

# Fast Facts

for Local Government

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European Union

Friedrich Naumann  
STIFTUNG FÜR DIE FREIHEIT



South African  
Institute of  
Race Relations

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Healthcare tourism has great potential for growth in South Africa, but the ANC's national health insurance plan puts this avenue of growth in jeopardy. It seems likely that the national health insurance system will cause a flight of skills from the private healthcare sector, and healthcare tourists will no longer have any reason to visit this country. 1

### • Policy

The Government has recently admitted to making many "mistakes" in the field of policy, and in several areas it is now rectifying these. The danger remains, however, that in correcting the policy interventions of the past, the Government may make further such "mistakes". 2

### • Local government

While many suggest that failures in "delivery" are at the root of recent protest actions in areas such as Balfour, Thokoza, Delft, and Diepsloot, the Institute argues that this is not an explanation that takes full account of the facts. 3

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## Healthcare

# HEALTH PLANS THREATEN HEALTH TOURISM

**A**frican National Congress (ANC) plans to establish a government-controlled national health system could undermine plans to promote medical and health tourism in South Africa.

The deputy minister of tourism, Ms Tokozile Xasa, may or may not be right that leisure tourism has reached saturation point in South Africa. But she is almost certainly correct that medical and health tourism has much potential for the country. Such tourism already takes place but it could no doubt be extended.

There would be varied advantages. Firstly, South Africa would diversify its sources of foreign exchange. Secondly, competing to attract people wealthy enough to pay for private healthcare and to travel to obtain it would be an important incentive for our own private healthcare sector to enhance its already high standards.

Those standards could be at risk, however. The national executive committee of the African National Congress (ANC) recently adopted plans for a national health insurance system which the deputy minister of health, Dr Molefi Sekularo, says could be law within a year. The chances that any government will get a national health insurance system right in the space of a single year are about as great as a novice golfer getting a hole-in-one the first time he tees off.

The full details of what the ANC has in mind have yet to emerge. But the bits and pieces that have leaked out suggest a plan that will not only be unaffordable but also involve further encroachment upon the private medical sector.

Far from achieving the supposed goal of widening access to good healthcare, more state intervention in private healthcare is likely to make more and more private hospitals resemble government-run hospitals. Most such institutions would have little chance of attracting health tourists from anywhere except places where such hospitals are even worse. The recent strike by doctors showed that many were driven to this desperate action not only by poor pay for exceedingly long working hours but also by the hopeless state of many public hospitals.

Rather than subordinate themselves to our Department of Health, many of the top-quality health professionals on whom medical tourism would rely are likely to quit the country.

Plans to augment health tourism to South Africa would therefore probably be stillborn if the ANC gets its way with healthcare.

— **John Kane-Berman**

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*The contents of this document are the sole responsibility of the South African Institute of Race Relations and can under no circumstances be regarded as reflecting the position of the European Union."*

## “Oops, I made a mistake!”

**T**he Government seems willing to admit to some of its “mistakes”, but less willing to learn from them. While it has corrected, or promises to correct, mistakes in some fields of policy, some of the new interventions it plans seem oblivious of the risk that they too might lead to “mistakes”.

Various people in government have recently admitted to making mistakes in policy. The minister of education and training, Dr Blade Nzimande, has for example deplored the decision to close agricultural, nursing, and teacher training colleges. He has also admitted that the Government was wrong to allow artisan training to run down.

Mr Mathews Phosa, treasurer-general of the African National Congress (ANC), also recently admitted to mistakes. One of these, he said, was that the “transformational process” had resulted in “too many casualties of well-meaning, skilful, and patriotic experts in the public sector”.

### RISK ANALYSIS

Two other ministers have also recently admitted to mistakes.

Shortly before the election in April this year the ministers of justice and of provincial and local government apologised to the residents of Merafong for the “mistake” of placing them under the jurisdiction of the North West province, a decision which had resulted in violent protest before it was reversed and they were allowed to remain as part of Gauteng.

Other mistakes are also being corrected. Police seem ready to admit that disbanding the specialised child protection and sex offences units was an error. More detectives are now to be trained whereas earlier policy was to downgrade detective work in favour of supposed crime prevention work. The army was withdrawn from border duty, and responsibility given to the police, but the army is now to be sent back.

