Presentation of extracts from the

State of the Cities Report 2006

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Parliament’s Portfolio Committee for Transport,
01 November 2006, Cape Town
Key Presentation Themes

- Background On the SA Cities Network
- Why the State of Cities Report (ing)?
- Why Focus on Cities?
- Structure, Target Audience and Impact of the SOCR
- Ten Conclusions of the SOCR & Long Term Challenges
SACN membership, governance & management

**Member Municipalities/Cities**
1. Buffalo City  
2. Cape Town  
3. Ekurhuleni  
4. eThekwini  
5. Johannesburg  
6. Mangaung  
7. Msunduzi  
8. Nelson Mandela  
9. Tshwane

**Founding Strategic Partners**
- SALGA
- DPLG

- Non-profit voluntary organisation owned by and accountable to its members via a Board of Directors
- Operates through a JHB-based secretariat
- Funded by cities, national government and donors
- Not an intergovernmental forum, policy body or representative organisation
1. State of the Cities Reporting in SA

- Monitoring and reporting on urban performance – or State of the Cities Reporting - is a live and evolving process. It is an internationally established system of reporting on progress, challenges and issues faced by cities in achieving their developmental objectives.

- When the SA Cities Network was established the secretariat was mandated to lead State of the Cities Reporting in South Africa. During June 2004, the first product of this process, the State of Cities Report 2004 was officially launched in Buffalo City, complementing national policy and progress assessment initiatives such as the Ten Year Review and National Spatial Development Perspective research.

- 2006 constitutes an important milestone in the maturity of local government with the local government elections successfully concluded, and the SoCR 2006 provides an opportunity for review and reflection in setting the strategic direction within the newly constituted municipal councils.
1. Why State of the Cities Reporting

The SoCR 2006 is intended to:

• Update leaders of various economic and social sectors on current and emerging trends and changes in the cities

• Promote innovation and strategic thinking between cities and other spheres of government in order to foster co-operation and exchange of best practice

• Generate strategic options and make recommendations to SACN member cities

• Mobilise the capacity of cities to support local government and national development

• Strengthen linkages and inter-dependence between cities, towns and rural areas
Map based on economic flows rather than traditional nation states
2. Target and impact of the SoCR

By reading this report:

• The second generation of municipal leadership will gain a bigger and better comparative sense of what issues are faced by other municipalities across the country

• State owned enterprises, private sector entities, and national and provincial government departments will be influenced in their strategic thinking by the renewed importance of the urban space (at both a global and national scale)

• New policy directions and instruments are likely to emerge as an agenda for interaction is formulated in response to issues raised in this report.

• Parliamentarians, South Africans in general, policy makers and a curious international community of development practitioners will learn how South Africa is slowly achieving its Local Government White Paper objectives and targets under dynamic and extremely difficult conditions
3. Preparation of the SoCR 2006

• A core writing team of 31 people with wide ranging expertise was assembled, and assigned writing tasks in accordance with the content framework approved by the Board of Directors in October 2005.

• A Data consortium composed of the major research institutions (HSRC, CSIR and DBSA) was commissioned to update the statistical almanac and comment on data trends. Much of the data since the 2001 Census is from municipal databases, a wide range of sample surveys and data trend analysis and projection.

• The core writers accompanied the SACN secretariat on a series of city visits, where key city officials in each of the nine cities were interviewed and data and publications were collected. Importantly, the approach ensured that the final report analysis has its foot-print and reach beyond the traditional SACN member cities to include 21 key urban areas of South Africa that occupy 2% of SA land space.

• Additional writing inputs on specialist subjects were commissioned (including municipal finance, HIV and Aids, cities and culture, and sustainable cities), and a special workshop was convened with the Department of Housing to explore the status of city responses to the BNG strategy and barriers to implementation.
3. Preparation of the SoCR 2006 (2)

- A verification workshop was held with selected government officials, academics and independent experts on 6 June 2006, with the aim of ensuring accuracy and fairness in the report.

- Member cities were given a further opportunity to comment on the draft findings, in order to ensure some level of consensus amongst the network members.

- The SACN Board of Directors serves as the editorial committee, with the Chairperson carrying the responsibility for signing off on the final draft of the text following the board meeting of 28 July 2006.

- DPLG included notes on the SoCR in a briefing to Cabinet.

- A pre-launch publicity campaign has raised awareness of the SoCR and kicked-off public debates.

