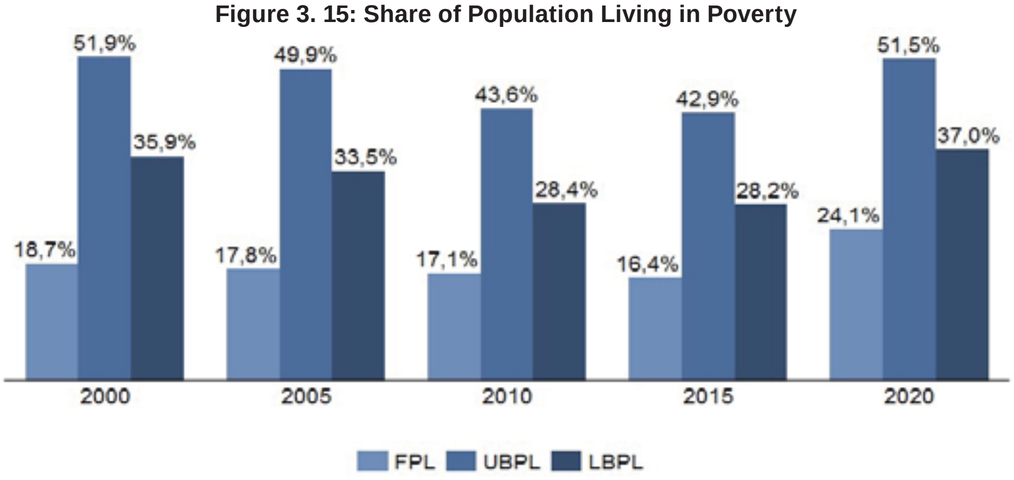
Poverty Trends

According to Stats SA, there are three national poverty lines. The first is the Food Poverty Line (FPL), which is the minimum amount (currently set at ZAR 624 per person, per month) that a person needs to meet their basic required daily energy intake.[22]

The second is the Lower Bound Poverty Line (LBPL) set at ZAR 890 per person, per month.[23]The LBPL is the FPL, plus the average amount derived from non-food items of households that have a total expenditure which is equal to the FPL.

The Upper Bound Food Poverty Line (UBPL) is the third category and refers to the FPL plus the average amount derived from non-food items of households where food expenditure equals the FPL (this is set at ZAR 1335).[24]

Figure 3. 15: Share of Population Living in Poverty



Source: IHS Markit, 2021

Between 2000 and 2015 poverty[25] indicators have significantly improved within the province. The proportion of people living below the FPL has declined from 18.7 per cent in 2000 to 16.4 per cent in 2015. The UBPL also decreased significantly to 42.9 per cent in 2015 (previously 51.9 per cent in 2000).The LBPL rate was 7.7 percentage points lower in 2015.

However, since 2015, structural challenges and weak economic growth have undermined progress made in reducing poverty. As a result, the share of people living under the FPL, UBPL and LBPL in 2020 was notably higher at 24.1, 51.5 and 37 per cent, respectively. In 2020, roughly 432 000 more people lived under the FPL than in 2019. During the same year, the increase of those living in LBPL stood at 505 000 people, whilst for the UBPL it was 550 000 more people.[26] These figures confirm that the pandemic pushed more people into poverty in 2020 than in the last five years as shown in Figure 16.

[21] Tertiary education implies any qualification obtained post matric. For example, a Diploma, Bachelors and/or Postgraduate Degree
[22-24] Statistics South Africa. (2021). *National Poverty Lines – 2021*. Pretoria, South Africa.
[25] Poverty is described broadly here, including the food poverty line and the upper/lower bound poverty line.
[26] IHS Markit. (2021). *Regional eXplora* Program v2.6n

Although the pandemic has negatively impacted the livelihoods of people across all income groups, the poor have been disproportionately affected. Data by the Quality-of-Life Survey 6 for the 2020/21[27] financial year shows that more than a third of respondents in Gauteng live below the FPL. There is also evidence that the middle-class may have been pushed back into some form of poverty, due to the pandemic. Therefore, progress in eradicating poverty is severely constrained by rising unemployment, which reached an unprecedented 37 per cent in the third quarter of 2021.

Table 3. 3: The Number of People (by Race) in Poverty

Race	Indicator	Number of People 2019	2020	Change (2019 – 2020)
African	FPL	3 071 017	3 490 743	419 726
	LBPL	4 832 763	5 316 026	483 262
	UBPL	6 823 334	7 331 569	508 235
White	FPL	8 172	11 877	3 704
	LBPL	19 909	24 798	4 889
	UBPL	34 625	46 322	11 697
Coloured	FPL	55 281	61 234	5 953
	LBPL	101 254	110 699	9 445
	UBPL	168 912	182 120	13 207
Asian/Indian	FPL	8 198	11 717	3 519
	LBPL	17 456	25 114	7 658
	UBPL	57 889	77 583	19 694

Source: IHS Markit, 2021

The results presented in Table 3.3, show the number of people (by population group) living in some form of poverty between 2019 and 2020. Although not proportional, the number of people that were pushed back into poverty has significantly increased for all population groups. For example, there were 419 000 more Africans living under the FPL[28] in 2020 compared to 2019 (primarily due to the pandemic).

Other population groups reported smaller (albeit similar) increases in poverty statistics. For example, between 2019 and 2020, there were more than 3 700 White people that were pushed back into living below the FPL. For the Coloured population, this figure was slightly higher at 5 900 people, whereas for the Asian/Indian population group, the number was 3 500 people for the same category. The significant increases in poverty indicators (for all population groups) supports the fact that COVID-19 pushed more people into poverty compared to the previous year.

Data shows that about 35 per cent of households in Gauteng applied for the special COVID-19 SRD grant in 2020.[29] Here, African and Coloured respondents were the largest groups that (at 40 and 46 per cent, respectively) reported themselves or a member within their household to have applied for the SRD grant.[30] For the Indians/Asians population, this was 17 per cent, whereas, for the White population group, it was 7 per cent.[31]

Poverty and inequality remain some of the major challenges that the government is facing. Over the long term, the GPG has set a target of reducing the provincial poverty rate by 40 per cent by 2030, from 25.3 per cent in 2019. The target is for the rate to reach 16 per cent in 2030. Income inequality is set to decline by 8 percentage points to 62 per cent by 2030.[32]

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[27] Hamann, C., Götz, G., Matjomane, M., & Mushongera, D. (2021). Poverty, inequality and social mobility. In J. de Kadt, C. Hamann, S.P. Mkhize & A. Parker (Eds.), *Quality of Life Survey* 6 (2020/21): Overview Report (Section 4). Johannesburg: Gauteng City-Region Observatory.

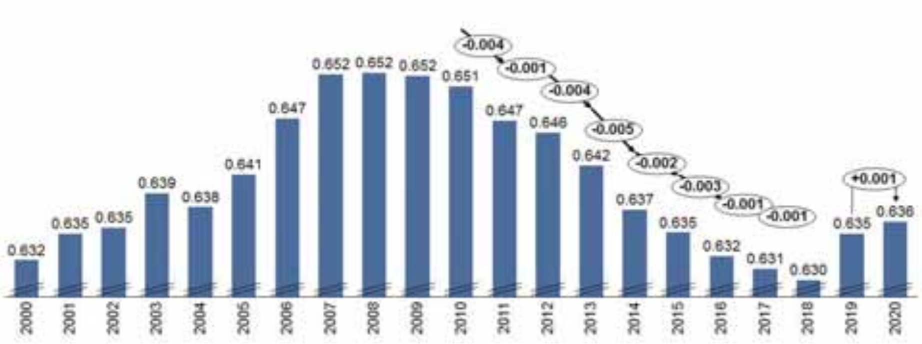
[28] FPL was chosen since it is representative of extreme poverty.

[29-31] Parker, A., Götz, G., Hamann, C., & Maree, G. (2021). The impact of COVID-19. In J. de Kadt, C. Hamann, S.P. Mkhize & A. Parker (Eds.), Quality of Life Survey 6 (2020/21): Overview Report (Section 2). Johannesburg: Gauteng City-Region Observatory

[32] GPG. (2020). GGT2030. Growing Gauteng Together. Johannesburg, South Africa

Income Inequality

Figure 3. 16: Gini Coefficient for Gauteng



Source: IHS Markit, 2021

One of the perennial concerns in the country is income inequality, even more so in the face of the COVID-19 pandemic, which poses an additional risk of deepening the already high levels of income inequality.[33] Up to 2018, the bell-shaped Figure 3.16 shows the rise and subsequent decline of income inequality levels in Gauteng (as measured by the Gini coefficient). Although some progress in reducing income inequality can be seen between 2010 and 2020, the declines are very marginal, rendering it virtually unchanged.

In 2020, income inequality levels in Gauteng increased to 0.636, nearly unchanged from 0.635 recorded in 2019. This reveals that high levels of income inequality are perpetuated by the fact that economic conditions (due to, amongst other reasons, the COVID-19 pandemic) do not support job creation.

Box 3.1: An Overview of Findings from the Quality of Life 6 (2020/21) Survey

The Gauteng City Region Observatory (GCRO) published the sixth iteration of the Quality of Life Survey (QoL 2020/21) on the 9th of September 2021. The survey findings showed the negative extent to which the COVID-19 pandemic had on the socio-economic status of Gauteng. For example, in terms of job losses, about 11 per cent of adults have been affected since March 2020, while 4 per cent were forced to permanently close a business. Furthermore, only about 44 per cent of those who lost a job or closed a business subsequently found new employment. In terms of poverty and inequality, some of the highlights from the survey findings are that:

- In Gauteng, the share of those living below the average poverty line has significantly increased to 36 per cent in 2020/21 from 24 per cent in 2017/18. Adult hunger also increased, with one in four households reporting adults having skipped a meal in 2020/21.
- Lack of employment opportunities and inadequate education are principal reasons why people live in poverty. However, quality education is still a key conduit for better employment opportunities.
- Inequality remains significant in Gauteng and is reflected in income and household circumstances such as access to various assets, for example, access to medical aid. Here respondents in lower-income households ranked lower in every aspect of household circumstance than respondents in households with higher income.
- While the poor were disproportionately affected by the pandemic, evidence suggests that middle-class respondents have been knocked back, some into poverty.

There were also some positive findings reported in the survey. For example, almost a quarter of households in Gauteng had an adult who received the COVID-19 Social Relief of Distress grant, while about 13 per cent received food support. Further, there is some evidence that levels of community relations and trust in Gauteng have risen dramatically since 2017/18.

Overall, the QoL Index1 score for 2020/21 declined to 61 from 64 in 2017/18. According to the GCRO, “this is a return to the 2013/14 levels and reverses the gradual upward trend in index scores over time”.

[1] The Index provides a measure of multi-dimensional well-being, drawing on 33 variables, which are grouped in seven dimensions.

[33] Hamann, C., Götz, G., Matjomane, M., & Mushongera, D. (2021). Poverty, inequality and social mobility. In J. de Kadt, C. Hamann, S.P. Mkhize & A. Parker (Eds.), *Quality of Life Survey 6* (2020/21): Overview Report (Section 4). Johannesburg: Gauteng City-Region Observatory.

5. GPG Policy Initiatives and Recovery Measures to Enhance Economic Activity

This section highlights the updates made by the GPG policy initiatives implemented in 2021 and the progress made to boosting the region's economic growth. Since the unprecedented economic downturn in the second quarter of 2020, the GPG has shown proactiveness and increasing commitment to deal with the COVID-19 associated disruptions. In the Gauteng City-Region (GCR), there were four initiatives that the GPG mainly focused on, these are:

- Overcoming the COVID-19 pandemic;
- Re-igniting the Gauteng economy;
- Recalibrating social policy; and
- Improving governance

The month of July saw unprecedented looting/arson attacks in KwaZulu-Natal and parts of Gauteng. Consequently, Gauteng faced additional challenges that were exacerbated by the unrest. Aside from pre-COVID-19 vulnerability in the province, 48 per cent of micro-businesses that did not have insurance were particularly hard-hit during the unrest.[34] For example, 80 out of 500 shopping malls were looted and vandalised, whilst more than 18 000 jobs were lost.[35] Furthermore, based on the claims submitted to the South African Special Risks Insurance Association (SASRIA), July's riots have cost more than ZAR3.5 billion in lost and damaged stock. This damage is estimated to have set back the Gauteng economy back by at least ZAR5 billion.[36]

Following the unrest, the Gauteng Department of Economic Development (GDED) announced a ZAR100 million rebuilding fund for micro-businesses impacted by the COVID-19 pandemic and the recent looting. Of this fund, ZAR50 million was from the GPG, whilst the remaining ZAR50 million was raised through partnerships with the Industrial Development Corporation (IDC). The funding will be offered using a blended approach of both a loan and grant portion, constituting 50 per cent each. This will help businesses cover rebuilding costs, repairs, replacement of infrastructure, inventory, equipment and critical supplies.[37]

Overcoming the COVID-19 pandemic

The GPG is aiming to vaccinate 67 per cent (10.4 million) of Gauteng's population. As of the 28th of November 2021, more than 6.5 million vaccine doses have been administered.[38]This figure is the highest nationally, with the Western Cape and KwaZulu-Natal, reporting the second and third highest numbers at 4 and 3.8 million, respectively. Meanwhile, the number of fully vaccinated individuals (those who received Johnson & Johnson or 1st and 2nd Pfizer dose) exceeded 3.6 million in Gauteng.[39]

However, the number of vaccines administered per week significantly slowed from 415 000 vaccines in September to 75 000 in November.[40] At least 4.4 million people still need to be vaccinated by mid-December. Townships in the south of Johannesburg have the lowest number of single dose vaccinations at 11 per cent.[41] Given the current trajectory, reaching the province's target of vaccinating 67 per cent of the population by mid-December has become elusive.