Changes in attitude are also apparent in that the new minister of agriculture is less hostile to white farmers than her predecessor was.

Other new ministers have

abandoned plans to bail out the Frame textile group. Yet another policy change in the offing is in Gauteng, where the housing department recently admitted that its goal of eradicating shacks by 2014 was impossible to reach; many of these shacks are now to be upgraded and given security of tenure.

Better to admit mistakes than deny them. The problem is that neither the Government nor the ANC seems to have learnt much from their mistakes beyond correcting a few of the more obvious errors. Although many mistakes have arisen from hasty implementation of policies without adequate consultation or thought, new policy interventions betray similar lack of consultation and thought.

A good example is the plan to introduce a national health insurance system (see page 1). Another is the labour minister’s threat to interfere with labour broking, which risks creating additional disincentives to employ workers.

Although Dr Nzimande has admitted to various mistakes in education, he has spoken of doing things that may also turn out to be mistakes — such as capping school and university fees. He seems oblivious of the warning of his predecessor, Ms Naledi Pandor, about the “unintended consequences” of “careless experimentation” in education.

### Luthuli House

But perhaps one of the biggest mistakes — and risks — upon which the central Government seems intent to embark is further centralisation of power. The practice of cadre deployment by Luthuli House to provincial and local government already undermines the decentralisation of power. The incorporation of municipal employees into the centrally-controlled public service risks undermining it even more. Now the Government

apparently wants to use “delivery” failures at both provincial and local level as pretexts for further shifts of power from these levels to itself — oblivious of its own major failings in numerous fields.

### National Party

The Government also seems oblivious of a powerful example of the risks of inappropriate centralisation. This happened in the early 1970s when the National Party (NP) government removed control of all African townships outside the “homelands” from local authorities and put them under the control of 22 Bantu Affairs Administration Boards. Even though Africans were not represented on the local authorities which previously ran African townships these authorities were far more in touch with what was happening in them than the central government could possibly be.

A principal reason why the Government seized control of African townships was that the Johannesburg city council, then under the control of the opposition United Party, wanted to build more houses in Soweto than the central Government wished it to; NP policy was to drive as many Africans as possible out of the urban areas to the homelands. Housing delivery was halted when the new board took over. The administration of Soweto became harsher in other ways too. It was also more ideologically driven. In a foretaste of a strategy used by the ANC on a more extensive scale, the minister in charge of Africans deployed his own brother (a former primary school principal) to run Soweto.

That township became a tinderbox waiting only for the match which the police struck when they opened fire on schoolchildren protesting against the Afrikaans language school policy on 16th June 1976.

— *John Kane-Berman*

## Why protests strike only in certain areas

**M**ost explanations suggest service delivery failures as the reason for the recent protest actions in areas such as Balfour, Thokoza, Delft, and Diepsloot. This is not necessarily the main explanation because areas with worse delivery and greater poverty have been relatively quiet. Research in some of the areas by the Institute also suggests that there are specific issues in those areas.

**T**he protest actions which have hit the country in recent months have sparked questions about why communities have been turning violent.

The municipalities that have been worst hit by the protests are the City of Cape Town (Khayelitsha, Delft), City of Johannesburg (Diepsloot, Soweto), City of Ekurhuleni (Thokoza) in Gauteng, and the Gert Sibande district municipality (Siyathemba in Balfour) in Mpumalanga.

### Poverty

If poverty and service delivery failures were the only reasons for the protests, then municipalities in the Eastern Cape, for example, would have had more protests, and with more violence. These municipalities have the highest levels of poverty among all district and local municipalities, one with a poverty rate as high as 80% in 2007.

The proportions of households without access to water, electricity, and adequate sanitation were as high as 62%, 58%, and 65% respectively in some municipalities in the Eastern Cape. By contrast, the figures for the same services for Gert Sibande are much lower at 16%, 26%, and 25% respectively. These figures are even lower in Cape Town at 3.7%, 5.8%, and 3.7% respectively.

Despite better service delivery in these areas, there are higher unemployment figures for all municipalities where there have been protests, except for Cape Town. The average unemployment rate for municipalities in the Eastern Cape was 19% in 2007. Ekurhuleni, with headquarters in Germiston, Johannesburg, and Gert Sibande had unemployment rates of 22%, 22%, and 21% respectively — all higher than figures in the Eastern Cape municipalities.

