

THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

PROVINCIAL REVIEW 2024

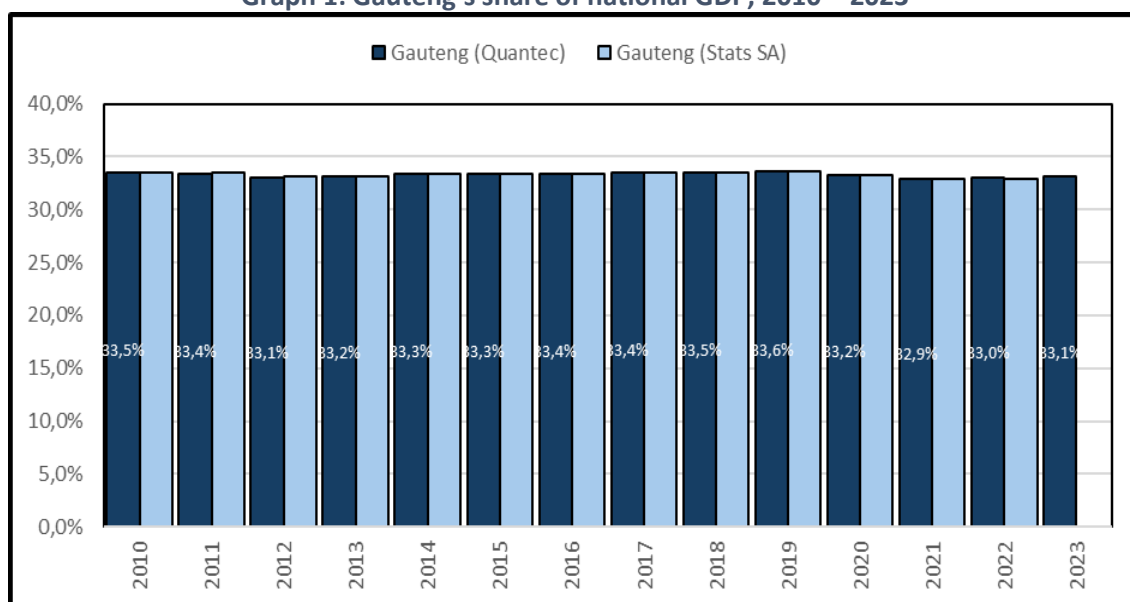
Provincial Review 2024: Gauteng

Gauteng is the most populous province in South Africa, with a rapidly growing population due to a large influx of internal migrants. It is also the largest economy in the country, although its growth has been declining over the years, with significant drops during economic crises. The real economy in Gauteng is dominated by the manufacturing sector, followed by construction, mining, and agriculture. Employment in the real economy has not reached pre-pandemic levels, although manufacturing remains the largest employer among real sectors. Overall, Gauteng enjoys better service provision than other provinces.

The real economy in Gauteng: structure and growth

Gauteng is also the largest economy in the country, accounting for 33.1% of the national GDP in 2023. Notably, due to pandemic effects, the province's share of the national GDP has declined from its peak in the past decade of 33.6% in 2019 (see Graph 1).

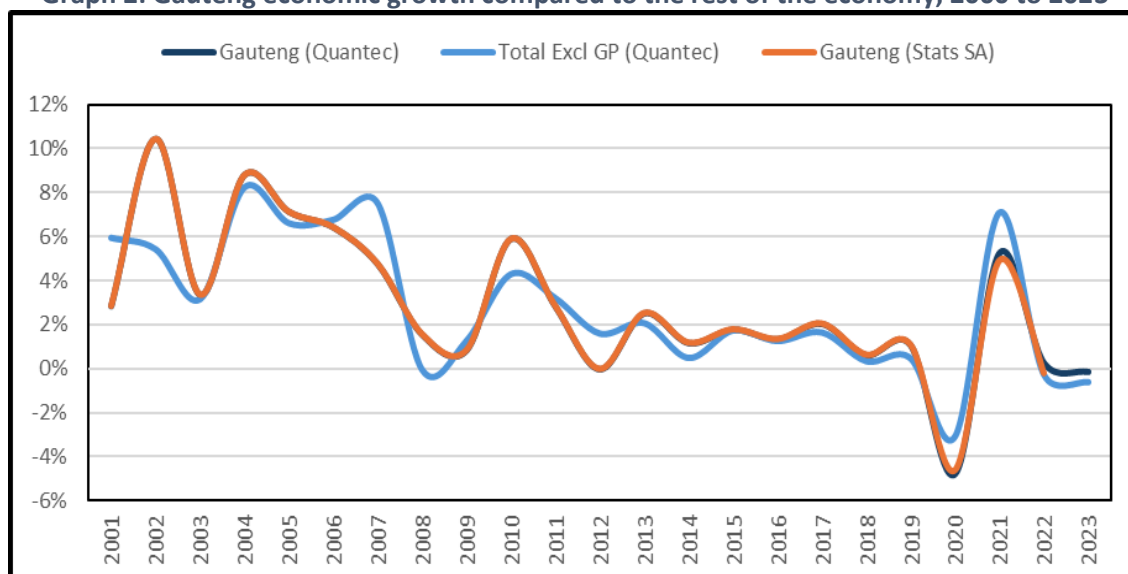
Graph 1: Gauteng's share of national GDP, 2010 – 2023



Source: Calculated from Statistics South Africa and Quantec, EasyData. Series on Gross Value Added at basic prices in Macroeconomic Service and Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

Although Gauteng remains the biggest economy, its growth performance has been on a terminal decline since 2005, with steeper declines from global shocks such as the 2008/9 global financial crisis and the COVID-19 pandemic (see Graph 2). In 2020, Gauteng's growth rate contracted by 5% due to the pandemic. In the following year, Gauteng recovered from the pandemic and experienced a 5% growth rate. The province recorded a marginal 0.1% growth in 2023.

