

# Part B

## UNDERSTANDING OUR CITY



### *Introduction*

Homeless people living in cardboard shelters, six-star hotel developments, children playing near a rubbish dump in an informal settlement, exclusive gated developments in leafy suburbs - Cape Town today starkly mirrors a worldwide pattern of increasing affluence in certain regions of the City and growing poverty and social exclusion in others. This pattern of inequality is a legacy of the apartheid City as well as the result of a global economy that has created many benefits but has not spread these benefits evenly. Developing cities like Cape Town face a particular challenge in having to balance the need to compete in the global economy and at the same time deal with the social and environmental pressures arising from a growing population.

In the face of globalisation, urban growth and environmental threats, what is needed to ensure that Cape Town becomes a city that is economically successful in a global economy but at the same time provides a good quality of life for all its citizens? One way of thinking about what makes a successful city is provided by the South African Cities Network City Scorecard ([www.sacities.net](http://www.sacities.net)), which identifies four key areas in which cities need to do well (Figure 1). These are:

- ***Cities have to be inclusive***

This means cities have to ensure that all citizens share in the benefits and opportunities provided by the city – economic, cultural and recreational.

- ***Cities have to be productive***

The resources of the city are used effectively to generate economic benefits. Infrastructure, people and the environment are city assets that play a role in the productivity of cities.

- ***Cities have to be well-governed***

Cities are spaces in which many different agencies shape development and change, including local authorities, provincial and national government, parastatals, business and citizens. A well-governed city implies that all these agencies work together to ensure that the city works effectively and efficiently.

- ***Cities have to be sustainable***

The way in which the city develops needs to ensure that it doesn't result in social instability or that its natural resources are damaged or depleted.





## *Overview of key trends*

After ten years of democratic local government, is Cape Town becoming a city that is economically successful in a global economy but at the same time provides a good quality of life for all its citizens? Key trends and indicators for Cape Town in relation to the four goals of the scorecard – productive, inclusive, well-governed and sustainable – show that, despite significant public and private investment, there is little evidence of a fundamental shift in Cape Town’s development path.

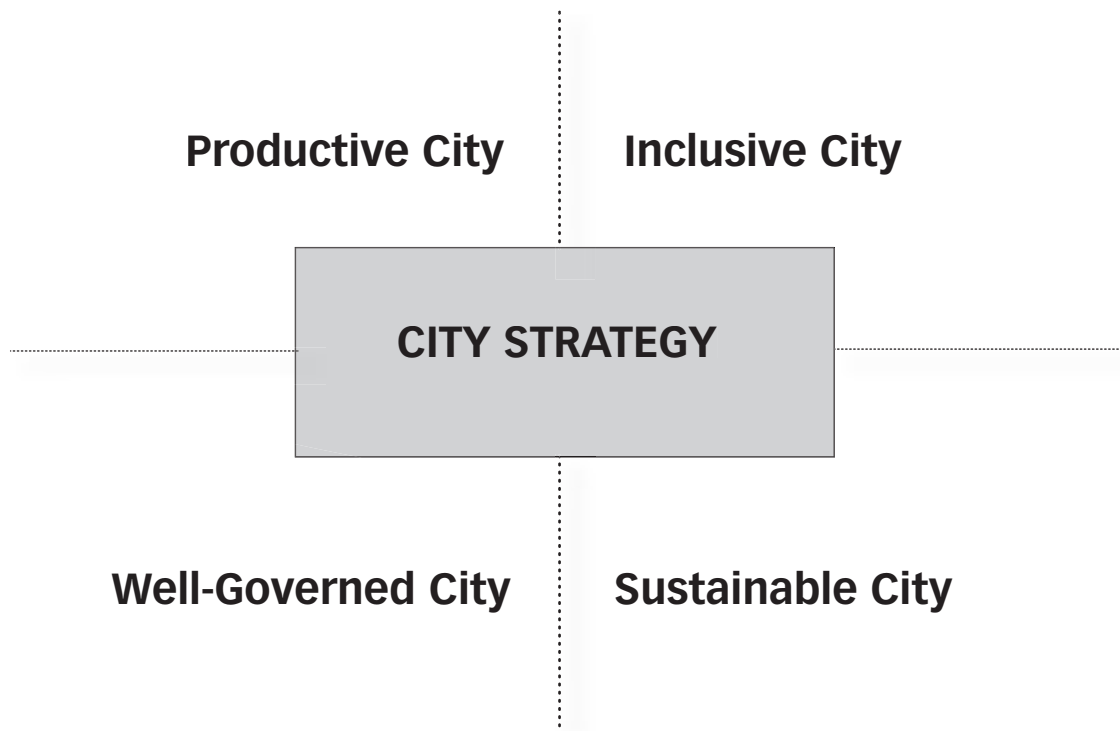


Figure 1: Cities Network Scorecard





## ***Inclusive City***

Poverty and inequality prevents many households and individuals from enjoying the economic, social and environmental opportunities in the City. Approximately 33% of households are estimated to be earning incomes below the Household Subsistence Level (< R 1 600 per month), meaning that access to even basic needs like shelter, energy, food and transport is difficult.