Cape Town, however, had a lower figure of 17%. This may be due to the demographics of the

municipality where, unlike in the other three municipalities, Africans are the minority. The unemployment rate among Africans in Cape Town was 20%, which is higher than the Eastern Cape average.

Other factors may help explain why municipalities in the Eastern Cape, despite poor services, have not experienced the types and numbers of protest actions experienced by areas most affected by protests.

1. Municipalities in the Eastern Cape have mostly poor and rural communities. This means there is less inequality, as people are equally poor.
2. These communities generally have traditional leadership in addition to political leadership. Matters in communities are dealt with in a manner decided by the traditional leadership, with set protocols to deal with concerns.
3. People still live in relatively decent houses compared to those living in more precarious conditions in informal settlements or in backyards. There is also a sense of security in that, unlike in informal settlements, people are less vulnerable to evictions.

### Research

There are also issues specific to each area. The dynamics of poverty in eight major urban areas are being analysed in the Municipal Outreach Project of the Institute, co-funded by the European Union and the Friedrich Naumann Foundation for Liberty. As part of the first leg of the project, key poverty challenges in each municipality are identified, first theoretically through extensive research, and second practically through workshops at each of the target municipalities.

The first three of these workshops took place in the cities of Tshwane, Cape Town, and Ekurhuleni between May and July 2009.

The primary poverty challenge

identified by the three municipalities was financial poverty. Other than that, there were significant variations regarding what participants considered key challenges within their municipalities.

### Electricity

The primary challenge identified in Tshwane was the affordability of electricity for poor households. Councillors explained that while free services are provided to some, most households cannot survive solely on these. People therefore make illegal electricity connections after defaulting on payments. This costs the city significant amounts of money on repairs, and delays the installation of more connections for households that do not have access to electricity.

Participants in Cape Town identified overcrowding in informal settlements as the primary challenge. They explained that these environments are not suitable for raising children. Children growing up in these areas are prone to social ills such as drug abuse and joining gangs, leading to early school leaving. These children are then trapped in a cycle of poverty.

The key challenge identified by participants in Ekurhuleni was the integration of services. It was explained that it was difficult for the municipality to provide services because these are not integrated. For example, even if people are connected to electricity they may have difficulty in accessing it. One councillor spoke about the fact that in some areas the disposable income that people allocate to buy prepaid electricity is eaten away by the transport costs incurred in travelling to an electricity vendor machine.

Other key issues identified in the three municipalities were difficulties in allocating land for RDP houses, “red tape” which contributes to businesses relocating to other areas, as well as lack of awareness about health issues.

— *Nthamaga Kgafela*

# Fast stats

## PROPERTY PAGE

<i>House Price Index (nominal) June</i>	down 4.4%	compared to June 2008	Absa
<i>House Price Index (real) May</i>	down 11.1%	compared to May 2008	Absa
<i>Mortgage advances June</i>	up 3.0%	compared to June 2008	SARB
<b>House price trends (nominal) (average) 2Q 2009</b>			
<i>Affordable houses (40–79m<sup>2</sup>/priced at under R430 000)</i>	up 1.6%	compared to 2Q 2008	Absa
<i>Small houses (80–140m<sup>2</sup>/R657 530) (average price)</i>	down 4.1%		Absa
<i>Medium houses (141–220m<sup>2</sup>/R921 613)</i>	down 2.7%		Absa
<i>Large houses (221–400m<sup>2</sup>/R1 376 279)</i>	down 1.1%		Absa
<i>All houses (80–400m<sup>2</sup>/R929 342)</i>	down 3.9%		Absa
<i>Luxury housing (costing more than R3.1m)</i>	up 4.0%		Absa
<i>Greater Johannesburg (80–400m<sup>2</sup>/R1 045 783)</i>	up 1.1%		Absa
<i>Cape Town metro (80–400m<sup>2</sup>/R1 071 660)</i>	down 3.1%		Absa
<i>Durban metro (80–400m<sup>2</sup>/R857 306)</i>	down 9.9%		Absa
<i>PE/Uitenhage metro (80–400m<sup>2</sup>/R741 163)</i>	down 18.3%		Absa
<i>Cost of building a new house (average)</i>	up 6.1%		Absa
<b>CBD office vacancy rate 2Q 2009</b>			
<i>Johannesburg</i>	10.7%	nine months before: 8.1%	SAPOA <sup>a</sup>
<i>Sandton</i>	7.2%	5.6%	SAPOA
<i>Cape Town</i>	8.0%	4.6%	SAPOA
<i>Durban</i>	14.7%	14.9%	SAPOA
<i>Pretoria</i>	4.3%	2.5%	SAPOA
<b>CBD office rental rate (A-grade) R/m<sup>2</sup> 1Q 2009</b>			
<i>Johannesburg</i>	up 24.0%	compared to 1Q 2008	R&A <sup>b</sup>
<i>Sandton</i>	down 1.0%		R&A
<i>Cape Town</i>	down 14.0%		R&A
<i>Durban</i>	up 20.0%		R&A
<i>Pretoria</i>	up 4.4%		R&A
<b>Industrial rental rates R/m<sup>2</sup> for 1 000m<sup>2</sup> 1Q 2009</b>			
<i>Central Wits</i>	up 8.6%	compared to 1Q 2008	R&A
<i>Durban</i>	up 7.1%		R&A
<i>Cape Peninsula</i>	up 7.5%		R&A
<i>Port Elizabeth</i>	up 6.4%		R&A
<b>Shopping centre rental index 2008</b>			
<i>Regional</i>	up 8.0%	compared to 2007	R&A

