CITY OF JOBURG OVERVIEW

The following annexure gives a brief overview of the City of Joburg, covering the following aspects:

- Overview
- City Vision and Strategy
- City Administration
- Geography / Size of Joburg
- Economic and Demographic Data

1. OVERVIEW

Joburg covers 1 644 square kilometres, with an average density of 1 962 persons per square kilometre. According to Census 2001, Johannesburg's population is 3.2 million people (7.2% of the total population of South Africa), spread among 1 006 930 households (an average of 3.2 persons per household). Migrants from outside and within South Africa built the City, and in recent years this trend has continued, contributing to a relatively high population growth.

The inhabitants of Johannesburg are young – more than 40% of the population is under the age of 24, and approximately 50% are under the age of 35. More than 70% of South African companies have their headquarters here. It has a financial, municipal, road and telecommunications infrastructure that matches leading world cities. When key indicators of economic health are examined over time it becomes clear that the City has made significant progress in a number of critical economic and socio-economic areas. Johannesburg generates 16.5% of South Africa's wealth, and employs 12% of the national workforce. However, the City is still faced with substantial developmental challenges. While the average income for Joburg citizens is among the highest in South Africa, there remain significant numbers living in poverty and there is an inequitable division of benefits and access to the City resources.

This dichotomy of rising average real incomes and economic growth on the one hand and increased unemployment and poverty on the other - is largely a consequence of the migration of people from other regions to Joburg. Many are drawn to Joburg because it is perceived to offer greater opportunities for wealth accumulation and employment due to the growing economy. The people from more depressed areas who arrive in Joburg then swell the ranks of the poor and the unemployed.

2. CITY VISION AND STRATEGY

The City has committed itself to the vision to build Johannesburg into a world-class African city. In outlining the City of Joburg’s vision, Executive Mayor Amos Masondo has stated: "In future, Johannesburg will continue to lead as South Africa's primary business city, a dynamic centre of production, innovation, trade, finance and services. This will be a city of opportunity, where the benefits of balanced economic growth will be shared in a way that enables all residents to gain access to the ladder of prosperity"

As documented in the City's strategy documents, the City is seeking to address the challenges of urbanisation and migration, economic development and job creation, service delivery, poverty, urban renewal and regeneration, globalisation, information technology and others.

The City of Joburg strategic documents include:

- Integrated Development Plans:
- Growth and Development Strategy 2006:
- The City's budget:
- Other Key City plans [including Joburg 2030]

3. GEOGRAPHICAL SIZE OF JOBURG

The municipal area of the City of Joburg covers 1644 sq kilometres, with an average density of 1962 persons per square kilometre. It is the densest urban area in South Africa. The unicity has merged into Johannesburg such previously independent satellite towns as Soweto, Alexandra, Randburg, Sandton, Roodepoort, Kyalami, Midrand and Ivory Park. Due to the size of Johannesburg's municipal area it is often compared with Los Angeles, with which it shares a similar sprawling topography, with tracts of housing arranged around widely dispersed commercial centres. Los Angeles covers more area, but it's a patchwork of independent local governments. Sydney's central municipality, by comparison, covers 1 500 kilometres.

Johannesburg sits on a high-altitude inland plateau 1 753 metres (6 000 feet) above sea level.

Useful maps and data of the City are available and supplied by the city's Geographic Information Systems, these maps and layers are available on their website:

