THE STATUS OF CAPE TOWN: DEVELOPMENT OVERVIEW

Keith Smith

2005

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1. INTRODUCTION

The period since 1994 has witnessed significant changes in the development context of South African cities.

Globally, continuing advances in communication and technology together with the liberalisation of trade barriers have further strengthened globalisation. While creating opportunities for some regions, the pattern of globalisation has disadvantaged others, contributing to a worldwide trend of increasing inequalities, both between and within cities. The continuing shift to the services sector has also entrenched the position of cities as central in the global economy, which has encouraged urbanisation with the resultant growth in the urbanisation of poverty at a global scale. *(UN-Habitat, 2001)*

Nationally, the institutions of apartheid were dismantled or transformed and new legislation and policies were introduced. Some of these legislative and policy initiatives have aimed at gearing the South African economy to compete in the global economy including the reduction of trade barriers and the privatisation or restructuring of state assets. Broad-ranging interventions have been introduced to achieve greater social equity – these have comprised interventions in housing delivery, access to basic services, the extension of welfare grants, reforms in health care and land restitution. Progressive labour legislation and the Employment Equity Act were introduced to achieve equity in the workplace and, more recently, various Black Economic Empowerment initiatives have focused on broadening economic opportunities.

Locally, new democratic local government structures were created, creating the space for the redistribution of expenditure, service delivery and housing programmes and the introduction of new planning instruments (such as Integrated Development Planning) that are more attuned to the developmental context of South African cities.

In terms of their impact on levels of development, these changes in the development context of South African cities have been uneven and conflicting. For example, efforts to improve the competitiveness of the South African economy through liberalisation may have had the effect, at least in the short-term, of increasing job losses and increasing inequalities. Progressive labour legislation may have had the unintended effect of decreasing the demand for less skilled labour.

There have therefore been many different influences on the development of Cape Town. This paper tries to assess what the net effect of all these changes has been and the extent to which the various trends and initiatives have impacted on development and ultimately the quality of life of the citizens of Cape Town.

The report relies mainly on census data. Although the most recent census data dates back to 2001 the data has the advantage of allowing for extrapolation of trends over

time. Where possible the census data is supplemented by alternative, more recent data sources. Date sources in the paper are referenced only where the source of the data is not from the census.
The report analyses data by population group in order to gauge whether the socio-economic gaps, which were created under apartheid, are diminishing. The terms african, coloured, indian and white are used to denote these groups

The study draws on similar work that has been conducted at national level in the form of the National 10-year review (The Presidency, 2003) as well as the review of South African cities undertaken through the SA Cities Network[i] (SACN, 2004).

The study examines patterns and trends for Cape Town in relation to 7 areas:
- Demography
- Community, Identity and Social Exclusion
- Housing and Services
- Economy
- Poverty and Inequality
- Sustainability
- Governance

2. DEMOGRAPHY

Size of city population

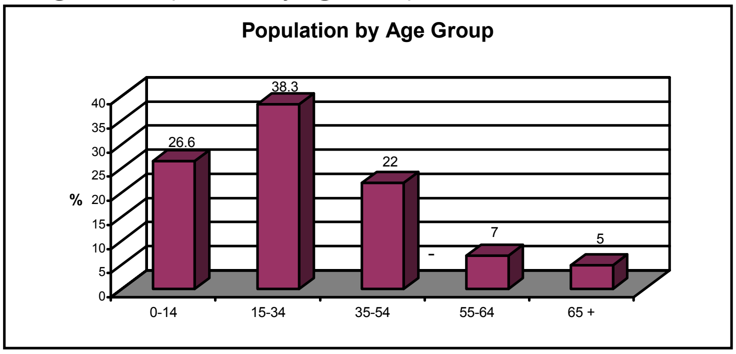
The population of Cape Town as measured in the 2001 census was 2 893 251 million, a growth of approximately 2.6% per annum compared to the 1996 census figure of 2 563 095. The metropolitan population comprised 63,9% of the Western Cape population. This is slightly lower than the 1996 figure of 64.8% implying that the Western Cape population is growing at a slightly faster rate than the metropolitan population, reflecting the relatively faster growth of secondary towns and cities relative to metropolitan areas (SACN, 2004).

Table 1: Population Growth for the City of Cape Town (1996-2001)

	1996 Census	2001 Census
City of Cape Town	2 563 095	2 893 251
Western Cape	3 956 875	4 524 335
City population as % of Western Cape	64.8	63.9

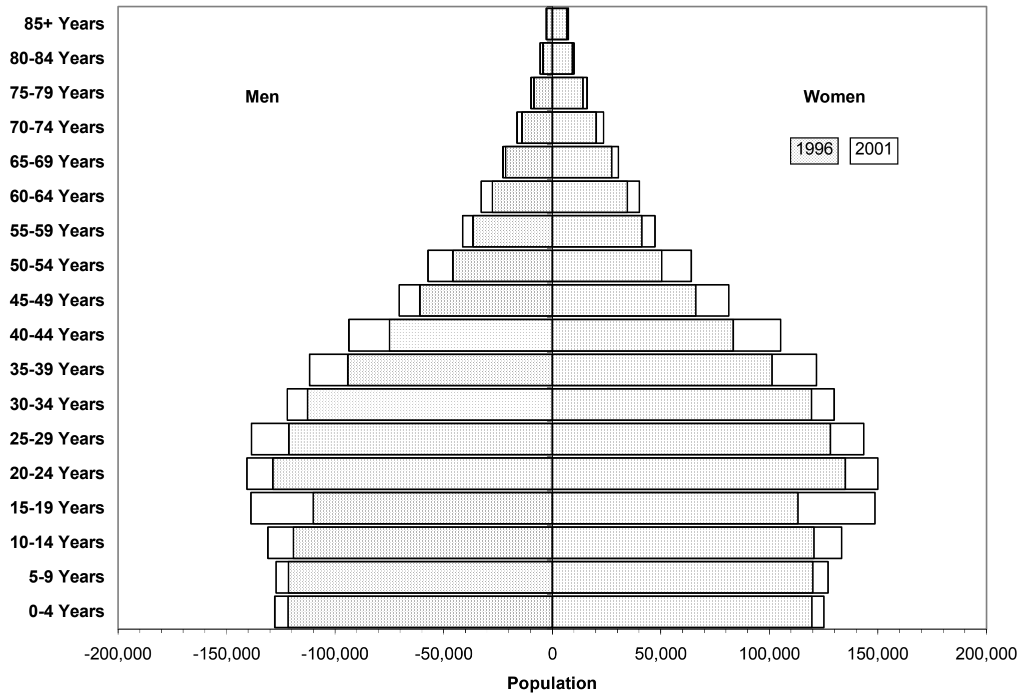
The distribution of the population by age group (Figure 1) shows that the population of Cape Town, as a whole, is young with nearly two-thirds of the population younger than 35.

Figure 1: Population by Age Group



The detailed distribution of the population by age and sex, reflected in the population pyramid (Figure 2), indicates that the numbers of people in the 15 to19 age group increased particularly sharply between 1996 and 2001. This suggests that natural population growth is likely to remain high, depending on the impact of HIV/AIDS.

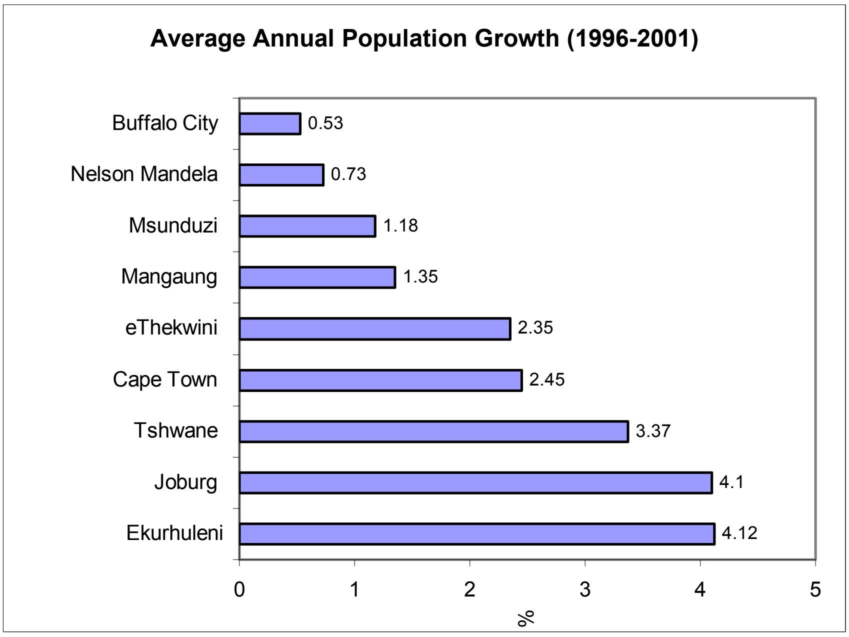
Figure 2: Cape Town Age Distribution of the Population 1996 & 2001



Population growth

The official census figures indicate that the city's population grew by 2.5% per annum between 1996 and 2001. In relation to other major South African cities, Cape Town's population growth is not exceptionally fast. Cape Town falls midway between the other major urban areas with a growth rate faster than Msunduzi (Pietermaritzburg), Buffalo City (East London) and Mangaung (Bloemfontein), but not as fast as the cities in Gauteng (SACN, 2004).

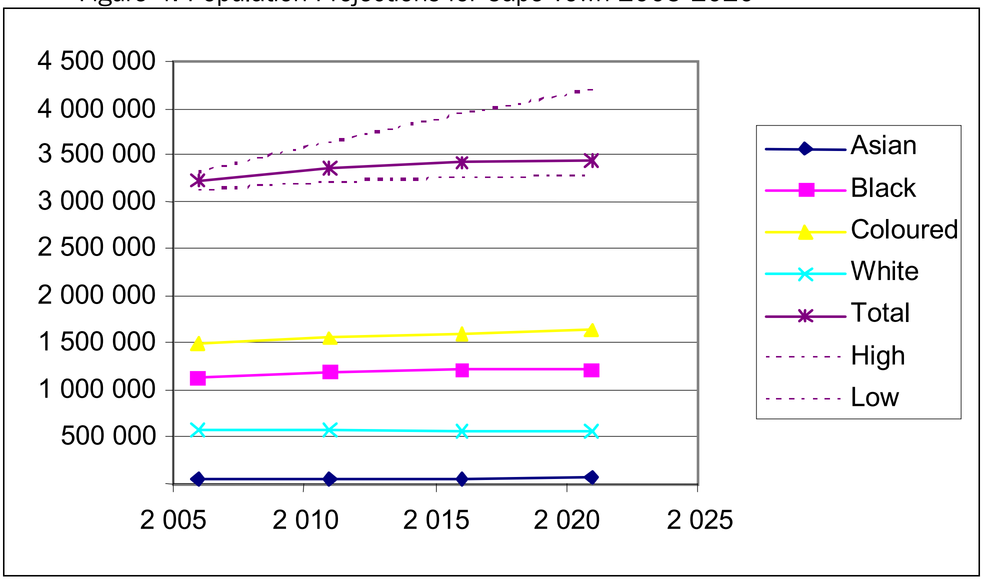
Figure 3:Population growth for the major SA cities



Source: SACN (2004)

Projections indicate that the population in the City in 2021 could range between a low of 3.3 million and a high of 4.2 million. The different growth scenarios are based on different assumptions with respect to the main sources of growth, namely natural population growth, which is the outcome of fertility and mortality, and nett migration from and to the region.

Figure 4: Population Projections for Cape Town 2005-2020

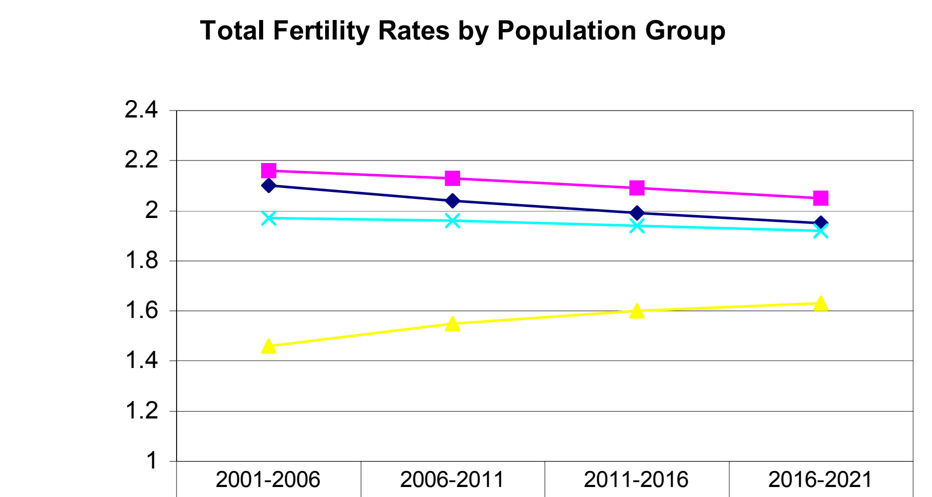


Source: Dorrington (2005)

Natural population growth

Given the young population, the number of people in Cape Town could be expected to grow rapidly with the formation of new households. This will to some extent be mitigated by an expected decline in total fertility rates in the coming years (the total fertility rate (TFR) indicates the average number of children that a woman gives birth to in her lifetime). As shown in Figure 5, the total fertility rates are expected to decline for blacks, coloureds and indians with a slight increase among whites.

Figure 5: Fertility Rates by Population Group



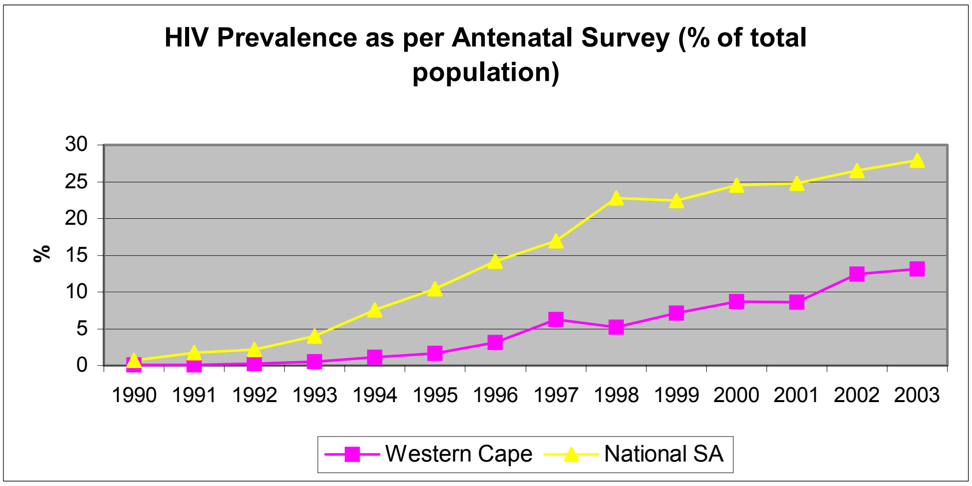
	2001-2006	2006-2011	2011-2016	2016-2021
Black	2.1	2.04	1.99	1.95
Coloured	2.16	2.13	2.09	2.05
White	1.46	1.55	1.6	1.63
Asian	1.97	1.96	1.94	1.92

Source: Dorrington (2005)

The critical variable that will influence the rate of natural population growth, however, is the potential impact of HIV/AIDS on both the number of deaths and the number of births (due to increased female deaths and decline in fertility).

South Africa's HIV prevalence figures increased to 27.9% in 2003 compared to 26.5 % in 2001.[ii] The 2003 figure for the Western Cape Province stands at 13.1% (Figure 6).

Figure 6: HIV Prevalence Rates

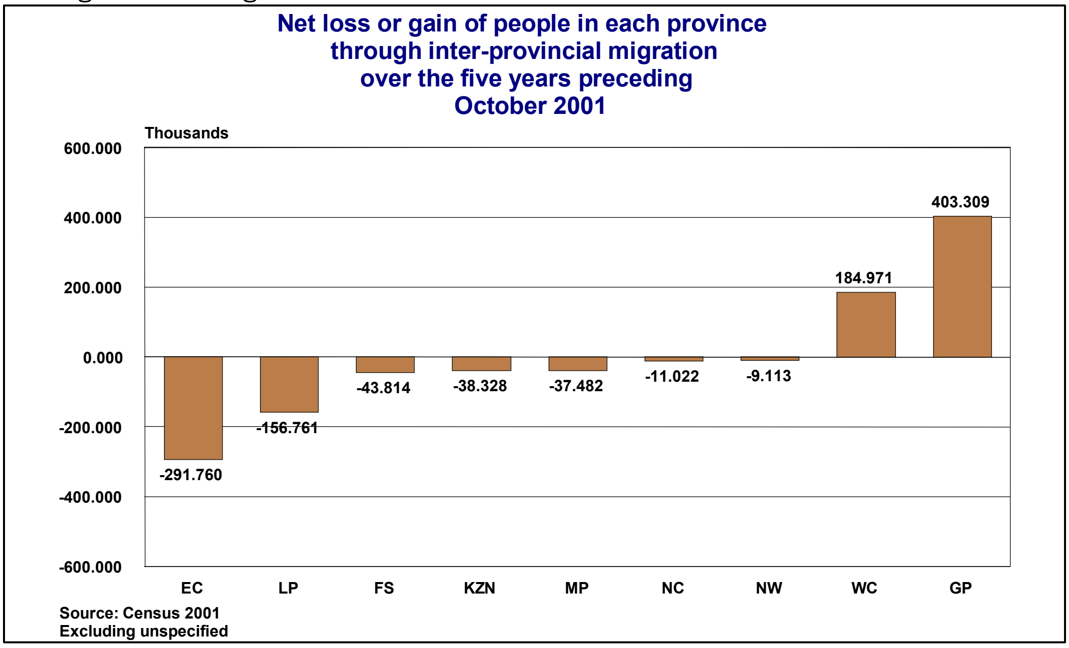


Source: CCT (2004)

Migration

National migration trends indicate that, of the nine provinces, only Gauteng and the Western Cape show a net growth in the number of migrants. There is therefore a nett inflow of people to Gauteng and the Western Cape from the other seven provinces.

