

**An investigation into the state of affairs
and sustainability of the Emfuleni
economy**

by

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To my parents, Frank & Chris Slabbert

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VANDERBIJLPARK

APRIL 2004

Declaration

I declare that

**AN INVESTIGATION INTO THE STATE OF AFFAIRS AND
SUSTAINABILITY OF THE EMFULENI ECONOMY**

is my own work and that all the sources used or quoted have been indicated and acknowledged by means of complete references, and that the thesis was not previously submitted by me for a degree at another university

Tielman J. C. Slabbert

Summary

AN INVESTIGATION INTO THE STATE OF AFFAIRS AND SUSTAINABILITY OF THE EMFULENI ECONOMY

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Degree: Doctor Commercii (D Com)

In this study, the sustainability of the Emfuleni economy is measured in terms of its ability to reduce the levels of unemployment and poverty over a period of time. An input-output model was used to determine the impact of several proposed projects on the level of household income and employment in Emfuleni. An economic impact assessment model was developed and used to measure the impact of a change in household income on the level of poverty. A sectoral analysis of the economy and a household analysis were used to portray the state of affairs and trends in unemployment and poverty.

Taking into account both the positive impact of proposed projects and some negative impacts (e.g. the collapse of the Krion Financial scheme), projections were made for Emfuleni in terms of GGP growth, population growth, unemployment and poverty until 2015. Assuming that the two proposed projects in Emfuleni, namely, the Vaal Inland Waterfront Project and a 5% expansion of the Manufacturing sector should materialise, the analysis shows that the unemployment rate will be 53.1% in 2015 and the percentage of households below their respective poverty lines 46.6%. Without the projects the unemployment rate will increase from 51.3% in 2000 to 60.6% in 2015 and the percentage of households below their respective poverty lines will increase from 46.1% in 2000 to 60.6% by 2015. The impact of the projects will be that the unemployment and poverty rates are kept at about the same levels as in 2000. However, the analysis shows that the *number* of unemployed persons is expected to increase from 155,988 in 2000 to 243,660 in 2015 and the number of poor households is expected to increase

from 84,549 in 2000 to 114,227 in 2015. More interventions are therefore required to put the Emfuleni economy on the road towards sustainability.

An Inward Industrialisation Process (IIP) aimed at employment creation and poverty alleviation is proposed for intervention. A preliminary analysis indicates that an IIP, focussed on the townships of Emfuleni, may reduce the unemployment and poverty levels substantially and thus increase the sustainability of the economy over a period of time.

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Abbreviations

BAC -	Business Advice Centre
CPS -	Current Population Survey
CSA -	Customs Secured Area
CSIR -	Council for Scientific and Industrial Research
DANIDA -	Danish International Development Aid
DPLG -	Department of Provincial and Local Government
DTI -	Department of Trade and Industry
EAP -	Economically Active Population
ELM -	Emfuleni Local Municipality
ERU -	Employment Research Unit
EVMS -	Eastern Vaal Metropolitan Substructure
FBT -	Former Black Townships
FWT -	Former White Towns
GGP -	Gross Geographic Product
GNP -	Gross National Product
GSEZP -	Gauteng Special Economic Zone Programme
HEL -	Household Effective Level
HSD -	Human Scale Development
HSL -	Household Subsistence Level

IDP -	Integrated Development Plan
IDZ -	Industrial Development Zone
IIP -	Inward Industrialisation Process
ILO -	International Labour Organisation
ISA -	Industries and Services Area
ISCOR -	Iron and Steel Corporation of South Africa
LBSC -	Local Business Service Centres
LED -	Local Economic Development
MAC -	Manufacturing Advisory Centre
MHSL -	Minimum Humane Standard of Living
MLL -	Minimum Living Level
NGO -	Non-Governmental Organisation
NPI -	National Productivity Institute
OHS -	October Household Survey
PDL -	Poverty Datum Line
PPP -	Public Private Partnerships
PSLSD -	Project for Statistics on Living Standards and Development
PWV -	Pretoria, Witwatersrand and Vereeniging
RDP -	Reconstruction and Development Programme
RSA -	Republic of South Africa

SDI -	Spatial Development Initiative
SDM -	Sedibeng District Municipality
SEZ -	Special Economic Zones
SLL -	Supplementary Living Level
SMME -	Small, Medium and Micro Enterprise
Ur -	Unemployment rate
VERB -	Vaal Economic Regeneration Board
VRG -	Vaal Research Group
WEFA-	Wharton Economic Forecasting Associates
WVMS -	Western Vaal Metropolitan Substructure