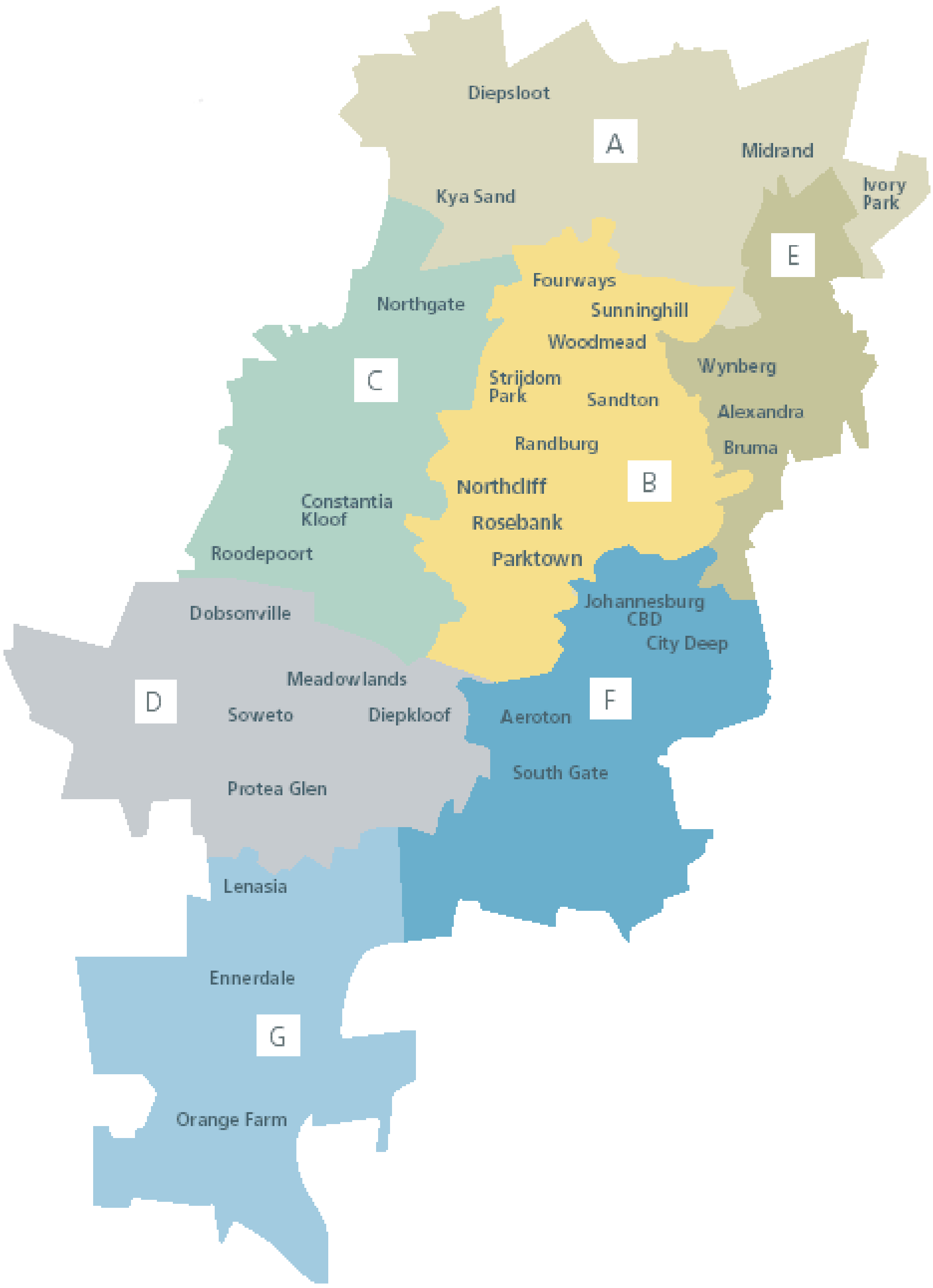
http://eservices.joburg.org.za/joburg/eservices.

Some of the layers are parcels, townships, street addresses, zoning, aerial photography, lidar data showing ground and non-ground points and 0.25m, 1m and 2m contours

4. CITY ADMINISTRATION

The City has recently reduced the structure of the City, from 11 regions to just seven, in order to assist with urban management and service delivery.

Admin regions



5. ECONOMIC AND DEMOGRAPHIC DATA

5.1 Overview

Johannesburg generates 16.5% of South Africa's wealth, and employs 12% of the national workforce. However, the City is still faced with substantial developmental challenges. While the average income for Joburg citizens is among the highest in South Africa, there remain significant numbers living in poverty and there is an inequitable division of benefits and access to the City resources.