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[34] Office of the Premier. (2021). *R100 million fund to rebuild Gauteng SMMEs*- 24 August 2021. Accessed (23 November 2021): www.gauteng.gov.za.
[35-36] Office of the Premier. (2021). *Gauteng businesses lost R5 billion in the recent looting- 31 August 2021*. Accessed (22 November 2021): www.gauteng.gov.za
[37] Office of the Premier. (2021). *R100 million fund to rebuild Gauteng SMMEs*- 24 August 2021. Accessed (23 November 2021): www.gauteng.gov.za
[38-40] Department of Health. (2021). *COVID-19 Online Resource & News Portal.* Accessed (24 November 2021): www.sacoronavirus.co.za
[41] Office of the Premier. (2021). *Townships urged to come forward and get the jab*- 18 October 2021. Accessed (24 November 2021): www.gauteng.gov.za.

Re-igniting the Gauteng Economy

The GPG is focused on job creation, primarily through aggressive infrastructure investment, reindustrialising the economy, growing small businesses, and accelerating economic reforms to unlock investment and growth. The province has now endorsed the Township Rebuild Fund initiative as the overall driver for the regeneration and transformation of the township economy. As of October 2021, 635 financial support applications were received through this fund, and are at various stages of screening.[42]About 12 Gauteng applications were approved by the IDC, with R15 million disbursed to these businesses and 30 jobs saved.

Regarding the capacity building of SMMEs, 80 informal traders and micro-enterprises attended an Informal Traders and Micro Enterprises Development (ITAMED) training event held in the West Rand district municipality.[43] Of those 80 informal traders, more than 50 have largely benefited through the allocation of business stalls and ZAR3000 vouchers to buy stock for their businesses. Meanwhile, the City of Johannesburg (CoJ) continues to offer training programmes across all opportunity centres in the city, in partnership with the Rutisa Sechaba initiative.

Over the past year and within the ICT and digital services sector, 56 township businesses were successfully incubated at the provincial government eKasiLabs. GPG has since partnered with the University of Johannesburg to help turn the province's mounting e-Waste problem into an economic opportunity whilst protecting the environment.

Investment programs, both economic and social infrastructure initiatives, have created local employment opportunities currently quantified at ZAR40 billion. The CoJ has made an investment commitment of 491 infrastructure projects for the 20/21–22/23 Medium- Term Expenditure Framework (MTEF). For the first year, more than 80 per cent of the infrastructure budget was spent at the end of June 2021 on these projects.

In the case of the special economic zones (SEZs) and high growth firms, revitalisation of five industrial/Priority Economic Nodes is underway. These developments include Aeroton, Kya Sands, Klipspruit, Roodepoort & Florida, and Lenasia. One of the largest ongoing SEZ projects is the Tshwane Automotive Special Economic Zone (TASEZ), which has since created 3 440 permanent jobs, significantly higher than the target of 3 288 jobs. Others that are currently being developed include High Tech SEZ, Vaal SEZ, OR Tambo International Airport SEZ and the Western Corridor SEZ.[44] Investments in these projects (of which construction-related developments began in August 2020), have increased from ZAR2.5 billion to ZAR4.3 billion.

Recalibrating Social Policy

This initiative focuses on improving educational and health outcomes, fighting crime, and protecting vulnerable populations against urban poverty and hunger. The pandemic has certainly exacerbated the poverty and hunger challenges in the province, and halted the progress made thus far in eradicating incidences of urban poverty. Thus, the provincial government has had to urgently respond to the effects of the pandemic and ensure that the impact on the most vulnerable sections of the population is minimised. The interventions which involve addressing the socio-economic challenges were made possible through food security support.

The distribution of food parcels to vulnerable communities has been one of the programmes that drive this initiative. As of July, the Gauteng Department of Social Development distributed over 700 000 food parcels to reach about 3.5 million Gauteng citizens. Figure 3.17 below shows food parcel distributions by municipalities

[42-43] Gauteng Provincial Government. (2021). *GCR Economic Reconstruction and Recovery Plan*. Johannesburg, South Africa.
[44] Gauteng Provincial Treasury. (2021). *Speech By The Honourable Nomantu Nkomo-Ralehoko, Gauteng Mec For Finance And E-Government On The Occasion Of The Tabling Of The 2021 Medium Term Budget Policy Statement And The 2021/22 Provincial Adjustment Appropriation, Gauteng Provincial Legislature, 09 December 2021*. Johannesburg, South Africa

Figure 3.17: Food Parcels Distributed

Source: GPG, 2021

Improving Governance

Improving governance across the Gauteng City Region initiative focuses on delivering results, improving the quality of life of the citizens, and enhancing ethics, integrity, and accountability in the province. The province has had noticeable gains, particularly in promoting clean governance and accountability of public funds. This is evidenced by a total of 17 departments and entities that achieved clean audits in the 2020/21 financial year.[45] It is for the first time in the current administration that the province achieved this number of clean audits. Centralised Provincial Forensic Audits have now been moved to the Office of the Premier (previously located at Gauteng Provincial Treasury). For the 2020/2021 financial year, there were 138 disciplinary actions, 37 criminal and 36 civil cases.[46]

6. Conclusion

The province's economic growth improved significantly in the first half of the 2021. This was as a result of strong global economic activity and higher commodity prices. However, this progress was disrupted by the riots that took place in Gauteng and KwaZulu-Natal in July 2021. The impact of the unrest was more visible in the third quarter GDP reading, which showed that the province's economy contracted by 0.8 per cent or was ZAR12.3 billion smaller than in the second quarter of 2021. This outcome will have a bearing on the overall economic prospects for the 2021 year. This will further be dampened by new variants of COVID-19, slow pace of vaccination and the inadequate supply of electricity.

Although the economic performance in the first half of the year was strong, the outcome did not translate to an improvement in the labour market. In fact, the conditions in the province's labour market have become worse since the pandemic, with a record high unemployment rate of 37 per cent recorded in the third quarter of 2021. The youth and female populations have been disproportionately affected, having recorded the worst labour market rates compared to their counterparts.

Consequently, incidences of extensive poverty have increased and are likely to have been further aggravated in 2021, highlighting the severity of the pandemic on the economy. The food poverty rate has increased by 2.5 percentage points to 24.1 per cent of the total population between 2019 and 2020. This translates to over 432 000 more people who now live below the food poverty line of ZAR 585 per month.

The GCR economic recovery plan remains as the key response to the severe economic impact of COVID-19. Social policies such as the distribution of food parcels, along with the national Social Relief of Distress grant have been some of the programmes that have attempted to cushion vulnerable communities against the impact of the pandemic. From the economic support perspective, the implementation of various business and township enterprise support initiatives, as well as sector investment programmes (including SEZs projects) are important for the sustainable recovery of the province's economy and labour market.

[45] Gauteng Provincial Treasury. (2021). *Speech By The Honourable Nomantu Nkomo-Ralehoko, Gauteng Mec For Finance And E-Government On The Occasion Of The Tabling Of The 2021 Medium Term Budget Policy Statement And The 2021/22 Provincial Adjustment Appropriation, Gauteng Provincial Legislature, 09 December 2021*. Johannesburg, South Africa.

[46] SoPA. (2022). *Gauteng State Of The Province Address By Premier David Makhura: "From The Public Health Emergency To The Economic And Service Delivery Emergency"*. Johannesburg: South Africa.

Chapter 4: Municipal Socio-Economic Review and Outlook

1. Introduction

Despite economic estimates for the regions in Gauteng pointing to a recovery in 2021 and 2022, the emergence of new COVID-19 variants could extend the pandemic and cause economic disruptions. Vaccination hesitancy and other domestic-related challenges such as chronic power outages affecting most of the sectors of the economy could also constrain economic activity. This is the case for the region's leading sectors such as manufacturing in both Ekurhuleni and Sedibeng, and mining in the West Rand. Mining still constitutes the highest contribution in the West Rand, even though the contributions have declined.

The pandemic has brought forth many socio-economic challenges that the country and its regions must prioritise. This includes the level of inequality, the number of people living in poverty, and the increasing number of unemployed people.

This chapter starts by outlining the economic performance of Gauteng's metropolitan (metros) and district (districts) municipalities, during the pandemic and the recovery prospects. It then delves into investment trends in the regions, before discussing different labour market indicators and their trends. The latter parts look at demographic indicators and how the pandemic affected Gauteng demographics. This is followed by an analysis of poverty and inequality developments and access to household services across the municipalities.

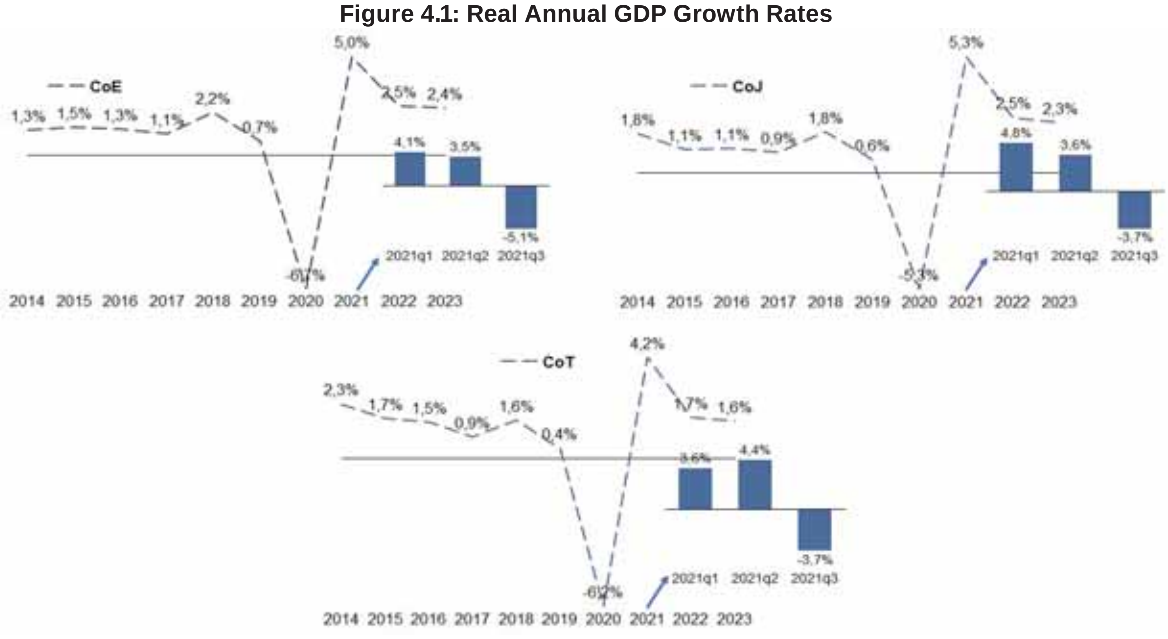
2. Economic Developments

2.1 Economic Performance

The better-than-expected recovery in the first half of 2021 improved business activity in municipalities, amid a strong rebound in global demand and higher commodity prices. Going forward, the recovery in economic activity is dependent on various factors, including effective vaccination rollout and sustained provision of energy to all the sectors of the economy.

Metropolitan Municipalities

Figure 4.1: Real Annual GDP Growth Rates

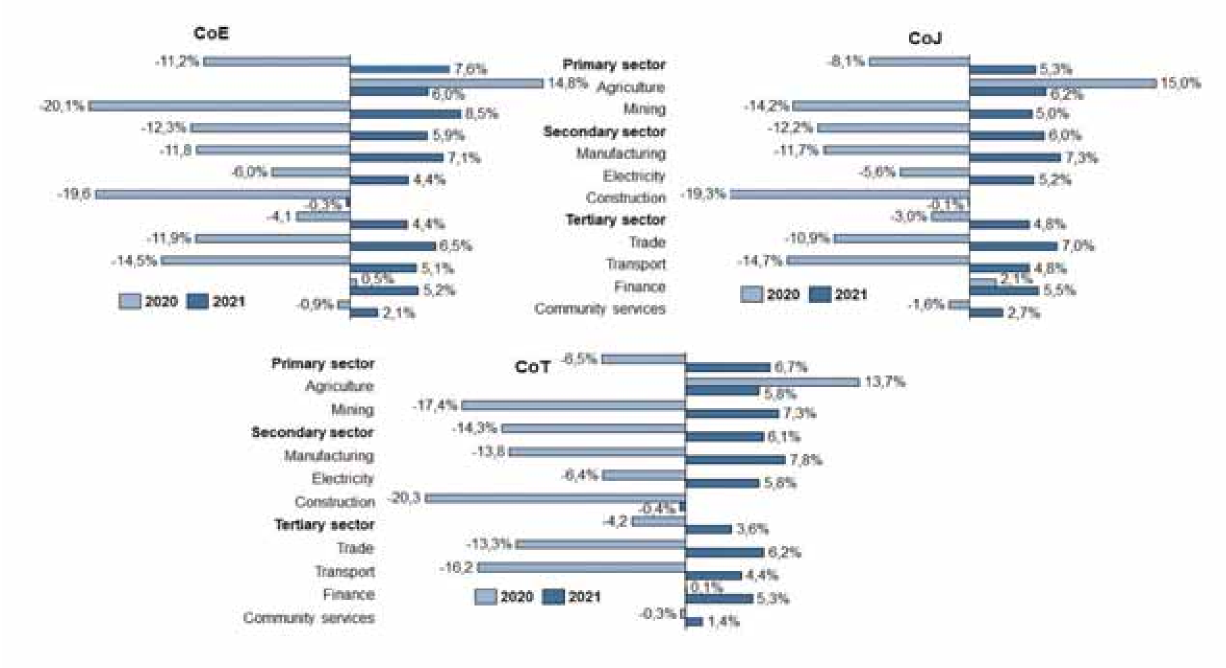


Source: IHS Markit, 2022

Figure 4.1 shows gross domestic product (GDP) growth rates for the Gauteng metros. The economic performance of the metros was strong for the three quarters of 2021, in line with the overall province performance. The better-than-expected economic recovery in the first half of 2021 was mainly due to higher global demand and better commodity prices, amid faster vaccination roll-out in developed economies. This is reflected by the first and second quarter growths in the Gauteng regions. GDP growth accelerated to 4.4 per cent quarter-on-quarter for the City of Tshwane (CoT) in the second quarter of 2021. In the City of Johannesburg (CoJ), growth increased by 3.5 per cent, while the City of Ekurhuleni (CoE) grew by 3.5 per cent during the same period. However, the advancements in the economic performance in the first half of 2021 were disrupted by the social unrest that took place in July, resulting in contractions in economic growth across the board during the third quarter of 2021.