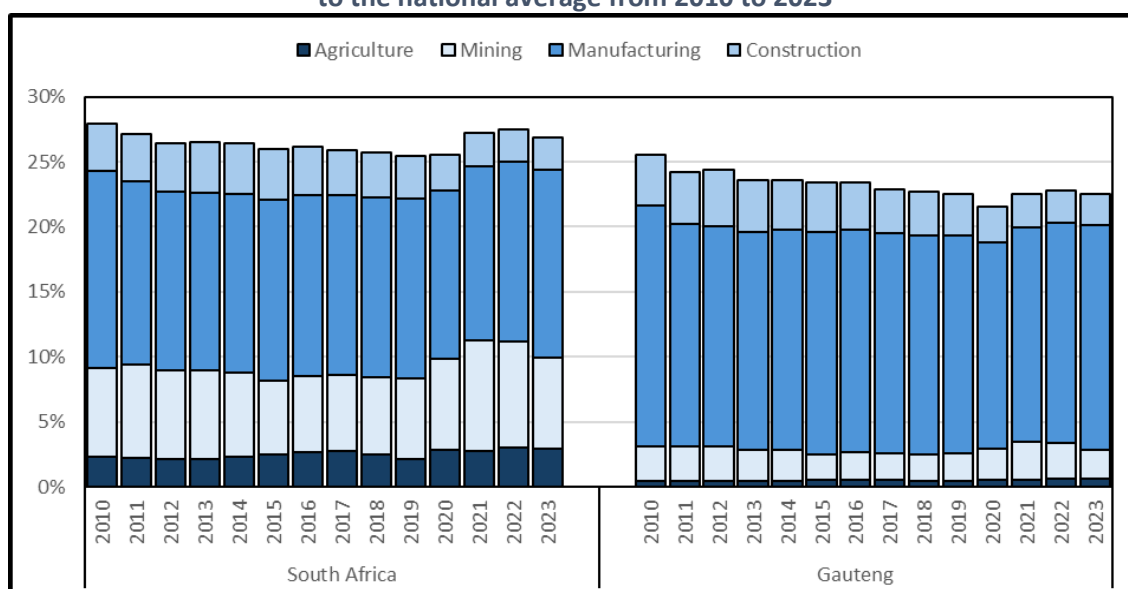
Graph 2: Gauteng economic growth compared to the rest of the economy, 2000 to 2023



Source: Calculated from Statistics South Africa and Quantec, EasyData. Series on Gross Value Added at basic prices in Macroeconomic Service and Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

As of 2023, the real economy, that is, agriculture, mining, manufacturing and construction, in Gauteng accounted for 23% of the provincial GDP compared to 27% at the national level (see Graph 3). However, the share of the real economy in the province declined from 25% in 2010 to 22% in 2020, suggesting a broader trend of deindustrialisation. Manufacturing is the largest real economic sector in Gauteng, accounting for 17% in 2023, down from 19% in 2010. Construction is the second largest real economic sector, making up 2.4% of the province's output, followed by mining with 2.1% and agriculture with 0.6%. While the construction and mining contribution to Gauteng's GDP has declined over the past decade, agriculture output has essentially remained flat.

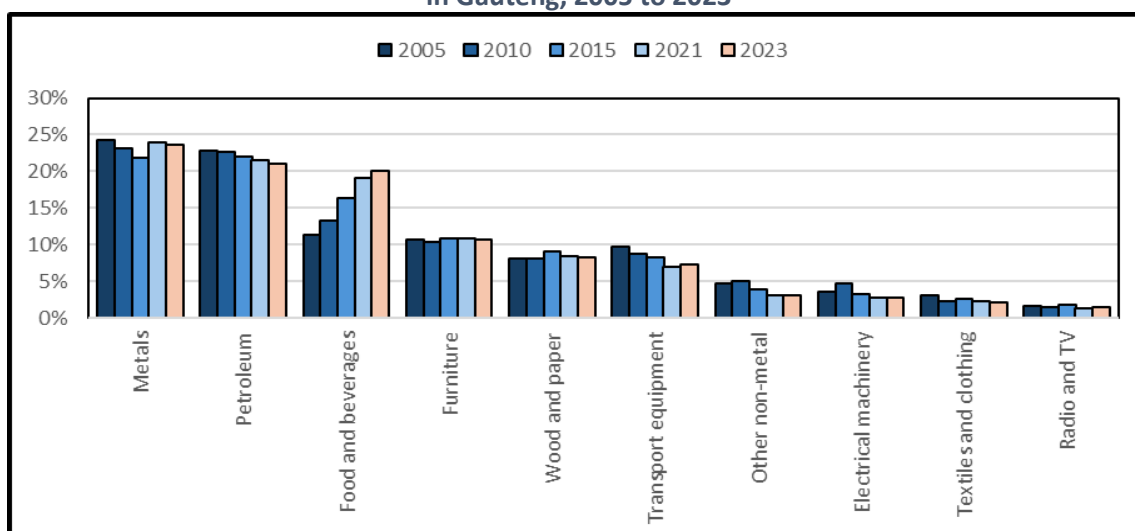
Graph 3: Real sectors as a percentage of Gauteng GDP compared to the national average from 2010 to 2023



Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

At the manufacturing industry level, the metals industry constitutes the largest share of manufacturing output in Gauteng, accounting for 24%. Petroleum and food and beverages closely follow, accounting for 21% and 20% of manufacturing output. As shown in Graph 4, the food and beverages industry has been the fastest-growing manufacturing industry in the province, with its share of manufacturing output increasing by 9% from 2005 to 20% in 2023.