While there has been significant investment in poorer areas over the last ten years, the key social indicators for Cape Town continue to point to a city that excludes an increasing number of people. Unemployment rates (Figure 2) have increased consistently over the last five years (although the rate of increase appears to have slowed).

The number of households having access to basic services has increased significantly between 1996 and 2001. However, because the growth in households is exceeding the pace of delivery, service backlogs continue to grow.

The current housing backlog is about 245 000 but growing – the available delivery is outpaced by the increased demand as a result of new household growth - 16 000 new households per year are requiring housing but the current delivery rate is only 11 000 per year.

Growing TB rates (Figure 3) and increasing infant mortality rates indicate a worsening health situation. Causes of death are multisectoral and service delivery backlogs (housing, water services, etc) are likely to be contributing to a deteriorating health situation.

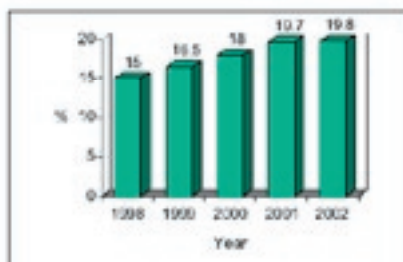


Figure 2: Official Unemployment (%) in Cape Town  
Source: Labour Force Survey

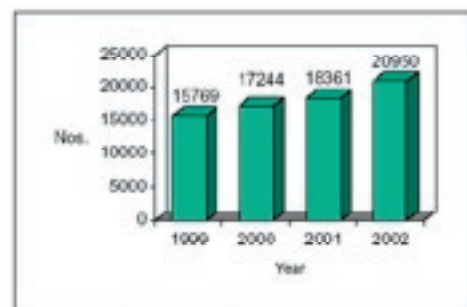


Figure 3: Number of Tuberculosis (TB) cases in Cape Town  
Source: City of Cape Town Health Department





## Productive City

To reduce unemployment, Cape Town's economy needs to grow at a rate of 6-7% annually – the growth rate for 2002 was 3.8%. The biggest constraint to the productive potential of Cape Town and economic growth is the low skill levels of the labour force. Although trends indicate rising educational levels, more than 60% of adults do not have a matric qualification (Figure 4).

The low skill levels are particularly problematic in relation to those economic sectors in which Cape Town enjoys comparative advantages. These sectors - financial, commerce and information and communication technology – typically employ skilled labour that is attracted to the lifestyle opportunities offered by Cape Town's natural environment and beauty. The sectors, together with tourism, have been the fastest-growing sectors of the economy and also where employment growth has occurred.

The financial and commercial sectors have grown in terms of employment numbers while the manufacturing sector is employing fewer people. Tourism is one of the growth sectors that have the potential to generate jobs for the less skilled, but employment tends to be seasonal (Figure 5). With the formal economy not able to create opportunities for less skilled workers, the informal sector continues to be important, employing some 22% of the labour force. However, there is limited information on the size, nature and location of informal sector economic activities.

There has been significant investment in Cape Town's infrastructure, which promises to support economic growth in the future. These include the Cape Town International Convention Centre, the Cape Town CBD, and the imminent Cape Town Film Studio. However, there are still infrastructural gaps that constrain the productivity of the City. The Port of Cape Town has had no significant capital investment for the past 25 years. As a result the port is currently inefficient with delays in on and off-loading ships imposing heavy costs on shipping companies and resulting in lost export orders, thus reducing the global competitiveness of local export industries.

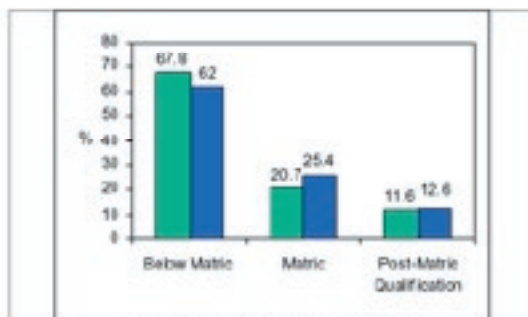


Figure 4: Educational levels (%) of Adults  
Source: Western Cape Education Department

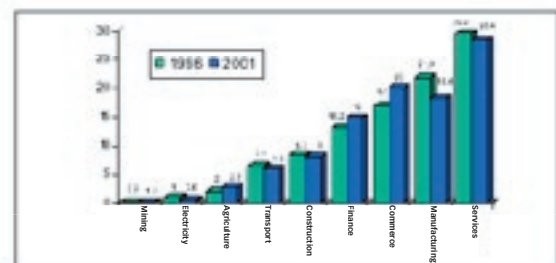


Figure 5: % employment by economic sector  
Source: Statistics South Africa





## ***Well-governed City***

Within the City of Cape Town there are many agencies, besides City Government, that play a role in the development of Cape Town, including:

- National Government and provincial departments;
- Transport operators including Metrorail, Ports Authority and Airports Company of SA;
- Parastatals (such as Telkom);
- Various Section 21 Companies such as WESGRO and the Cape Town Partnership, which focus on particular areas or sectors of city management;
- Private businesses and investors;
- Non-governmental and community-based organisations that contribute to the social and economic development of the City.