Overall, the annual average growth for 2021 is anticipated to reach 5.3 per cent in the CoJ, 5 per cent in the CoE, and 4.2 per cent in the CoT. The pace of economic recovery and its sustainability is dependent on the vaccination rates across regions and the ability of the government to deal with structural challenges such as energy supply, amongst others.

Figure 4.2: Sector Output Growth



Source: IHS Markit, 2022

Figure 4.2 shows growth in sectoral output for the metros in 2020 and 2021. Following the abrupt halt in economic activity that affected most sectors in 2020, some sectors are expected to have recovered quicker than others. In the CoE, mining output is expected to have recovered faster, with a growth rate of 8.5 per cent in 2021, while the agriculture sector continued its resilience, at an estimated 7.6 per cent. The CoE is known as the manufacturing hub of the province and one of the priorities of its Economic Recovery Plan is to revitalise the manufacturing sector[1], which had been severely impacted by the pandemic.[2]

In the CoJ, the construction sector continued to be in recession in 2021, contracting by an estimated 0.1 per cent, from a previous contraction of 19.3 per cent in 2020. The region's dominating sector, finance & business services, remained resilient and grew by 5.5 per cent. The manufacturing sector is expected to have grown faster, rising by 7.3 per cent, while trade grew by an estimated 7 per cent.

The recovery in economic activity is expected to be driven by the manufacturing sector in the CoT. It rose by an estimated 7.8 per cent in 2021, amid the bulk infrastructure support in the Tshwane Automotive Special Economic Zone.[3] Mining is also expected to have grown faster at 7.3 per cent during the same period.

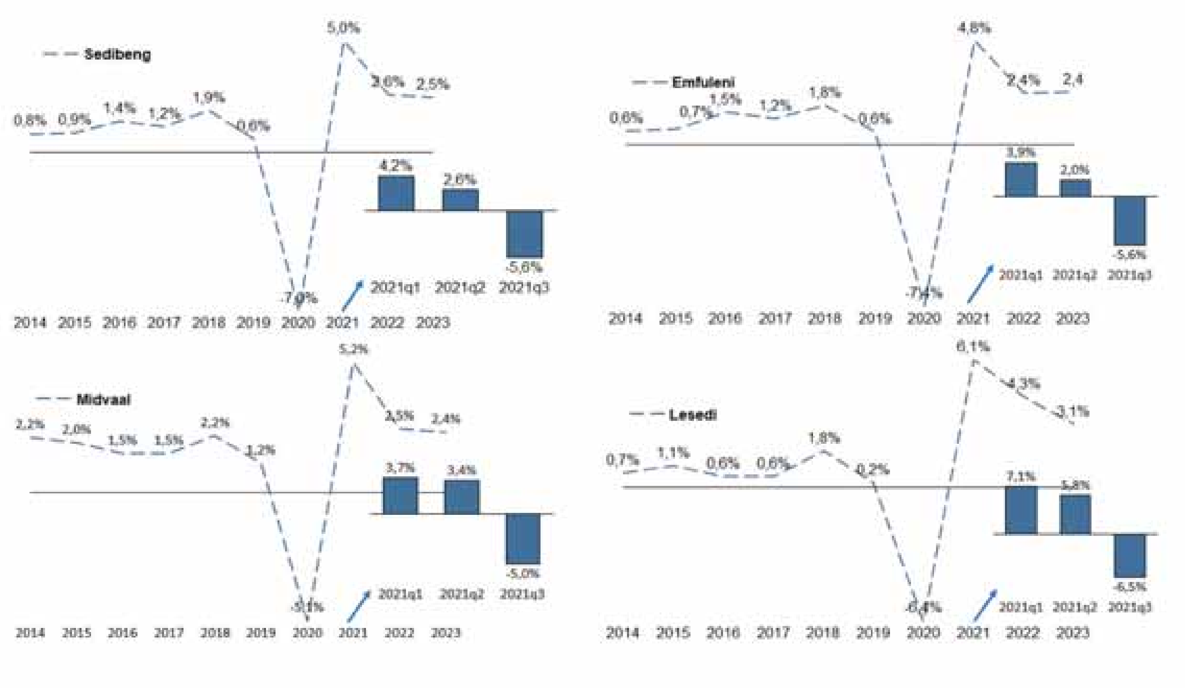
[1] The City has entered into partnerships with the private sector to implement various projects that will enhance the development of the sector. These include investment in (i) the Strategic Urban Developments (SUDs) (ACSA Western Commercial Precinct, S&J Industrial Precinct and other Developments along the R21 Corridor); (ii) the Northern Precinct to the tune of ZAR1 billion, under implementation and estimated to have employed over 2000 people; and (iii) the Tambo Springs Inland Port Special Economic Zone (SEZ) to the tune of ZAR20 billion over the next 15 years.

[2] City of Ekurhuleni. (2021). *State of the City Address 24 March 2021.* Germiston, South Africa.

[3] City of Tshwane. (2021). *State of the City Address 2021.* Pretoria, South Africa.

Sedibeng District Municipality

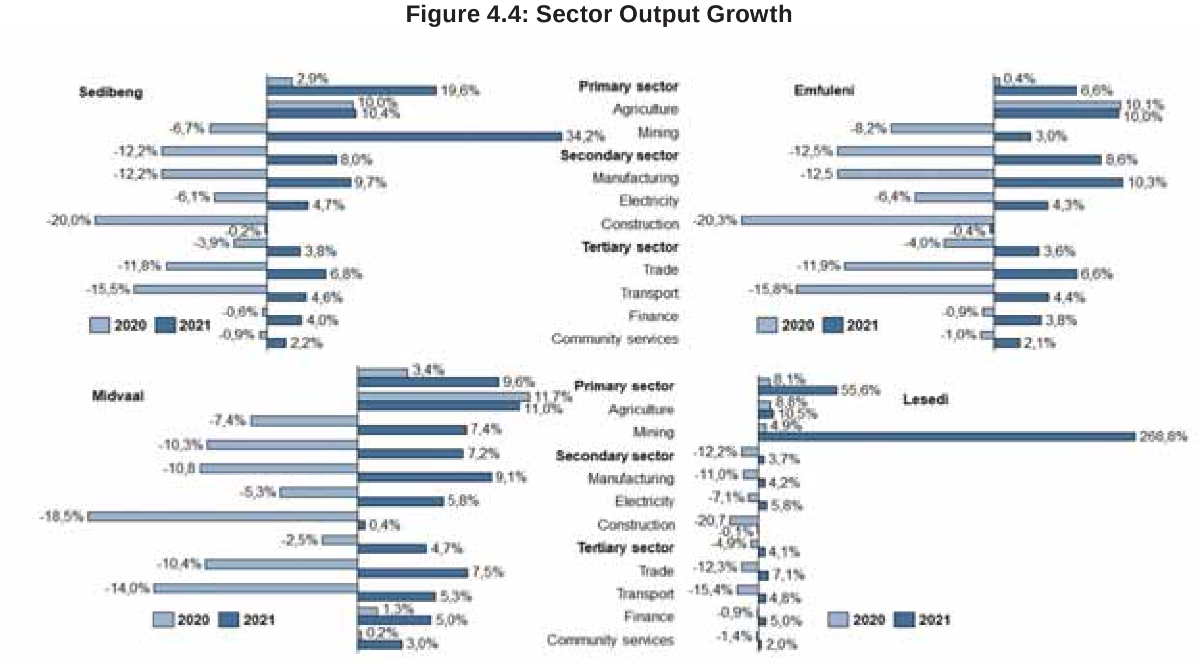
Figure 4.3: Real Annual GDP Growth Rates



Source: IHS Markit, 2022

Figure 4.3 shows growth in economic activity in Sedibeng and its local municipalities. The economy of Sedibeng has historically underperformed, with growth averaging only 1.1 per cent over the past six years. The decline in steel sector-related activity over the years has had adverse effects on growth in the district. The economy is estimated to have recovered by 5 per cent in 2021, from 7 per cent contraction in 2020. In the first two quarters, the recovery was partly due to the improvements in global economic activity. However, the unrest negatively affected the third-quarter performance, as GDP growth contracted by 5.6 per cent in the district. While 2021 is anticipated to have ended on a good note across Sedibeng, the strong growth is expected to slow down in 2022 and 2023 as economic activity normalises. This trend is the same for the local municipalities.

Figure 4.4: Sector Output Growth

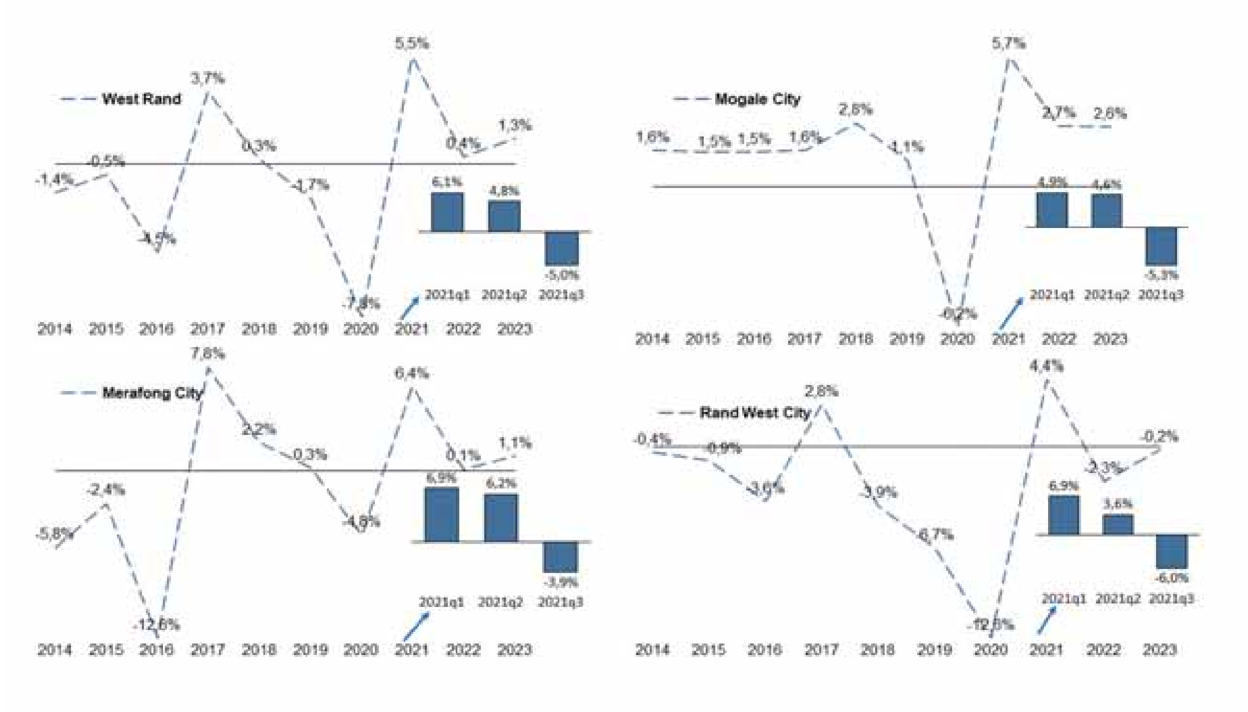


Source: IHS Markit, 2022

Figure 4.4 shows sector growth for the district and its regions. All sectors, except construction in some municipalities, recovered in 2021. A factor worth noting is the strong rebound of the mining sector in Sedibeng and Lesedi. In the district, mining grew by an estimated 34.2 per cent, following a decline of 6.7 per cent in 2020. The highest increase is estimated to have been in Lesedi, with a 268.8 per cent increase in output in 2021. Manufacturing, the largest sector in the district, is also anticipated to have increased by 9.1 per cent in 2021, from a decrease of 10.8 per cent in the previous year. What is notable is also the resilience of the agriculture sector across the region; agriculture benefited from good weather patterns in 2020, which resulted in the broad-based increase in field crops.

West Rand District Municipality

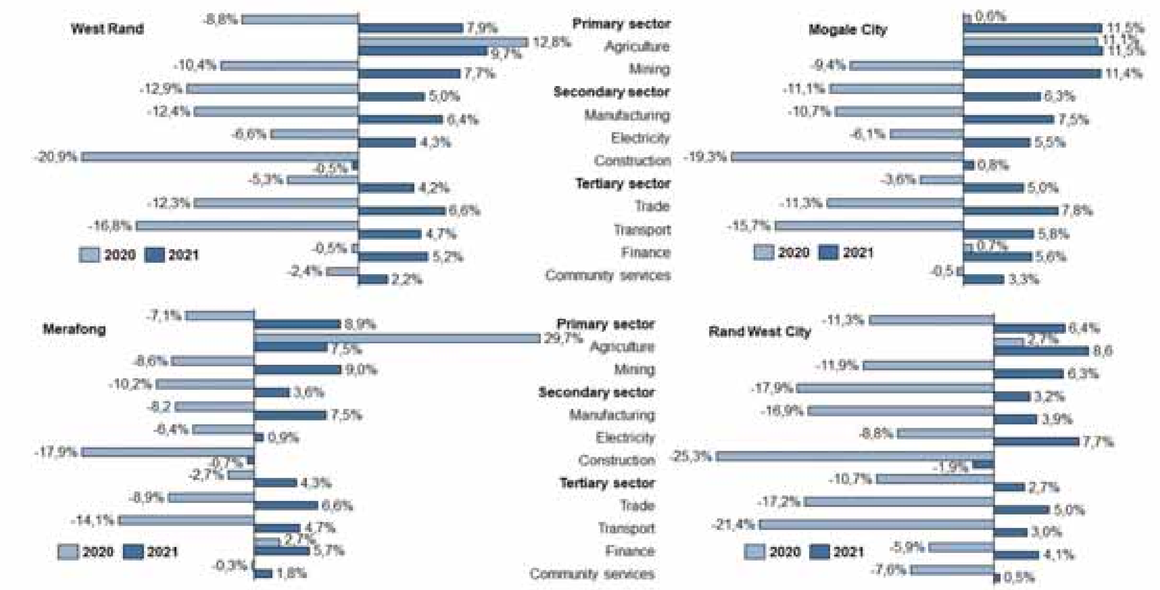
Figure 4.5: GDP Growth Rates



Source: IHS Markit, 2022

Similarly, in the West Rand, economic output has declined for several years, with negative growth rates going back to the start of the review period. The decline in the mining activity of the district over the years has resulted in reduced total output. Mining accounted for 31 per cent of the West Rand's economic output in 1996; it shrunk to an estimated 19.5 per cent by 2021. However, the sector still accounts for the second highest share of economic activity in the region. The Rand West City has recorded a negative growth rate for most of the review period. The 2021 estimates indicate a positive recovery for all the regions, with the district estimated to have grown by 5.5 per cent. GDP growth is forecast to slow in 2022 and 2023, rising only by 0.4 and 1.3 per cent, respectively, in the district. The Rand West City had the biggest contraction at 12.6 per cent in 2020 and is estimated to have recovered to 4.4 per cent in 2021, before declining to 2.3 per cent in 2022.