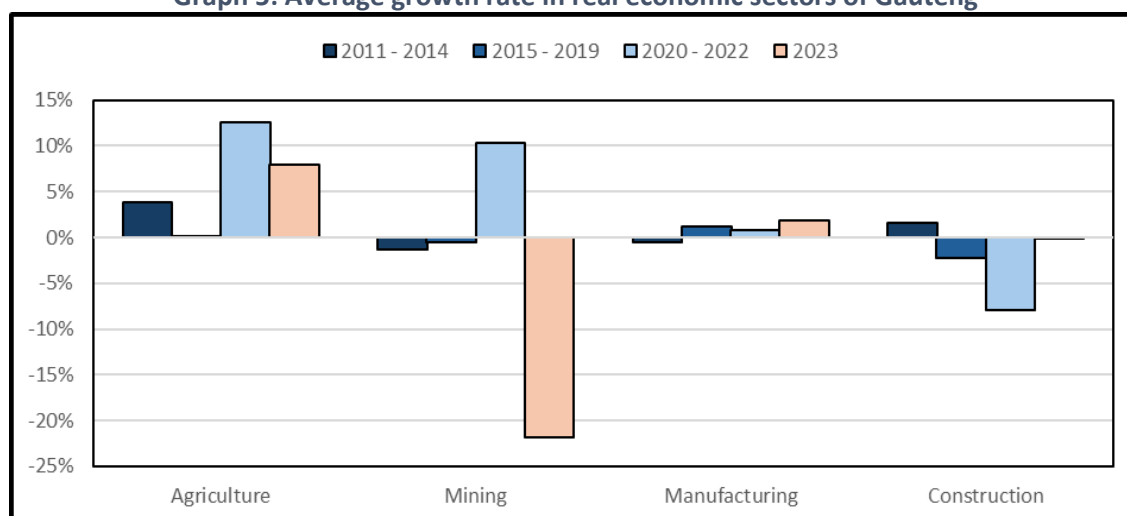
Graph 4: Manufacturing industries as a percentage share of total manufacturing GVA in Gauteng, 2005 to 2023



Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

Between 2011 and 2014, agriculture was the fastest-growing real economic sector in Gauteng, with an average growth rate of 4%, while construction grew by 2%. Mining declined by 1.3% while manufacturing declined by 0.6% (see Graph 5). The growth of the real economy in Gauteng was sluggish between 2015 and 2019. Similar to the Free State, agriculture in Gauteng grew by 13%, followed by mining at 10% and manufacturing at 1% between 2020 and 2022. Construction severely declined by 2% during this period, an indication of limited post-pandemic recovery. In 2023, mining declined the most by 22% while construction declined by 0.2%. agriculture grew the most by 8% and manufacturing by 2% in the same period.

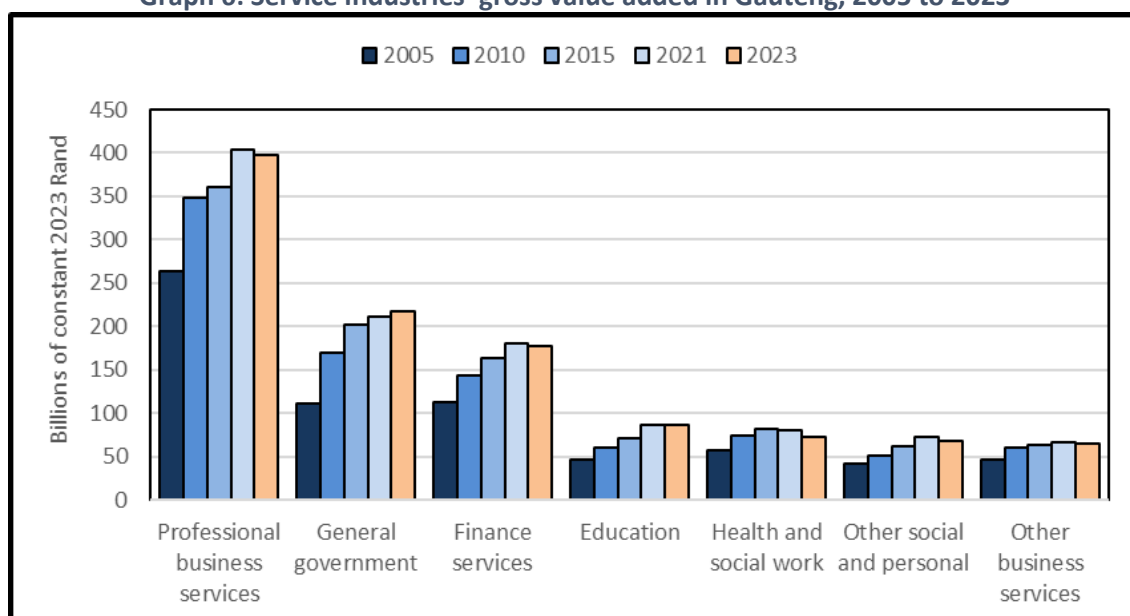
Graph 5: Average growth rate in real economic sectors of Gauteng



Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

Professional business services are the largest contributor to services value added in Gauteng. The industry has experienced significant growth over the years and accounted for R397.5 billion in value-added in 2023 (see Graph 6). General government services, financial services, education, and other social and personal services have grown over the years. Health and social work have experienced moderate growth and declined in 2023.