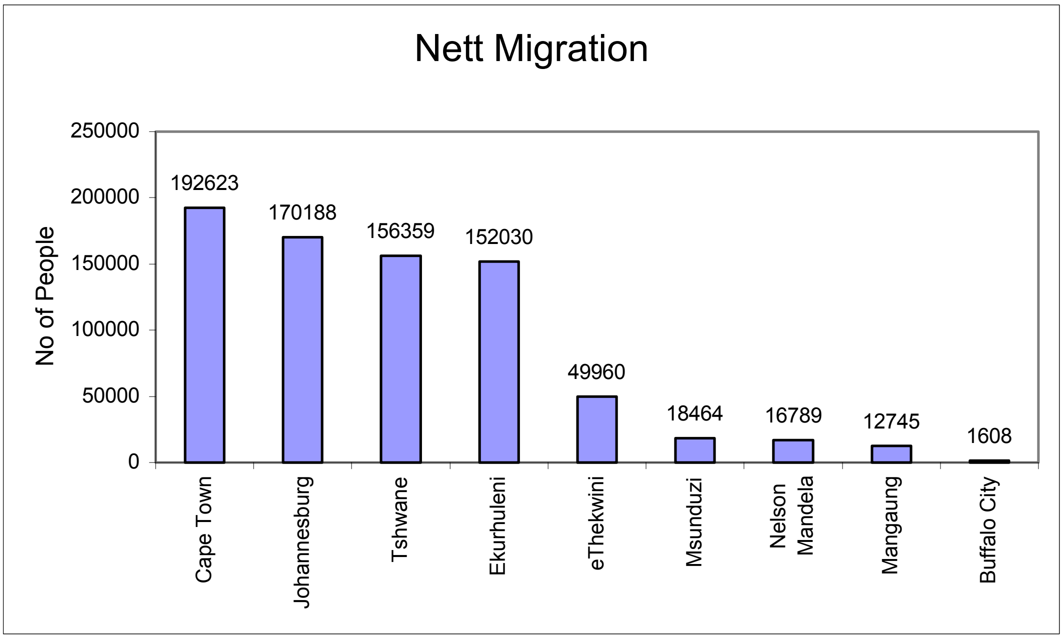
Figure 7: Net Migrations in each Province



For the Western Cape, the figures indicate an increase of 184 971 people due to interprovincial migration over 1996-2001 period.

The significance of rural-urban migration is indicated by the fact that while only two provinces have net inflows of migrants, all nine major urban areas in South Africa have experienced a net inflow of migrants. The nett migration figures to the major urban areas of South Africa between 1997 and 2001 is shown in Figure 8. Of the nine major urban areas, the metropolitan areas experienced the highest nett migration - Cape Town having the highest nett migration figure followed by the three Gauteng metro areas (Johannesburg, Tshwane and Ekurhuleni) and then eThekweni.

Figure 8: Nett Migration in the major SA cities



Source: SACN (2004)

Both components of nett migration in Cape Town - in-migration and out-migration – have been increasing. Figure 9 shows the number of people moving to Cape Town from outside the Western Cape between 1997 and 2001; Figure 10 shows the number of people moving from Cape Town to other provinces for the same period.

Figure 9: Movement to Cape Town

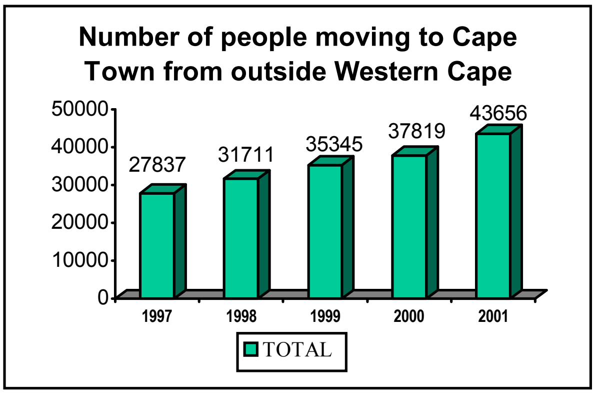
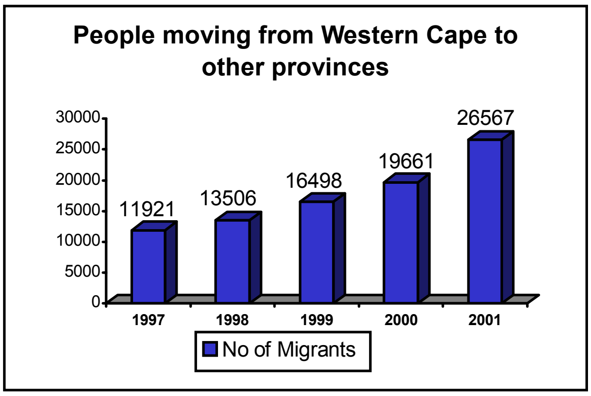


Figure 10: Movement from Western Cape



The table shows that migration into the City of Cape Town has been increasing fairly consistently over the period 1997–2001. In 2001, the number of people moving to Cape Town from outside the Western Cape was 43 656, an average of 3 638 persons per month. This is an increase of 47% over the 1997 figure of 27837. At the same time the number of people moving from the Western Cape to other provinces increased from 11921 in 1997 to 26567 in 2001.

As shown in Table 2, the data indicate that migration accounted for more than half (approximately 58%) of population growth between 1996 and 2001.

Table 2: Estimated Growth due to Migration

1996 Census	2563095
2001 Census	2893251
Total Population Growth	330156
Growth due to Migration	192623
% contribution to growth due to migration	58%

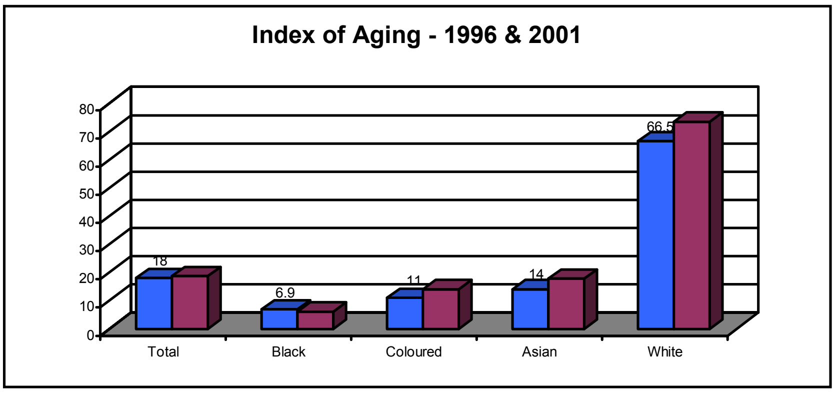
Characteristics of Population Growth

Continuing population growth impacts not only on the size of the population but also on the characteristics of the population, which has important implications with regard to the growth of poverty. Due to the nature of both natural population growth and migration, population growth in Cape Town will largely take place among the poorest parts of the population.

Natural population growth is likely to be highest among the poorest sectors of the population. This is indicated by the Index of Ageing, which expresses the relationship of the young to the old in a given population. The index shows that among the white population for every 100 young (0-14) people there were 73 aged (65+) people. Among africans and coloureds the index of ageing was considerably lower.

The relatively younger demographic profile among africans relative to other groups is reflected in the decline in the index between 1996 and 2001 compared to increases in the index for the other groups.

Figure 11: Index of Aging for Cape Town 1996 & 2001



The patterns of migration also point to increased growth in the number of poor in the city. These patterns are reflected in the provinces from which migrants to Cape Town originate. More than half of all movement to Cape Town originated from two provinces – the Eastern Cape and Gauteng. Fifty-percent of white migrants originated from Gauteng while more than 80% of african migrants originated from the Eastern Cape (Table x).

Table 3 Movement to Cape Town from Other Provinces (1997-2001)

	Eastern Cape	%	Gauteng	%	Other	%	Total
African	85268	81.9	7668	7.4	11115	10.7	104051
Coloured	4661	25.3	3424	18.6	10349	56.1	18434
Indian	317	9.4	738	22.0	2301	68.6	3356
White	6472	12.5	26142	50.3	19368	37.3	51982
Total	96718	54.4	37974	21.4	43132	24.3	177824

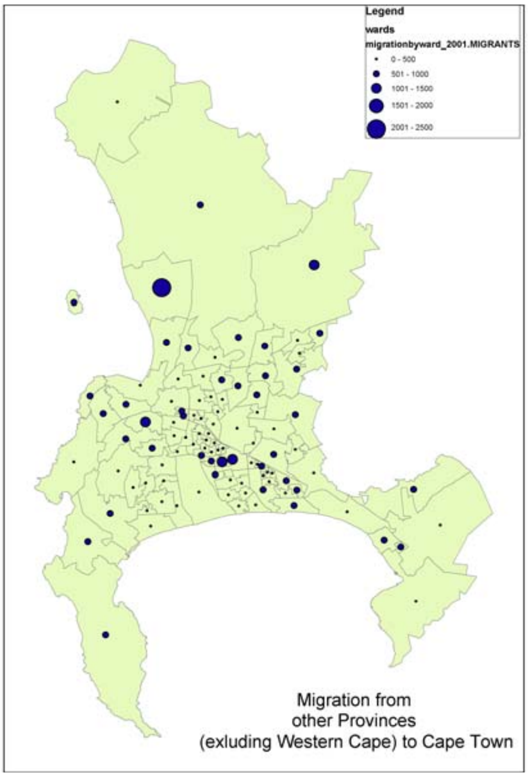
- Excludes movement from Western Cape

The data on the extent and nature of migration to Cape Town indicates that there are two drivers of migration – an increasingly mobile labour force and urbanisation. These two drivers are reflected in the two main streams of migration between Cape Town and the rest of South Africa to Cape Town, viz.

- Increasing movement of skilled workers, predominantly white and originating mainly from Gauteng and to a lesser extent Kwazulu-Natal
- Urbanisation of less skilled workers, predominantly black and originating mainly from the Eastern Cape

This is also reflected in the areas in which people moving to Cape Town are settling. Figure 12 reflects the areas where people who had moved into Cape Town from outside of the Western Cape are living. The patterns suggest that people moving from Cape Town from other provinces are settling in areas spread across the metropole. However, there is a higher concentration of movement into the poorest parts of the city (e.g Khayalitsha, Gugulethu, Nyanga) predominantly from the Eastern Cape. The second stream of movement is to the wealthier parts of the city (viz. the high income suburbs in the southern and northern parts of the city, along the Atlantic seaboard and particularly the west coast suburbs), predominantly from Gauteng and Kwazulu-Natal.

Figure 12: Wards in which migrants have settled



The potential impact on poverty in the city is indicated by the skills profile of migrants. Educational levels among african migrants are low with 60% having an educational qualification less than matric. Overall, however, the education levels of migrants were greater than that of the total population of Cape Town with 22% of adult migrants having a post-matric qualification as opposed to 13% of the general population. This difference also holds within population groups – for example 11% of african migrants have a post-matric qualification versus 6% for all african adults.

Table 4: Educational Levels Of Migrant Vs Non-Migrant Population

	Migrant	City Population
Less than Matric	44.9	62
Matric	33.7	25.4
Post Matric	21.5	12.6

Table 5 Educational Levels Of Migrant Vs Total Population By Population Group

	African		Coloured		White	
	Migrant	Total	Migrant	Total	Migrant	Total

Less than Matric	60.3	73.9	60.7	73.3	15.8	23.5
Matric	28.8	20.2	29.7	21.1	42.6	41.1
PostMatric	10.9	5.9	9.7	5.6	41.6	35.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

In contrast, however, unemployment levels are higher among the migrant population than for the general population with an unemployment rate of 62% among african migrants compared to 50% for all black migrants in the city. The exception is among coloured where unemployment rates among migrants were lower than the general population. Possibly this is due to the decline of employment in Cape Town's manufacturing industry.

Table 6: Unemployment Levels Of Migrant Vs General Population By Population Group

	Migrant	All
African	62	49.8
Coloured	19	24.5
White	8	4.7
Total	39	29

For the general population the unemployment levels are higher for migrants than non-migrants (Table 6). This suggests that migrants find it more difficult to be successful in obtaining employment than non-migrants. Possible reasons for this might include new migrants to the city encountering problems with language or having less well-developed networks in the city.

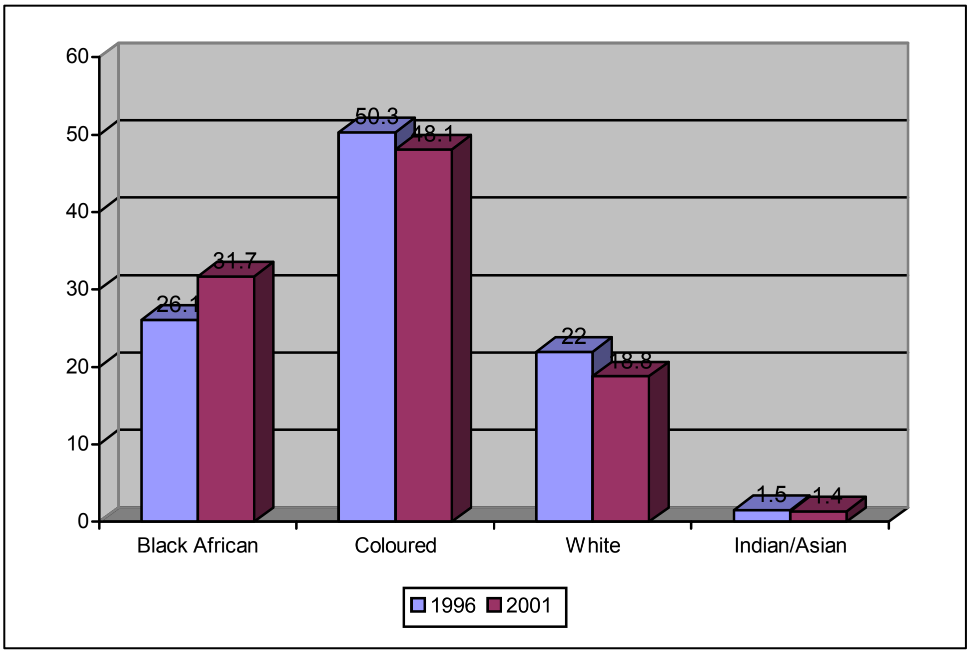
3. COMMUNITY, IDENTITY AND SOCIAL EXCLUSION

A national HSRC survey conducted in 1999 showed that most people prefer to see themselves as South African. However, identities relating to language, ethnicity and religion were strong (secondary) aspects of identification (Ramutsindela, 2002).

Population Groups

Between 1996 and 2001, coloureds as a proportion of the Cape Town population dropped to below 50%. The african population increased from 26% to 31.7% with the white population declining from 22% to 19%. These trends can be expected to continue due to declining fertility rates among whites relative to the other population groups.

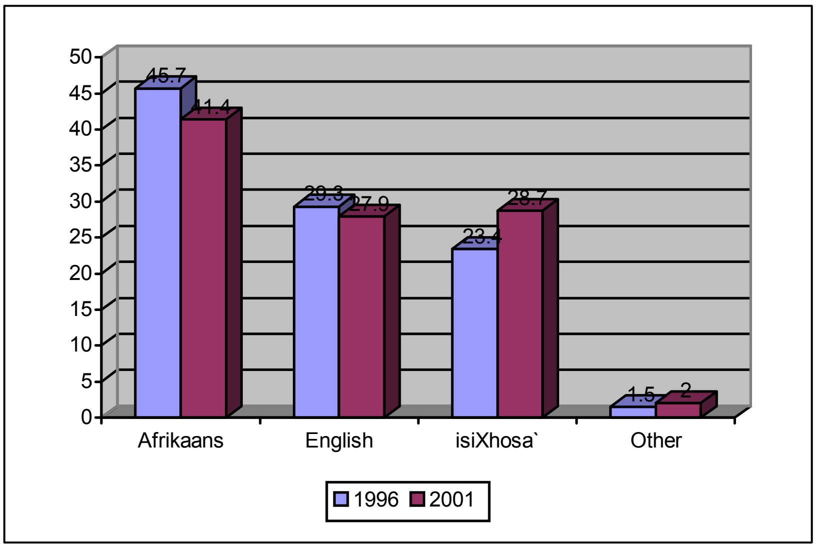
Figure 13: Distribution of population by population group and gender



Language

The trends with regard to home language reflect the shifts with regard to population group with an increase in the proportion of households using isiXhosa as a home language, from 23% in 1996 to 29% in 2001 (Figure 14). Although still the predominant home language in Cape Town, Afrikaans as a home language suffered the biggest decline dropping from 46% in 1996 to 41% in 2001. The decline in English as a home language was less strong decreasing from 29.3% in 1996 to 27.9% in 2001.