Figure 4.6: Sector Output Growth



Source: IHS Markit, 2022

Figure 4.6 shows sector growth for the West Rand and the local municipalities. The district has also seen the highest contractions in the construction sector, recording a decline of 20.9 per cent in 2020 before a relative improvement however, still negative at 0.5 per cent. In Mogale City, construction decreased by 19.3 per cent, while it declined by 25.2 per cent in Rand West city and by 17.9 per cent in Merafong in the same period. The restriction of mobility of people and the halt of existing and planned projects affected the sector across regions. The agriculture sector has recorded growth for 2020 and is expected to record positive growth for 2021. Mining activity in the district region grew by 7.7 per cent, following a decrease of 10.4 per cent in 2020.

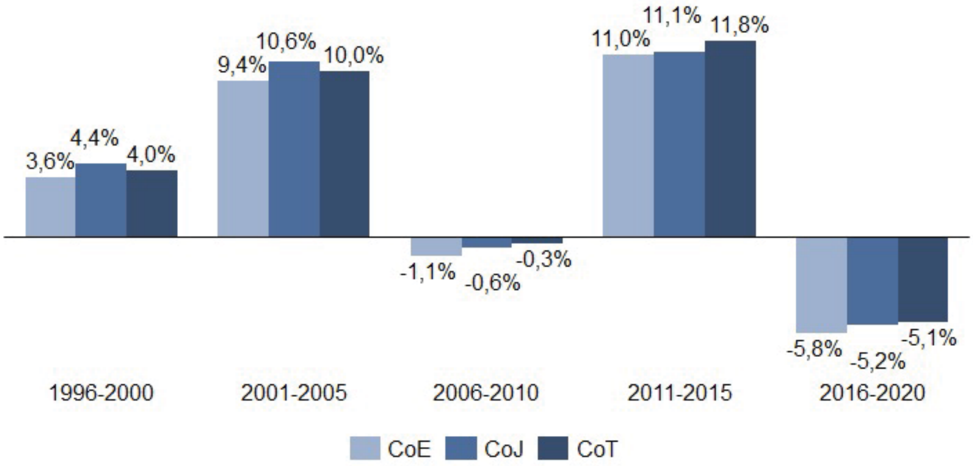
2.2 Investment Landscape

At a global level, the United Nations Conference on Trade and Development (UNCTAD) investment monitor has shown that foreign direct investment (FDI) took a knock in 2020, falling by 12 per cent or USD616 billion. In developing economies such as that of South Africa, these investments remain crucial for productivity, infrastructure development and economic recovery prospects.[4] The gross fixed capital formation numbers from the South African Reserve Bank (SARB) shows a decline in both investment activities by private business enterprises and that of the general government in the third quarter of the year 2021 at negative 1.3 and 0.9 per cent respectively. Investment activities by public corporations showed an increase of 9.5 per cent in the same period.[5]

[4] United Nations Conference on Trade and Development. (2021). *Investment Trend Monitor January 2021 Issue 38*. Geneva, Switzerland.
[5] South African Reserve Bank. (2021). *Quarterly Bulletin December 2021*. Pretoria, South Africa.

Metros Investment Trends

Figure 4.7: Average Growth in Investment

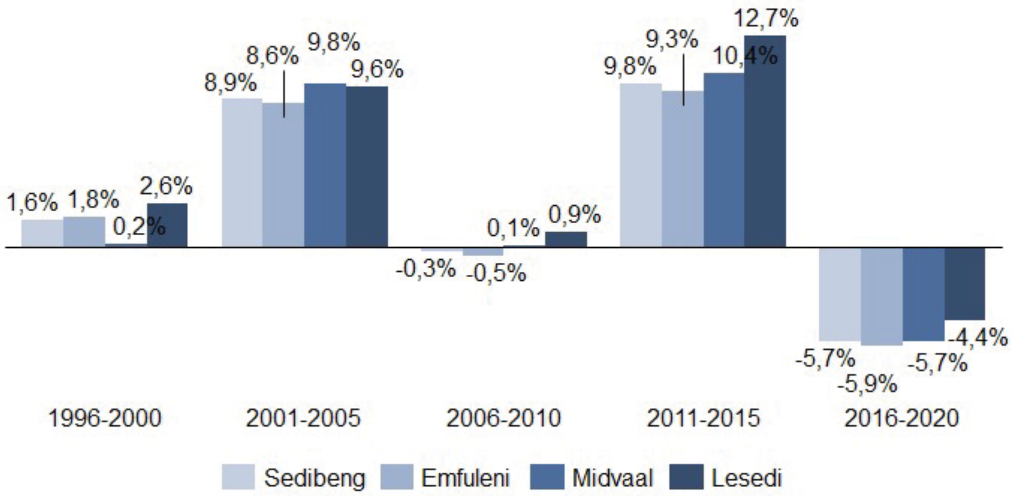


Source: Quantec Research, 2022

Figure 4.7 shows average growth rates in gross fixed capital formation (Investment) for Gauteng metros. Investment trends in the three regions show a somewhat decreasing trend between 2016 and 2020. The halt in economic activity in 2020, exacerbated the contraction in investment growth. Investment averaged -5.8 per cent, -5.2 per cent and -5.1 per cent between 2016 and 2020, in the CoE, CoJ and CoT respectively. As economic activity recovered in 2021 and most sectors of the economy returned to operations, investment, especially by private business enterprises, is also expected to have picked up somewhat.

Sedibeng Investment Trends

Figure 4.8: Average Growth in Investment

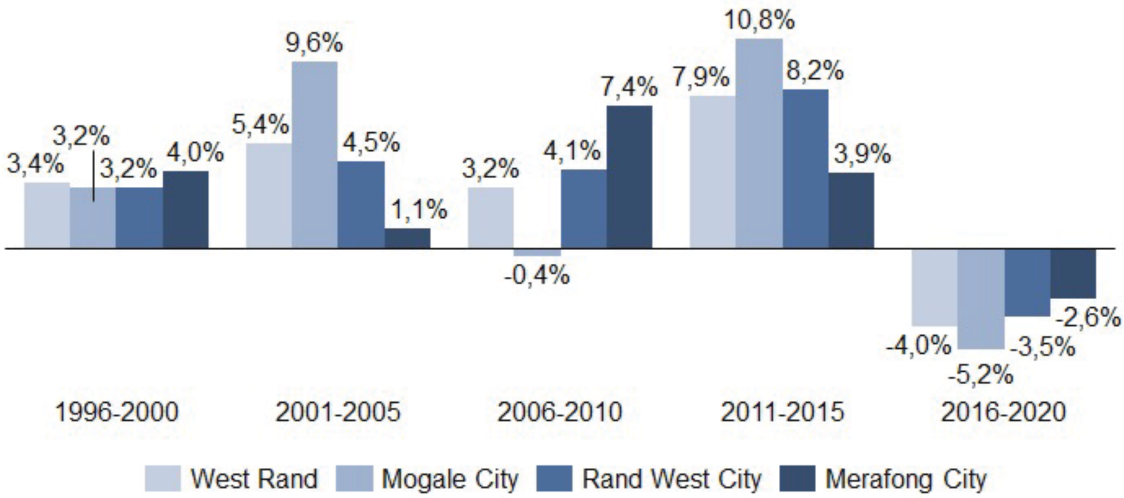


Source: Quantec Research, 2022

Figure 4.8 shows average growth in gross fixed capital formation for Sedibeng district and its local municipalities. Coupled with a decline in economic activity over the past few years, growth in investment between 2016 and 2020 also declined in the district and all its locals. The highest decline was in the Emfuleni region at 5.9 per cent, followed by Midvaal at 5.7 per cent.

West Rand Investment Trends

Figure 4.9: Average Growth in Investment



Source: Quantec Research, 2022

Figure 4.9 shows average growth in gross fixed capital formation for the West Rand district and its local municipalities. With the reliance on mining activity in the district and the decline over the years, growth in investment has fallen over the review periods. In Rand West City, investment declined by an average of 5.2 per cent between 2016 and 2020 and by 4 per cent in the district during the same period.

2.3 Labour Market Developments

Despite the improvements in economic activity in the first half of 2021, the labour market is likely to have lagged the economic recovery in Gauteng. Historically, the district municipalities have experienced poorer labour market conditions, with high unemployment and low participation rates. The pandemic further exacerbated these conditions.

Metros Labour Indicators

Table 4.1: Labour Indicators for Metros

2019	CoE	CoJ	CoT
Employment	1 201 284	1 944 952	1 222 671
Unemployment - official definition	616 312	750 916	445 118
Discouraged work seekers	99 275	153 922	114 749
Rates %			
Unemployment rate - official definition	33,9%	27,9%	26,7%
Unemployment rate - expanded definition	37,3%	31,8%	31,4%
Labour absorption rate	46,7%	51,9%	50,0%
Labour force participation rate	70,7%	72,0%	68,2%

2020	CoE	CoJ	CoT
Employment	1 175 165	1 913 434	1 179 053
Unemployment - official definition	633 935	775 837	461 449
Discouraged work seekers	111 273	173 203	132 594
Rates %			
Unemployment rate - official definition	35,0%	28,8%	28,1%
Unemployment rate - expanded definition	38,8%	33,2%	33,5%
Labour absorption rate	44,7%	49,9%	47,1%
Labour force participation rate	68,8%	70,2%	65,6%

Source: IHS Markit, 2022
Note: 2020 is the latest year that labour market data is available at a district level.

Table 4.1 shows selected labour market indicators for the Gauteng metros. As expected, labour market indicators became worse in 2020 due to the pandemic. Official unemployment rates increased across the board; in the CoE, unemployment reached 35 per cent, 28.8 per cent in the CoJ and 28.1 per cent in the CoT. Furthermore, the number of people who have given up on looking for employment (discouraged work-seekers) has increased. Meanwhile, the proportion of the working-age population that is employed has declined, as shown by the labour absorption rates of the three metros.

Sedibeng Labour Indicators

Table 4.2: Sedibeng Labour Market Indicators

2019	Sedibeng	Emfuleni	Midvaal	Lesedi
Employment	250 222	193 759	39 948	16 515
Unemployment – official definition	188 928	157 696	12 722	18 509
Discouraged work seekers	30 349	23 451	3 181	3 718
Rates %				
Unemployment rate - official definition	41,2%	44,7%	23,5%	35,9%
Unemployment rate – expanded definition	44,8%	48,1%	27,7%	40,2%
Labour absorption rate	39,6%	37,3%	52,8%	41,3%
Labour force participation rate	67,3%	67,5%	69,0%	64,5%

2020	Sedibeng	Emfuleni	Midvaal	Lesedi
Employment	201 087	153 084	34 460	13 543
Unemployment – official definition	197 281	164 085	13 816	19 381
Discouraged work seekers	41 676	31 964	4 577	5 136
Rates %				
Unemployment rate – official definition	49,3%	53,0%	29,7%	43,9%
Unemployment rate – expanded definition	54,1%	57,4%	36,0%	49,7%
Labour absorption rate	29,2%	27,3%	40,8%	30,3%
Labour force participation rate	57,7%	58,2%	58,1%	54,1%

Source: IHS Markit, 2022
Note: 2020 is the latest year that labour market data is available at a district level.

Table 4.2 shows selected labour market indicators for Sedibeng and its local municipalities. The table indicates an increase in the number of unemployed people between 2019 and 2020, while the total number of employed people decreased during the same period. Moreover, discouraged work-seekers have increased between the two periods. Meanwhile, the number of the active workforce has also declined, as indicated by the labour force participation rate, which decreased from 67.3 per cent in 2019 to 57.7 per cent in 2020 at the district level.

The unemployment rate in Sedibeng increased from 41.2 per cent in 2019 to 49.3 per cent in 2020. The Midvaal region recorded the highest unemployment rate, which increased from 44.7 per cent in 2019 to 53 per cent in 2020.

West Rand Labour Indicators

Table 4.3: West Rand Labour Market Indicators

2019	West Rand	Mogale City	Merafong City	Rand West City
Employment	295 380	116 074	102 881	76 426
Unemployment – official definition	141 101	66 795	15 148	59 159
Discouraged work seekers	28 119	10 968	9 277	7 874
Rates %				
Unemployment rate – official definition	32,7%	33,0%	16,8%	42,8%
Unemployment rate – expanded definition	36,9%	36,4%	24,5%	45,9%
Labour absorption rate	48,0%	48,0%	57,4%	41,4%
Labour force participation rate	71,3%	71,6%	69,0%	72,4%

2020	West Rand	Mogale City	Merafong City	Rand West City
Employment	257 633	94 313	103 225	60 095
Unemployment – official definition	151 541	72 134	13 923	65 484
Discouraged work seekers	34 912	15 614	8 367	10 931
Rates %				
Unemployment rate – official definition	38,7%	40,5%	15,4%	53,1%
Unemployment rate – expanded definition	43,7%	45,3%	22,6%	56,9%
Labour absorption rate	39,2%	36,9%	58,2%	29,9%
Labour force participation rate	64,0%	61,9%	68,8%	63,7%

Source: IHS Markit, 2022

Table 4.3 shows selected labour market indicators for the West Rand region and its locals. The number of employed people between the two review periods decreased in the district and in all the local municipalities, except in Merafong City. The total number of employed people decreased from 295 380 at the district level in 2019 to 257 633 in 2020. In Mogale City, this decreased from 116 074 in 2019 to 94 313 people in 2020. However, in Merafong City, the total number of employed people increased from 102 881 in 2019 to 103 225 in 2020.

