



SEAD_{SA}
SPATIAL ECONOMIC
ACTIVITY DATA
South Africa

CONCEPT NOTE

SEADsa National Launch Event (online)

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This concept note sets out the motivation behind the forthcoming online launch event for the ‘Spatial Economic Activity Data: South Africa’ (SEADsa) programme.

WHAT IS ‘SEAD-SA’ ABOUT?

There has been insufficient attention paid to the performance of South African cities, regions and local economies, partly because of the **lack of credible data**. Municipal managers and local officials are required to plan for more productive, inclusive and sustainable economies yet lack credible information about the ‘what’ and ‘where’ of jobs and investment. Businesses and other local stakeholders lack the evidence base from which to advocate for change or hold leaders to account.

Spatial Economic Activity Data: South Africa (SEADsa) is a new initiative which is finally beginning to plug this gap about the local economy of cities and wider economic geography of the country by **leveraging tax and other administrative data sources**. For the first time, **granular spatial data** exists to help answer vital policy and research questions about urbanization, uneven development, territorial disparities, productivity and economic conditions of municipalities, cities, towns and suburbs/wards. The creation of robust disaggregated and granular economic data, mindful of the interaction between the economy and social inclusion, are essential for monitoring changing economic conditions and sectoral and spatial shifts over time.

WHO IS INVOLVED?

The SEADsa programme involves a wide range of partners and is a strong example of the value in joint-up governance. The programme is currently led by the Human Sciences Research Council in collaboration with the National Treasury: Cities Support Programme and Economic Policy Unit. Other programme partners include: the South African Revenue Services, UNU-WIDER, Statistics South Africa, Metropolitan Municipalities, South African Local Government Association, South African Cities Network, the UK’s Foreign, Commonwealth and Development Office and University of the Free State.

LAUNCH EVENT DETAILS (WITH MINISTER OF FINANCE)

Given that the success of this initiative is based on its broad collaborative nature, it has been proposed that a shared branding is created, namely the Spatial Economic Activity Data-SA (SEADsa) programme. The proposed high-profile launch event will provide an opportunity to launch this shared brand and showcase the partners and their respective contributions to the programme.

Date: 19th June 2023, 9:00-11:30am

Key highlights:

- Featuring keynote from Minister of Finance, Mr Enoch Godongwana
- Official launch of 'Spatial Economic Activity Data: South Africa' programme
- Presentation of the 'Cities Economic Outlook: 2023' report
- Explore spatial tax data on an interactive web portal: www.spatialtaxdata.org.za

Draft Programme:

Item	Person	Duration
Welcome from Chair	HSRC: CEO	8 minutes
Keynote: Celebrating state collaboration in sharing national administrative datasets that can enable evidence-based policy and planning / launching of SEADsa	Minister of Finance	15 mins
Speech: The importance of spatialised economic activity data in informing SA's industrial and investment strategies	Minister of Trade, Industry and Competition	10 mins
Comment: Strengthening local capabilities for local economic planning and development	Minister of Co-operative Governance and Traditional Affairs	10 mins
Speech: The partnership journey with NT and UNUWIDER in making available anonymised tax data for policy, research and planning purposes and the vision of a State Integrated Business Register	SARS Commissioner	8 mins
Speech: How SEAD-SA supports the StatsSA vision for a NSS and the implementation of the StatsAct	Statistician General	5 mins
Speech: Sharing the SA-TIED programme and impact of the partnership with SARS and NT	UNUWIDER	5 mins
Comment: Building Stronger Local Economies: Using Spatial Economic Data in Practice	Mayor, eThekweni Metro	10 mins
	Mayor, City of Cape Town	10 mins
Comment: Partnering for Economic Transformation and a Just Transition in South African Cities	British High Commissioner	5 mins
	Deputy Head of Mission	5 mins
Showcasing SEADsa outputs -Cities Economic Outlook -Spatial tax portal	Dr Justin Visagie, HSRC	20 mins
Interview panel: Local economic planning in metros -Academic (Prof Ivan Turok, UFS) -SACN -SALGA	Chair: Sibongile Mazibuko, NT:CSP	20 min
Closure and thanks	DDG: Malijeng Ngqaleni	5min