Figure 14: First language by population group

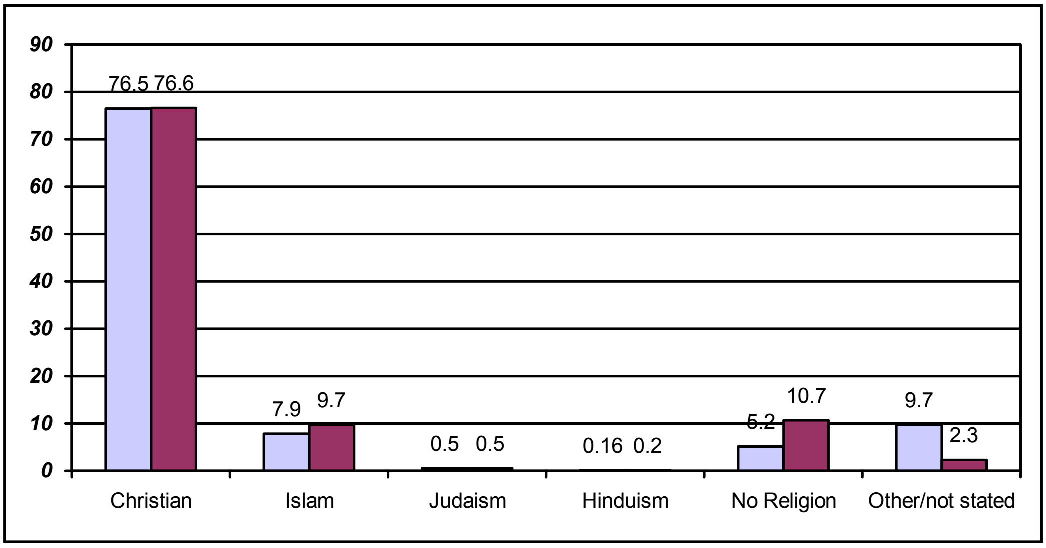


Religion

The pattern of religious affiliation showed little shift between 1996 and 2001 although there was an increase in the number of households indicating affiliation to Islam. The proportion indicating no religion also increased from 5% to 11%.

Three out of four of the population indicated a Christian denomination as their religious affiliation. The next most common religious affiliation was Islam (10%).

Figure 15: Religious Affiliation, 1996 & 2001



Social integration

The city remains strongly spatially divided on the basis of race. Although there are indications that the level of integration has increased, significant levels of integration are confined to only a few suburbs in Cape Town.

Using the census suburbs as a geographic unit, Figures 16 & 17 show the change in the racial profile of city suburbs for 1996 and 2001 with the highlighted areas indicating suburbs which have at least 10% of each of the major population groups (african, coloured, white).

Figure 16: Suburbs with at least 10% from black, coloured and indian population group (1996 census)

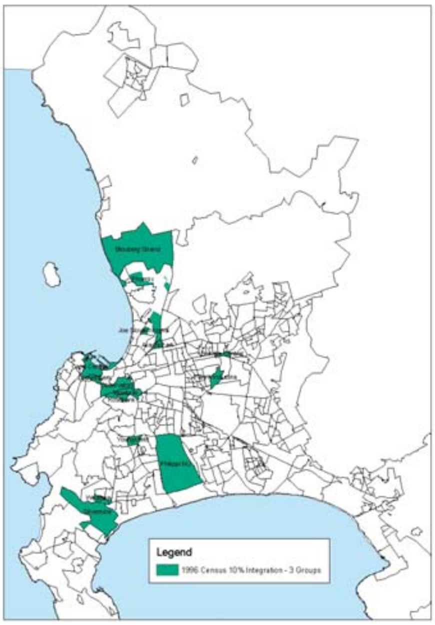
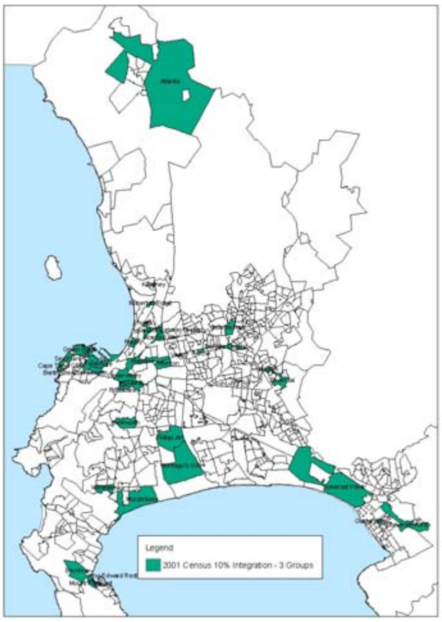


Figure 17: Suburbs with at least 10% from black, coloured and Indian population group (2001 census)



The maps (Figures 16 & 17) show that there are only a small number of suburbs indicating some racial integration. The number of suburbs indicating a diverse racial profile of residents had increased between 1996 and 2001. In 2001, 26 of the census suburbs met the 10% criterion compared to 17 suburbs in the 1996 census[iii].

However it is important to note that the suburbs highlighted on the maps represent different forms of spatial integration. The suburbs highlighted therefore include:

- suburbs which are not truly integrated but contain a mix of low income areas and a high income areas or where there are a high number of live-in domestic workers. Examples of this include Westlake, Bantry Bay, and possibly Muizenberg (where Vrygrond forms part of the census suburb of Muizenberg)

- suburbs which includes representation across all the population groups with people of similar socio-economic status. These suburbs include Thornton, Kenilworth, Mowbray, Observatory and Rosebank.

Figure 18: Suburbs with at least 20% from each racial group (2001 census)

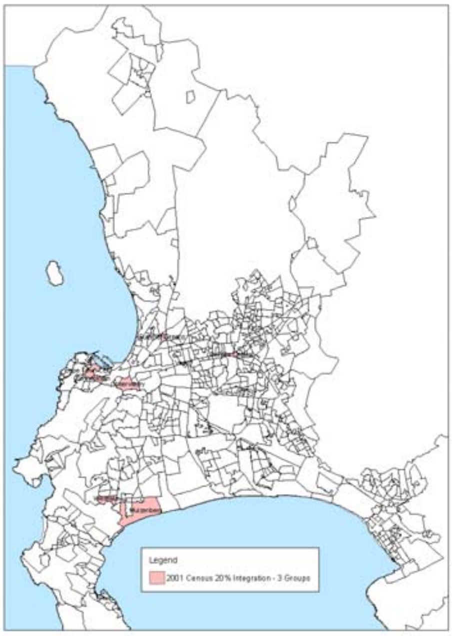


Figure 18 shows suburbs with at least 20% of each of the population groups (african, coloured, white). Only eight suburbs in the metropolitan area meet this criterion – these are Bellville Central, Cape Town CBD, Muizenberg, Observatory, Summer Greens, Vasco, Westlake and Zonnebloem.

4. HOUSING AND SERVICES

For many municipal services the unit of delivery is the household. The number of households increased from 653 716 in 1996 to 759 765 in 2001 - an average annual rate of about 3.3% per annum.

The reasons for the more rapid growth of households, relative to population growth, are varied. Partly it reflects a global trend towards smaller households as a result of social trends - young people are leaving home earlier, more couples are separating or divorcing and older people are living longer. The faster growth of households in South

Africa has also been attributed to the splitting of households as a result of increased access to housing opportunities (SACN, 2004).

Current household growth rates imply that the city has to plan for approximately 25 000 additional households each year. Given the migration and the demographic profiles of the population, a large proportion of the additional households will be poor and will therefore require support from the local authority with respect to acquiring land, housing, services and the provision of social facilities and amenities.

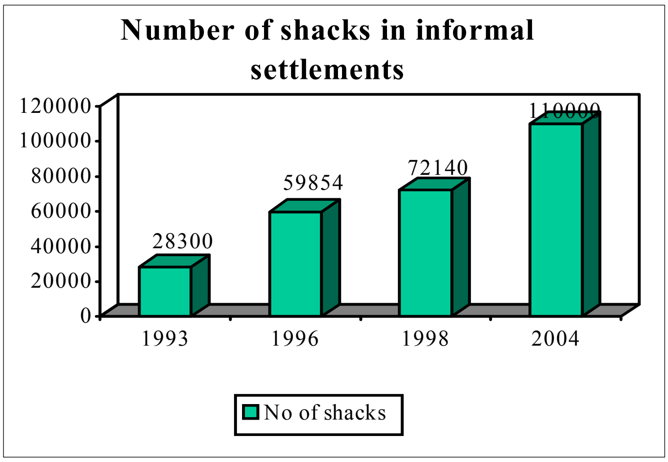
The growth in households means that despite significant investment in basic services, the efforts to reduce service backlogs have only just kept pace with household growth. Comparisons between the 2001 and 1996 census figures (Table 7) indicate that while the absolute number of households having access to basic services has increased substantially, the proportion of households having access to basic services has for the most part remained largely the same.

Table 7: Service levels in Cape Town, 1996 & 2001

City of Cape Town	1996	2001
Demography		
Number of Households	651 972	759 765
Annual average rate of household growth (1996-2001)	3.3%	
Population	2 563 095	2 893 251
Annual average rate of population growth (1996-2001)	2.5%	
Refuse Removal		
% of households with weekly refuse removal	89.8%	94.2%
Number of households with weekly refuse removal	578 862	732 362
Water Supply		
% of households with piped water on site	89.8%	84.4%
Number of households with piped water on site	584 568	656 135
Toilet Facilities		
% of households with flush toilet	89.6%	87.5%
Number of households with flush toilet	583 044	680 594
Electricity Supply		
% of households with electricity supply	87.2%	88.8%
Number of households with electricity supply	566 808	690 369

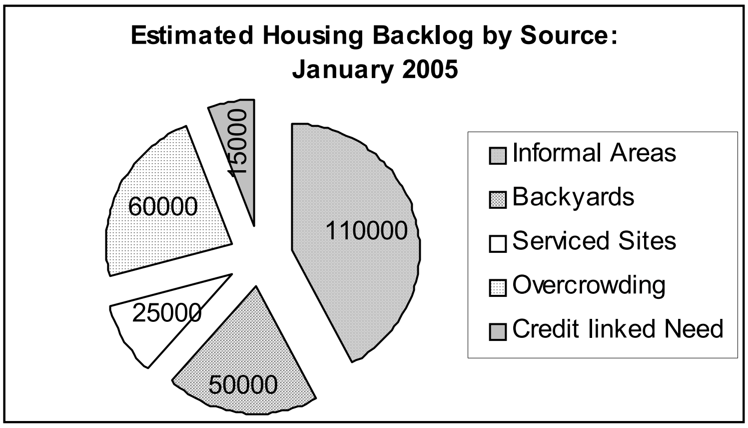
A similar pattern exists with regard to housing with continuing rapid growth in informal settlements far outstripping the rate of housing supply. The number of informal shacks increased from 28 300 in 1993 to 59 854 in 1996, to more than 100 000 in 2004.

Figure 19: Growth in informal settlements



This has meant a growth in the housing backlog, estimated to be 265 000 and growing.

Figure 20: Estimated housing backlog

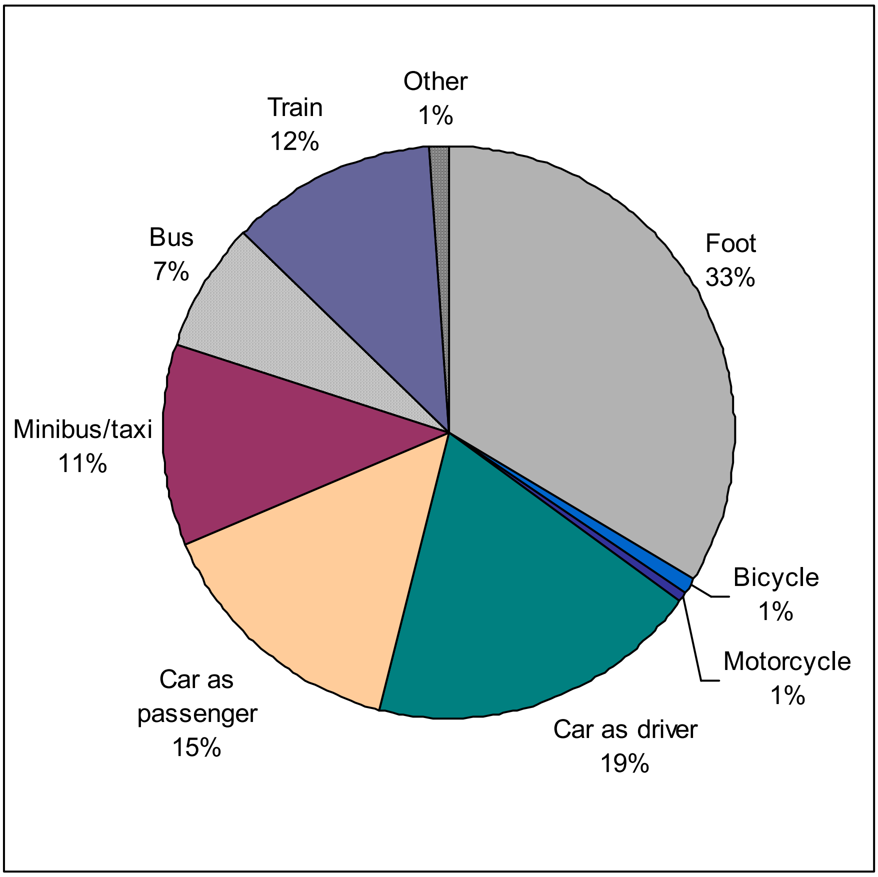


Source: City of Cape Town (Housing)

The growth of informal settlements predominantly in the South-East of the city as well as the concentration of new housing projects in this part of the city means increasing pressures on public transport.

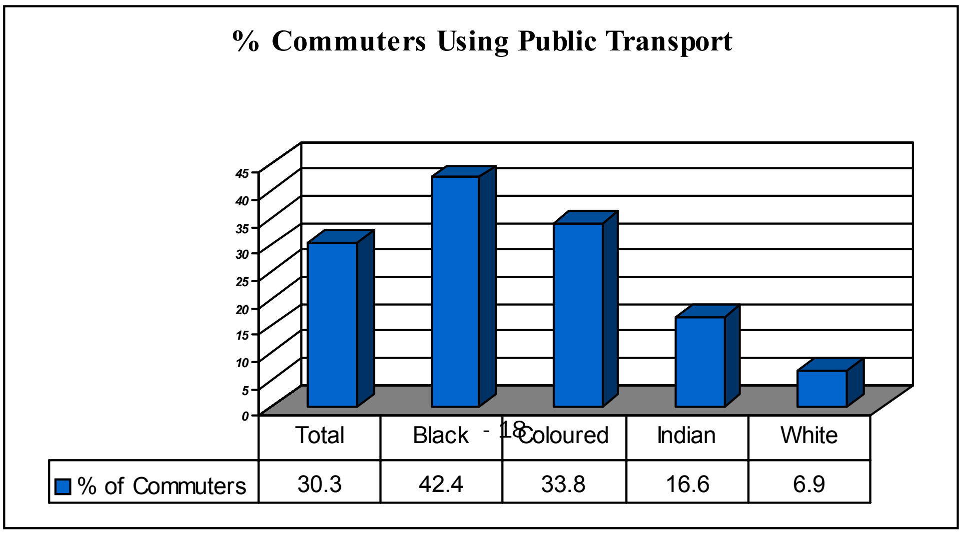
Overall, about 30% of commuters make use of the various forms of public transport (taxi, bus, train) to travel to work or school.

Figure 21: Mode of Travel to School and Work



The reliance on public transport is disproportionately high among the poor as indicated by the distribution of transport use between different population groups (Figure 22). Forty-two percent of african commuters indicated that they used public transport to travel between work and home, compared to one in three of coloureds, about one in 6 of indians and about one in 16 of whites.

Figure 22: Use of Public Transport by Population Group



5. ECONOMY

Advances in technology and increasingly low-cost manufacturing have led to an increasing shift, at a global scale, towards the services sector. Reflecting this global trend, the South African economy has also seen the growth of the services sector relative to the primary and secondary sectors in the economy. In relation to Gross Domestic Product (GDP), the contribution of the services sector increased from 55% in 1990 to 65% in 2004. In contrast the industrial sector's contribution to GDP declined from 40% to 32%.

