

Fast Facts

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Institute of
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Despite complaints from the media about too many similarities between different political parties' manifestos, it seems that there are enough fresh ideas to truly differentiate between parties. 1

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The Institute provides a comparative overview of four election manifestos. The primary policies proposed by the ANC, the DA, Cope, and the IFP are compared and contrasted. While there are many similarities between the proposals, the tone of each manifesto is distinctly different, and each party brings enough new things to the table to compete on policy. 2-5

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Politics

ELECTIONS: KEY POLICY DIFFERENCES

In this issue of *Fast Facts* the Institute provides an overview of the 'big four' political party manifestos. While the media have been quick to complain that all parties are proposing the same policies, there is ample evidence to show that there are distinct policy differences between the parties.

The African National Congress (ANC) has provided arguably the most comprehensive job creation plan, focusing heavily on infrastructure development and public works. Its aim is to use public and private funds to strengthen a state-led industrial policy programme, which will have the dual aims of creating and maintaining much-needed infrastructure, while also providing decent work opportunities. The ANC also plans to lead a massive public investment programme to improve rail networks, public transport, port operations, dams, housing construction, as well as education and healthcare infrastructure. The ANC's policies focus heavily on transformation, empowerment, and affirmative action.

The Democratic Alliance (DA) has premised its policies on the idea of 'innovative governance'. The party, along with the Congress of the People (Cope), proposes that the electoral system be changed to include constituency-based representation. The DA further argues that parties receiving less than 1% of the vote should be eliminated from Parliament. The DA's proposals include many information and communication technology components, and the focus on efficiency and 'e-governance' is clear. A unique proposal from the DA is the idea of a 'step-up school', which would be a school that could be managed by any group of suitably qualified individuals. Training, efficiency, and constant im-

provement of skills are central threads that run through the DA manifesto.

Cope's policies are most similar to those of the ANC, although Cope has a far greater focus on fighting corruption and transparent governance. Cope also presents an inclusive, non-racial, multi-cultural vision of South Africa that serves as the core of its policy framework. A key proposal made by the party is that organised labour unions should be depoliticised, and should not be affiliated with any political parties. Overall Cope aims to approach governance and policy-making in a consultative manner, bringing in the expertise of the private sector and the NGO sector.

The Inkatha Freedom Party (IFP) manifesto has a theme of depoliticisation and decentralisation. Appointments of public servants, the IFP suggests, should be based on merit rather than political affiliation. For a great many of the functions of governance, the IFP maintains that powers should be devolved to the provincial and municipal level. The IFP and the DA both propose the re-introduction of hard labour for prisoners, and the IFP in particular is concerned with the moral regeneration of South Africa.

In all, each party brings a unique set of priorities to the table in the upcoming elections. While many policies are the same or similar the differences are pronounced enough for a vote based on policy differences to be meaningful.

— **Marco MacFarlane**

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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."

Party manifestos: War of ideas or singing the same tune?

This article provides a comparative overview of the election manifestos of the four main political parties. The African National Congress (ANC), the Democratic Alliance (DA), and the Inkatha Freedom Party (IFP) were chosen because they achieved the greatest number of votes in previous elections. The Congress of the People (Cope) was included in this analysis because it is the first breakaway party from the ANC since 1997.

Electoral system

While the ANC and the IFP do not propose any changes to the current electoral system, Cope and the DA propose some rather large-scale modifications. Both parties argue for a mixture of proportional representation and constituency-based elections. Cope and the DA also agree that the president, premiers, and mayors should be directly elected by the people. They reason that elected officials are currently not directly responsible to the electorate, but rather to party officials.

The DA proposes that any party must receive at least 1% of the vote in order to be represented in Parliament. This would eliminate parties such as the Pan Africanist Congress of Azania (PAC) and the Vryheidsfront Plus/Freedom Front Plus (VF+/FF+). It also proposes that more power be given to local and provincial government where appropriate skills exist. Cope argues that organised labour should be depoliticised, and separated from political influence or support. It also argues that procedures need to be put in place to ensure that the Government is directly responsible to the people, and reports back regularly to the electorate.

Job creation

The ANC provides a compre-

hensive plan for job creation, which is somewhat more extensive than those of the other parties examined here. The ANC has made job creation the primary focus of its manifesto, and it promotes the idea of 'decent work opportunities' wherever possible. The ANC proposes a large-scale state-led industrial policy targeting labour-intensive sectors. It intends implanting special sector programmes in manufacturing, mining, and other vulnerable sectors like textiles, aimed at saving jobs and growing the sectors.

The backbone of the ANC's job strategy is a massive public investment programme that will focus on the creation and maintenance of essential infrastructure. Some of this will be achieved through the expanded public works programme, but the intended scope of infrastructure development goes beyond this.

The ANC also intends to introduce laws that regulate contract work, sub-contracting, and out-sourcing. The party is further committed to mineral beneficiation. The ANC also intends to vigorously implement empowerment and affirmative action (AA) strategies.