Launch objectives:

- share a metro-led public sector “success story”
- popularize the SEAD-SA and the products on offer
- showcase the core project partners – the metros, StatsSA, SARS, National Treasury, HSRC, UNU-WIDER, SALGA, Metro Mayors, SACN, UFS and UK FCDO
- demonstrate the value of administrative data sources and motivate other public sector institutions with relevant administrative data, such as the Deeds Office, Department of Home Affairs, CIPC, Department of Employment and Labour, to share their data through the SARS- Integrated Business Register and the new State-integrated Business Register
- highlight the value of evidence-based public sector policy formulation, planning, investment and monitoring
- It is proposed to have a virtual launch to enable maximum participation by municipalities, public sector departments, research agencies and interested private sector partners. A launch organizing task team has been established consisting of all the SEADsa programme partners

SHOWCASED OUTPUTS FOR THE LAUNCH

As part of this process, three project outputs have been completed and the proposal is for the launch event to communicate and show-case these products.

The three project outputs profiled at the event will be:

- 1. Spatial Tax Panel Databases: 2014 – 2022**
- 2. Spatial Tax Data Portal: www.spatialtaxdata.org.za**
- 3. Cities Economic Outlook 2023 Report**

The release of the ‘Spatial Tax Panel Databases’ is a breakthrough for South Africa in making available regular, up-to-date and transparent information about the spatial economy of the country. Whilst Statistics South Africa collect highly disaggregated household and demographic survey data, such as through the Census, regular sub-national firm-level data does not exist. Therefore, this data innovation uses administrative data flows from the mining of anonymised SARS individual and company tax records to plug the gap in understanding the spatial economy of cities and regions. This open-access database offers important insights about a range of key economic indicators including the concentration of jobs and firms, the function and economic specialisation of municipalities, average wage levels and earnings inequality as well as trends over time all 8 metropolitan municipalities as well as all 205 local municipalities in South Africa. The data also offer a first view of metro-suburb patterns of economic activity to understand spatial change occurring within each of the metropolitan municipalities.

The ‘Spatial Tax Data Portal’ is an online tool to help decision-makers in government, local business owners and leaders in civil society to take full advantage of the powerful data contained in the Spatial Tax Panel (www.spatialtaxdata.org.za). A series of economic dashboards help guide the user on a curated journey about their metro or local municipality’s distinctive features. The analysis is themed on the key topics of: ‘economic growth’, ‘industry diagnostics’ and ‘equitable economies’. The spatial tax

portal also supports users to explore the data in an open-ended manner depending on their interests through a ‘map explorer’ tool. Access to the raw data, metadata and data user manual can also be readily downloaded by creating your own free user account.

The launch of the ‘Cities Economic Outlook 2023’ is a research report produced by the NT/HSRC to help distil key policy-relevant insights from the spatial tax panel databases. Chapter 2 explores ‘Cities, urbanisation and the South African economy’ and examines the role and contribution of South African cities to the national economy. Whilst cities offer more favourable environments for generating employment, encouraging economic diversification and fostering entrepreneurship, their growth performance in recent years is noticeably uneven with concerns that their inherent advantages are not being realised. Chapter 3 looks more closely at the performance of each of the eight metropolitan municipalities. A key message is that the metros should not be treated as broadly the same, when their industry-mix which is clearly distinctive, and offers a complementary role within the national urban system. Chapter 4 considers the impact of Covid-19 on the economic geography of South Africa and looks more carefully at the resilience and potential bounce-back of South African cities. A final chapter explores the link between cities and productivity in South Africa and finds evidence of a fairly weak relationship, although this is also dependent on the economic sector. The implication is that metros need a more focused and accountable approach to deal with the bottlenecks and barriers to economic growth. Fixing the foundations is fundamental to attracting and retaining productive investment and supporting enterprise which should also be tailored to the needs of industries where they have a potential advantage.