a South African Property Owners' Association

b Rode and Associates

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# Fast stats

## BUSINESS INDICATORS

<i>Use of manufacturing production capacity (Feb)</i>	78.6%	Feb 2008: 84.8%	Stats SA
<i>Manufacturing production (volume) (this year to May)</i>	down 15.8%	on same period last year	Stats SA
<i>Total vehicles sold (this year to July): 224 706</i>	down 32.7%	on same period last year	NAAMSA
<i>Vehicles exported (this year to July): 91 676</i>	down 40.4%	on same period last year	NAAMSA
<i>Tractors sold (this year to June): 2 799</i>	down 21.4%	on same period last year	SAAMA
<i>Electricity consumed (this year to May)</i>	down 6.3%	on same period last year	Stats SA
<i>Total building plans passed (value) (this year to May)</i>	down 28.8%	on same period last year	Stats SA
<i>Total buildings completed (value) (this year to May)</i>	down 3.2%	on same period last year	Stats SA
<i>All building costs (average) 2Q 2009</i>	up 6.6%	on same period last year	BER
<i>Mining production (volume) (this year to May)</i>	down 10.7%	on same period last year	Stats SA
<i>Cement sales (tonnes) (this year to June)</i>	down 12.1%	on same period last year	CCI
<i>Retail sales (value) (this year to May)</i>	down 3.9%	on same period last year	Stats SA
<i>Current adspend (this year to May): R9.1bn</i>	up 0.8%	on same period last year	A C Nielsen
<i>Number of liquidations (this year to June): 1 951</i>	up 36.2%	on same period last year	Stats SA
<i>Judgements for debt (this year to May): 283 019</i>	up 5.1%	on same period last year	Stats SA
<i>Tourism accommodation occupancy rate (May)</i>	46.3%	May 2008: 50.2%	Stats SA
<i>Overseas tourists: 146 504</i>	down 9.9%	compared to Mar 2009	Stats SA