The district's labour force participation rate declined from 71.3 per cent in 2019 to 64 per cent in 2020. In Mogale City, this dropped from 71.6 per cent in 2019 to 61.9 per cent in 2020. In Merafong City, it decreased from 69 per cent in 2019 to 68.9 per cent in 2020, while in the West Rand City it dropped from 72.4 per cent to 63.7 per cent during the same period.

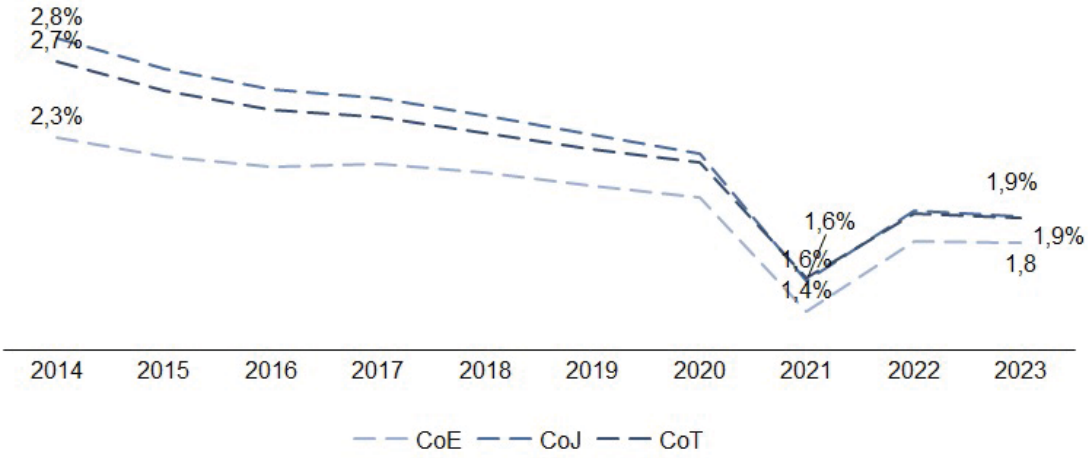
3. Socio-Economic Developments

3.1 Demographics

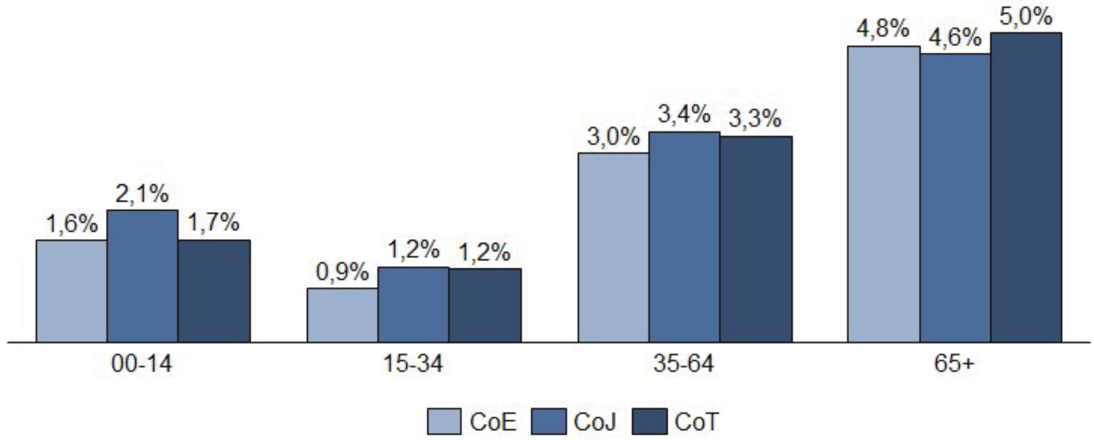
Since the COVID-19 outbreak, mortality rates have risen across regions, life expectancy and migration patterns have also been affected. Due to these rises, it is inevitable that the population structure will shift.[6] The changes in the demographic profile of the country, such as age and gender, due to the COVID-19 pandemic should be considered when implementing future health, economic development, and social welfare policies in the country and all its regions.[7]

Figure 4.10: Population Growth Rates

Annual population Growth Rate



Average Growth Rate 2014-2021



Source: IHS Markit, 2022

Figure 4.10 shows the annual population growth rate and average growth rates by age group. The population growth rate for the metros has been on a declining trajectory for most of the review period. The sharp decline between 2020 and 2021 indicates changes in mortality, fertility and migration patterns due to the pandemic. South Africa and all its regions recorded a sharp increase in the mortality rate. The lockdown restrictions limited the movement of people between regions and provinces, thus affecting the province's migration patterns.

In the CoJ, annual population growth has decreased from 2.8 per cent in 2014 to 2.2 per cent in 2020, before declining further to 1.4 per cent in 2021. In the CoT, growth has decreased from 2.7 per cent in 2014 to 1.6 per cent in 2021, while the CoE also recorded a decline from 2.3 per cent in 2014 to 1.6 per cent in the same period.

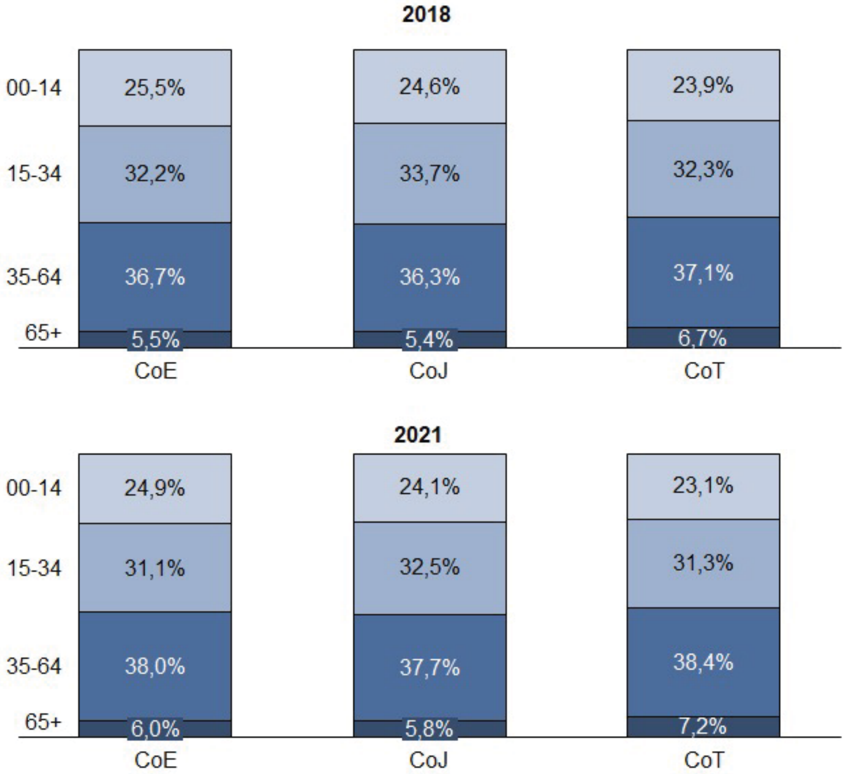
When looking at the average growth rate by age group, the elderly (60+) population has been on the increase between 2014 and 2021. However, considering the impact of COVID-19 on the mortality rate, the rate of

[6] Press Release Network. (2021). *Will The COVID-19 Pandemic Impact Global Population Evolution*. Accessed (23rd December 2021) at www. pressreleasenetwork.com

[7] Statistics South Africa. (2021). *Mid-Year Population Estimates 2021*. Pretoria, South Africa.

growth in this category slowed in 2020 across all regions. The CoT had the highest average growth rate for the 60+ age cohort at 5.4 per cent, followed by CoE at 4.8 per cent, while the CoJ was at 4.6 per cent for the same age cohort.

Figure 4.11: Population by Age Distribution



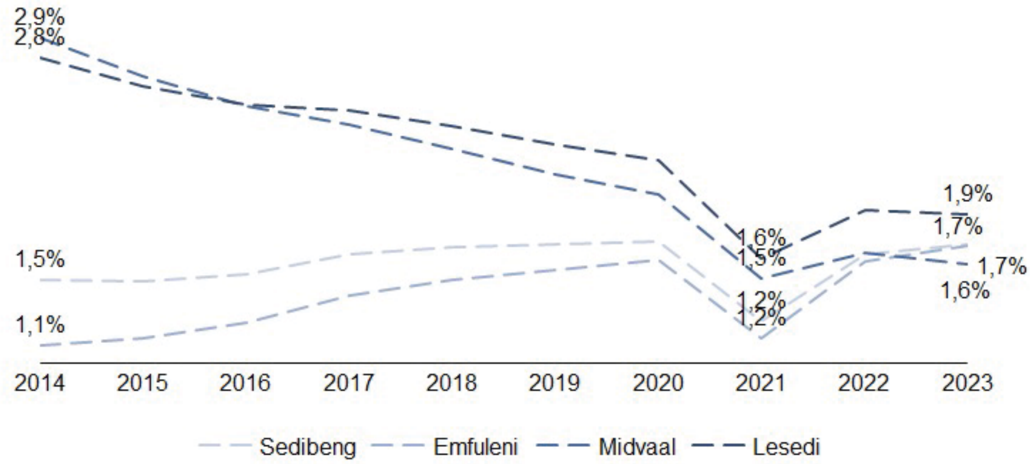
Source: IHS Markit, 2022

Figure 4.11 shows the share of population by age group for the metros. Of the total 3.9 million people in the CoE, 38 per cent were between the ages of 35-64 in 2021, an increase compared to a share of 36.7 per cent in 2018. The 15-34 age cohort accounted for 31.1 per cent of the region's population. The elderly age cohort (65+) accounted for 6 per cent of the total CoE population. In the CoJ, the 35-64 age cohort accounted for 37.7 per cent (5.5 million people), an increase from the 36.3 per cent recorded in 2018. In the CoT, from the total population of 3.6 million, the 35-64 age cohort accounted for 38.4 per cent, increasing from the 37.1 per cent recorded in 2018.

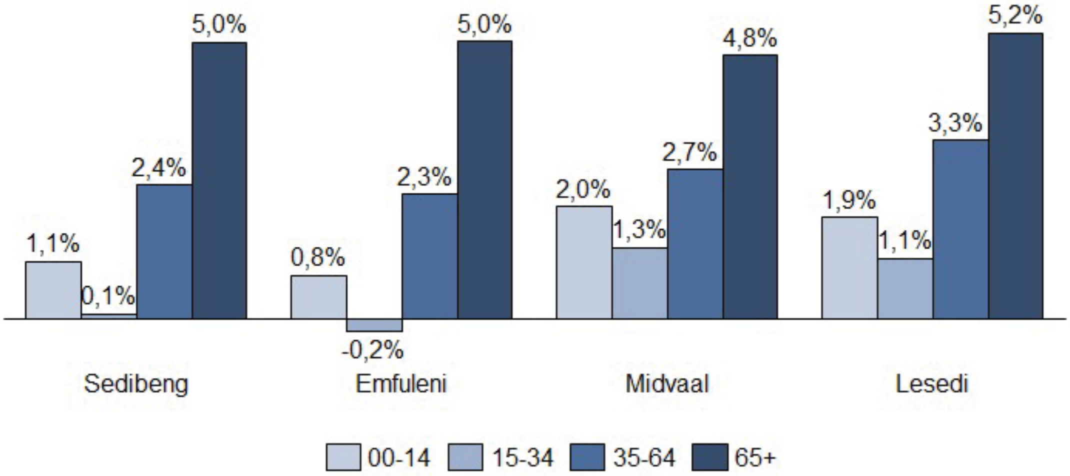
Sedibeng Demographic Profile

Figure 4.12: Population Growth

Annual population Growth Rate



Average Growth Rate 2014-2021

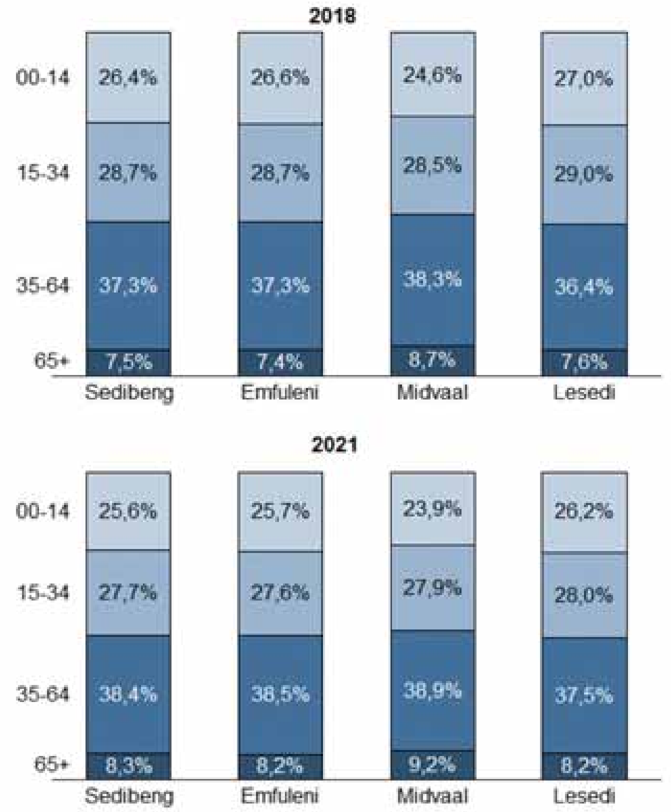


Source: IHS Markit, 2022

Figure 4.12 shows the population growth rates for the Sedibeng district and its local regions. The population growth rate of Emfuleni has increased notably since 2014, while Midvaal and Lesedi population growth have decelerated during the same period. However, this changed in 2021, with all regions experiencing a deceleration in population growth. This is explained by the increase in mortality rate caused by COVID-19 related deaths, and the impact it had on migration patterns of the region. In Lesedi, population growth slowed to 1.6 per cent in 2021, and to 1.5 per cent in Midvaal in the same period. In Emfuleni, population growth fell to 1.2 per cent.