Graph 6: Service industries' gross value added in Gauteng, 2005 to 2023

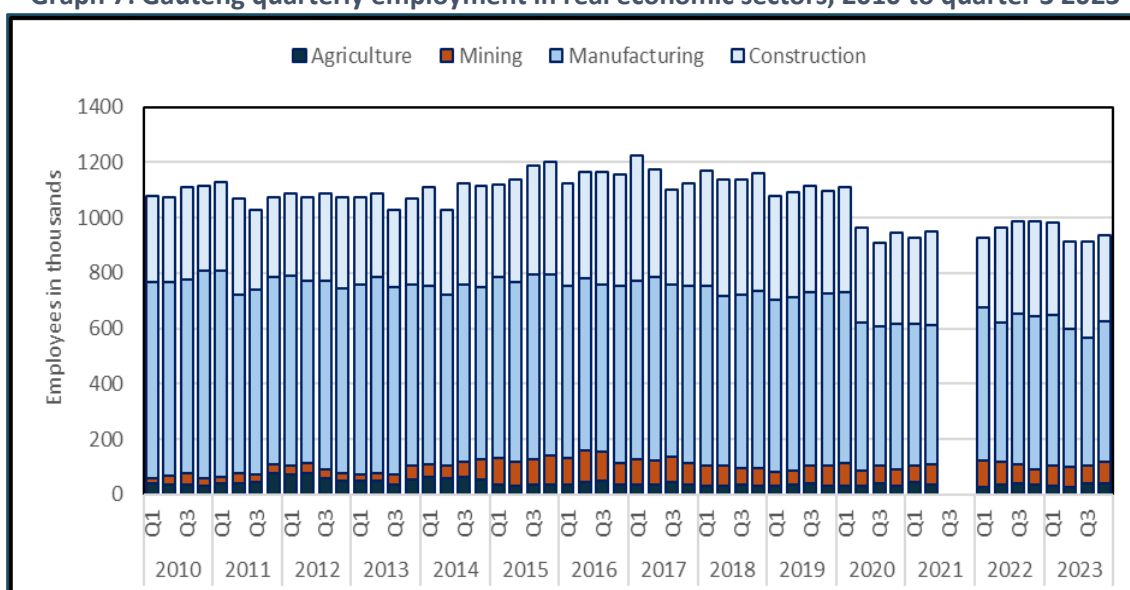


Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in February 2025. Note: Rebased to 2023 using CPI data from Stats SA.

Employment in real economic sectors

In 2023, Gauteng accounted for 27% of total employment in South Africa, the highest of all provinces (see Graph 7).

Graph 7: Gauteng quarterly employment in real economic sectors, 2010 to quarter 3 2023



Source: Statistics South Africa. Quarterly Labour Force Survey. Series on Employment by industry and province. Downloaded from www.statssa.gov.za. Note: Q3 and Q4 2021 are excluded because during the pandemic Stats SA suspended the QLFS in both quarters due to low response rates.

Manufacturing remains the highest share of employment in the real economy in the province, with over 502 000 workers in 2023, followed by construction accounting for 328 000 workers. While the overall figure of employment depicts a positive outlook, from 2022 to 2023 the manufacturing sector declined by 7%, and the mining sector by 5%. In contrast, construction employment increased by 3% in 2023 from the previous year, while agricultural employment plateaued at 34 000 in the same period.

Real economy projects

Table 1 shows large public and private real-economy projects between 2010 and 2023.

Table 1: Large public and private real economy projects in Gauteng 2010 – 2023

PROJECT NAME	INVESTOR FIRMS	VALUE	PROJECT INDUSTRY
Ford Investment Programme	Ford Motor Company Southern Africa (FMCSA)	R15.8 billion	Manufacturing
Isondo Fuel Cell MEAs Manufacturing	Isondo Precious Metals	R8 billion	Manufacturing
BMW Rosslyn Plant Investment Programme	BMW South Africa	R6 billion	Manufacturing
Teraco JB4 datacentre infrastructure expansion	Teraco (A Digital Realty Company)	R4.4 billion	Services
Tshwane Auto SEZ	FMCSA and South African Government	R4.3 billion	Manufacturing
Ford Plant Expansion Project	FMCSA	R3 billion	Manufacturing
Nissan Rosslyn Plant Investment-Navara	Nissan South Africa	R3 billion	Manufacturing
SAB Breweries Expansion	AB Inbev (SAB Miller)	R2.8 billion	Manufacturing
Ford Silverton Assembly Plant Expansion Project	FMCSA	R 2.5 billion	Manufacturing
Cullinan Processing Plant Project	Petra Diamonds (74%). Kago Diamonds (14%) and the Itumeleng Petra Diamonds Employee Share Trust (12%).	R1.65 billion	Mining
Menar coal project pipeline: Palmietkuilen opencast thermal coal mine	Menar (Canyon Coal)	R1.5 billion	Mining
Liquid Telecom South Africa Data Centre (SADC) Expansion	Liquid Telecom	R1.3 billion	Construction
AB Inbev investment	AB InBev (SAB Miller)	R 1 billion	Manufacturing
Dunnottar train manufacturing complex project	Gibela Rail Transport	R1 billion	Manufacturing