## SOCIO-ECONOMIC AND LABOUR INDICATORS

<i>Total population (mid 2009 estimates) (average)</i>	49.32m	2008: 48.69m	Stats SA
<i>GDP per head (1Q annualised, adjusted)</i>	R47 445	current prices	SAIRR/SARB
<i>Real growth in GDP per head 2008</i>	1.9%	2007: 3.8%	SARB
<i>Household saving to disposable income 1Q 2009</i>	-0.1%	1Q 2008: -0.5%	SARB
<i>Household debt to disposable income 1Q 2009</i>	76.7%	1Q 2008: 78.2%	SARB
<i>Average wage settlements (this year to June)<sup>a</sup></i>	9.7%	Jan-June 2008: 8.3%	Andrew Levy
<i>Number of strike mandays lost (this year to June)</i>	526 000	Jan-June 2008: 265 000	Andrew Levy
<i>Unemployment rate 2Q 2009 (strict definition)<sup>b</sup></i>	23.6%	2Q 2008: 23.1%	Number: 4.1 million
<i>Unemployment rate 2Q 2009 (wide definition)<sup>b</sup></i>	29.7%	2Q 2008: 27.4%	Number: 5.6 million
<i>Decrease in total employment<sup>b</sup></i>	360 000	2Q 2009 vs 2Q 2008	Stats SA/QLFS
<i>Employees in enterprises registered for income tax<sup>c</sup> down 1.0%</i>		Mar 2009 vs Mar 2008	Stats SA/QES
<i>Number of such employees<sup>c</sup></i>	down 84 000	to 8 333 000	Stats SA/QES
<i>Nominal wages per worker 2008<sup>c</sup></i>	up 12.7%	compared to 2007	SARB
<i>Real wages per worker 2008<sup>c</sup></i>	up 0.3%	compared to 2007	SARB
<i>Labour productivity 2008<sup>c</sup></i>	up 1.0%	compared to 2007	SARB
<i>Nominal unit labour costs 2008<sup>c</sup></i>	up 11.7%	compared to 2007	SARB
<i>Average monthly earnings Feb 2009<sup>c</sup></i>	R9 605	Feb 2008: R8 750	Stats SA/QES
<i>Houses built smaller than 81m<sup>2</sup> (this year to May)</i>	up 7.9%	on same period last year	Stats SA
<i>Houses built/being built (government subsidy)<sup>d</sup></i>	2 807 595	Apr 1994–Mar 2009	up 9.3% from Apr 2009
<i>Government housing delivery (Apr 2008–Mar 2009)<sup>d</sup></i>	239 533	down 3.7%	on same period previous year

a Excluding farms and homes b Stats SA. All sectors. *Quarterly Labour Force Survey* c Non Agricultural sector. *Quarterly Employment Statistics* d Housing Dept.

# Fast stats

## INVESTMENT INDEX

<i>Real gross fixed capital formation (GFCF) 1Q 2009</i>	R73.31bn	up 4.4% compared to 1Q 2008	
<i>GFCF ÷ GDP 1Q 2009 (annualised, adjusted)</i>	24.3%	1Q 2008: 22.0%	(Target: 25%)
<i>Gross domestic saving ÷ GDP 1Q 2009</i>	17.1%	1Q 2008: 14.3%	
<i>Real GFCF by public authorities</i>	up 2.7%	1Q 2009 vs 1Q 2008	
<i>by public corporations</i>	up 13.1%		
<i>by private business</i>	up 2.8%		
<i>Real GFCF in mining and quarrying</i>	up 12.2%		
<i>in manufacturing</i>	up 2.6%		
<i>in electricity, gas and water</i>	up 27.9%		
<i>in transport and communication</i>	up 2.6%		
<i>in finance etc</i>	down 5.6%		
<i>in community, social and personal services</i>	up 1.0%		
<i>Real GFCF in residential buildings</i>	down 7.5%		
<i>in non-residential buildings</i>	up 7.8%		
<i>in construction works</i>	up 15.7%		
<i>in transport equipment</i>	down 14.2%		
<i>in machinery and equipment</i>	up 8.3%		
<i>Foreign investment into SA 1Q 2009</i>			
<i>direct (FDI)</i>	R11.71bn	1Q 2008	R42.52bn
<i>portfolio</i>	R10.06bn		-R20.44bn
<i>other</i>	-R9.34bn		R27.12bn
<i>SA investment abroad 1Q 2009</i>			
<i>direct</i>	R4.38bn		-R7.09bn
<i>portfolio</i>	-R0.94bn		-R1.52bn
<i>other</i>	-R1.49bn		R11.66bn
<i>Balance on financial account 1Q 2009</i>	R14.38bn		R52.25bn