Cope aims first to prevent job losses through assisting companies that are in distress. It also intends to create jobs closer to

where people live in order to reduce transport costs, and to improve public transport drastically to reduce costs further. Cope intends to maintain the social wage, while reforming the Sector Education and Training Authorities (SETAs) and the National Science Foundation (NSF). Extending the expanded public works programme is proposed, and reducing the amount of red tape for entrepreneurs is also suggested. The party has also committed itself to strengthening the implementation of Black Economic Empowerment (BEE) and AA.

The DA focuses on the role of education in job creation, and proposes the eradication of the SETAs, instead providing incentives to business to develop skills. It intends to encourage skilled immigration, and will reduce corporate taxes to 27% to encourage investment. The DA has also committed itself to reviewing labour legislation. It plans to introduce a six month probationary period for workers, which will allow employers to easily dismiss underperforming workers. The party proposes a wage subsidy for matriculants, to encourage employers to hire school-leavers as quickly as possible.

The DA also proposes creating export processing and job zones

wherein trade barriers would be eliminated and labour intensive employment would be encouraged. It also intends to focus on the expanded public works programme.

The IFP, like the DA, is concerned with the role of education in the job market, and intends to take steps to improve the skills base. Also like the DA, the IFP intends accessing the global market for skilled workers. The party wants to promote the Small, Medium, and Micro Enterprise (SMME) sector, and encourage entrepreneurship through legislation, another goal that is congruent with the DA strategy. Like the ANC, the IFP is committed to mineral beneficiation. Improvements in infrastructure are also a key factor in the IFP's plans.

A key differentiator in the IFP's manifesto is that the party is convinced that the private sector must play a far greater role in employment than other parties state.

Food security

Only the IFP and the ANC explicitly address the issue of food security, and both propose a government-run food distribution scheme. The ANC fleshes out the issue the most, and proposes expansion of access to food production schemes, as well as ensuring large-scale emergency food relief. It also intends to more strictly enforce competition laws to eliminate collusion and price-fixing cartels.

Land reform

The ANC intends to intensify the land reform process so that more land is in the hands of the rural poor. It intends providing these beneficiaries with technical skills to productively use the land. The ANC also proposes the promotion

of agricultural co-operatives, and has promised to strengthen organised labour in the sector.

Cope does not go into detail on land reform, other than stating that finalisation of the process must be fast-tracked.

The DA wishes to speed up the land reform process, and suggests that state-owned land should be made available. It also wants to build a co-operative spirit between commercial farmers and emerging farmers, so that skills transfer can occur on a sustained basis. The party intends to guarantee the willing buyer/willing seller principle, with the intention of creating certainty in the sector and stimulating investment. The DA suggests that the commando units be reinstated to bolster rural security, and aims to stamp out corruption in the Land Bank.

Like the ANC and the DA, the IFP proposes extensive support to emerging farmers and land reform beneficiaries, with an emphasis on the commercial viability of their ventures being a differentiating factor. Like the DA, the IFP aims to foster 'common purpose' among the agricultural community, and use state-owned land for distribution. The party suggests that the targets for land reform need to be carefully constructed so that they are realistic and achievable, and it further proposes that the drivers of the process of reform should be the provincial and local authorities.

The IFP proposes that rates and taxes on agricultural land be made more reasonable, and it emphasises the role of the private sector in training and the sustained viability of agriculture.

Education

In the educational arena, the ANC sets a goal of free and compulsory education for all children, beginning with at least 60% of all state-

run schools being no-fee schools. The party also wishes to introduce a large-scale early childhood development programme. The ANC has committed itself to providing incentives for particularly maths and science teachers in order to address serious skills backlogs in these areas.

In the wider teaching sphere, the ANC wishes to promote the status of teachers in communities, and will re-open the teacher training colleges where necessary. The party proposes a streamlining of the SETAs, and wishes to revive the role of state-owned enterprises in skills development. Improvements in the National Student Financial Aid Scheme are also proposed, along with an extension of school feeding schemes.

Cope focuses on the training and re-training of the teaching work-force, and also suggests that all principals and managers must meet strict skills requirements. Like the ANC, Cope will provide incentives for maths and science teachers. In order to provide more access to higher education, Cope aims to establish a university grants and funding commission, and will also run programmes to increase the skills of particularly first-year African students in need in order to alleviate the high drop-out rate in universities.

Cope intends to encourage work/study opportunities for students, so that graduates will immediately enter the workplace. Also like the ANC, Cope will expand the no-fee school system (although it differs on the details), and extend school feeding schemes. Cope will also revisit the role of parastatals in the development of artisan skills.

The DA suggests that training for principals and managers of schools is required, and will also introduce regular performance assessments for teachers. The DA

proposes a new form of institution dubbed a 'step-up school', which can be managed by any group of suitably qualified individuals. The party will support the expansion of no-fee schools, but intends to take schools' performance into account when allocating funds. The DA suggests that all state schools should accept a minimum percentage of no-fee pupils.