PROJECT NAME	INVESTOR FIRMS	VALUE	PROJECT INDUSTRY
Nissan Investment Programme	Nissan South Africa	R1 billion	Manufacturing
Heineken Sedibeng Brewery Expansion	Heineken South Africa	R1 billion	Manufacturing
Leroy Merlin expansion project	Leroy Merlin	R1 billion	Wholesale and Retail Trade
Komatsu Industrial Campus	Komatsu Africa	R985 million	Manufacturing
Johannesburg 1 Data Centre	Dimension Data/Nippon Telegraph and Telephone Corporation (NTT)	R875 million	Services
Dangold Packaging beverage canning plant	Dangold Packaging	R830 million	Manufacturing
Opel South Africa	Opel International	R700 million	Services
Menar coal operations development: Khanye colliery	Menar (Canyon Coal)	R600 million	Mining
Heineken Sustainability Investments	The Heineken Company	R582 million	Utilities
Transmashholding (TMH) Africa Rail Manufacturing Facility	Transmashholding (TMH) and Mjisa Investments	R500 million	Manufacturing
BMW Regional Distribution Hub. Training Centre and IT Operations Hub	BMW South Africa	R400 million	Services
Toyota Atlas warehouse expansion	Toyota Motors South Africa	R365 million	Construction
Radisson Red Hotel Johannesburg project	Radisson Hotel Group; Intaprop; RDC Properties	R358 million	Construction
Cummins Power Hub	Cummins	R350 million	Manufacturing
Diageo Africa sustainability projects	Diageo	R310 million	Manufacturing
UD Trucks Plant Upgrade (Phase 1)	UD Trucks	R300 million	Manufacturing
B. Braun Pharmaceutical Plant	B. Braun	R300 million	Manufacturing
Facilities expansion project: Equites Park Riverfields	Equites Property Fund Sandvik	R287 million	Manufacturing
Komatsu Africa Holdings remanufacturing plant	Komatsu Africa	R280 million	Manufacturing
BMW Midrand Campus	BMW South Africa	R260 million	Services

PROJECT NAME	INVESTOR FIRMS	VALUE	PROJECT INDUSTRY
Fuch operations expansion	Fuchs Lubricants South Africa/Fuchs Petrolab SE	R260 million	Manufacturing
P&G diaper manufacturing plant expansion	Procter and Gamble (P&G)	R260 million	Manufacturing
BAW Taxi Manufacturing Plant Upgrade and Expansion	Beijing Automotive Works (BAW) South Africa	R250 million	Manufacturing
Econet Energy (Distributed Power Africa) Solar PV installations	Econet Global	R210 million	Utilities
AVK Valve Factory	AVK Southern Africa	R 200 million	Manufacturing
Lucchini RS Railway Wheels Manufacturing Plant	Lucchini South Africa	R 200 million	Manufacturing
KLT Automotive expansion and diversification programme	KLT Automotive and Tubular Products	R200 million	Manufacturing
Bosch Rexroth HUBB (Hytec Unified By Bosch)	Bosch Rexroth	R200 million	Construction
Sew-Eurodrive head office and factory	Sew-Eurodrive	R200 million	Manufacturing
Dr. Oetker product production expansion	Dr. Oetker	R200 million	Manufacturing
Rosslyn Plant Manufacturing Facility Upgrade	BMW South Africa	R160 million	Manufacturing
Supavut Auto components investment (Tshwane Special Economic Zone)	Supavut Industry	R150 million	Manufacturing
Ford "Project Blue Oval" renewable energy programme: Solar carports	Ford Motor Company South Africa	R135 million	Utilities
3M investment in Maple Park plant	3M South Africa	R120 million	Manufacturing
Ga-Rankuwa school. BMW	BMW South Africa	R113 million	Construction
ASSA ABLOY investment in automation	ASSA ABLOY (SA) Pty Ltd	R100 million	Manufacturing

PROJECT NAME	INVESTOR FIRMS	VALUE	PROJECT INDUSTRY
Eicher Trucks Assembly	VE Commercial Vehicles	R100 million	Manufacturing
Jaguar Land Rover Experience centre	Jaguar Land Rover South Africa	R100 million	Services
Ford Ranger PHEV hybrid vehicle	Ford Motor Company of Southern Africa	R5.2 billion	Manufacturing
BMW Rosslyn plant electrification project	BMW South Africa	R4.2 billion	Manufacturing
ArcelorMittal Vanderbijlpark Works Solar project	Arcelor Mittal Solar PV	R3 billion	Utilities
Equinix South Africa data centre	Equinix	R2.9 billion	Services
Pan African Resources Mintails Mogale Gold Project	Pan African Resources	R2.5 billion	Mining
Consol glass container manufacturing facility	Ardagh Group (Consol)	R1.5 billion	Manufacturing
Ardagh Glass Packaging - Africa expansion project: Furnace	Ardagh Group	R1.5 billion	Manufacturing
Vaal River City project	Citi Bank SA	R1.4 billion	Construction
BMW manufacturing capacity expansion	BMW	R800 million	Manufacturing
Climate Fund Managers (CFM) Bronkhorstspuit Biogas plant	CFM	R656 million	Utilities
YFPO Supplier plant	YFPO (Plastic Omnium/ Yangfeng)	R600 million	Manufacturing
Gold One mining operations investment	Gold One Group	R520 million	Mining
Fuchs Lubricants operation expansion: phase 2	Fuchs Lubricants South Africa/Fuchs Petrolab SE	R500 million	Manufacturing
Transformer factory reconstruction	SGB-Smit Power Matla	R500 million	Manufacturing
Velocity aluminium and steel manufacturing plant	Velocity Ventures	R470 million	Manufacturing
P&G diaper manufacturing plant expansion	Procter & Gamble	R450 million	Manufacturing
Porcelain tile manufacturing plant	Royal Industrial	R280 million	Manufacturing