Table 8: South African economy: structural change: 1990 - 2004

GDP by sector of origin	1990	2004
Agriculture (% of GDP)	4.63	3.36
Industry (% of GDP)	40.10	31.77
Services (% of GDP)	55.27	64.87

Source: EIU Market Indicators and Forecasts (April 2005)

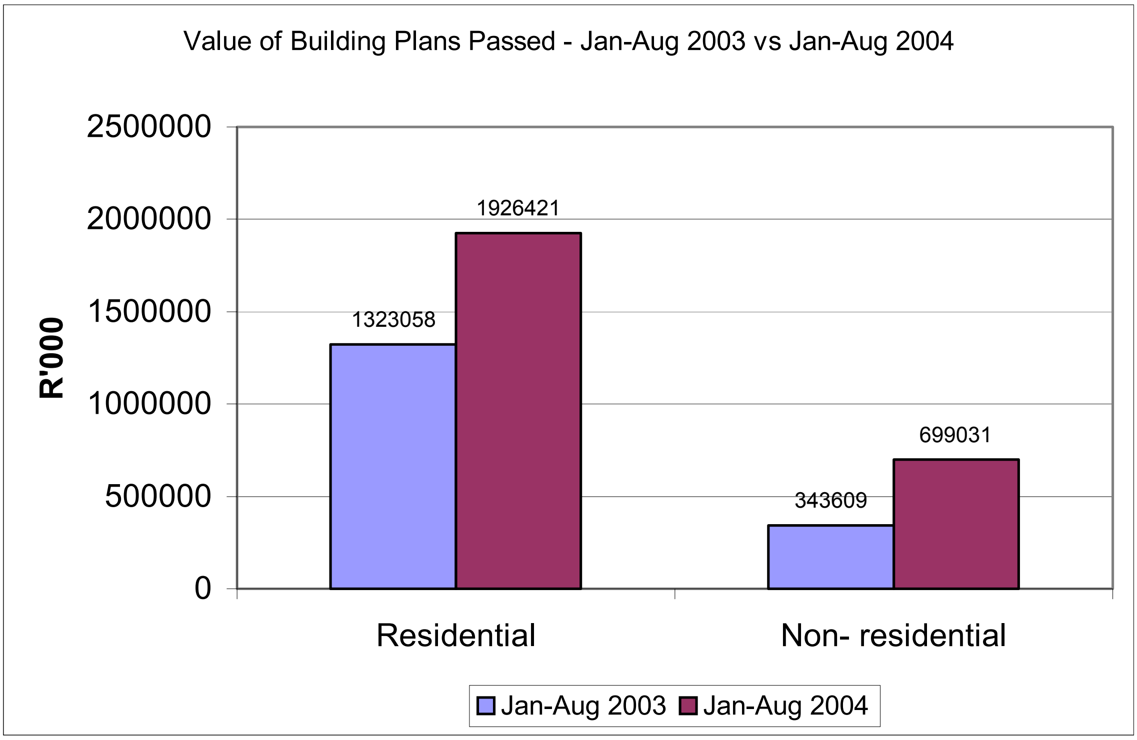
Economic growth

Recent economic growth data at city level is not easily available since much of this data is collected a provincial or national rather than city level. However since the Cape Town economy contributes 75% of the provincial economy, provincial trends are likely to reflect trends in the metro area. Between 1995 and 2001 the Western Cape economy grew at an average annual rate of 3.3% with the Gross Geographic Product for the region estimated to be R187.6bn. The forecasted growth for the province for 2004 is 4%. It is estimated that growth rates of between six and seven percent (or the creation of approximately 40 000 jobs annually) are needed to significantly reduce unemployment.

Economic growth rates at a national level, however has been increasing consistently over recent years with South Africa experiencing its longest period of sustained economic growth.

A leading indicator of economic growth is the number of building plans passed. In Cape Town the value of residential building plans passed for January-August 2004 increased by 45.6% relative to the same period in 2003. For the same period the value of non-residential building plans increased by 103.4%.

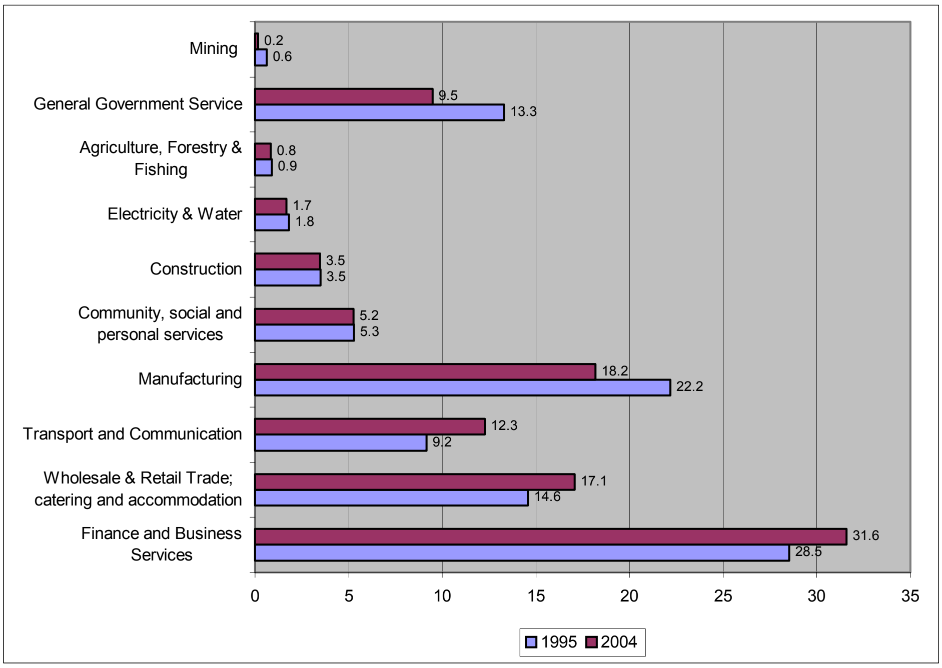
Figure 23: Value of Residential and Non-residential Building Plans Passed



Economic sectors

A strength of Cape Town's economy is that it is well-diversified with contributions to Gross Geographic Product from a range of sectors. However, in line with global and national trends, there has been a shift towards the service sectors. The three sectors showing the biggest increases in contribution to GGP between 1995 and 2004 were Finance and Business Services, Trade, catering and accommodation and Transport and Communication. The sectors showing declines were Government Services and Manufacturing.

Figure 24: Contribution of Sectors to Economic Growth, 1995 & 2004

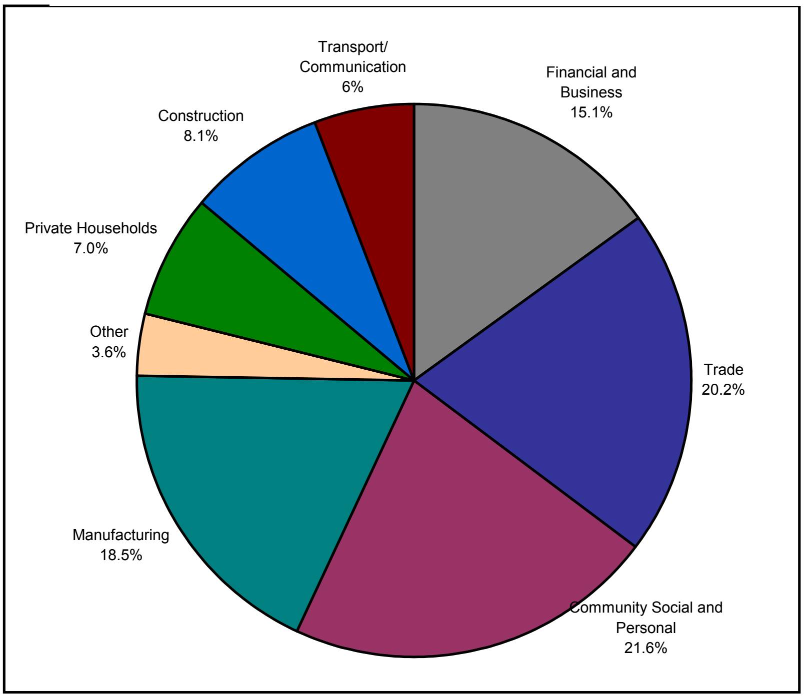


Source: Quantec Research (May 2005)

Employment

The diversification of the economy is also reflected in the key sectors of employment (Figure 25).

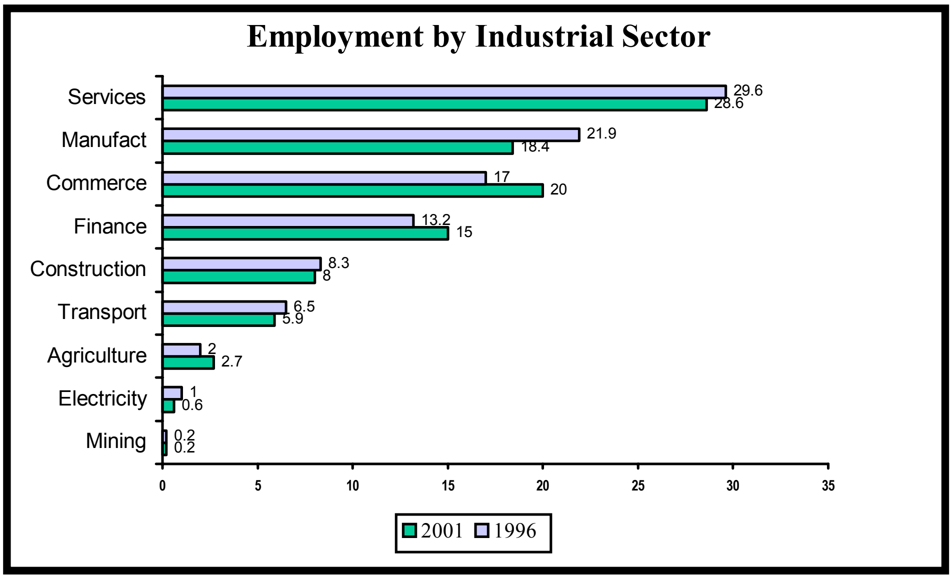
Figure 25: Distribution of Employment by Economic Sector,



Key sectors of employment were community, social and personal services (21%), wholesale and retail trade (20%) and manufacturing (19%). The financial and business services sector (15%), construction (8%) and private households (7%) were also significant sectors of employment.

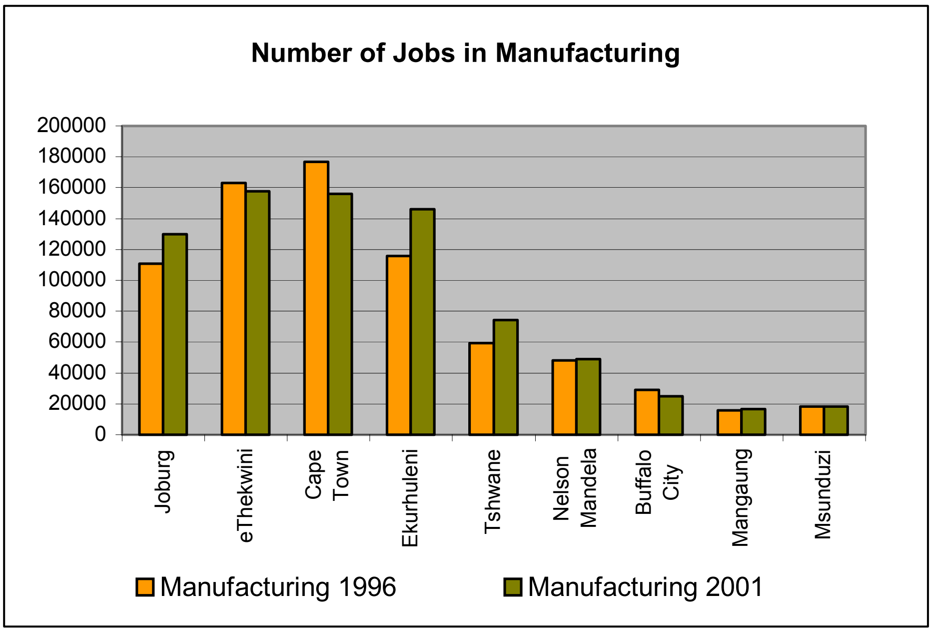
The relative importance of the different economic sectors as sources of employment has shifted between 1996 and 2001 with the proportion of workers employed in the commercial and financial sectors increasing between 1996 and 2001 (Figure 26). The importance of manufacturing as an employment sector showed the strongest drop with the proportion of workers employed in the manufacturing sector dropping from 21.9% to 18.4 % between 1996 and 2001.

Figure 26: Distribution of Employment by Economic Sector, 1996 & 2001



A comparison of the level of manufacturing employment of major cities in South Africa indicates that between 1996 and 2001 Cape Town lost jobs in manufacturing in comparison to Johannesburg and Tshwane where jobs in manufacturing are increasing (Figure 27). Although Cape Town's comparative strength is not necessarily within the manufacturing sector, the loss of jobs in the manufacturing sector is of concern given the low skill levels in the city.

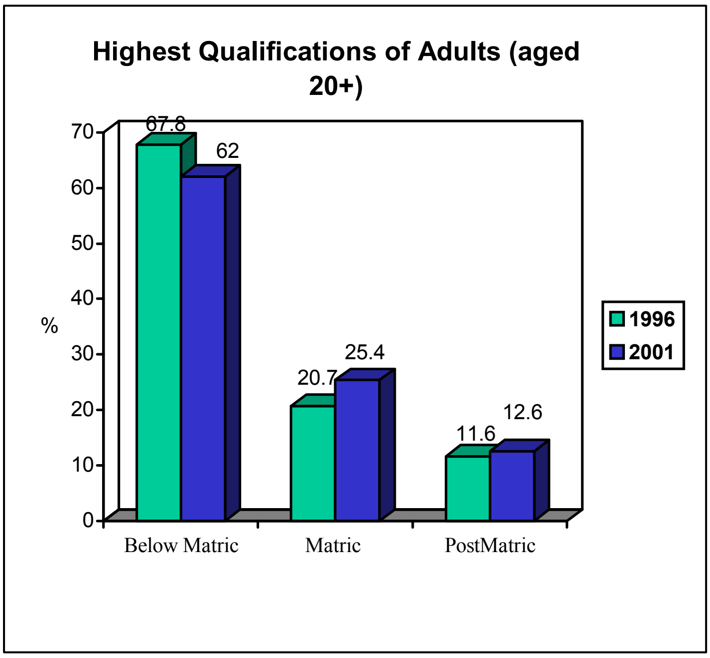
Figure 27: Change in Number of Manufacturing Jobs for major SA cities, 1996 & 2001



Skill Levels

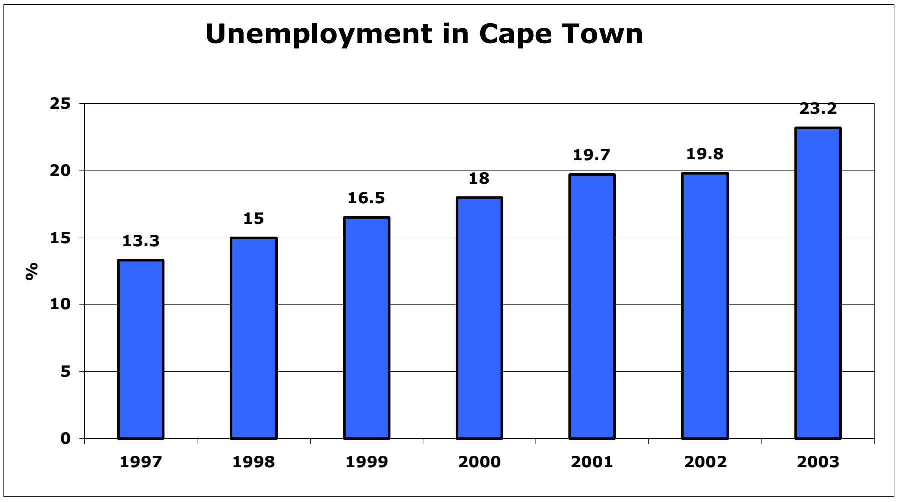
The skill levels in the city improved between 1996 and 2001 but remain very low. The proportion of adults (aged 20+) with a highest educational level below matric dropped from 67,8% in 1996 to 62% in 2001. The proportion with a Matric qualification increased from 20,7% to 25,4 % while there was only a slight increase in the proportion of adults (aged 20+) having a post-matric diploma or degree.

Figure 28: Highest Educational Qualification of Adults, 1996 &



The result of a relatively low economic growth rate and the concentration of this growth in the more skilled sectors of the economy means that unemployment levels in the city has continued to increase, rising from 16.5% in 1999 to 23.2% in 2003 (Labour Force Survey).

Figure 29: Unemployment levels in Cape Town: 1997-2003



Source: Labour Force Survey (Statistics SA)

The consequence of the inability of the formal economy to absorb labour demand has resulted in the informal economy becoming an important source of livelihood for many. Estimates indicate that the informal sector employs 22% of the labour force and contributes 12% to economic output. Despite the importance of this sector, there is limited information on the size, nature and location of informal activities (CCT , 2002).