The absence of a common vision or direction for these various city role players leads to a number of inefficiencies in the management of Cape Town, including:

### ***Poor targeting of interventions***

While there have been successful examples of interagency co-operation around key projects in the City (for example, the Convention Centre), there is for the most part insufficient spatial co-ordination between sectors and programmes of different government departments at various levels (Metropolitan Spatial Development Framework (MSDF) Review).

### ***Mismatch between land use and transport***

Poor co-operation to achieve city goals is also evident in the mismatch between transport and land use patterns. The location of jobs is primarily determined by business investment; low income housing by the public sector while transport routes are determined by a number of different operators (Metrorail, private bus companies, taxi operators). In terms of the MSDF, public and private investment should be directed within defined corridors and nodes. Actual investment patterns, however, show that while there has been some private investment in the traditional corridors, there has been more investment by business and the public sector in areas outside the corridors than inside them. In addition, there has been virtually no private investment in the poorer ends of the MSDF corridors.

Existing spatial inefficiencies have consequently been reinforced as investment has taken place in areas that are not situated along existing public transport routes. Low cost housing, for example, continues to be located on cheap land far from economic activity. The gap between where poor people live and where people work has in many cases increased.

### ***Few mixed-use developments***

Not only do these agencies shape the development of the City through their activities, but many strategic parcels of land, which could be used for higher-density, mixed-use development in the City are owned by parastatals, including Culemborg, Wingfield and Youngsfield. The development of these land parcels could significantly shape the future development of Cape Town and limit urban sprawl.





## ***Sustainable City***

Partly as a result of the inability of the formal economy to provide employment opportunities for a large proportion of Cape Town's people, there are a number of factors that threaten sustainable development in the City. These include threats to the natural environment, HIV/Aids, crime and inequality.

### ***Natural environment***

The often-competing demands of urban growth and environmental conservation lead to a number of threats to the natural environment. In particular:

- The threat of growing urban sprawl as the dominant development pattern continues to be low density development. In addition the demand for additional land for low income housing will continue to grow.
- Urban growth, in particular the growth of poorly-serviced informal settlement areas is leading to declining air and water (rivers, vleis and coastal water) quality.
- Rising consumption patterns are resulting in unsustainable resource use (energy, water, air, biodiversity, etc) increasing waste volumes and decreasing quality of the urban environment.
- Cleaning of public spaces and controlling litter ranked fifth on the Mayor's Listening Campaign.

### ***Crime***

Official crime figures for 2002 show continued increase in violent crime. Between 2000 and 2002 the number of reported cases of murder has increased by 17%. The increase in violent crime has significantly outstripped population growth, resulting in increasing crime rates (i.e. the number of crimes in relation to population size). For example, the murder rate has increased from 78.5 per 10 000 in 2000 to 88 per 10 000 in 2002.

### ***HIV/Aids***

The estimated HIV-incidence rate is 5%, i.e. about one in every 20 people in Cape Town are estimated to be HIV-infected. The full social impact is still to be felt as 80% of infected people in the Western Cape are in the asymptomatic phases of the disease. As increasing numbers of infected people move into the advanced stages of the disease the impact on income and education of affected families will manifest itself in increasing poverty.

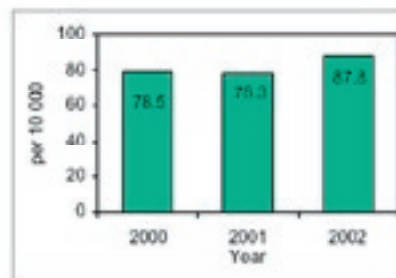


Figure 6: Murder Rates (per 10 000) for Cape Town  
Source: South African Police Services





## *Implications*

Is Cape Town becoming a city that is economically successful in a global economy but at the same time provides a good quality of life for all its citizens?

In the past 10 years, there have undoubtedly been successes. More households have access to basic housing and basic services, there has been significant investment in infrastructure that will support Cape Town's tourism sector and other areas of comparative advantage and significant investments have been made in the provision of social facilities and amenities in poorer areas.

At the same time, our key indicators and trends show that there is little evidence of a fundamental shift in Cape Town's development path. The challenge thrown out by this analysis is simple. What needs to be done to shift Cape Town's development path to one that will ensure sustainable development through greater inclusiveness and increased productivity of the City? The rest of this document seeks to answer this question.