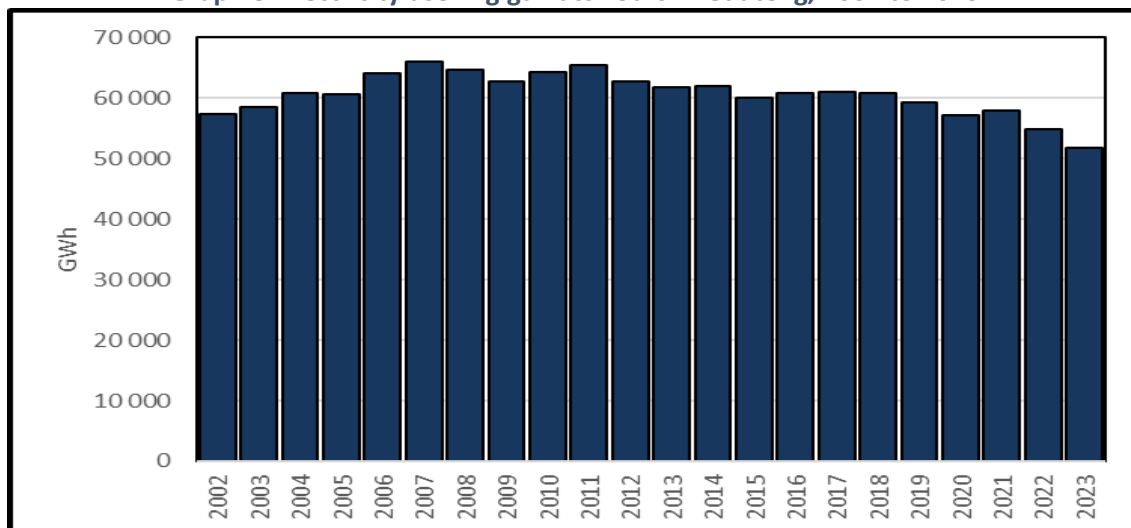
PROJECT NAME	INVESTOR FIRMS	VALUE	PROJECT INDUSTRY
Daimler Trucks & Buses Southern Africa new headquarters	Daimler Trucks & Buses Southern Africa	R190 million	Retail
Sustineri Energy plastic-to-synthesis gas power project	Sustineri Energy/ Kibo Energy JV with Industrial Green Energy Solutions	R180 million	Utilities
P&G facilities expansion	Procter & Gamble	R130 million	Manufacturing

Source: TIPS FDI Tracker. 2010 – 2023. Available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>

Energy

Gauteng, one of South Africa's largest economic hubs, receives the highest amount of electricity among the provinces. In 2023, the province received 25% of the electricity distributed by Eskom. In 2007, Eskom distributed 66 014 Gigawatt hours (GWh) to the province, which was 28% of the total electricity distributed by the utility that year. Despite maintaining the highest distribution share, the amount of electricity distributed to Gauteng sharply declined to 51 819 in 2023, which was likely because of loadshedding.

Graph 8: Electricity use in gigawatt hours in Gauteng, 2002 to 2023



Source: Calculated from Statistics South Africa. Electricity generated and available for distribution, Excel table from 2000. Downloaded from www.statssa.gov.za in February 2025.

Table 1 indicates the IPP projects in Gauteng. Only one project, the Joburg Landfill Gas to Energy Project technology is currently operational. The limited presence of IPP projects highlights a potential area for growth in diversifying the province's energy alternatives.

Table 2: Independent Power Producer projects in Gauteng

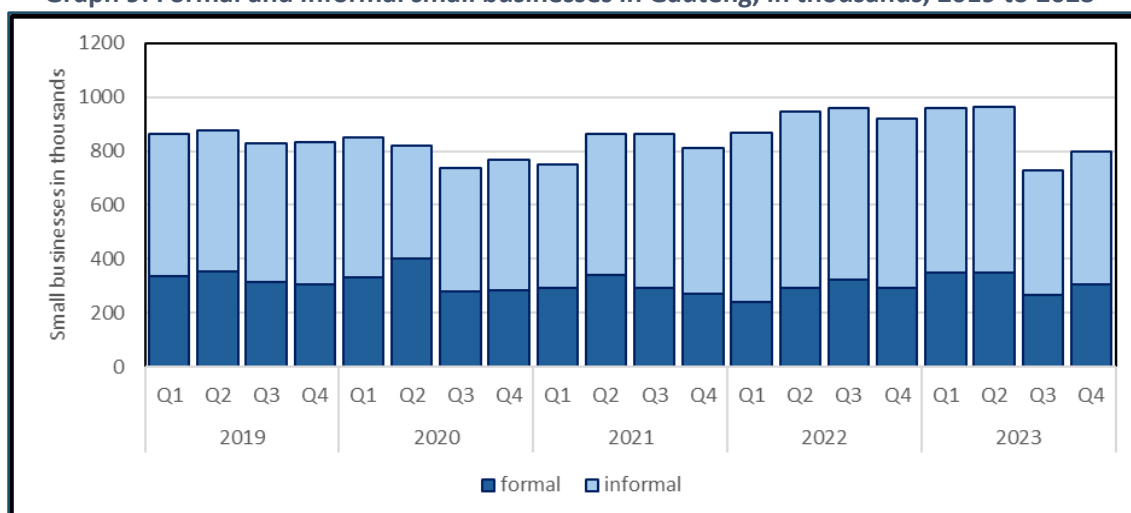
BID WINDOW	PROJECT NAME	TECHNOLOGY	CAPACITY (MW)	LOCAL COMMUNITY	PROJECT STATUS
Bid Window 3	Joburg Landfill Gas to Energy Project	Landfill Gas	7.56	Braamfontein	Operational