These patterns manifests in the dual nature of the South African economy: "One of the major consequences of the change in the structure of the economy is that "two economies" persist in one country. The first is an advanced, sophisticated economy, based on skilled labour, which is becoming more globally competitive. The second is a mainly informal, marginalized, unskilled economy, populated by the unemployed and those unemployable in the formal sector" (The Presidency 2003: 97)

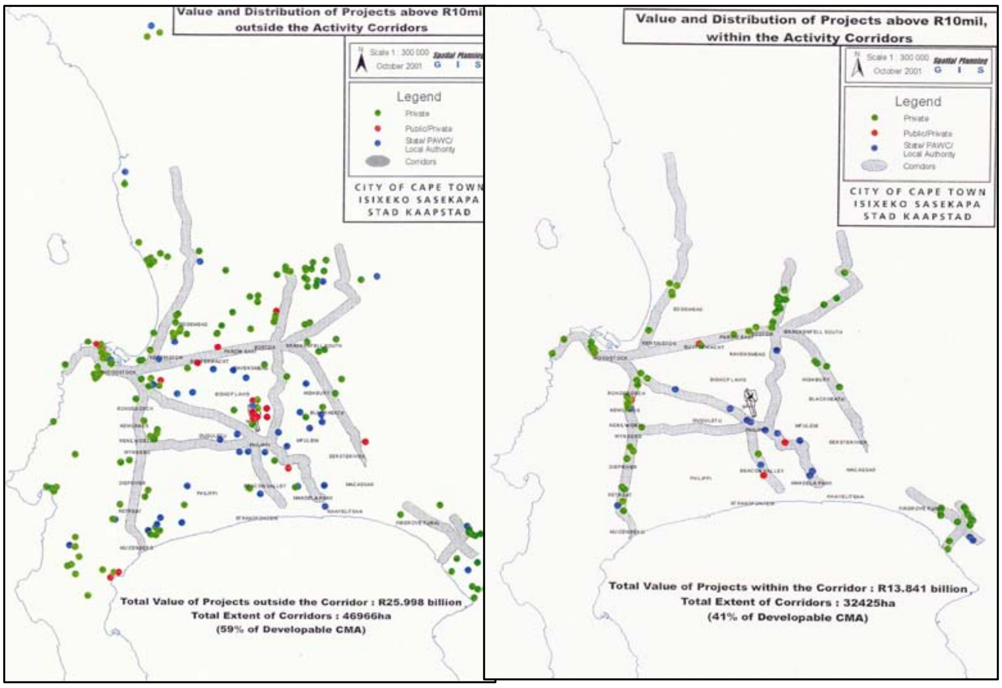
6. SPATIAL ECONOMIC PATTERNS

An analysis of spatial economic patterns, undertaken as part of a review of the Metropolitan Spatial Development Framework (2002) indicated the following trends with regard to private investment.

- Some decentralisation of formal business from the CBD and the traditional corridors of Cape Town (although not of sufficient significance to threaten the economy of these areas) .

- A shift towards the northern parts of the city, in particular to Bellville/Durbanville and to Milnerton/Blaauwberg.
- The Cape Flats and the metropolitan south east has produced smaller "islands" of development (Mitchells Plain Town Centre, Athlone, and Airport Industria) but on the whole it remains an area which is avoided by larger, formal commercial and industrial concerns (CCT, 2002)

Figure 30: Location of investment projects above R10 million rand (within and outside MSDF Corridors)



The level of private investment in the Cape Town CBD has grown significantly in recent years with an estimated cumulative investment of R9,1 billion since 2000. The boom in private investments in the CBD is reflected in the increase in rentals for A-grade office space (from R43 per m^2 in 1999 to R75 per m^2 in 2005) and prime retail space (from R70 per m^2 in 1999 to R250 per m^2 in 2005)[iv] (Source: Cape Town Partnership).

The reasons for the continuation of the spatial patterns of economic activity include:

- The sectors of the economy that have been growing (e.g Finance, Information and Communications Technology - ICT) demand higher to medium skill levels and will therefore locate closer to where these skills are located;
- Private investments are attracted to areas with good freeway access, high amenity value and safety and good infrastructure;
- The tourism sector that has the capacity to absorb unskilled labour is also spatially focused around the CBD/Waterfront.

The existing spatial patterns therefore are reinforced by growth trends in the economy and as long as the economy continues to shift towards the financial and ICT sectors it is unlikely that these spatial patterns will change significantly.

The MSDF review identified the retail sector as one sector for which there is scope for private investment in poorer areas. Research on the demand for consumer goods in the largest township in the south-east, Khayelitsha, indicated that there is significant unmet demand for retail outlets. The report estimated total retail purchases by Khayelitsha residents of R1,2 billion per annum, with most of this revenue flowing out of the area, mostly to Mitchell's Plain Town Cnetre, but also to the CBD, Claremont/ Wynberg and Bellville. (CCT, 2002)

More recently there have been additional investments in the retail sector in the poorer areas of the city. These include investments in the Khayelitsha and Mitchells Plain CBD and the Vangate Development on Vanguard Drive which has a total value of R300 million rand and includes a 24 000m^2 shopping centre. While small in relation to total private investment the investments do indicate increased confidence among private investors in investment in poorer areas.

A concern with these developments though is the potential negative impact on informal traders, and hence on informal jobs and incomes.

7. POVERTY, INEQUALITY AND SUSTAINABILITY

A worldwide trend is a growing number of poor people living in cities. The growing urbanisation of poverty is due to the natural growth of the poor population in cities, growing inequality within cities and the increase in the number of poor people moving to cities (Parnell, 2002).

Earlier analyses in this paper indicate that the demographic and economic trends in Cape Town reflect all three contributors to growth in the urban poor. Population growth in Cape Town is disproportionately high among the poorer sectors of the population, most of the migration to Cape Town is from poorer, rural areas and the nature and extent of growth of the formal economy has not been strong enough to absorb a growing workforce.

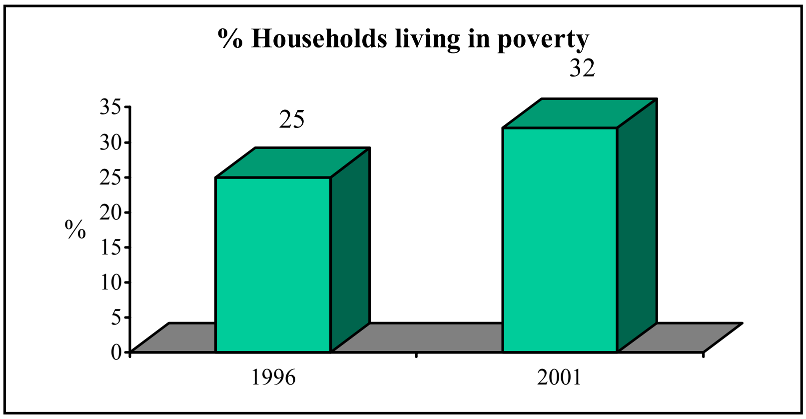
Poverty

Absolute Poverty

One measure of absolute poverty is the Household Subsistence Level (HSL), a measure derived by the University of Port Elizabeth. The HSL measures the income required by households to purchase the goods and services needed to maintain a minimum standard of living (includes food, housing, clothing transport and cleaning materials).

The HSL was calculated to be ± R12 000 p.a. in 1996 and ± R20 000 p.a. in 2001.The proportion of households living below and just above the increased from 25% to 32% between 1996 and 2001.

Figure 31: Households earning below the Household Subsistence Level



Causes of Poverty

Unemployment

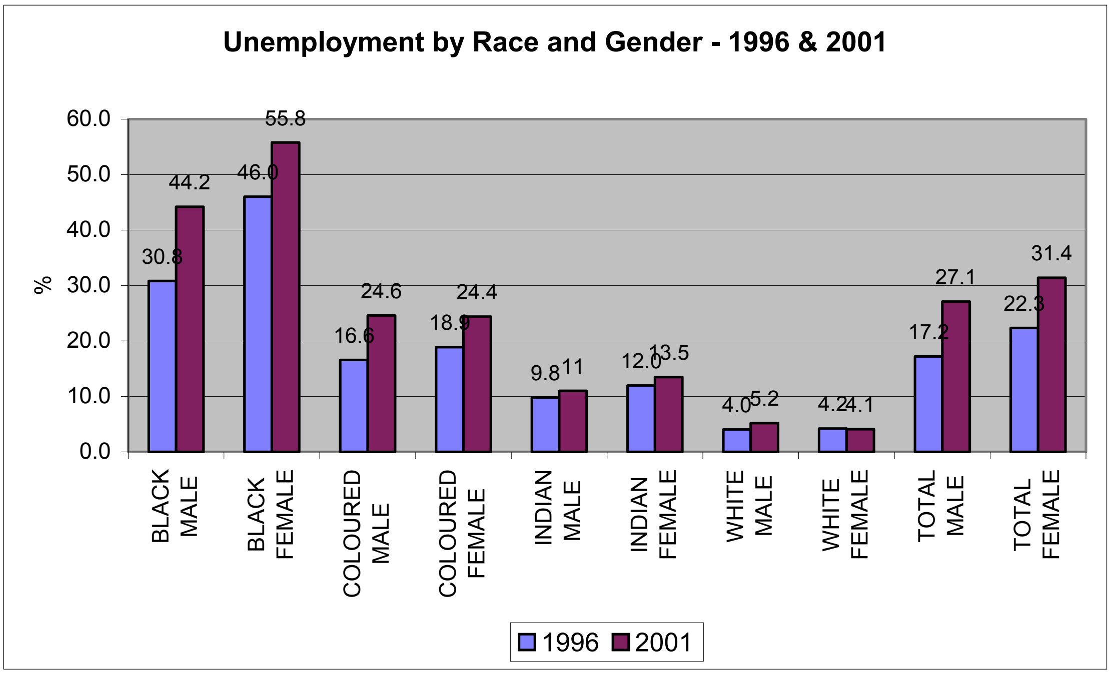
The high level of unemployment is a major contributor to poverty in the city. Unemployment trends point to a pattern of increasing inequality and poverty.

- Unemployment by race and gender

The unemployment rate for the city hides significant differences in unemployment levels between population groups, gender and age. The census data on unemployment for 1996 and 2001 show that , with the exception of white females, the unemployment rate among all groups increased between 1996 and 2001.

The disproportionate growth in unemployment between the different groups reflects a pattern of increasing inequalities. The unemployment level among black males increased from 31% to 44% between 1996 and 2001 and the rate among black females from 46% to 56%. Unemployment levels also rose sharply among coloured males and coloured females.

Figure 32: Unemployment Levels by Race and Gender



- Unemployment among youth

Unemployment levels among the younger adults also increased significantly between 1996 and 2001 (Figure 33). For those aged 20-34 the unemployment rate as reflected in the census increased from 19% to 30% among males and from 26% to 37% among females.

Figure 33: Unemployment levels

HIV/AIDS

There are a large number of households with income just above the poverty line and who can easily fall into poverty by any number of setbacks, such as the loss of jobs or sudden illness. A growing factor that could easily plunge households into poverty is HIV/AIDS. HIV/AIDS reinforces poverty and inequality through loss of household income, reduced educational prospects (due to school dropouts) and a growing number of orphans (van Donk, 2002).

HIV prevalence figures indicate that the epidemic is concentrated in the poorest areas of the city with areas such as Nyanga and Khayelitsha showing much higher levels than other areas. Prevalence rates have also been increasing.

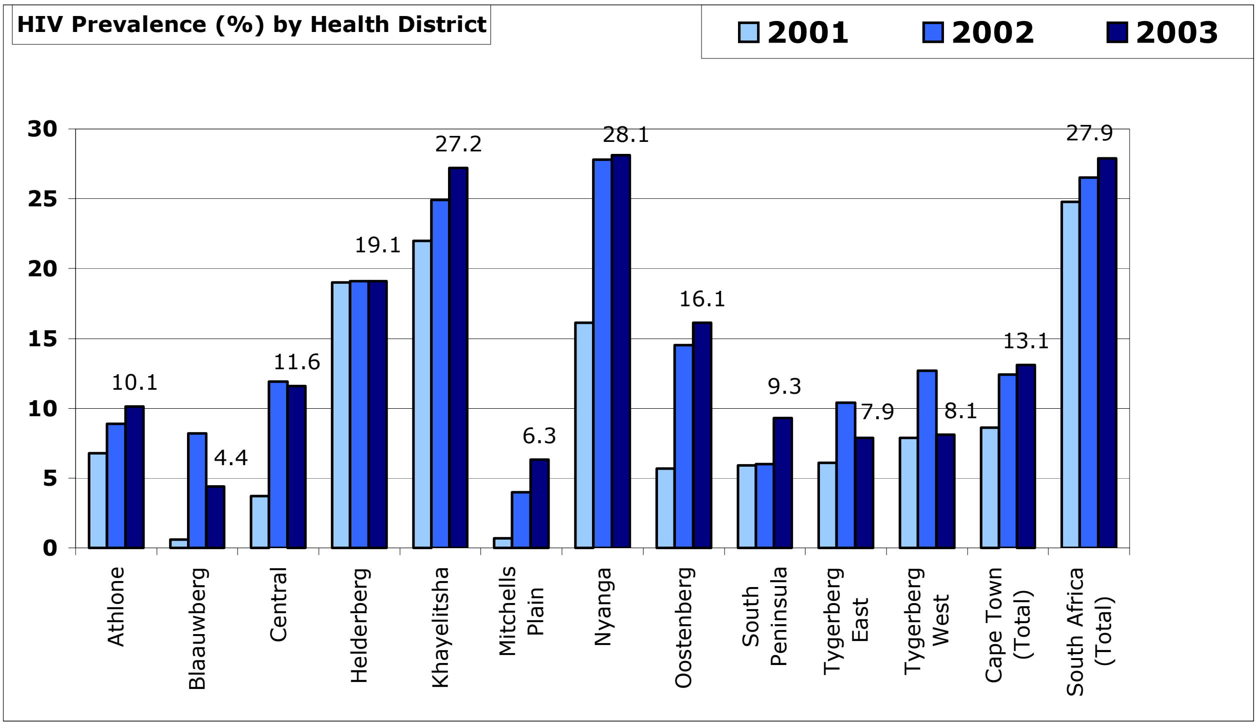
The social impact of the disease has however not manifested itself since the Western Cape is in the early stages of the epidemic with more than 80% of HIV-infected people estimated to be in the relatively asymptomatic stages of the disease.

Table 9 Stage of Disease of those infected with HIV/AIDS

Stage of disease	Western Cape
Stage 1 & 2 (relatively asymptomatic)	80% (~ 102 000)
Stage 3 (bouts of illness from opportunistic infections)	15%
Stage 4 (full-blown AIDS)	5%

Source: Based on Western Cape figures calculated by Dorrington et al (2002)

Figure 34: HIV Prevalence by Health District: 2001-2003



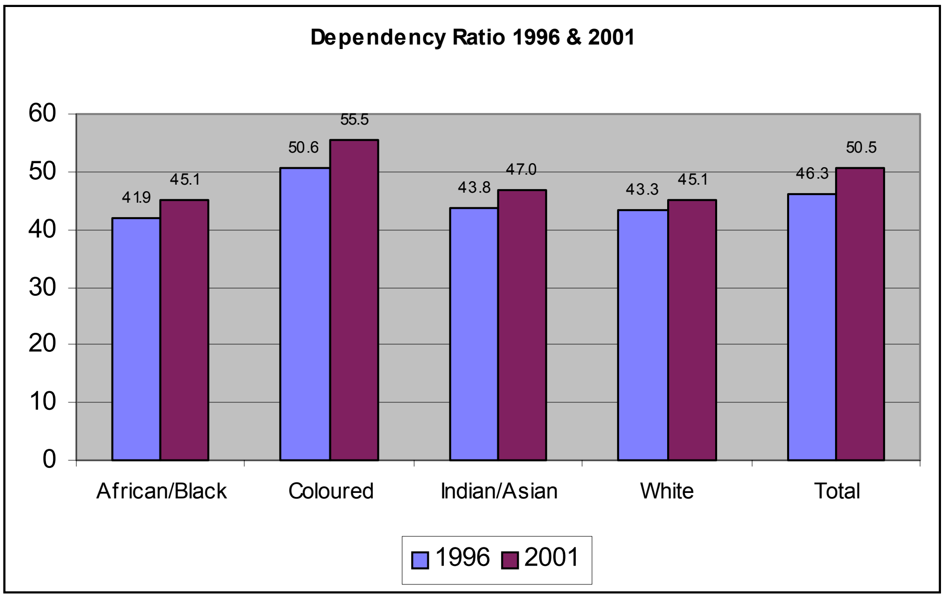
Source: CCT (2005)

Demographics

Cape Town's demographic profile also predisposes the city to poverty since a young population implies high dependency ratios. The age dependency ratio is the ratio of the persons in the dependent ages (0-14 years and 65 years and over) to every 100 people in the economically active ("productive") ages (15-65 years).