- A post-launch publicity campaign will promote relevant analysis, targeted release of information, and alignment with key national policy and budgeting processes including National Spatial Development Perspective; Medium Term Expenditure Planning; and Urban Development Framework.
3. Analytical framework for the SoCR 2006

Productive City

Inclusive City

Well-governed City

Sustainable City

City Strategy (CDS)
3. Structure of the SoCR 2006
Chapter 2: Dynamics of the urban system

• The purpose of this section is to locate city strategy and the national urban agenda within the larger context of an interdependent economic, social and ecological system that links South Africa’s cities to each other, to a global system and to a rural hinterland to then reflect best current international and national thinking and practice.

• The discussion in the report is supported by the best statistical information available including the following kinds of data:
  • Demographic/migration and economic trends as they apply (where possible) to the 25 major urban nodes;
  • Comparative international and continental trade, tourism, investment flows to different cities.
  • The implications of IBSA + China for SA cities
  • The City Competition - Co-operation Debate
  • Gauteng Global City Region Initiative as case study
  • Case Study of City to City Partnership in Africa (e.g Joburg Partnership with Addis Ababa and Mozambique)
  • Case Studies of City to Rural Municipality Partnership (e.g Cape Town - OR Tambo District Partnership).
3. Structure of the SoCR 2006
Chapter 3: Urban trends and performance

• This section involves condensing, simplifying and updating the data from SoCR 2004 and incorporates new data and additional focuses.
3. Structure of the SoCR 2006
Chapter 4: City Strategy and Implementation

• This section of the report focuses on what the different cities have tried to do in addressing the challenges of city management and development. Its is developed in close co-operation with the member cities through
  – interviews and workshops.
  – detailed questionnaire focused on both qualitative and quantitative information,
  – key city strategy documents, the outcomes of the IDP hearings and other relevant documentation will be important sources of information.

• The discussion in the report is also supported by good statistical and other empirical information where relevant or available.
3. Structure of the SoCR 2006
Chapter 5: Emerging Strategic Agenda

• This section focuses on some of the key emerging policy issues that will strongly influence the agendas of South Africa’s cities over the next five-to-ten years and which require careful inter-governmental dialogue in the development of effective responses. In addition to the desktop research evaluating policy documents and legislation and existing research and statistical data, the section required engagement with key national, provincial and city policy-makers through interviews and workshops.

• The following thematic issues are identified as critical in the next life of cities:
  – Urban development agenda
  – Urban growth
  – Urban fiscal agenda
  – Urban services agenda
  – Urban governance
3. Structure of the SoCR 2006
Chapter 6: Challenges

• This is a concluding chapter and it identifies 10 main challenges cities will have to contend with in the next decade as follows:

1. Thinking in new ways about urban space economy
2. Managing population dynamics
3. Economic growth and equitable distribution of wealth
4. Enhancing urban transport
5. Overcoming the “apartheid city”
6. Delivering basic services and promoting productivity and inclusivity
7. Building an urban citizen
8. Taking sustainability seriously
9. Streamlining urban governance
10. Mainstreaming innovation
Rethinking the urban space economy

• There are a range of economic relationships that operate at a regional scale, between the different cities, between cities and towns, and between cities and rural hinterlands … the flows of people, goods, services and capital pay little respect to municipal boundaries

• This requires a regional planning perspective that looks beyond the jurisdictional boundaries of individual city municipalities. Urban decision makers will need to start thinking about city-regions and new inter-governmental partnerships across municipal boundaries
4. SoCR 2006 Conclusion # 2

Managing population dynamics

• The most recent statistics reveal that the South African city population is growing more slowly than expected, not necessarily because migration has slowed, but because of changing patterns of fertility and mortality

• This may be some good news for making up housing and infrastructural backlogs; however, it also means smaller labour and consumer markets

• The rate of household formation continues to outstrip population growth, resulting in increasing demand for houses and services

• Official population and economic statistics at a municipal level are not updated regularly enough for cities to accurately track changing demographic patterns and respond accordingly
4. Conclusion #2 Related Findings

Cities are not growing as fast as expected
- Slower pop. growth – 1.92% pa, 1996-2005 than previous period but faster than national – 1.62% pa
- Reflects mortality and fertility, impact of HIV/AIDS
- Secondary cities absorbing greater proportions of rural-urban migration

National and city population growth
4. Conclusion #2 Related Findings

**Figure 1**
City populations (1996 & 2005)
4. Conclusion #2 Related Findings

Estimated city death rates

City Source: Quantec

<table>
<thead>
<tr>
<th>City</th>
<th>Death rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johannesburg</td>
<td>0.2%</td>
</tr>
<tr>
<td>eThekwini</td>
<td>0.3%</td>
</tr>
<tr>
<td>Cape Town</td>
<td>0.4%</td>
</tr>
<tr>
<td>Ekurhuleni</td>
<td>0.5%</td>
</tr>
<tr>
<td>Tshwane</td>
<td>0.6%</td>
</tr>
<tr>
<td>Nelson Mandela</td>
<td>0.7%</td>
</tr>
<tr>
<td>Buffalo City</td>
<td>0.8%</td>
</tr>
<tr>
<td>Mangaung</td>
<td>0.9%</td>
</tr>
<tr>
<td>Msunduzi</td>
<td>1.0%</td>
</tr>
<tr>
<td>City average</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

1996  2001  2004

Source: Quantec
4. SoCR 2006 Conclusion # 3

Economic growth and equitable distribution of wealth

- On average, city economic growth accelerated in the 2001-04 period, driven particularly by the consumer and property booms. But employment growth has been slower than economic growth, and the absolute numbers of unemployed in the cities have not declined.