The average growth rate between 2014 and 2021, shows that the rate of growth was the highest amongst the elderly population group, revealing over time the shift from one age group to the next. In all the municipalities, the 60+ age cohort shows a higher average growth rate. Due to the slowdown in fertility rates, the rate of growth in the 0-14 and 15-34 age experienced a relatively slow growth trend in all the regions, with some recording negative growth rates for the 0-14 age cohort.

Figure 4.13: Population by Age Distribution



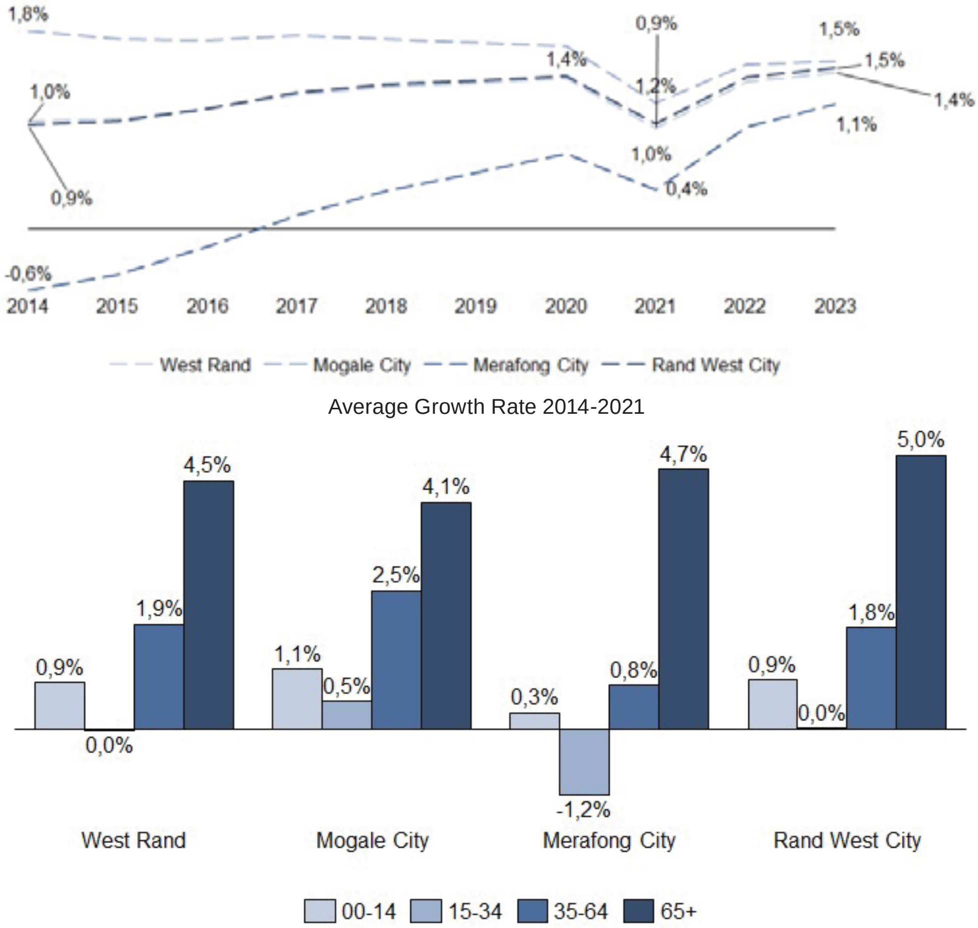
Source: IHS Markit, 2022

Figure 4.13 shows the share of population by age cohort for the Sedibeng district and its local municipalities. In all the regions, the 35-64 age cohort had the highest share of the population and increased between 2018 and 2021. In Sedibeng, this age cohort accounted for 38.4 per cent of the total population in 2021, which is an increase when compared to the 37.3 per cent recorded in 2018. Though showing some decline between the years of 2018 and 2021, the 15-34 age cohort follows the 35-64 aged population in this region. Meanwhile, the share of those aged 65+ years increased across all regions between 2018 and 2021. However, this age cohort makes up just under 10 per cent of the population in all the municipalities.

West Rand Demographic Profile

Figure 4.14: Population Growth

Annual population Growth Rate

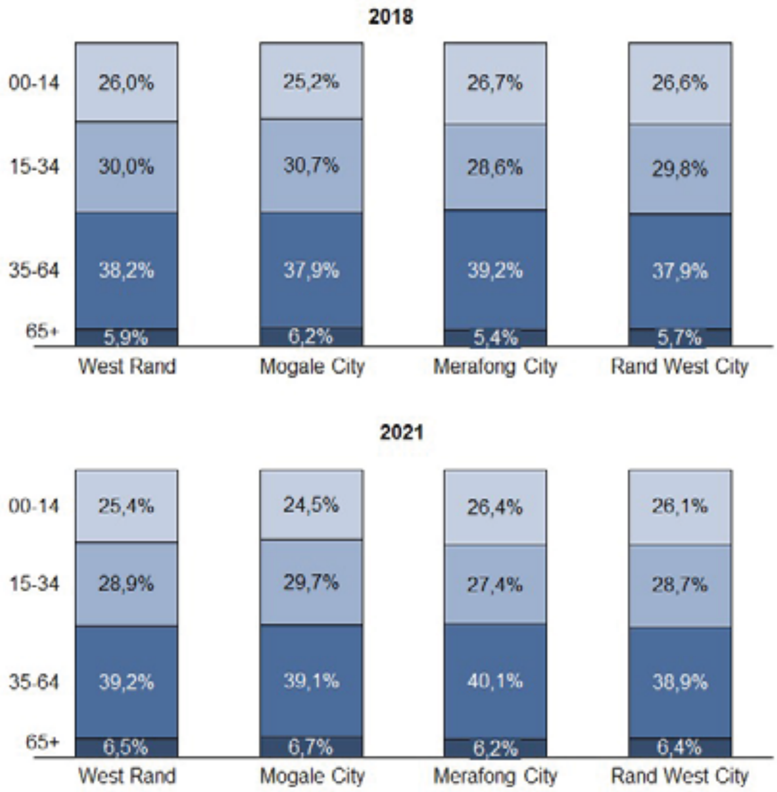


Source: IHS Markit, 2022

Figure 4.14 shows population growth rates for the West Rand district and its local municipalities. The population of Merafong City increased from -0.6 per cent in 2014 to 0.7 per cent in 2020. At the district level, population growth was at 1 per cent in 2014 and increased to 1.4 per cent in 2020, before slowing down to 1 per cent again in 2021.

The average population growth rates show that the elderly population experienced the highest average growth rate between 2014 and 2021, averaging 4.5 per cent in the district. Worth noting is also the decline in growth for the 15-34 age cohort in most municipalities.

Figure 4.15: Population by Age Distribution



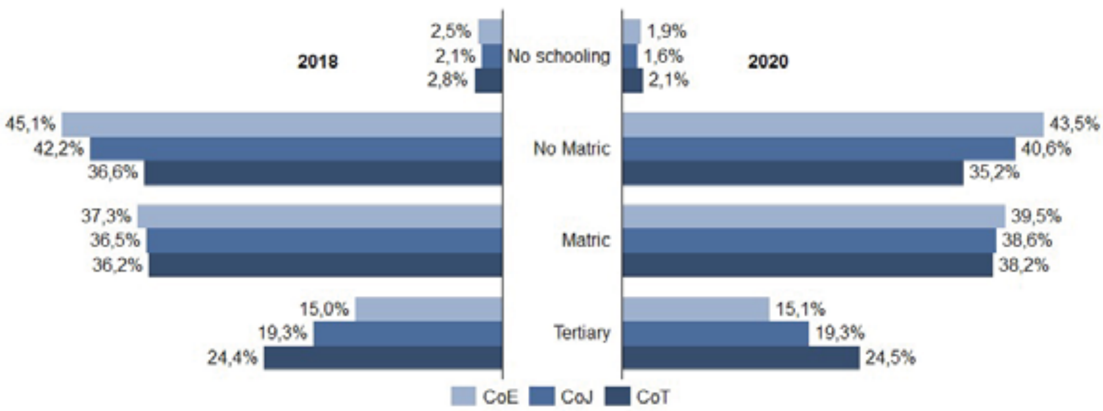
Source: IHS Markit, 2022

Figure 4.15 shows the share of the population in the West Rand district and its municipalities by age cohort. The 35-64 age cohort accounts for the highest share of the population in all the regions. It is followed by the 15-34 and 0-14 age cohorts. The figure also points to an increase in the elderly population as people transition from one age cohort to the next. This is, however, most likely to change as the 65+ age cohort accounted for the highest number of mortality rates during the pandemic across the country. The 35-64 age cohort accounted for 39.2 per cent of the total population, while the 15-34 was at 28.9 per cent in 2021.

3.2. Educational Attainment

Education Attainment in Metros

Figure 4.16: Educational Attainment for People Aged 20+

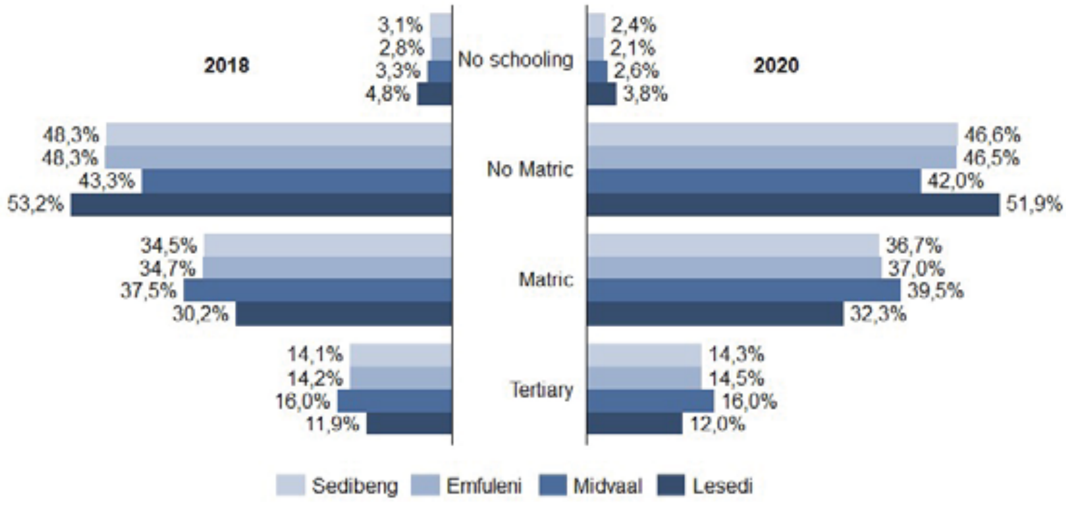


Source: IHS Markit, 2022

Figure 4.16 shows educational attainment for people aged 20 and above in the metros. Educational attainment has been on the increase over the past ten years. The proportion of those with no schooling has continued to decline, while the share of those with matric and tertiary qualifications has increased. In the CoE the share of those with no school decreased from 2.5 per cent in 2018 to 1.9 per cent in 2020. The share of those with matric in the region increased from 37.3 per cent in 2018 to 39.5 per cent in 2020. The CoJ and CoT have also shown a similar trend between the two review periods.

Education Attainment in Sedibeng

Figure 4.17: Educational Attainment for People Aged 20+

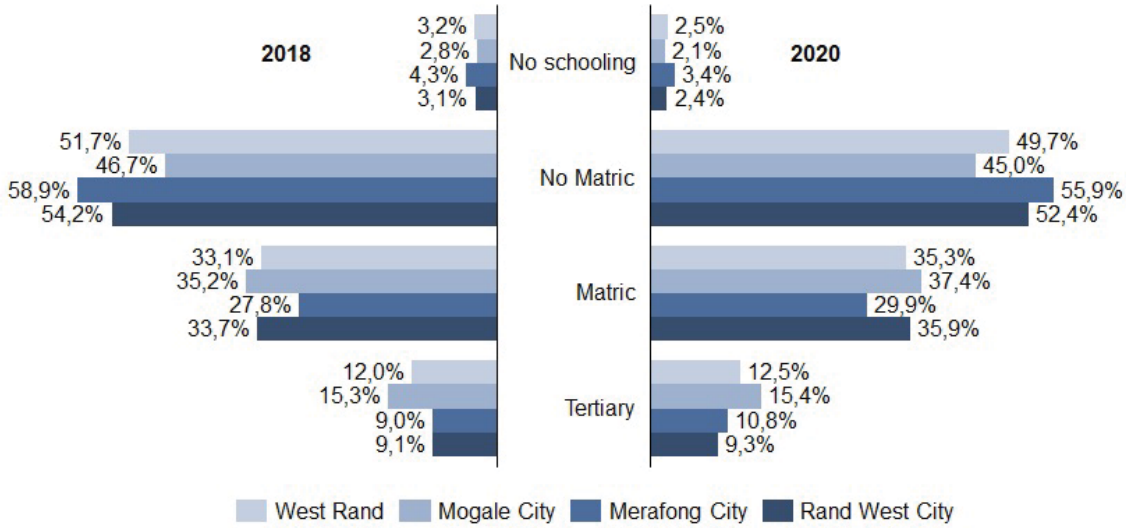


Source: IHS Markit, 2022

Figure 4.17 shows the highest educational attainment for Sedibeng and its regions. In Lesedi, the share of those with no matric remained higher, despite declining from 53.32 per cent in 2018 to 51.9 per cent in 2020. The share of those with tertiary qualifications in Midvaal remained unchanged between the two years at 16 per cent.

Education Attainment in West Rand

Figure 4.18: Educational Attainment for People Aged 20+



Source: IHS Markit, 2022

Figure 4.18 shows the highest educational attainment for West Rand and its regions. The region has the highest share of people with no-matric despite experiencing a decline between the two review periods (2018 and 2020). In Merafong, 58.9 per cent of people aged 20 years and over had no matric in 2018; this decreased to 55.9 per cent in 2020. The Rand West City had 54.2 per cent with no matric qualification in 2018, which declined to 52.4 per cent in 2020. Mogale City had the highest share of people with tertiary education at 15.3 per cent in 2018; this increased slightly to 15.4 per cent in 2020.