## CONFIDENCE COUNT

<i>RMB/BER business confidence index 2Q 2009</i>	down 1 point	to 26 since 1Q 2009	(scale 0–100)
<i>BER/DTI manufacturing confidence index 2Q 2009</i>	down 5 points	to 11 since 1Q 2009	(scale 0–100)
<i>BER building contractors confidence index 2Q 2009</i>	down 10 points	to 23 since 1Q 2009	(scale 0–100)
<i>FNB/BER consumer confidence index 2Q 2009</i>	up 3 points	to 4 since 1Q 2009	(scale minus 100–100)
— <i>black consumer confidence index 2Q 2009</i>	up 3 points	to 12 since 1Q 2009	(scale minus 100–100)
— <i>white consumer confidence index 2Q 2009</i>	up 6 points	to -9 since 1Q 2009	(scale minus 100–100)
— <i>high-income household confidence index 2Q 2009</i>	down 5 points	to -2 since 1Q 2009	(scale minus 100–100)
— <i>low-income household confidence index 2Q 2009</i>	up 6 points	to 5 since 1Q 2009	(scale minus 100–100)
<i>Kagiso purchasing managers index (PMI) (July)</i>	down 0.6 points	to 37.3 since June	(2000 = 100) BER
<i>Sacci business confidence index (June)</i>	up 1.3 points	to 83.1 since May	(2005 = 100) Sacci
<i>Vehicle sales confidence indicator 2Q 2009</i>	down 0.2 points	to 4.2 since 1Q 2009	(scale 1–10) WesBank
<i>Agricultural business confidence index 1Q 2009</i>	down 34.01 points	to 78.06 from 1Q 2008	(2001=100) ABC/IDC

# Fast stats

## ECONOMIC BAROMETER

<b>GDP IQ 2009 (basic prices)</b>	R574.84bn		
<b>GDP growth at market prices (1Q annualised, adjusted)</b>	-6.4%	1Q 2008: 1.7%;	4Q 2008: -1.8%
<b>GDP growth at market prices (1Q 2009 vs 1Q 2008)</b>	-1.3%	1Q 2008: 3.9%;	4Q 2008: 1.0%
<b>Agriculture (2.2% of GDP)</b>	-7.1%	<b>Trade etc (12.8%)</b>	-2.6%
<b>Mining (8.6%)</b>	-9.3%	<b>Transport and communication (7.9%)</b>	2.1%
<b>Manufacturing (18.3%)</b>	-10.8%	<b>Finance etc (22.5%)</b>	2.0%
<b>Electricity and water (2.3%)</b>	-3.9%	<b>Community services (5.9%)</b>	4.3%
<b>Construction (3.6%)</b>	12.3%	<b>Government (16.0%)</b>	4.1%
<b>Exports (this year to June)</b>	R255.05bn	down 16.8% on same period in 2008	
<b>Imports (this year to June)</b>	R271.65bn	down 20.8% on same period in 2008	
<b>Trade balance (this year to June)</b>	-R16.60bn	Jan-June 2008: -R36.34bn	
<b>Gold and forex reserves (June)</b>	R274.50bn	June 2008: R284.63bn	
<b>Reserves/imports (June)</b>	6.9 to 1	June 2008: 4.5 to 1	
<b>Current account deficit 1Q 2009</b>	R33.54bn	1Q 2008: R42.66bn	
<b>— as proportion of GDP</b>	7.0%	1Q 2008: 8.8%	
<b>Capital account surplus 1Q 2009</b>	R35.32bn	1Q 2008: R49.43bn	
<b>Gold price per ounce (average)(June)</b>	\$946.89	June 2008: \$890.49	
<b>Crude oil price (dated Brent/barrel) 31/7/09</b>	\$68.83	year ago: \$125.32	(Decrease: 45.1%)
<b>Petrol (premium pump price per litre Gauteng) 31/7/09</b>	R 7.90	year ago: R10.70	(Decrease: 26.2%)
<b>Prime overdraft rate (average) 31/7/09</b>	11.0%	year ago: 15.5%	
<b>Real prime overdraft rate (average) (June)</b>	3.84%	year ago: 4.47% (based on headline inflation)	
<b>Repo rate (average) 31/7/09</b>	7.5%	year ago: 12%	
<b>€/R 0.0912    £/R 0.0777    \$/R 0.1283    ¥/R 12.26    €/\$ 0.7109    ¥/\$ 95.61</b>	at 31/7/09		
<b>R/€ 10.966    R/£ 12.867    R/\$ 7.796    R/¥ 0.0815    \$/€ 1.4066    \$/¥ 0.0105</b>	at 31/7/09		
<b>Appreciation of rand against euro last 12 months</b>	4.36%	(Lowest: R/€ 14.65	Highest: R/€ 1.80)
<b>Depreciation of rand against dollar last 12 months</b>	6.30%	(Lowest: R/\$ 13.00	Highest: R/\$ 0.67)
<b>Appreciation of rand against basket last 12 months</b>	1.35%		