Source: Department of Mineral Resources and Energy (DMRE). Independent Power Producers Procurement Programme (IPPPP) Project database. Available at: <https://www.ipp-projects.co.za/ProjectDatabase>

Small business

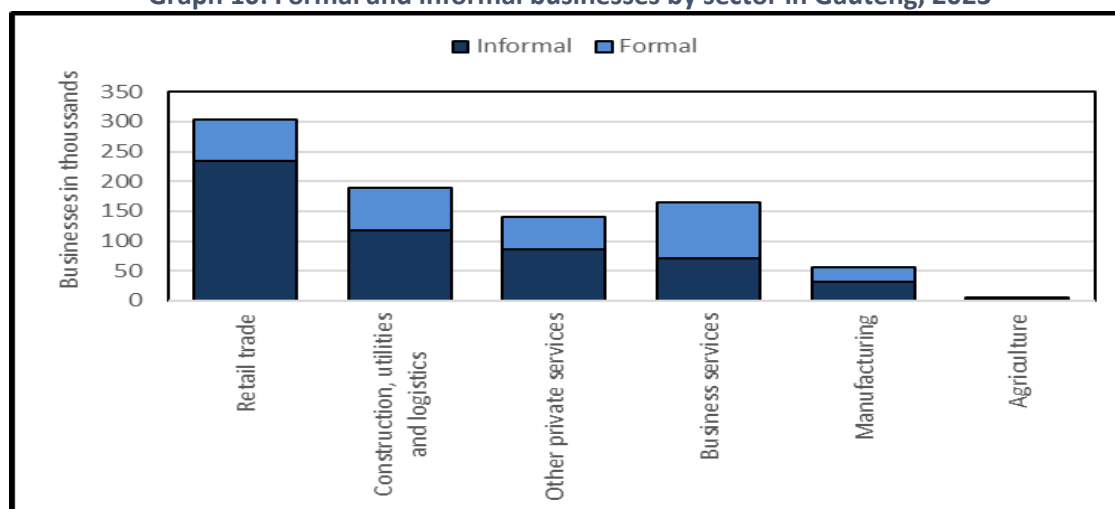
Gauteng hosts the highest number of small businesses in South Africa, both formal and informal. In the fourth quarter of 2023, the province accounted for 40% of formal small businesses and 28% of small informal businesses (see Graph 9). In Q2 2020, Gauteng had 401 000 formal small businesses, but these sharply declined to 277 000 in Q3 2020 during the pandemic. By Q2 2021, there was a partial recovery to 320 000 formal businesses, but the number declined again to 304 000 in Q4 2023. There were similar fluctuations in the informal sector. Informal small businesses declined from 517 000 in Q1 2020 to 420 000 in Q2 2020, likely due to the pandemic. While formal small businesses declined by 31% in the third quarter of 2020 from the previous quarter, informal small businesses declined by 19% in the second quarter of 2020 from the previous quarter. There was a notable recovery to a peak of 655 000 in Q2 2022, but informal small businesses then declined to 496 000 in Q4 2023. Notably, there is a huge disparity between formal and informal small businesses as informal small businesses dominate in the province. Gauteng had 800 000 small businesses in the fourth quarter of 2023.

Graph 9: Formal and informal small businesses in Gauteng, in thousands, 2019 to 2023



Source: Calculated from Statistics South Africa. Quarterly Labour Force Survey for 2019 to 2023. Electronic datasets. Downloaded from Nesstar facility at www.statssa.gov.za in June 2024.

Graph 10: Formal and informal businesses by sector in Gauteng, 2023



Source: Calculated from Statistics South Africa. Quarterly Labour Force Surveys for 2023, Electronic datasets. Downloaded from Nesstar at www.statssa.gov.za before January 2025. Notes: Calculated businesses as the number of formal employers and self-employed people in the survey.

Gauteng has a significant number of informal businesses, with substantial operating formally. Retail trade constitutes a significant share of businesses, accounting for 35% of all businesses in the province (see Graph 10). The construction, utilities, and logistics sectors represent the second-largest sector, comprising 22% of total businesses. Business services make up 19%, followed by other private services at 16%, manufacturing at 7%, and agriculture at 1%.

Employment and unemployment

Gauteng has a low level of joblessness compared to the national average. In 2020, the absorption rate was 44%, while the national average was 40%. Although joblessness is still low in Gauteng compared to the national average, it has risen sharply over the past decade, with the absorption rate declining from 51% in 2010 to 45% in 2023. Unemployment in the province has risen over the past decade, with unemployment rates increasing from 27% in 2010 to 34% in 2023.

Economic policy initiatives

This section outlines industrial policy and development initiatives introduced in Gauteng between 2022 and 2024.

- The Industrial Development Corporation's (IDC's) Social Employment Fund created about 2 090 jobs in Gauteng by the second quarter of 2023.
- In 2021/2022, the Department of Trade, Industry and competition (the dtic) approved R4.7 billion for industrial infrastructure projects in Gauteng, aiming to support 11 000 direct jobs. The projects resulted in an actual investment of R21.5 billion.
- The Gauteng Provincial Government with the IDC and SA SME Fund contributed a combined amount of R300 million to the SMME Crisis Partnership Fund meant towards investing in Gauteng-based businesses. A total of 40 000 direct employment opportunities were created in 2022.
- Twelve Gauteng based entities benefited from the dtic's approved R688 million in the Clothing Textile Footwear Leather Growth Programme in the third quarter of 2022.
- The dtic approved R311 million Industrial financing for Gauteng-based projects, this resulted in 1 900 job creation over the 2021/2022 period.
- For the 2021/2022 period, the dtic also approved R4.7 billion through the Industrial Infrastructure finance for projects in Gauteng, leading to 11 000 jobs directly supported.
- In the seven years leading up to 2021/2022, the dtic, IDC, and National Empowerment Fund approved combined funding of R15.8 billion to Gauteng through the Black Industrialist Programme to support spatial socioeconomic development.