The age-dependency ratio for the total population increased between 1996 and 2001 from 46,9 to 50,5. The increase in the age dependency ratio cuts across all groups. Among whites it is due to an ageing population whereas with the other groups it is due to a more youthful population.

Figure 35: Age Dependency Ratio, 1996 & 2001



Environmental Health

High infant mortality rates and Tuberculosis (TB) rates are both a reflection of high levels of poverty and also contribute to poverty.

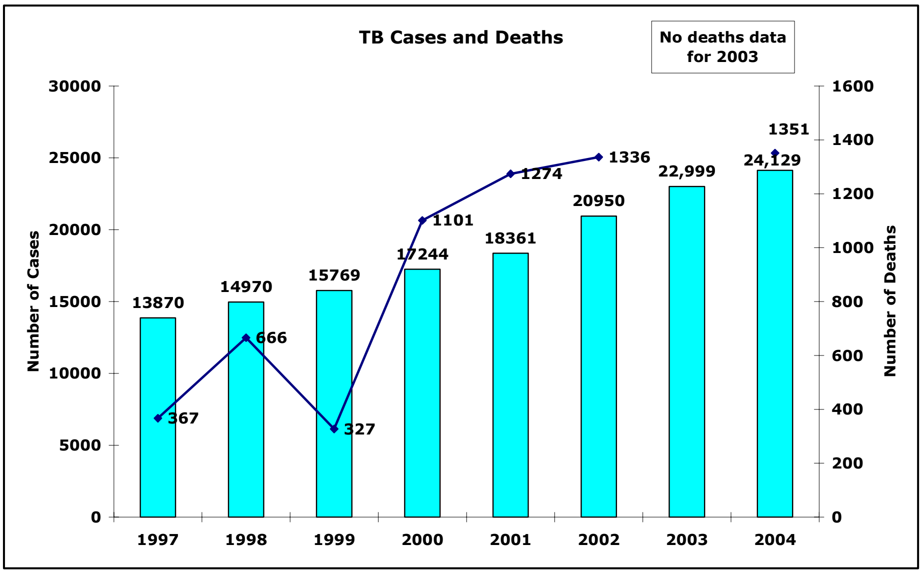
The infant mortality rate (IMR) indicates the number of babies less than one year old who died for every 1 000 born during a particular year. In 2002 for every 1 000 children born in South Peninsula, 13 died before turning one, while for every 1 000 born in Khayelitsha, 44 died before turning one. The poorest areas of Cape Town, Khayelitsha and Nyanga, have the highest infant mortality rates. The main causes of higher infant mortality rates in these two areas are HIV/AIDS, pneumonia and diarrhoeal diseases. Both pneumonia and diarrhoeal diseases are linked to poor environmental health factors - diarrhoeal diseases being linked to inadequacy of services such as water and sanitation and pneumonia related to overcrowding and malnutrition.

Table 10: Infant Mortality Rate per 1000 live births in Cape Town

Health District	**IMR (2001)**	**IMR (2002)**
Athlone	14	16
Blaauwberg	23	18
Central	16	14
Helderberg	26	29
Khayelitsha	44	44
Mitchells Plain	16	19
Nyanga	49	40
Oostenberg	31	31
South Peninsula	15	13
Tygerberg East	24	19
Tygerberg West	19	18
City of Cape Town area	26	25

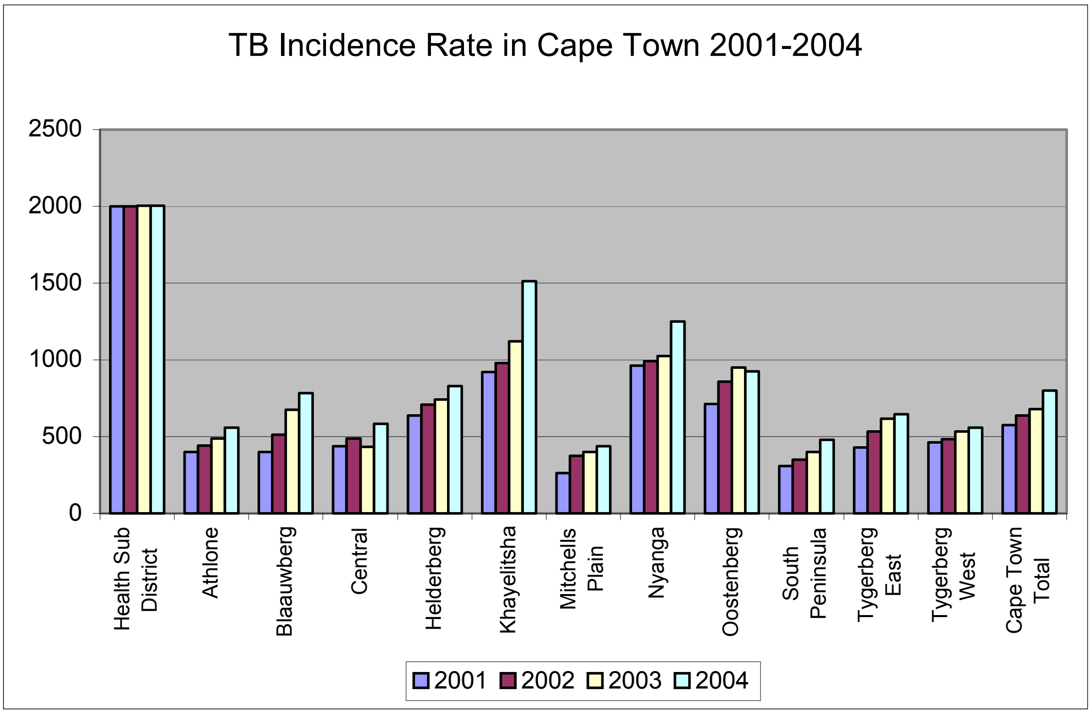
There is an ongoing pattern of steady increases in the number of reported TB cases and deaths (Figure 36). The number of TB cases has increased from 13 870 in 1997 to 24129 in 2004. From 2001 to 2004, the incidence rate increased from 577 to 800 per 100 000 people showing that TB is still increasing over and above population increase. Because HIV positive people are at higher risk of developing TB, this increasing rate of TB is likely to be reflection of an increasing incidence of HIV in Cape Town.

Figure 36: Number of new TB Cases and Deaths due to TB



The poorest districts (Nyanga and Khayelitsha) also have the highest incidence of TB (Figure 37). TB incidence reflects the number of new TB cases diagnosed for every 100 000 population in a year. In other words 443 cases of TB were diagnosed in Athlone in the year 2002 for every 100 000 people living there while in Nyanga 992 people were diagnosed with TB for every 100 000 people living there. The incidence of TB can be linked to poor housing, inadequacy of services such as water and sanitation, poor nutrition and HIV.

Figure 37: Incidence Rates of TB by Health Sub-district



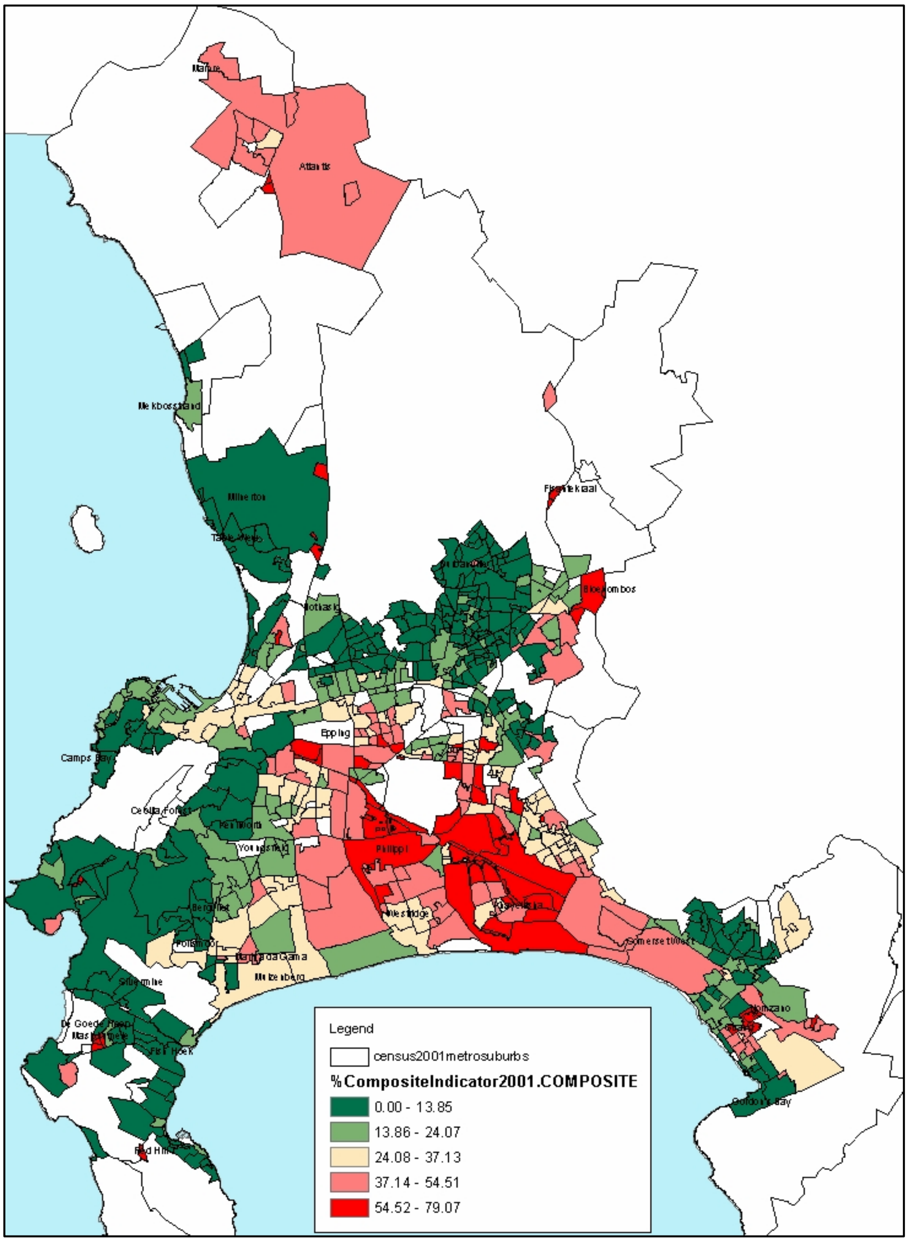
Source: CCT (2005)

Spatial Distribution

The spatial distribution of poverty is reflected in the distribution of socio-economic indicators as reflected in the accompanying map. The map depicts the distribution of a socio-economic status index for the city, calculated as the arithmetical mean of the following indicators:

- *Proportion of households earning less than R19 200 per annum.*
- *Proportion of adults (20+) with highest educational level less than matric.*
- *Proportion of the economically active population that is unemployed*
- *Proportion of the labour force employed in elementary/unskilled occupations*

The distribution of the index across the city indicates that, although there are small pockets of poverty across the city, the areas of poverty remain largely concentrated in the South-East of the city.



Relative Poverty (Inequality)

The table below list the average household income which shows large inequalities by population groups.

Table 11: Average household Income by Population Group- 2001 Census

Population Group	Average Monthly Household Income
African	R 2 144
Coloured	R 5 630
Indian	R11 312
White	R16 147
Total	R 7 389

Relative to population size, the income distribution in the Cape Metropolitan is widely disproportionate and is a reflection of the inequalities that exists in the region A comparison of the 1996 and 2001 census figures indicates that although there has been a significant shift in the relative proportions of the population groups their share of income has remained similar. This indicates growing inequalities between the different groups. The number of africans as a proportion of the total population increased from 19% to 32% while the share of income increased from 6% to 9% (Figure 39). The number of whites as a proportion of the total population declined from 26% to 19% while the share of income declined from 60% to 58% (Figure 40).

Figure 39: Changes in proportions of population and share of income among african

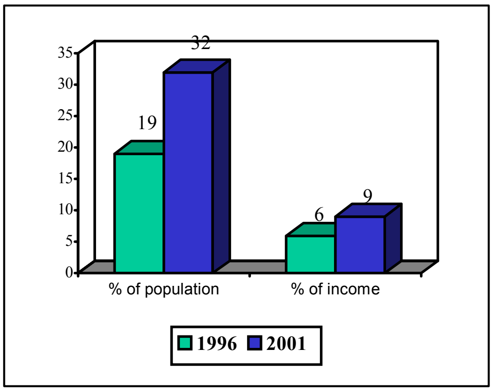


Figure 40: Changes in proportions of population and share of income among whites

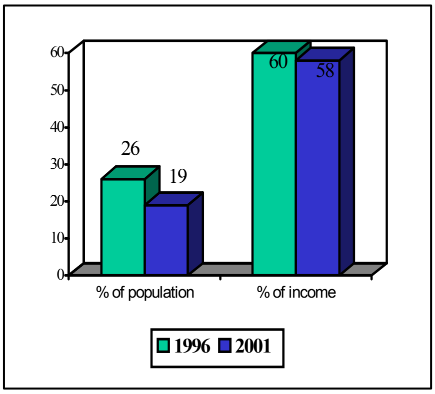
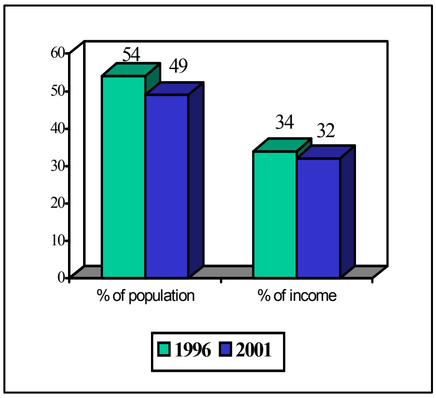


Figure 39: Changes in proportions of population and share of income among whites



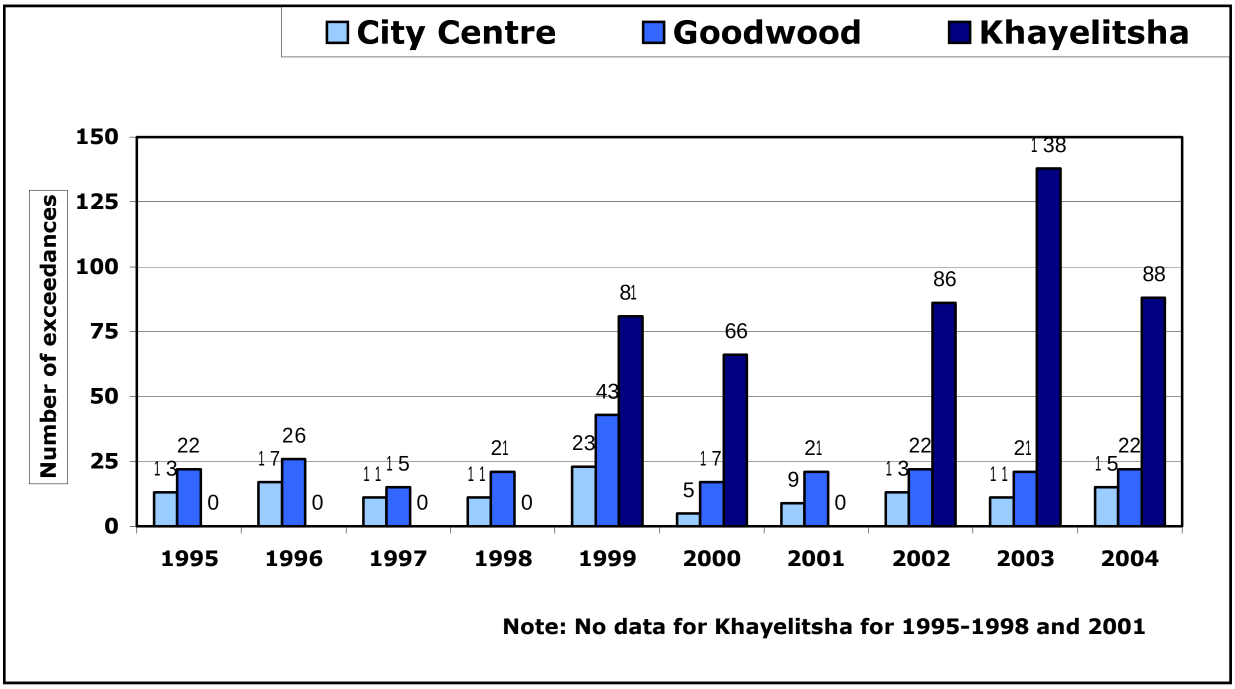
The average household income of white households is about seven times greater than african household income and just less than three times greater than that of coloured households. The income of white households and indian households are about twice and 1.5 times higher than the average for the Cape Metro.

8. SUSTAINABILITY[v]

Cape Town's expanding economy, increasing population and visitor numbers and unsustainable consumption patterns are placing pressure on natural resources.

Air Quality

Figure 40: Air pollution (PM_{10}) levels at monitoring sites in Cape Town 1995-2004



Source: City of Cape Town (2005)

An important indicator of air quality is the number of times per year that the United Kingdom 24-hourly running mean particulate matter (PM_{10}) guideline is exceeded. This indicator has been prioritised because of its association with negative health affects as well as contributing significantly to the "brown haze" which hangs over the Cape Town skyline (CCT, 2005).