## INFLATION INDEX

<b>Headline inflation rate (June 2009 vs June 2008)</b>	6.9%	May 2009 vs May 2008	8.0%
<b>— Housing and utilities (22.56%)*</b>	7.3%		8.0%
<b>— Transport (18.80%)*</b>	-2.1%		0.5%
<b>— Food and non-alcoholic beverages (15.68%)*</b>	10.2%		12.3%
<b>— Insurance and other services (13.56%)*</b>	11.8%		11.6%
<b>— Household contents and services (5.86%)*</b>	7.0%		7.0%
<b>— Alcohol and tobacco (5.58%)*</b>	10.5%		10.7%
<b>— Recreation and culture (4.19%)*</b>	13.3%		13.7%
<b>— Clothing and footwear (4.11%)*</b>	4.9%		5.0%
<b>— Communication (3.22%)*</b>	0.6%		0.9%
<b>— Restaurants and hotels (2.78%)*</b>	12.0%		13.0%
<b>— Education (2.19%)*</b>	10.5%		10.5%
<b>— Health (1.47%)*</b>	11.4%		11.7%
<b>Rise in administered (non-market) prices</b>	-1.2%		0.0%
<b>Producer price rise (PPI)</b>	-4.1%	June 2008 vs June 2007	16.8%
<b>Imported producer inflation</b>	-17.9%		24.6%

\* Weight

# Fast stats

## LATEST FORECASTS

<b>GDP growth 2009</b>	-1.7% Barnard Jacobs Mellet: revised upwards from -2.4%
	-2.0% BER: revised downwards from -0.8%; Nedbank
<b>GDP growth 2010</b>	2.7% BER: revised upwards from 2.5%
	1.7% Nedbank: no change
<b>Headline inflation rate (CPI) 2010 (average)</b>	6.0% Absa: revised upwards from 5.9%
	5.7% Nedbank: revised downwards from 5.8%
<b>Expected CPI (business) 2010 (average)</b>	8.6% BER: no change
<b>(trade unions)</b>	10.1% BER: no change
<b>Producer price inflation 2010 (average)</b>	6.5% BER: revised downwards from 6.6%
	3.7% Absa: revised upwards from 4.2%
<b>Imported producer inflation 2010 (average)</b>	3.8% Absa: revised upwards from 4.2%
<b>Gross fixed capital formation 2010</b>	up 2.6% BER: revised upwards from 0.8%; Absa
	down 1.1% Nedbank: revised downwards from -1%
<b>Final consumption expenditure by households 2010</b>	up 2.9% BER: revised upwards from 2.4%
	up 1.4% Absa: revised downwards from 3%
<b>Government consumption expenditure 2010</b>	up 4.4% BER: revised upwards from 4.1%
	up 3.5% Absa: revised downwards from 4.1%
<b>Gross domestic expenditure 2010</b>	up 3.8% BER: revised upwards from 3%
	up 2.3% Absa: revised downwards from 3.7%
<b>Exports 2010</b>	up 7.9% BER: revised upwards from 2.9%
	up 0.4% Nedbank: revised downwards from 0.5%
<b>Imports 2010</b>	up 9.9% BER: revised upwards from 4.7%
	up 1.3% Absa: revised downwards from 3%
<b>Current account deficit 2010</b>	R161.7bn BER: revised upwards from R150.8bn
	R140.8bn Absa: revised upwards from R139.1bn
<b>— as proportion of GDP 2010</b>	6.1% BER: revised upwards from 5.7%
	5.3% Absa: no change
<b>Capital account surplus 2010</b>	R210.0bn Nedbank: no change
<b>Prime overdraft rate 2010 (year end)</b>	11.5% Absa: no change
	10.5% Nedbank: no change
<b>R/€ exchange rate 2010 (average)</b>	12.15 Absa: revised from 14.17
	11.84 Nedbank: revised from 12.61
<b>R/\$ exchange rate 2010 (average)</b>	8.65 BER: revised from 9.67
	8.21 Absa: revised from 9.88
<b>Gold price per ounce 2010 (average)</b>	\$990 Nedbank: revised downwards from \$1 042
	\$881 BER: revised upwards from \$850
<b>Nominal wage rise 2010</b>	7.8% BER: revised upwards from 6.3%

**These forecasts contain the highest and lowest estimates available to us.**

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