- While municipalities have significantly increased their local economic development capacity, there is still insufficient attention paid to city-level economic growth strategies and ways in which levels of urban productivity can be raised.

- Investment in productive infrastructure, in particular, transport, energy, water services and telecommunications, is lagging.

- The national Accelerated and Shared Growth Initiative (ASGI-SA) needs to be more explicit about what cities can do to generate competitiveness and shared growth, and not just view cities through the traditional prism of local government service delivery.
4. Conclusion #3 Related Findings

- City growth has accelerated, rising to 3.8% pa, 2001-4
- Slightly higher than national growth at 3.7% pa
- Growth particularly concentrated in Gauteng, but all cities grew faster than the previous period
4. Conclusion #3 Related Findings

- Cities contributed a significant proportion of the national GVA. 62.5% between 2001 and 2004.
- This share is again concentrated in the Gauteng region, largely due to high value service industries.
4. Conclusion #3 Related Findings

All cities experienced rising per capita GVA
4. Conclusion #3 Related Findings

- Under conditions of economic growth in a steadily maturing economy the cities should be capturing greater proportions of formal employment.
4. Conclusion #3 Related Findings

• On Quantec data, employment grew at 2.14% pa 2001-4, vs 0.94 pa 1996-2001
• Employment growth most rapid in Gauteng (especially Joburg) and eThekwini
• Formal employment growth much slower at 1.35% pa 2001-4

Changing Total Employment Levels 1995-2004 (Quantec)
4. Conclusion #3 Related Findings

- Steep rise in value of building plans passed in most cities

![Value of Building Plans Passed](chart.png)

- Value of Building Plans Passed 2002
- Value of Building Plans Passed 2003
- Value of building plans passed annually ('000) 2004
4. Conclusion #3 Related Findings

- Except for Joburg and Ekurhuleni, there has been a rise in the percentage of households in the most deprived LSM categories.
4. Conclusion #3 Related Findings

- Slight reduction in levels of inequality reflected in Gini measure of inequality, but still very high levels (Note: a higher Gini is not good)
- Rising access to banking, insurance, risk cover, funeral insurance, but level remains low
4. Conclusion #3 Related Findings

- Cities at medium level on Human Development Index (measures education, health, GGP) but with variations
- Rising HIV/AIDS prevalence has undermined HDI improvements
- 58% satisfied with quality of life across all cities, but city variations
Enhancing urban transport

- The use of rail has remained proportionately the same, while bus use has declined and use of taxies has increased. Cities are increasingly dominated by private motor vehicles.

- Poor transport systems increase the cost of doing business and the cost of living. Low levels of investment in roads and public transport has undermined the efficiency of cities, and has had a devastating impact on the urban poor.

- The transport sector remains highly fragmented.

- The 2010 Soccer World Cup offers a significant opportunity for cities to upgrade transport planning and public transport.
4. Conclusion # 4 Related Findings

Percentage share of transport modes by city (1996 and 2003)
4. Conclusion #4

Cities must ensure that 2010 investments benefit all citizens.
4. SoCR 2006 Conclusion # 5

Overcoming the sustainability constraints of apartheid urban form

- Many housing and service-delivery interventions continue to reinforce apartheid urban form, with the poor continuing to be accommodated on the periphery, far from economic opportunities.

- In line with ‘Breaking New Ground’ policies, cities have begun to focus more on ‘integrated human settlement’, in an attempt to counter unsustainable low density urban sprawl; however, there is still considerable work to be done in developing the policy, regulatory and financial instruments to give effect to more compact and affordable cities.

- Housing delivery, transport reform and land use management policies need to be more closely integrated, particularly with regard to funding flows; there should be greater city control over all the built environment functions.
4. Conclusion #5 Related Findings

Cities will have to increase their capacity to spend rapidly increasing capital budgets and enter into meaningful urban development partnerships that target private investment in the urban economy

Allocation of funding for urban development infrastructure from the national fiscus (2006/07 - 2008/09)
Delivering urban services

• Cities now have a good track record in delivering municipal services; Many cities have established ways to work more effectively with poor communities using *in-situ* upgrade and labour-intensive construction methods.