Special Economic and Industrial Development Zones

- As of 2024, Gauteng had two designated and/or proposed Industrial Development and Special Economic Zones:
 - Over the 2022/2023 the Tshwane Automotive Special Economic Zone (TASEZ) created 1 100 direct jobs that were created through infrastructure-related projects.
 - Between 2022 and 2023 the Gauteng IDZ integrated 26 students participating in the construction mentorship programme.
 - In the same period, an estimated 132 Small and Medium Micro-Enterprises (SMMEs) benefited from the Gauteng IDZ.

- In the 2022/2023 financial year TASEZ created 3 950 jobs (3 300 in construction and 600 in operational automotive).
- In 2021/2022, the businesses located in the TASEZ managed to attract R3.34 billion in investments from foreign and domestic investors.
- Over the 2022/2023 period, the cumulative investments pledged to the TASEZ stood at R4.6 billion.
- In the same period, the Gauteng Industrial Development Zone in O.R Tambo attracted R1.13 billion in domestic and international investments.

Table 1: Major Infrastructure projects: 2022 – 2024

PROJECT NAME	IMPLEMENTING AGENT	VALUE	PROJECT DESCRIPTION
<p>Road and Transport:</p> <ul style="list-style-type: none"> • Planned Upgrade of road K101, Phase 1 from N1 Rooihuiskraal Interchange to road D795 (Olifantsfontein Road) • Planned Upgrade of the R82 phase 3 between Road D1073 (Walkerville) and K164 (De Deur). • Lastly, construction of new road K60 between Megawatt Park (Maxwell Drive) and Kyalami Road. <p>Health: Planned refurbishment of various hospitals such as Dr Yusuf Dadoo and Leratong Hospital</p> <p>Human Settlements: Planned construction of Housing Units and servicing of stands at Impumelelo Extension 4 - Phase 1, Greenhills Ext 12 Afrivillage, Clayville Ext. 71 and Dan Tloome.</p>	The Gauteng Provincial Government	R36.8 billion was allocated in the medium term, split between 2022/2023, 2023/2024 and 2024/2025	The aim is to improve various infrastructure assets under the auspices of the Gauteng Provincial Government (GPG) infrastructure programme.

PROJECT NAME	IMPLEMENTING AGENT	VALUE	PROJECT DESCRIPTION
<p>Townships: R3.5 billion has been allocated to improving township infrastructure. Some notable projects include construction of housing units at Sebokeng Ext 28, construction of Sewer Pipelines, etc.</p> <p>Informal Settlements: R3.8 billion was allocated to improve the province's informal settlements such as Bergsig Informal Settlement, Kwa Brown, Mamello and Piel's Farm</p> <p>Hostels: About R322 million will be directed to renovating and improving conditions of hostels such as George Goch; Kwama-Siza, Diepkloof and Orlando West</p>	The Gauteng Provincial Government	R7.6 billion	The Gauteng government has allocated a budget for the Townships, Informal Settlements and Hostels (TISH) programme.
Rooiwal Wastewater Works repair and upgrade	Department of Public Works and Infrastructure	R4 billion	The plan is to repair and upgrade the Rooiwal Wastewater Works in three phases.
Gauteng Schools PPP Programme	The Gauteng Provincial Government	R5.9 billion	The plan is to eradicate school infrastructure backlogs. The project will design, construct and finance infrastructure at about 64 schools.
Kopanong Precinct PPP Project	Private-Public Partnership (PPP)	R6.5 billion	Plans for the construction of

PROJECT NAME	IMPLEMENTING AGENT	VALUE	PROJECT DESCRIPTION
			Gauteng Provincial Government offices. Aim is to consolidate administration function of 19 buildings in the Johannesburg CBD
Gauteng Rapid Rail Network Extension Parts 1 and 2 (Gautrain 2) PPP Project	Gauteng Department of Roads and Transport, and the Gautrain Management Agency.	R65.4 billion	A proposed extension of the Gauteng Rapid Rail Network will add 146km of rail including 19 new stations, to the existing Gautrain system.

National Spatial Economy

Gauteng is South Africa's most urbanised and industrialised province. In 2023, 97% of households in the province were located in urban areas. The province is home to three metros and two secondary cities, which account for approximately 95% of its population. In 2023, 39% of Gauteng's adult population had a matric certificate and 16% had a post-matric qualification. Regarding infrastructure, 98% of households in Gauteng had piped or tap water in their houses or yards combined in 2023, compared to 87% nationally. In addition, 83% of households had access to electricity compared to 90% nationally.

Provincial Government

The premier of Gauteng is Andrek Panyaza Lesufi, a member of the ANC. Lebohang Maile is the MEC of Finance and Economic Development, while Vuyiswa Ramokgopa is the MEC of Agriculture and Rural Development. Maile represents the ANC and Ramokgopa represents Rise Mzansi.

<https://www.gauteng.gov.za/>

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info@tips.org.za | +27 12 433 9340 | www.tips.org.za