The particulate levels in Khayelitsha are significantly higher than those for the other monitoring stations. This reflects the burning of wood and paraffin by residents, primarily those living in informal settlements, in order to warm houses or as fuel for cooking fires. A higher usage of older vehicles, especially taxis, may also contribute to pollution levels. The high levels particulate matter pollution are also likely to be found in other densely populated informal settlements (CCT 2005).

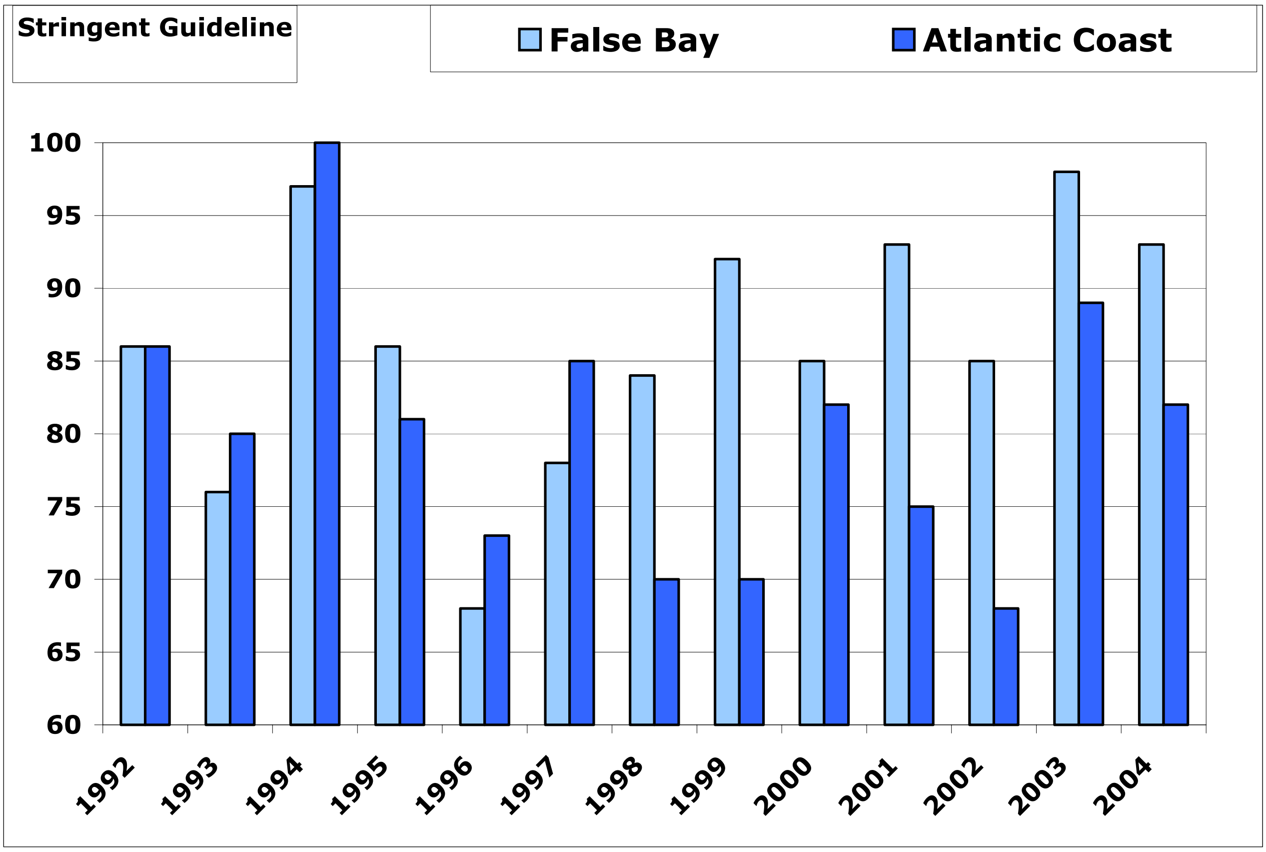
High levels of particulate matter air pollution impacts on health as it can aggravate respiratory conditions such as asthma and bronchitis. In poorer areas, where Tuberculosis incidence is high, this is especially problematic, as many people in this area already have compromised respiratory systems (CCT, 2004).

Coastal Water Quality

The quality of storm-water runoff from urban areas impacts on the quality of coastal waters (City of Cape Town, 2003).

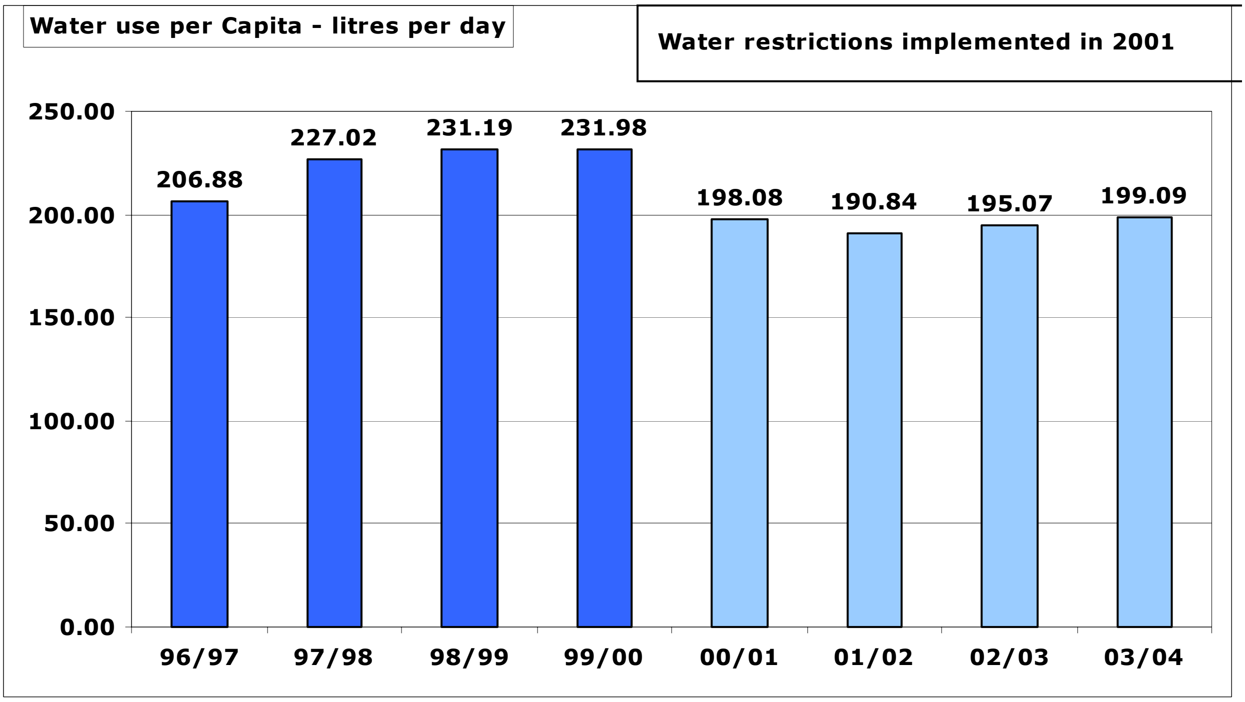
The graph shows the percentage compliance with the Recreational Use guidelines[vi]. This guideline uses both stringent and relaxed guidelines for faecal coliform counts. The stringent guideline states that 80% of samples must contain not more than 100 faecal coliforms per 100ml, while the relaxed guideline states that 95% of samples must not contain more than 2000 faecal coliforms per 100ml. Faecal coliform concentrations are an excellent indicator of poor water quality. The results indicate that 100% compliance with the stringent guideline is reached only once in 1994 at Table Bay. The relaxed guideline is met twice in Table Bay (1994 and 1996) and three times in False Bay (2001, 2003 and 2004).

Figure 41: Percentage adherence to water quality guidelines



Water Management

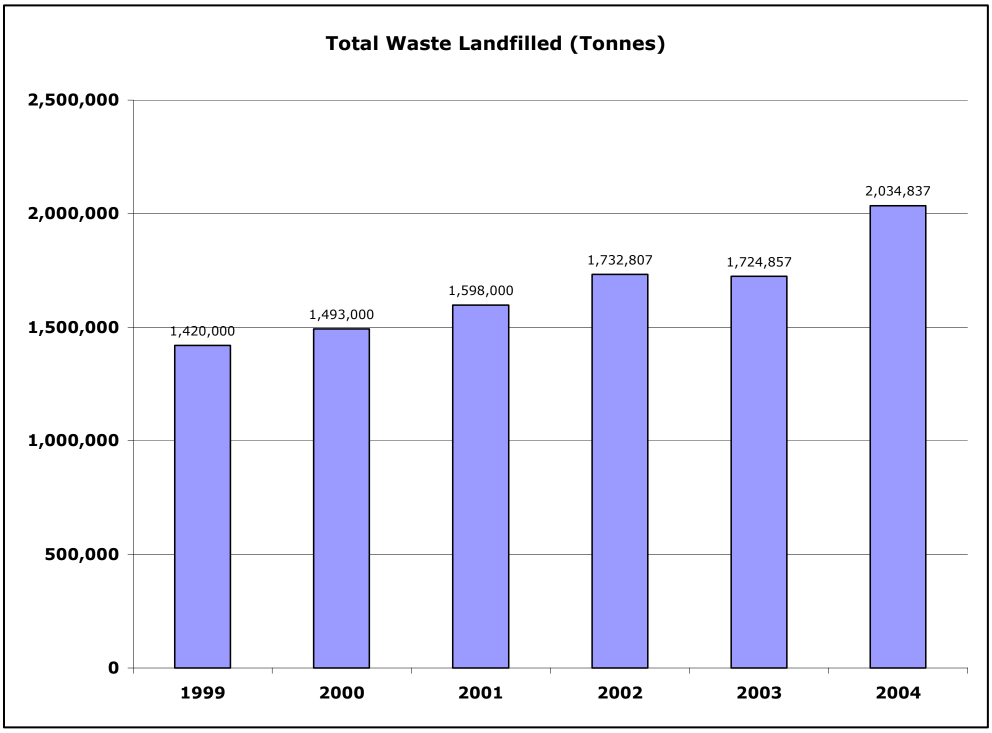
Prior to water restrictions implemented in 2001, the per capita water usage increased from 206.9 litres per day in 1996/97 to 232 litres per day in 1999/2000.



Waste Management

Landfilled waste (Figure 42) has increased from 1 420 000 tonnes in 1999 to 2 034 837 tonnes in 2004 - equal to a 43% increase in waste disposal since 1999, and an 18% increase since 2003.

Figure 42: Total waste landfilled 1999-2004



9. GOVERNANCE

The increasingly important role that cities play in urban development means that the governance of cities is critical to effective development.

In South Africa the growing importance of urban governance has been reflected in the local government transition. As noted in the State of SA Cities report "From the racially-divided and spatially fragmented arrangements inherited, local government has progressed to structures and systems much more capable of managing increasingly challenging urban environments in a coherent manner" (SACN 2004:135)

Electoral Participation

For the last local government election (2000) in Cape Town the total number of registered voters was 1 269 582. The number of eligible voters was approximately 1 894 964 which indicates a registration rate of 67%. Of those registered to vote 56.5% actually voted in the election.

Table 12: Voter turnout in Cape Town in the last local and national/provincial election

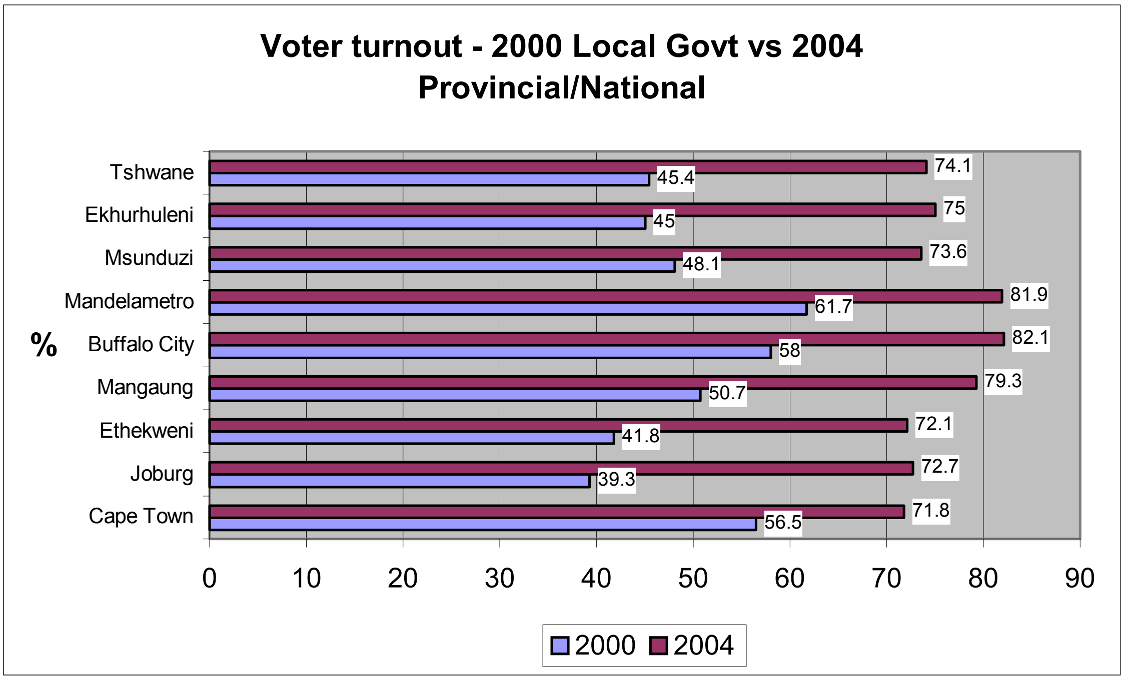
Voter Turnout Rates			
		No (%) of Registered Voters	%
2000	Local Government	1 269 582	717 365 (56.5 %)
2004	National and Provincial Government	1 448232	1 039 232 (71.8%)

Source: IEC

The voter-turnout rate of 56,5% in the local government election compares poorly to the 71.8% achieved in the 2004 provincial and national elections. As noted by the Minister for Provincial and Local Government:

> *"Voter turn-out in our local government elections has exhibited tendencies which are particularly worrying: both the 1995 elections and the year 2000 elections saw an average 48% voter turn-out. Although this scenario is consistent with global trends, what makes it a little disconcerting is the fact that it stands in stark contrast to the high voter-turn out we have seen in the provincial and national elections where the lowest voter-turn out stands at a whopping 76%." (Mufamadi, M.S, Minister for Provincial and Local Government, 20 September 2004)*

This pattern is true for all the other major cities in South Africa. However, voter turnout rates in the last local election varied widely between the different cities with Nelson Mandela metro having the highest turnout (61.7%) and Johannesburg the lowest (39.3%).

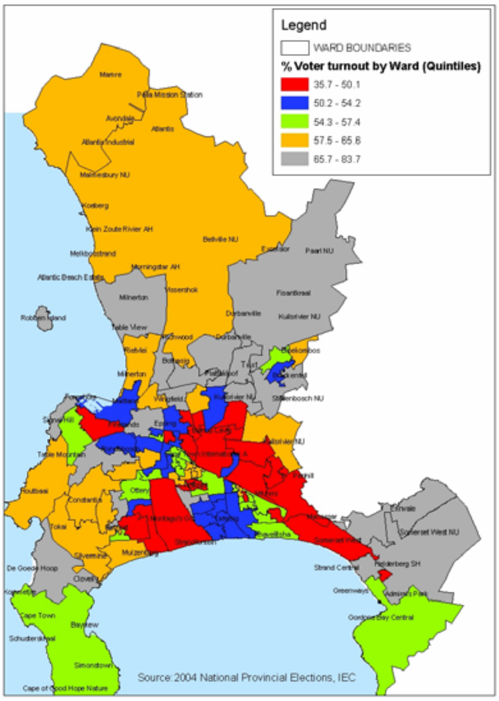


Source: Independent Electoral Commission (IEC) (www.elections.org)

A possible explanation for the variation in voter turnout is a correlation with levels of poverty in that those cities with high levels of poverty tend to have higher voting rates. Since this base is more dependent on local government with respect to delivery of services and housing this could account for higher participation rates.

The exception to this pattern is Cape Town. Relative to other major cities, voter turnout was relatively high with Cape Town having the second-highest turnout after Mandelametro. This could be due to the nature of Cape Town politics leading to higher turnout rates among whites for example – this group also forming a bigger percentage of the voter population. This is reflected in the distribution of voter turnout by ward with voter turnouts in Cape Town in the local government election being highest in the traditional white areas in the southern and northern suburbs of the city.