• The use of city improvement districts and area-based partnerships to provide enhanced services in commercial and industrial areas is now well-established.

• Cities need to seriously evaluate maintenance spend on existing infrastructure, in particular, roads and storm-water systems, to preserve valuable urban assets and prevent excessive expenditure in the future.
4. Conclusion #6 Related Findings

• Improvements in levels of service provision in most cities
• Improvements most evident in water and electricity
• More variable patterns in refuse removal, but with most cities improving
• Rising access to formal housing
• Small improvement in access to facilities, but levels are low
• A particular challenge exists for cities with relatively large peri-urban and rural communities to raise service provision levels in a sustainable manner

**Percentage of households with access to water in dwelling**

- National
- Msunduzi
- Mangaung
- Buffalo City
- Nelson Mandela
- Tshwane
- Ekurhuleni
- Cape Town
- eThekwini
- Johannesburg

- 1996
- 2001
- 2004

**Percentage of households**

- 0%
- 20%
- 40%
- 60%
- 80%
- 100%
4. Conclusion #6 Related Findings

Number of households with access to sanitation/toilet or less

- Msunduzi
- Mangaung
- Buffalo City
- Nelson Mandela
- Tshwane
- Ekurhuleni
- Cape Town
- eThekwini
- Johannesburg

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td></td>
</tr>
</tbody>
</table>
4. Conclusion #6 Related Findings

Number of households not using electricity for lighting

<table>
<thead>
<tr>
<th>City</th>
<th>1996</th>
<th>2001</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Msunduzi</td>
<td>10</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>Mangaung</td>
<td>20</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td>Buffalo City</td>
<td>30</td>
<td>60</td>
<td>90</td>
</tr>
<tr>
<td>Nelson Mandela</td>
<td>40</td>
<td>80</td>
<td>120</td>
</tr>
<tr>
<td>Tshwane</td>
<td>50</td>
<td>100</td>
<td>150</td>
</tr>
<tr>
<td>Ekurhuleni</td>
<td>60</td>
<td>120</td>
<td>180</td>
</tr>
<tr>
<td>Cape Town</td>
<td>70</td>
<td>140</td>
<td>210</td>
</tr>
<tr>
<td>eThekwini</td>
<td>80</td>
<td>160</td>
<td>240</td>
</tr>
<tr>
<td>Johannesburg</td>
<td>90</td>
<td>180</td>
<td>270</td>
</tr>
</tbody>
</table>

Number of households
4. Conclusion #6 Related Findings

Number of households without adequate refuse removal

- Msunduzi
- Mangaung
- Buffalo City
- Nelson Mandela
- Tshwane
- Ekurhuleni
- Cape Town
- eThekwini
- Johannesburg

Number of households:
- 1996
- 2001
- 2004
4. SoCR 2006 Conclusion # 7

Taking sustainability seriously

• The data for the past five years indicates that there is some progress towards sustainable development, particularly with regard to water, waste management and electricity provision; however, the overall trend is that cities are becoming less sustainable

• Cities need to take ownership of the many innovative sustainability programmes currently being funding by external donors and make them central municipal concerns
4. SoCR 2006 Conclusion # 8

Building urban citizenship

- Cities tend to be a contradictory mixture of vibrancy, innovation and cross-cultural mixing, and at the same time, inequality, segregation and exclusion.

- Cities have begun to place emphasis on the development of social and human capital; however, this remains an area of conceptual weakness, with local government’s role in social functions such as welfare, education and policing remaining unclear.
4. Conclusion #8 Related Findings

Percentage of surveyed residents who are satisfied with how Govt handles crime prevention in their neighbourhood (HSRC survey 2005)
4. SoCR 2006 Conclusion # 9

Streamlining urban governance

• Most city municipalities have successfully reorganized themselves into single-tier, city scale municipalities, covering the major metropolitan areas
• Many cities have put increasingly sophisticated city development strategies in place
• The restructuring of cities has been accompanied by major efforts to modernize management and operations, including performance management, strategic plans, improved financial management and control mechanisms, information technology and citizen/ customer interface; concerns remain regarding the high number of qualified audits and difficulties in the political/ administrative interface
• Some of the current reporting and procedural requirements imposed on cities by the MFMA and the Systems Act are unduly restrictive and block the ability of cities to innovate and create new partnerships for delivery
Mainstreaming innovation

- Areas of innovation at city level include HIV/AIDS treatment, social housing, urban renewal, inner city regeneration, carbon credit schemes, solar energy and broadband provision via electricity infrastructure; however, many of these pilot projects have not yet been ‘mainstreamed’ into the municipalities.
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