An overview of the status of Joburg's economy is outlined in the table below:

Table 1

CITY OF JOHANNESBURG, KEY INDICATORS 1997 and 2005					
	1997	2005	Difference: 1997 to 2005	% Increase 1997 to 2005	Average Annual % Increase: 1997 to 2005
Population (number)	2,485,887	2,829,480	343,594	13.8%	1.6%
Per capita Income (nominal Rands per person)	25,440	58,705	33,264	130.8%	11.0%
Per capita Income (real Rands per person)	30,322	46,079	15,757	52.0%	5.4%
Unemployment Rate (% of economically active population)	28.9%	30.8%	1.9%	6.6%	0.8%
Persons in poverty (% of population)	21.6%	24.1%	2.5%	11.6%	1.4%
Human Development Index	0.70	0.74	0.04	5.7%	0.7%
Index of Buying Power	13.5%	13.6%	0.1%	0.7%	0.1%
Share of South African Gross Value Added (% of SA total)	14.7%	17.1%	2.4%	16.3%	1.9%
Gross Geographic Value Added (nominal R millions)	93,081	228,655	135,574	145.7%	11.9%

5.2 Placing Joburg in context

When key indicators for 2005 of the City of Johannesburg are compared with those of other metropolitan areas, Joburg's pre-eminent status is clear: per capita incomes in Joburg are substantially higher than for other metropolitan areas in Gauteng and the economy of Joburg is significantly larger.

Joburg has a relatively smaller proportion of the population living in poverty and a higher Human Development Index (HDI). Joburg's economy contributes 45% of the Gauteng provincial total.

Table 2

CITY OF JOHANNESBURG, EKURHULENI,TSHWANE KEY INDICATORS 2005				
	Joburg	Ekurhuleni	Tshwane	Gauteng
Population (number)	2,829,480	2,607,491	2,436,694	9,089,337
Per capita Income (nominal Rands per person)	58,705	33,779	49,912	44,798
Per capita Income (real Rands per person)	46,079	26,297	39,270	35,067
Unemployment Rate (% of economically active population)	30.8%	37.8%	29.7%	33.0%
Persons in poverty (% of population)	24.1%	28.1%	27.8%	27.5%
Human Development Index	0.74	0.68	0.71	0.71
Index of Buying Power	13.6%	8.1%	8.9%	34.7%
Share of South African Gross Value Added (% of SA nominal total)	16.9%	7.7%	9.9%	37.4%
Gross Geographic Value Added (nominal R millions)	228,655	103,716	134,294	505,441

5.3 Joburg Economic Growth 1996 – 2005

Comparing the economic growth rate of Joburg [calculated on the basis of real (i.e. adjusted for inflation) gross value added (GVA)] with that of Gauteng and South Africa overall, it is evident that the City's economy has expanded at a significantly faster rate than both the provincial and national economies.

From 1996 to 2005, Joburg's real GVA increased by 52%, compared with growth in Gauteng and South Africa of 43% and 33% respectively. This very strong growth rate indicates that the performance of the City's economy over the past decade has been a driver of accelerating growth in the province and the country as a whole. The average annual rate of growth in real GVA between 1997 and 2005 was 5.2% for Johannesburg, compared with 4.4% and 3.3% for Gauteng and South Africa respectively.

5.4 Levels of sectoral diversification in Joburg

A highly diversified economy is less exposed to the risks of a downturn or collapse in a particular sector, but it could also fail to achieve the critical mass needed for a sector to become innovative and competitive. Particularly in a relatively small, open economy such as South Africa, achieving the scale of operation necessary to ensure world-class industries while at the same time limiting the risks of an excessive reliance on a particular sector requires a delicate balancing act. With the exception of Tshwane all metropolitan areas within South Africa became more concentrated between 1997 and 2005. The increase in concentration was most marked in Joburg, reflecting the comparatively high growth rate of the dominant financial and business services sector.

Current economic analysis has indicated that the economy of Joburg has shown consistent and reasonably stable progress on many socio-economic measures. Most indicators have shown lower volatility levels than in other metropolitan areas. This lack of volatility is partly a function of the size of the Joburg economy and its level of diversification, but it also reflects the impact of a city that is integrated into the global economy, and which has strong trade links with the world's major markets. This international trade is made up of merchandise trade and the trade in services.