3.3 Poverty and Inequality

Gauteng is the economic hub of the country, with over 35 per cent of the economic activity taking place in the province. However, Gauteng continues to bear the brunt of high poverty, inequality, and unemployment levels. At the centre of the development of the Growing Gauteng Together 2030 (GGT2030) strategy, which is the provincial expression of the National Development Plan (NDP), the provincial government aims to address the challenges noted above. The GGT2030 goal is to reduce poverty to about 16 per cent of the total population by 2030 from 25.3 per cent in 2019. The plan also aims to reduce income inequality levels (as measured by the Gini coefficient) to 62 per cent in Gauteng.

Since the dawn of democracy, significant progress has been made to reduce the high levels of poverty and inequality. However, the deterioration in economic performance in recent years due to domestic and external factors has regressed some of the progress made, with levels of inequality being more prevalent within population groups.[8]

Poverty and Inequality Trends in Metros

Table 4.4: Selected Poverty Indicators

Metros	2010	2012	2014	2016	2018	2020
			Food Poverty Line (ZAR624)			
CoE	18,1%	15,5%	16,7%	19,7%	21,6%	24,9%
CoJ	16,5%	14,5%	15,9%	18,8%	20,6%	23,8%
CoT	15,6%	13,4%	14,5%	17,0%	18,8%	21,8%
			Lower Poverty Line (ZAR890)			
CoE	29,7%	26,8%	28,6%	31,7%	34,2%	38,0%
CoJ	27,7%	25,3%	27,3%	30,3%	32,8%	36,5%
CoT	26,0%	23,4%	24,9%	27,5%	29,8%	33,4%
			Upper Poverty Line (ZAR1 335)			
CoE	45,4%	42,3%	43,8%	46,2%	48,9%	52,7%
CoJ	42,9%	40,4%	42,2%	44,6%	47,2%	51,0%
CoT	40,0%	37,2%	38,5%	40,4%	42,9%	46,7%
			Poverty Gap Rate			
CoE	31,4%	30,4%	30,5%	30,8%	31,1%	31,9%
CoJ	31,3%	30,3%	30,4%	30,7%	31,0%	31,7%
CoT	31,4%	30,4%	30,5%	30,8%	31,2%	31,9%

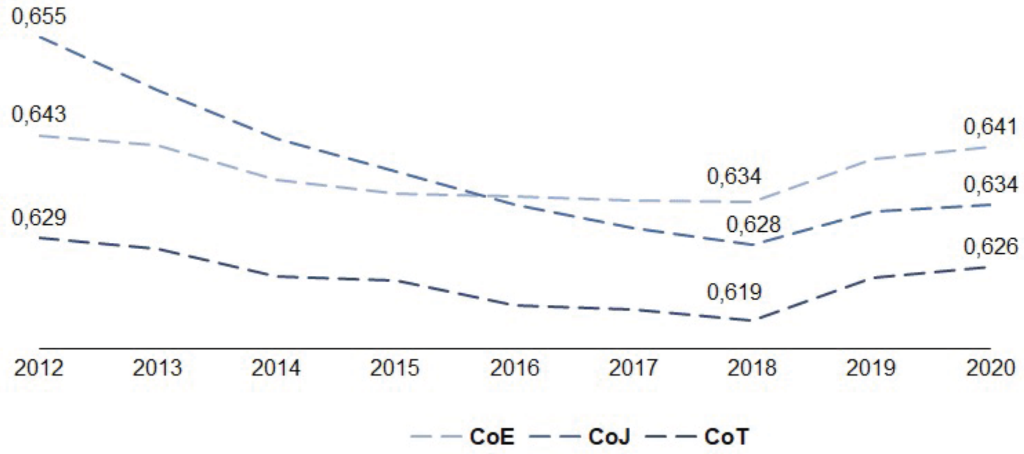
Source: IHS Markit, 2022

Table 4.4 shows selected poverty measures for the Gauteng metros. The table shows that the share of those living in poverty by all measures declined between 2010 and 2012. However, it increased thereafter, particularly between 2014 and 2020 in all regions. In the CoE, the share of the population living below the Upper Bound Poverty Line (UBPL)[9] was 52.7 per cent in 2020, an increase compared to the 43.8 per cent in 2014.

In the CoJ, the UBPL was at 51 per cent, an increase from the 42.2 per cent in 2014. In the CoT, the share of those living below the UBPL was at 46.7 per cent, compared to the 38.5 per cent recorded in 2014. The slowdown in economic activity across all regions in the country has resulted in rising unemployment levels, which have affected the income levels in households. Moreover, the COVID-19 pandemic aggravated the situation, with millions of people expected to have been pushed further into poverty.[10]

[8] Gauteng Provincial Government. (2021). *GGT2030 Growing Gauteng Together*. Marshalltown, South Africa.
[9] Different poverty line measures and levels are explained in detail in chapter 2 section 5.3
[10] World Bank. (2020). *Projected Impact of COVID-19 (Coronavirus) June8 2020*. Washington DC. USA.

Figure 4.19: Gini Coefficient (Measure of Income Inequality)



Source: IHS Markit, 2022

Figure 4.19 shows the level of income inequality as measured by the Gini coefficient for the three metros. Income inequality declined marginally from 2012 to 2018 before increasing between 2019 and 2020. Even so, a Gini coefficient in the range of 0.60 still reflects much deeper inequality levels in the three metros. Social transfers as a government policy to redistribute income have helped to offset income inequality. However, this requires sustained revenue collection and is not viable as a permanent policy solution.[11] In the CoJ, the Gini coefficient has decreased from 0.655 in 2012 to 0.628 in 2018 before rising to 0.634 in 2020. The CoE region experienced the same trend, declining from 0.643 in 2012 to 0.634 in 2018, before rising to 0.641 in 2020.

Poverty and Inequality Trends in Sedibeng

According to the Gauteng City Region Observatory (GCRO), poverty and inequality remain significant in the province and its regions. It is shown not only by income but in households' access to meals, medical aids, various assets, and education. Households with lower incomes are less likely to have access to health care, education, and meals, while those with higher incomes are more likely to have access. The GCRO also notes that poverty and inequality tend to be high in regions with low economic activity.[12] The Sedibeng region is known for its manufacturing activity in the steel industry. However, this activity has been on a decline over the years and the recent impact of the pandemic had a negative impact on the sector. As a result, poverty and inequality levels have intensified in the region and its locals.

[11] Gauteng City Region Observatory. (2018). *Poverty and Inequality in The Gauteng City Region*. Johannesburg, South Africa.
[12] Gauteng City Region Observatory. (2018). Poverty and Inequality in The Gauteng City Region. Johannesburg, South Africa

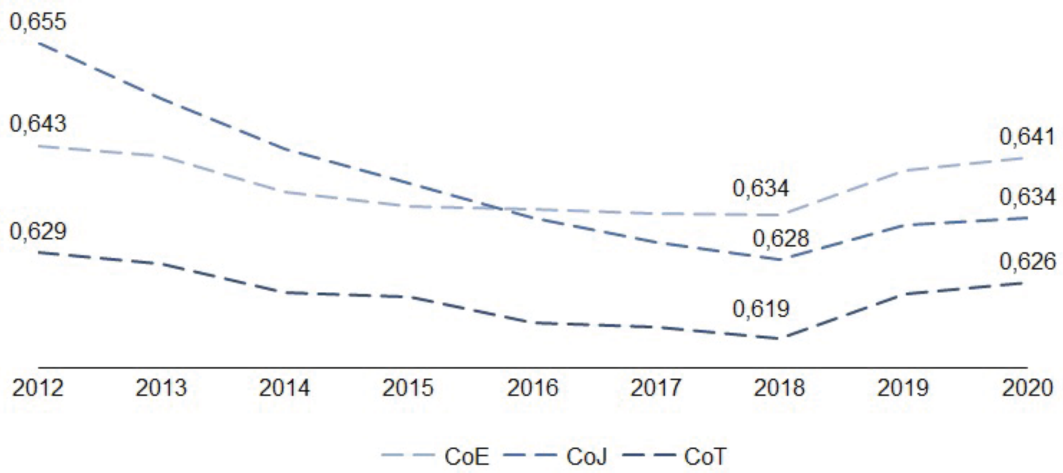
Table 4.5: Selected Poverty Indicators

Regions	2010	2012	2014	2016	2018	2020
			Food Poverty Line (ZAR624)			
Sedibeng	21,6%	18,3%	19,3%	22,3%	24,4%	27,8%
Emfuleni	22,7%	19,3%	20,3%	23,4%	25,4%	28,7%
Midvaal	14,3%	12,1%	13,1%	15,5%	17,7%	21,0%
Lesedi	19,9%	16,8%	18,2%	21,7%	24,2%	28,2%
			Lower Poverty Line (ZAR890)			
Sedibeng	34,8%	31,1%	32,5%	35,4%	37,9%	41,5%
Emfuleni	36,4%	32,6%	34,0%	36,9%	39,3%	42,8%
Midvaal	24,2%	21,8%	22,9%	25,4%	28,2%	32,0%
Lesedi	33,2%	29,7%	31,4%	34,8%	38,0%	42,3%
			Upper Poverty Line (ZAR1 335)			
Sedibeng	51,2%	47,5%	48,5%	50,5%	52,9%	56,4%
Emfuleni	53,2%	49,5%	50,5%	52,5%	54,8%	58,1%
Midvaal	36,9%	34,4%	35,3%	37,3%	40,0%	43,9%
Lesedi	49,8%	46,3%	47,6%	50,1%	53,1%	57,3%
			Poverty Gap Rate			
Sedibeng	31,4%	30,4%	30,5%	30,8%	31,2%	31,9%
Emfuleni	31,5%	30,4%	30,5%	30,9%	31,2%	32,0%
Midvaal	31,2%	30,3%	30,3%	30,6%	30,9%	31,4%
Lesedi	31,4%	30,3%	30,4%	30,7%	31,1%	31,7%

Source: IHS Markit, 2022

Table 4.5 shows the proportion of those living below different poverty lines in the Sedibeng district and its locals. All the poverty measures have been on the rise since 2014, indicating a deteriorating situation in all the regions. The UBPL shows that there was 57.3 per cent of the population living below the poverty line in 2020, compared to 46.3 per cent in 2012 in the Lesedi region. Emfuleni was at 58.1 per cent in 2020, an increase from the 49.5 per cent recorded in 2012. The share of those living below the UBPL was at 56.4 per cent in the district in 2020, compared to 47.5 per cent in 2012.

Figure 4.20: Gini Coefficient (Measure of Income Inequality)



Source: IHS Markit, 2022

Figure 4.20 shows income inequality as measured by the Gini coefficient for the Sedibeng district and its locals. The Gini coefficient in Sedibeng and its municipalities has increased consistently over the review periods (2012-2020). It was the highest in Sedibeng, rising from 0.633 in 2012 to 0.647 in 2020. Emfuleni experienced the second highest, which increased from 0.629 in 2012 to 0.645 in 2020.

Poverty and Inequality Trends in West Rand

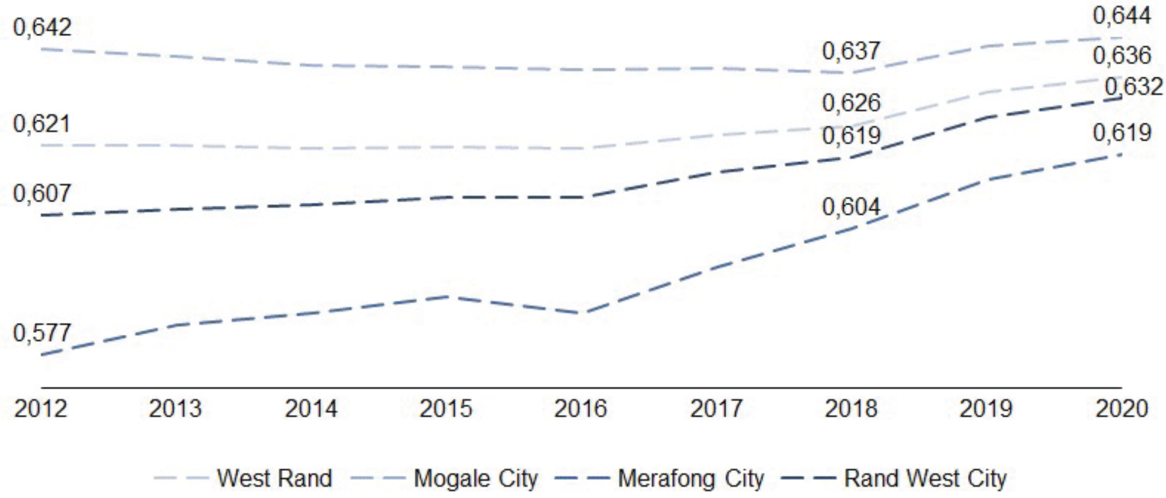
Table 4.6: Selected Poverty Indicators

Regions	2010	2012	2014	2016	2018	2020
			Food Poverty Line (ZAR624)			
West Rand	16,7%	14,8%	16,0%	19,2%	21,0%	24,3%
Mogale City	16,9%	14,6%	15,7%	18,7%	20,6%	24,0%
Merafong City	15,0%	14,0%	15,2%	18,6%	20,3%	23,2%
Rand West City	17,6%	15,6%	16,9%	20,2%	22,0%	25,3%
			Lower Poverty Line (ZAR890)			
West Rand	28,6%	26,4%	28,1%	31,5%	33,9%	37,6%
Mogale City	28,8%	26,1%	27,6%	30,7%	33,1%	36,9%
Merafong City	26,4%	25,3%	27,1%	31,1%	33,5%	36,9%
Rand West City	30,0%	27,6%	29,4%	32,9%	35,2%	38,9%
			Upper Poverty Line (ZAR1 335)			
West Rand	45,0%	42,7%	44,0%	46,6%	49,0%	52,7%
Mogale City	44,5%	41,7%	42,9%	45,2%	47,6%	51,4%
Merafong City	43,8%	42,7%	44,0%	47,2%	49,5%	53,1%
Rand West City	46,7%	44,1%	45,5%	48,3%	50,6%	54,2%
			Poverty Gap Rate			
West Rand	31,4%	30,4%	30,4%	30,7%	31,1%	31,8%
Mogale City	31,4%	30,4%	30,5%	30,8%	31,1%	31,8%
Merafong City	31,5%	30,4%	30,5%	30,9%	31,2%	32,0%
Rand West City	31,2%	30,2%	30,3%	30,6%	31,0%	31,7%

Source: IHS Markit, 2022

Table 4.6 shows different measures of poverty for the West Rand district and the local regions. In 2020, over 50 per cent of the districts were living below the UBPL. With economic activity in negative territory in the district before the pandemic and the unemployment rate at its highest level, these did not favour the initiatives targeted at reducing poverty in the district. The UBPL was the highest in Rand West City at 54.2 per cent in 2020, followed by Merafong City at 53.1 per cent.