FURTHER BACKGROUND

An opportunity for spatial data reform emerged when National Treasury began to explore the potential for assembling tax records to better understand the South African economy. This led to the launch of the ‘Southern Africa – Towards Inclusive Economic Development’ (SA-TIED) programme in partnership with the UNU-WIDER in November 2017. This was a research initiative focused on mining administrative (tax) sources and matching researchers with policymakers in the process. A primary investment of the programme was the establishment of a secure data facility (SDF) at the National Treasury in Pretoria to host anonymised administrative tax data for policy relevant research through an agreement with the South African Revenue Services (SARS). The intention was that researchers, policymakers, government officials, civil society, think tanks, private companies and active citizens could uncover new insights about formal sector employment and businesses in South Africa.

Whilst the SA-TIED programme did not include a spatial or urban research agenda, it paved the way for exploring how administrative data could be compiled into robust sub-national statistics. This idea was first mooted by an informal grouping of government officials, researchers and practitioners as part of the Economies of Regions Learning Network (ERLN) – a community of practice about cities and economic development facilitated by the National Treasury’s Government Technical Advisory Centre (GTAC). It was the Metro ERLN lobby which eventually resulted in the National Treasury’s Cities Support Programme (NT:CSP) decision in 2020 to commission exploratory work on the feasibility of

spatialising tax data for policy and planning. This spatial tax pilot study was an overwhelming success and concluded in the publication of a series of City Spatialised Economic Data Reports in May 2021.

To take the agenda forward in a sustainable manner, the NT:CSP entered into a partnership with the Human Sciences Research Council (HSRC) in July 2021 to curate, improve and make publicly available spatial tax data for research and policy. Through the support and close collaboration of the South African Revenue Services, UNU-WIDER (who manage the secure data facility) and StatsSA, the HSRC/NT secured approval to regularly release an open-access 'Spatial Tax Panel'. The aggregated spatial tax panel (where the unit of analysis is a place) does not compromise the anonymity of any firm or individual and can therefore be freely shared outside the SDF. The data can be downloaded online at a spatial tax portal along with tools to readily explore the data (www.spatialtaxdata.org.za).

The success of mining tax data for spatial analysis has spurred renewed vigour for an urban economic research agenda. The HSRC/NT partnership has evolved beyond these two organisations and reflects a genuine collective effort from a variety of stakeholders in government, industry and civil society with a new round of donor financing from the Foreign, Commonwealth and Development Office (UK FCDO) and an interest from State Secretariat for Economic Affairs (SECO, Switzerland). The opportunity is bigger than spatial tax data mining and includes adding new sources of administrative data, translating data into policy-insights, training and capacitation in data use, peer-to-peer learning, and advocacy for a focus on city regions and the spatial economy. This opportunity is encapsulated in a report on "Addressing the Gaps in the Availability of Economic Data in South Africa, September 2021" that was prepared by National Treasury and financed by SECO through broad stakeholder engagement.

Hence the launch of 'Spatial Economic Activity Data: South Africa' (SEADsa) in June 2023 as a collective brand to unify a range of outputs and recognise a growing consortium of stakeholders who share a common interest in understanding the spatial economy of South Africa. The intention is to widen the circle and enlarge the community of practice, with different participants making distinctive contributions to the 'spatial data value chain'. Some people will be responsible for refining the supply of data and converting it into accessible packages and dashboards. Others will be using the data for policy analysis and research purposes. The dynamic interaction between the supply and demand for the data will determine how much value is ultimately generated.

Primary partnership



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

dtiEs SUPPORT PROGRAMME



HSRC | EEE
Human Sciences Research Council | Equitable Education and Economics
Research that transforms educational outcomes and increases economic participation

National partners



stats sa
Department:
Statistics South Africa
REPUBLIC OF SOUTH AFRICA



South African Revenue Service



**UNITED NATIONS UNIVERSITY
UNU-WIDER**



SA-TIED

Southern Africa – Towards Inclusive Economic Development



Donor partners



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British High Commission Pretoria

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

Metro partners



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