5.5 Sectoral Analysis

The sectoral composition of the City's economy offers many clues as to its strong growth performance, both past and future. In Joburg, Trade and Accommodation (18%), Financial & Related Services (34.6%) and Community and Personal Services (16.2%) dominate the economy. The finance, insurance and business services sector and the trade and accommodation sectors make a greater contribution to the gross value added of the City of Johannesburg than is the case in other metropolitan areas. These sectors have experienced relatively higher-than average growth rates. Conversely, the City has proportionately lower contributions from sectors such as manufacturing, transport and communication, and community and personal services. The structure of economic activity in Joburg has changed markedly over the past decade, with the financial and business services sector assuming a much more significant role over recent years. This sector includes the fast-growing financial services and IT businesses.

The trade and accommodation sector encompasses all forms of wholesale trade, all retail trade, the sale, maintenance and repair of motor vehicles and the activities of hotels and restaurants.

The aggregate growth in this sector's real value added between 1996 and 2005 was almost 54%. Tourism is an important market for the City of Joburg: the most recent quarterly report by SA Tourism (Q3 of 2005) indicates that more than 900,000 foreign visitors spent at least one night in Gauteng province – for a total of almost 5 million bed nights. The most significant visitor group was visitors from Africa. The majority of the African visitors are shopping tourists who spent 11 million Rand in the third quarter of 2005 alone. This represented 68% of total spend by foreign visitors to all parts of South Africa for this period. Joburg enjoys the lion's share of this expenditure. Retail and wholesale trade has been supported by the strong growth in personal incomes seen in Joburg over the past few years.

The transport and communication sector includes all forms of land transport and pipelines, water transport, air transport and all activities supporting such transport – including travel agencies, all cargo handling, and postal activities. It also includes the telecommunications industries. The growth in real value added in Joburg in this sector has been consistently strong over the past decade, increasing by almost 90% since 1996. This high growth rate underscores the City's role as a regional transport and communications hub.

The finance, insurance and real estate sector is by far the most significant contributor to the total value added of Joburg – accounting for a third of total output. The sector incorporates financial intermediation, insurance, real estate, the renting of machinery and equipment, computer-based activities, research and development, and other business activities. The latter includes legal, accounting, market research and architectural, engineering and other technical activities.

A comparison with other metropolitan areas indicates that Joburg's financial sector's performance has achieved significantly higher rates of growth since 1996. Between 1996 and 2005, the real value added by the sector increased by almost 85%, compared with 65% in the Nelson Mandela Metropolitan Municipality, and 45% in Cape Town. This sector is also an important source of new employment opportunities.

5.6 Incomes

Average household incomes in Johannesburg have consistently been substantially higher than both the South African, and Gauteng averages. In addition, the gap has widened over the past decade. Average household income in Joburg was around R177 000 in 2005 – which is more than double the national average, a third higher than Cape Town and 46% more than the average for eThekwini. From 1997 to 2005, the inhabitants of Joburg have seen average real incomes2 per person rise by 52%.

Joburg's average household income translates into average personal disposable income (i.e. money that is available to be spent after deductions such as taxes) per head of population of some R51 000 for the year of 2005. This measure has increased by almost 137% since 1997. Once the effects of inflation are accounted for, disposable incomes per person have risen by 43% between 1997 and 2005. This growth rate is more than double the national average and indicates that the City has made steady and significant progress in raising average standards of living.

However, at the level of the four individual magisterial districts, there are some significant differences. Average real disposable incomes per capita rose some 70% between 1996 and 2005 in Randburg, but only by about 7% in Soweto. The Johannesburg Magisterial District and Roodepoort achieved increases of 38% and 46% respectively over the same period. This is a clear indication that the benefits of economic expansion are not uniformly distributed.

In order to look closer at the distribution of income, it is useful to use a statistical measure such as the GINI coefficient. This is a summary statistic of income inequality, signifying the extent to which a society deviates from absolute equality. If everybody has the same income, the coefficient is 0; if the entire GDP belongs to one person, the coefficient is 1.In practice the coefficient is likely to vary from approximately 0,25 to 0,70. A comparison of GINI coefficient estimates for South Africa, Gauteng and other metropolitan areas indicates that:

- Joburg has a significantly more equal distribution of income than the country, province and other metropolitan areas; and

- The City has made the greatest comparative progress in reducing levels of income inequality. Factors that have contributed to this include the strong growth in formal sector employment.