Figure 4.21: Gini Coefficient (Measure of Income Inequality)



Source: IHS Markit, 2022

Figure 4.21 shows income inequality as measured by the Gini coefficient for the West Rand district and its local regions. Over the period of 2012 to 2020, not much change or movement happened in all the regions, as the increases in later years were marginal. However, the numbers have maintained a level just above 0.6. Much of the inequality is in Mogale City, the region with relatively high activity in the whole district. The Gini coefficient in the region increased from 0.642 in 2012 to 0.644 in 2020.

4. Basic Services Access

The Department of Planning Monitoring and Evaluation conducted a survey during the country's first lockdown reviewing the impact of COVID-19 on the South African municipalities.[13] The survey investigated, amongst other issues the impact of COVID-19 on municipalities' revenues, expenditures, and service delivery. The survey showed that the Gauteng metros were estimated to have lost over ZAR3 billion between May and June 2020. This was caused by the closing down of various businesses, leading to a decline in commercial rates revenue. The South African Local Government Association (SALGA) estimated that municipal revenue could have decreased by up to ZAR14 billion due to the pandemic.

As far as the impact on expenditure is concerned, municipalities had to reprioritise the already stretched budgets to fight the effects of the pandemic. According to the survey, funds meant for the provision of basic services such as electricity, water, waste management and other infrastructure maintenance were redirected to COVID-19 related priorities. Before the pandemic, several municipalities were already struggling to deliver some basic services. This was mainly due to the pre-existing challenges, including deteriorating infrastructure that has not been maintained. In the Gauteng region, this includes the Vaal River sewage pollution and power outages.

The GCRO's Quality of Life Survey for 2020/21 financial year shows that access to basic services in the province and its regions has remained stable over the years, with the exception for access to refuse removal. The survey indicates that there has been a decline in the proportion of respondents who had their refuse removed at least once a week.[14]

[13] Department of Planning, Monitoring and Evaluation. (2020). *The Impact of COVID-19 on South African Municipalities Survey Results.* Pretoria, South Africa.
[14] Gauteng City Region Observatory. (2021). *Quality of Life Survey 6 (2020/21) Overview Report.* Johannesburg, South Africa....

Table 4.7: Access to Household Infrastructure

Regions	2010	2012	2014	2016	2018	2020
Share of Households Occupying Formal Dwellings						
CoE	16,7%	14,8%	16,0%	19,2%	21,0%	24,3%
CoJ	76,6%	77,6%	77,8%	78,5%	78,2%	79,3%
CoT	81,4%	82,5%	82,3%	80,4%	80,5%	81,8%
Share of Households with Hygienic Toilets						
CoE	89,8%	91,3%	91,7%	91,1%	91,4%	91,9%
CoJ	94,7%	94,8%	94,8%	95,7%	96,0%	96,4%
CoT	82,0%	83,8%	84,5%	84,4%	84,8%	85,1%
Share of Households with Piped Water						
CoE	96,3%	97,1%	97,7%	97,9%	98,0%	98,1%
CoJ	97,2%	97,6%	98,2%	98,9%	99,0%	99,1%
CoT	95,4%	95,8%	96,7%	98,4%	98,8%	98,8%
Share of Households with Electrical Connections						
CoE	81,1%	83,1%	85,2%	85,8%	86,5%	86,7%
CoJ	90,3%	91,3%	92,2%	92,0%	92,3%	92,4%
CoT	85,4%	85,6%	88,2%	92,2%	92,6%	93,0%
Share of Households with Formal Refuse Removal						
CoE	90,1%	91,7%	91,9%	90,0%	88,6%	86,1%
CoJ	95,7%	95,5%	95,0%	94,4%	93,7%	92,4%
CoT	82,3%	84,1%	85,4%	85,3%	84,0%	82,5%

Source: IHS Markit, 2022

Table 4.7 shows the share of households with access to basic services for the Gauteng metros. In the CoE, the proportion of households with formal dwellings was still lower than 80 per cent over the review period (2010-2020). This points to the high backlog in the provision of housing in the region. In 2010, about 76.6 per cent of households had access to formal dwellings compared to 79.3 per cent in 2020. The share of households with access to formal refuse removal decreased across all metros during this period. In 2010, 90.1 per cent had access to refuse removal in the CoE; this declined to 86.1 per cent in 2020. In the CoJ, 95.7 per cent of households had access to refuse removal in 2012 and this decreased to 92.4 per cent in 2020.

Access to Basic Services in Sedibeng

Gauteng district regions are characterised by low levels of economic activity and high rates of unemployment. This puts pressure on the ability of the municipalities to generate revenue from providing services to households, in turn, making them more reliant on national government transfers.

Table 4.8: Access to Household Infrastructure

Regions	2010	2012	2014	2016	2018	2020
Share of Households Occupying Formal Dwellings						
Sedibeng	84,6%	85,1%	85,3%	83,9%	83,5%	84,4%
Emfuleni	85,4%	86,0%	86,2%	85,1%	84,6%	85,4%
Midvaal	82,1%	83,7%	83,5%	78,7%	78,4%	79,7%
Lesedi	81,8%	80,9%	81,1%	81,4%	81,4%	82,8%
Share of Households with Hygienic Toilets						
Sedibeng	91,3%	92,2%	92,6%	93,5%	93,7%	93,7%
Emfuleni	92,2%	93,2%	93,8%	94,3%	94,2%	93,8%
Midvaal	87,0%	88,4%	88,7%	89,5%	90,4%	91,5%
Lesedi	89,2%	88,6%	88,9%	92,7%	93,7%	94,9%
Share of Households with Piped Water						
Sedibeng	97,1%	97,1%	97,8%	99,0%	99,1%	99,1%
Emfuleni	97,9%	98,1%	98,6%	99,1%	99,2%	99,2%
Midvaal	92,2%	92,4%	94,2%	97,7%	98,0%	98,1%
Lesedi	95,8%	94,7%	95,7%	99,0%	99,2%	99,3%
Share of Households with Electrical Connections						
Sedibeng	90,3%	91,6%	92,8%	92,7%	92,9%	92,8%
Emfuleni	92,5%	94,0%	95,0%	94,3%	94,4%	94,1%
Midvaal	80,5%	83,1%	84,6%	83,9%	84,9%	85,1%
Lesedi	84,1%	83,8%	86,0%	90,6%	91,5%	92,3%
Share of Households with Formal Refuse Removal						
Sedibeng	85,5%	81,0%	80,6%	91,6%	91,4%	90,8%
Emfuleni	86,1%	80,5%	79,7%	92,7%	92,4%	91,8%
Midvaal	81,7%	79,7%	80,6%	87,6%	87,6%	86,8%
Lesedi	85,4%	86,0%	86,8%	88,4%	88,4%	87,9%

Source: IHS Markit, 2022

Table 4.8 shows the share of households with access to basic services in the Sedibeng district and its local regions. The share of households occupying formal dwellings across the Sedibeng region was below 90 per cent for the selected review period (2010-2020). In the Midvaal, between 2016 and 2020, the proportion of the population with formal housing was below 80 per cent. This largely reflects the backlog in the region and that the district relies mostly on national government transfer for infrastructure projects.[15] The share of households with access to piped water was over 90 per cent across the district. In Midvaal and Lesedi, the share of those with access to formal refuse removal was below 90 per cent, for the review period.

[15] Statistics South Africa. (2021). *How Financial Independent are Municipalities?* Accessed on the (26th January 20211) at www. Statssa.gov.za.

West Rand District Municipality

Table 4.9: Access to Household Infrastructure

Regions	2010	2012	2014	2016	2018	2020
Share of Households Occupying Formal Dwellings						
West Rand	71,9%	73,5%	74,0%	73,4%	73,8%	75,5%
Mogale City	73,8%	75,8%	75,7%	73,3%	73,4%	75,2%
Merafong City	73,7%	74,9%	76,4%	78,6%	79,6%	81,9%
Rand West City	67,9%	69,1%	69,7%	69,7%	70,3%	71,4%
Share of Households with Hygienic Toilets						
West Rand	88,3%	89,8%	90,3%	90,8%	90,8%	90,8%
Mogale City	90,3%	90,8%	91,0%	92,2%	92,7%	93,5%
Merafong City	86,1%	89,0%	90,3%	91,4%	90,8%	90,1%
Rand West City	87,5%	89,1%	89,2%	88,2%	87,9%	87,0%
Share of Households with Piped Water						
West Rand	93,5%	94,6%	95,7%	96,0%	96,4%	96,4%
Mogale City	94,4%	95,1%	96,3%	97,7%	98,1%	98,2%
Merafong City	92,0%	93,4%	94,0%	92,0%	92,4%	92,1%
Rand West City	93,5%	94,8%	95,9%	96,5%	96,7%	96,7%
Share of Households with Electrical Connections						
West Rand	81,5%	84,5%	86,4%	85,1%	85,5%	85,0%
Mogale City	85,4%	87,1%	88,3%	87,7%	88,5%	88,6%
Merafong City	83,2%	87,5%	90,0%	88,9%	88,4%	87,1%
Rand West City	74,9%	78,5%	80,9%	78,5%	78,8%	78,1%
Share of Households with Formal Refuse Removal						
West Rand	80,6%	83,4%	84,3%	82,0%	80,0%	76,0%
Mogale City	82,4%	83,9%	84,7%	85,1%	84,2%	82,1%
Merafong City	77,9%	81,9%	83,3%	78,3%	75,1%	69,8%
Rand West City	80,4%	83,7%	84,6%	80,3%	77,0%	71,1%

Source: IHS Markit, 2022

Table 4.9 shows the share of households with access to basic services for the West Rand district and its local regions. Across the district, there were relatively more households with access to piped water and hygienic toilets. Those occupying formal dwellings were still below 80 per cent, despite showing improvements across the district over the review period (2010-2020). In the Rand West City and Merafong City, the share of households with access to formal refuse removal and electricity connections has been on the decline since 2014.

5. The Gauteng Economic Recovery Plan and the Municipal Recovery Policy and Initiatives

The GGT2030 remains the main policy guiding tool for the Gauteng province and its municipal regions in addressing its socio-economic challenges. It is also the provincial expression of the National Development Plan (NDP) which is the main policy guiding framework for the country.

Focusing on the above priorities, the GGT2030 reflects on how the Gauteng City Region (GCR) aims to address fundamental challenges facing the people of Gauteng, including, amongst others, unemployment, poverty & hunger, health and inequality. In the 2021 State of the Province Address, the Honourable David Makhura, emphasised that in the wake of the COVID-19 pandemic, the GGT2030 needed to adapt to the changed environment.[16] As a result, the GCR implemented the Economic Recovery Plan aimed at bolstering economic growth in the region after the effects of the pandemic. The recovery plan focused on high growth sectors and investment projects to transform, modernise and re-industrialise the GCR corridors.

[16] Gauteng Provincial Government. (2021). *State of the Province Address23 February 2021*. Marshalltown, Johannesburg.

The focus included the development of Special Economic Zones (SEZs) in all the Gauteng metros and district regions. The Tshwane Automotive Special Economic Zone (TASEZ) is one example of the SEZs being utilised as a key driver in promoting economic growth in the CoT and the Gauteng province. One of the objectives of the TASEZ is to boost infrastructure in the automotive industry by manufacturing 200 000 cars a year by the end of 2022. This has resulted in an investment of ZAR3.3 billion by government and has also unlocked ZAR4.3 billion by suppliers and a further ZAR15.8 billion by Ford Motor Company South Africa.

The province and its regions needed a policy response strategy to counter the impact that the pandemic had on the economy, businesses and households. Gauteng municipalities stand to benefit from the ZAR100 million Gauteng Rebuilding Fund[17], with the expected SMMEs applicants residing in all the province's municipalities.[18] In the 2022 State of the Province Address, Gauteng Premier, Honourable David Makhura cited that to date, the fund has raised about ZAR500 million.[19]

6. Conclusion

Despite the decline in economic activity in the third quarter of 2021 across all the Gauteng regions, the better-than-expected recovery in the first two quarters of that year points to robust growth for 2021 compared to 2020. The Gauteng economy is expected to have risen by 4.9 per cent in 2021, with all municipalities experiencing growth rates more than 4 per cent during the same period.

Growth is expected to moderate in 2022 and 2023, as the economy normalises, and the effects of the pandemic dissipate. Risks to the economic outlook include vaccination hesitancy, which is key to opening all sectors of the economy; there are other structural impediments, amongst others, the continuous power outages. The investment outlook across regions remains bleak as uncertainty continues.

Much of the economic recovery in the first half of 2021 did not translate into improvements in the labour market. This is mainly because recovery in employment lags that of economic activity.

Due to the pandemic, changes in the factors that affect demographic analysis such as migration, mortality and fertility rates, may cause difficulties for policy planning. The pandemic has also reversed all the progress of the global developmental goals. The latest data for 2021 for municipalities, shows that more people have fallen below the extreme poverty line, and the levels of income inequality have widened.

[17] More information on the Gauteng Rebuilding Fund is captured in Chapter 3 section 5 of the document.
[18] Department of Economic Development. (2021). *Moruo Magazine – Issue 36.* Accessed (29 October 2021): www.gauteng.gov.za
[19] Gauteng Provincial Government. (2022). *State of the Province Address 22nd February 2022.* Marshalltown, Johannesburg..

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PR26/2022
ISBN: 978-0-621-50055-4