Figure 43: Voter turnout by ward

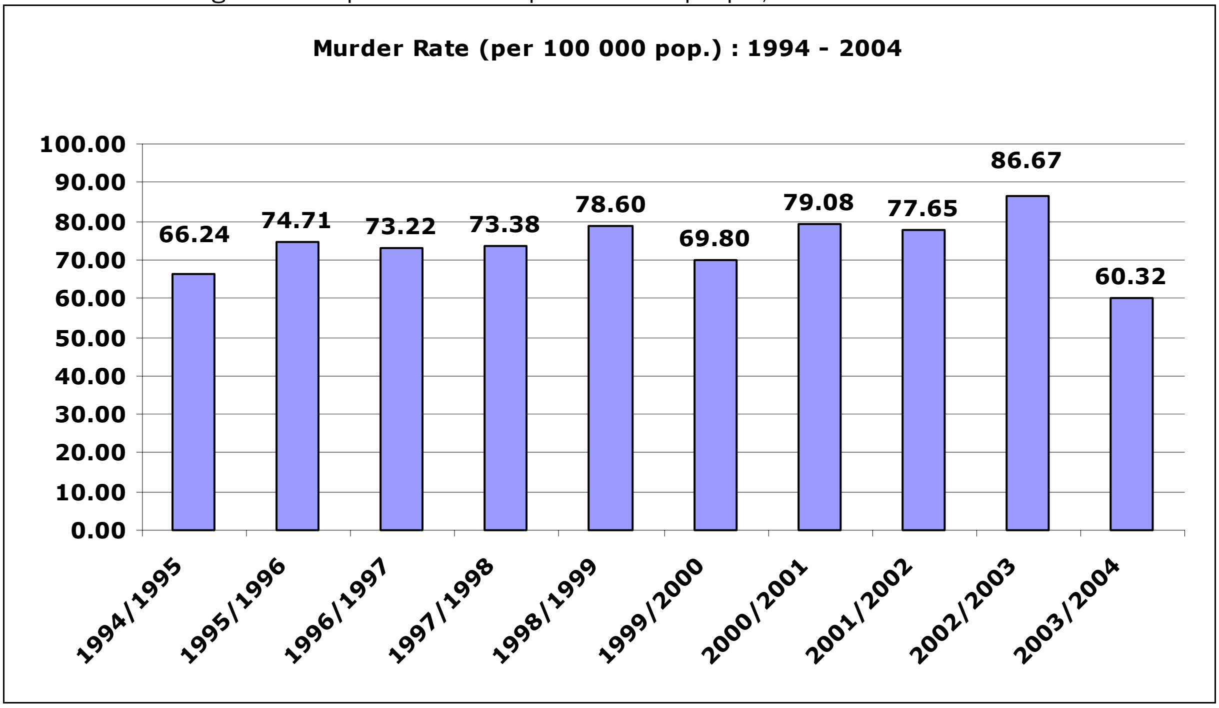


Crime

Like other countries in transition, South Africa experienced increased rates of reported crime following the first democratic elections. High crime rates have been cited as contributing to loss of skills and low levels of investment in South Africa.

The levels of violent crime increased significantly after 1994. The murder rate, which stood at 66.2 in the 1994/1995 period climbed to as high as 86.7 in 2002/2004. The 2003/2004 year however saw a dramatic decline in the murder rate with the rate dropping by about one-third from the previous year.

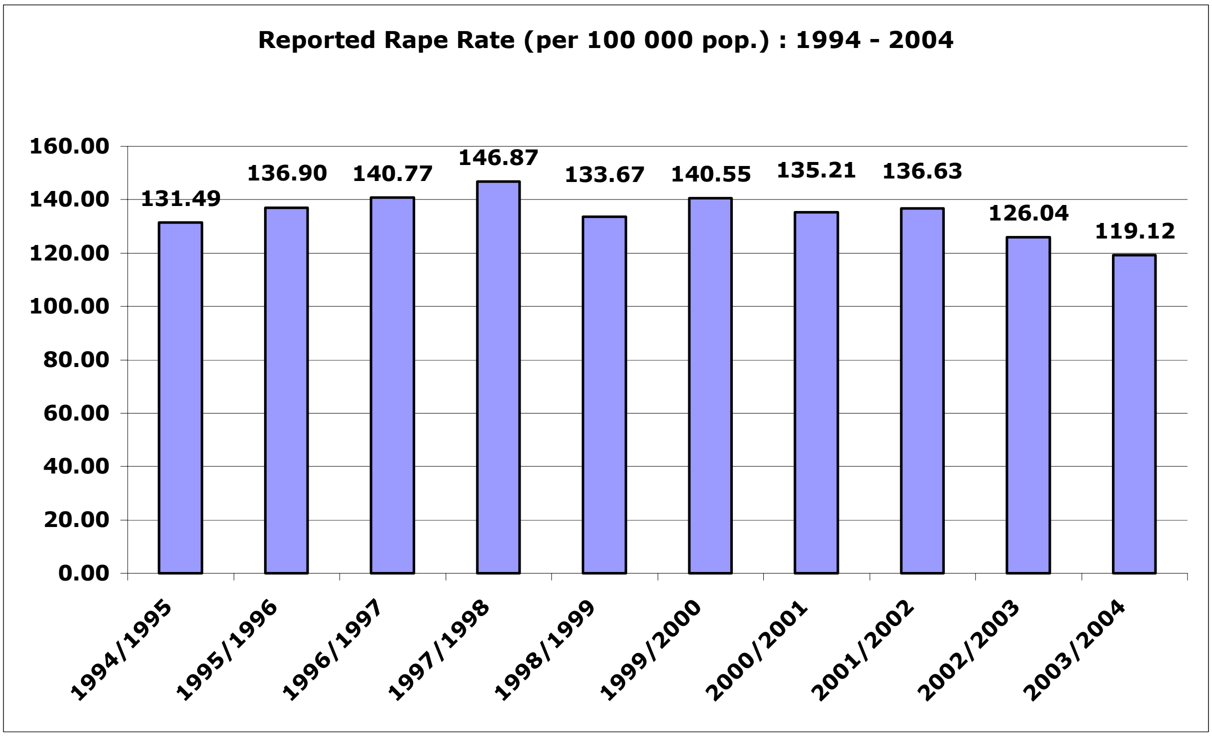
Figure 44: Reported murders per 100 000 people, 1994-2004



Source: Based on SAPS crime statistics (www.saps.gov.za)

The rate for reported rape has also declined, although less dramatically. Having reached a peak of 146.9 in the 1997/1998 period, the rate of reported rape has dropped to 119.1 in the 2003/2004 period.

Figure 45: Reported cases of rape per 100 000 people, 1994-2004



Source: Based on SAPS crime statistics (www.saps.gov.za)

Part of the apparent success in tackling violent crime has been the better targeting of police resources to match the areas where and times when crime occurs most. The last set of crime data released at police district level (2000) indicated a concentration of violent crime in the poorest parts of the city with a small number of the 51 police districts accounting for a disproportionately large amount of crime. For example, 5 police districts (Khayelitsha, Nyanga, Mitchells Plain, Gugulethu and Kuils River) accounted for 52% of reported murders and 53% of reported carjackings.

Figure 47: Distribution of reported cases of murder by police district

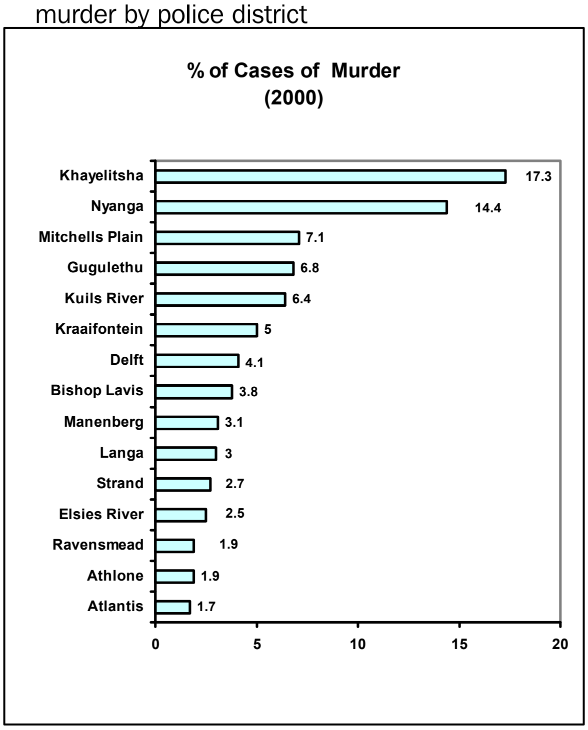
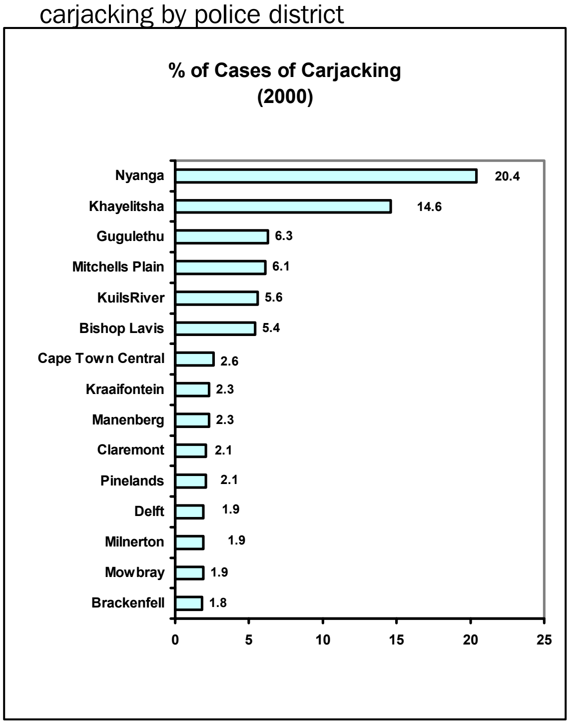
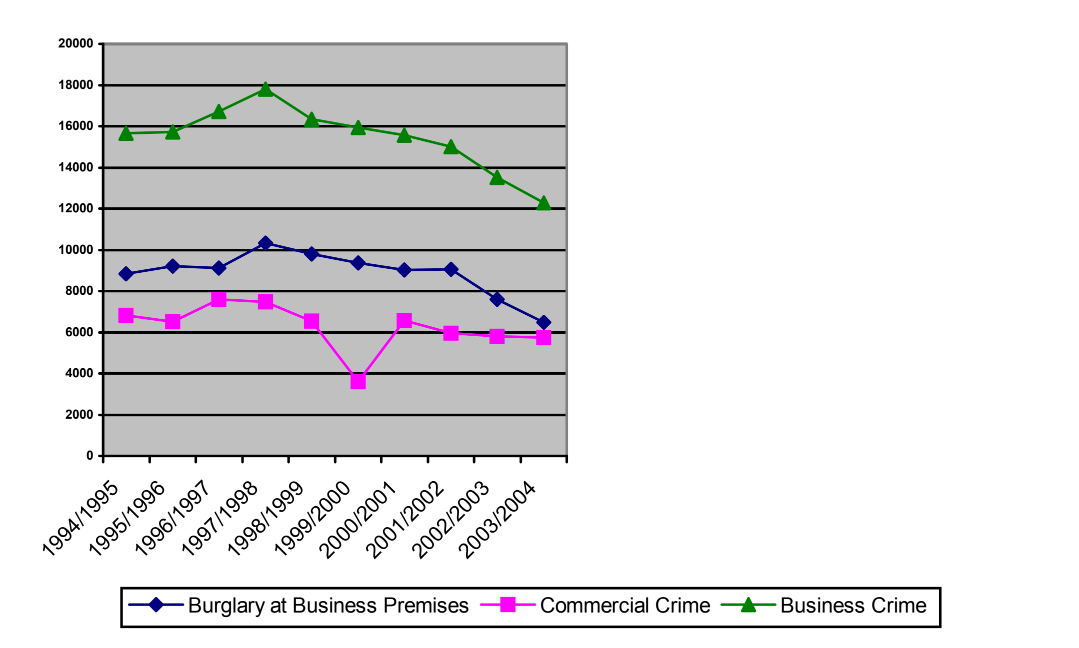


Figure 46: Distribution of reported cases of carjacking by police district



Crime against Business

Figure 48: Reported cases of crimes against business



Source: Based on SAPS crime statistics (www.saps.gov.za)

CONCLUSION

The findings indicate that despite significant investments in housing and infrastructure and broad ranging policy reforms, many of the social indicators for Cape Town have in general remained poor or have deteriorated. This is reflected in the following:

- A growth in the number of informal settlements leading to an estimated 265 000 families requiring adequate shelter and services.
- Unemployment in Cape Town increased to 23% of the labour force by 2003
- Approximately 33% of households (1m people) live below or marginally above the household poverty line.
- The HIV Antenatal Prevalence and TB incidence continue to escalate in the City. Between 1998 and 2005 the HIV Antenatal Prevalence for the Western Cape rose from 5.2% to 13.1%.
- The numbers of TB cases in the last 4 years have escalated by almost 46% with 23,000 cases diagnosed in the City in 2003 (incidence rate of 678 per 100,000)

The findings of this study are broadly consistent with the national 10-year review and the State of South African Cities Report. The 10-year review, for example, notes that: *"The advances made in the first decade by far supersede the weaknesses. Yet, if all indicators were to continue along the same trajectory, especially in respect of the dynamic of economic inclusion and exclusion, we could soon reach a point where the* *negatives overcome the positives. This could precipitate a vicious decline in all spheres." (The Presidency, 2003:102)*

The SACN's State of South African Cities similarly concludes that: "*It is now 10 years after the first democratic elections. In this time a great deal has been accomplished in the transformation of South African cities. However despite the significant progress, this State of the South African Cities report has also shown that many challenges remain. In many cases these challenges are the same as those left by apartheid. In some cases these have either intensified or taken on new forms*." (SACN State of Cities Report 2004: page 166)

It could be argued that the absence of significant improvement in social indicators reflects a time lag between the implementation of policies and their effects. Some support for this is found in more recent positive indicators of change. Importantly there has been a significant drop in the crime rate and this will have knock on benefits in other areas including health and economic investment. Economic growth rates have also been increasing which could have a more beneficial impact on employment levels.

However, the analysis shows that fundamental changes to the development path of Cape Town is being constrained by a number of trends which are reinforcing social and spatial segregation and inequalities in Cape Town. These include:

Demographics. The city has a growing population with much of the growth concentrated in the poorest sectors of the population.

Migration. The pattern of migration is reinforcing the social and spatial segregation of Cape Town with migrants from the Eastern Cape mainly settling in the south-east of the city. More skilled migrants are settling in the northern part of the city adding to urban sprawl.

HIV/AIDS. The challenge of reducing poverty is made worse by the increasing impact that HIV/AIDS has on increasing poverty and inequalities.

Pattern of Economic Growth The key growth sectors in Cape Town have been sectors of the economy requiring skilled labour. The impact of economic growth therefore has therefore been inadequate to reduce high unemployment levels in the poorer sectors of the city.

Public Investment and Private Investment. There have been significant shifts in public expenditure to poorer areas of Cape Town but private investment has largely remained focused on the established areas of the city. This pattern is reinforcing spatial inequalities in the city.

Overall, the trends and indicators suggest that continuing along the current development path will lead to a city characterised by increasing inequalities. The factors constraining more equitable development suggests that changing the development path of the city, will not require doing more of the same but doing things differently.

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[i] The South Africa Cities Network comprises representation from 9 major city municipalities namely Buffalo City (East London); Cape Town; Ekurhuleni (East Rand); Ethekwini (Durban); Johannesburg; Mangaung (Bloemfontein); Msunduzi (Pietermaritzburg); Nelson Mandela (Port Elizabeth); Tshwane (Pretoria).where data from this report is used, reference is made to the municipal areas and therefore the names of the municipalities, as opposed to the cities, are used

[ii] Figures are based on an annual survey among pregnant women attending government antenatal clinics in October each year.

[iii] Because the suburb boundaries changed between 1996 and 2001 the suburbs are not strictly comparable so the comparison represents an indication of possible change

[iv] E-mail communication, Cape Town Partnership

[v] This section is largely based on data and indicators produced for the City of Cape Town's Sustainability Indicators report which is currently in draft

[vi] The indicator is based on the South African Water Quality Guidelines for Coastal Marine Waters

STATISTICAL NOTES:

Unemployment

There are two definitions of unemployment the official definition of unemployment and the broader definition.

This report used the official definition in terms of which an unemployed person is defined as an economically active person who is not employed, wants to work and has taken active steps to look for work or to start some form of self-employment in the four weeks prior to measurement. The broader definition includes all those who are not employed and want to work, regardless of whether they were actively seeking employment.

Unemployment figures used in the report derive from two sources, the Labour Force Survey and the Population Census. In terms of the official definition of unemployment and using census data 29% of the metropolitan population was unemployed at the time of the census. This contrasts with the 23% unemployment rate using the Labour Force Survey data. The higher rate reflected in the Census is probably due to those who are employed in the informal sector being more likely to classify themselves as unemployed during census enumeration whereas the labour force survey questionnaire includes more prompts to identify such workers. (Statistics SA, 2003)

The report uses the Labour Force Survey data for city unemployment figures but, because of its broader coverage, census data is used to disaggregate unemployment levels by social group.