Full bursaries will also be provided to those prospective teachers who commit to working in rural schools. The DA also proposes that teachers' salaries be determined by performance rather than length of service. The party proposes that teaching materials be developed for all required languages. The DA envisions full internet access for every learner within five years, and wishes to empower schools with stronger rights to expel disruptive learners.

The IFP takes the strongest position on no-fee schools, in that it suggests that education should be free up to and including grade 12. It also suggests that Outcomes Based Education (OBE) be radically reviewed and discarded if necessary, given the poor results the system has yielded thus far. A policy of creating highly qualified educators is suggested, along with the recall of well qualified staff that were lost to the profession during the transformation of the education sector.

As is a theme within the IFP policies, the party suggests more provincial and local control of the sector. Like the ANC, the IFP wishes to re-open the teacher training colleges, and it also suggests that more such institutions should be created. Finally, the party stresses that a culture of accountability needs to be returned to the school system, and that discipline should be inculcated among both learners and teachers.

Healthcare

The ANC proposes a comprehensive national health insurance (NHI) system, so that healthcare is free at the point of service. It also commits itself to improving the quality of healthcare personnel and filling vacancies faster. The party suggests the re-opening of nursing training colleges. Management skills are highlighted as a key weakness in the healthcare system, and the ANC aims to correct these shortfalls.

Reduction of the rate of HIV infection is a key goal for the party, along with appropriate care for at least 80% of all HIV-positive people and their families. The ANC further commits itself to conducting a feasibility study for the creation of a state-owned pharmaceutical company, along with more investment in research.

Cope focuses on strengthening primary healthcare. It suggests that all clinics should have appropriate amounts of medicines and staff, a key weakness in primary healthcare presently. Cope also suggests that improvements in the information and communication technology (ICT) infrastructure in hospitals will yield positive results and faster turnaround times. The party proposes that the public sector partners with the private healthcare sector, with an eye to achieving integration of services.

Cope stresses that while vacancies need to be filled, retention of healthcare personnel is also essential, and it proposes that this should be achieved through the offer of incentives and improved working conditions. The party will also continue to implement the comprehensive HIV and AIDS plan.

The DA presents a model in which every hospital will be

required to manage itself, rather than being administered from afar by national government. It stresses that hospitals should be required to meet strict standards, and the party intends establishing an independent office of standards to monitor these. The DA also suggests that patients should be able to collect their medication from any accredited pharmacy, rather than having to go to a specific site.

In order to more efficiently drive the strategy for combating HIV/ AIDS, the DA intends to create a deputy minister of HIV/AIDS, and locate responsibilities for the HIV/ AIDS response in the Office of the Presidency.

The IFP contends that HIV/AIDS should be declared a national crisis. In order to destigmatise the disease, so that there is eventually universal knowledge of your own HIV-status, the party will saturate the media with messages regarding blood tests, and implement routine blood testing in schools. The IFP also intends issuing compulsory licenses for the manufacture of HIV/AIDS medication.

Healthcare workers will be provided with better remuneration and working conditions, in line with the strategy also suggested by Cope. The IFP wishes to professionalise the acquisition of healthcare workers, and will bring in human resources practitioners to continually fill staff complements. In line with the IFP's general goals, the healthcare system will also be decentralised to provincial and local levels. Since health-care workers are an essential service, the IFP will oppose their unionisation.

Crime

The ANC aims to review the functioning of the police, the

judiciary, and correctional services in order to achieve integration. It also promises to increase the capacity of the South African Police Service (SAPS). Having abolished the Directorate of Special Operations (DSO), the ANC aims to establish and strengthen a new specialised crime fighting unit. It also proposes street committees and community courts so that some crimes can be dealt with at a community level. The ANC commits itself to fighting corruption within the public and private sectors, and to ensuring that tendering is transparent.

Cope bases much of its manifesto on fighting corruption, and the party will subject candidates for public office to close scrutiny, while holding them accountable for their actions. The party also aims to work with communities and local NGOs to fight crime, while also strengthening the SAPS. Cope, along with the DA and the IFP, commits itself to reinstating the DSO. The party aims to integrate the justice system, and promote co-operation between citizens and the police.

The party suggests legislation that would make it difficult to withdraw charges of violent crimes, and Cope will establish specialised units to deal with priority crimes. While its policies will focus on rehabilitation of offenders, Cope will consider the introduction of mandatory life sentences for repeat offenders.

The DA will also scrutinise those applying for public office, and will stipulate that no-one who has ever been convicted of fraud, theft, or corruption would be eligible for public office. The party will strengthen the SAPS in terms of skills, fitness, and increased numbers, and will

employ police officers based on merit rather than quotas. The DA proposes a crime management information system that up-dates crime statistics as they are reported, and this database should be available on the internet. The DA also proposes that there should be no parole for life sentences, and that all able bodied prisoners should be made to work. It further proposes compensation for victims of crime.

The IFP argues that mandatory time frames for judgements should be stipulated, to improve efficiency of the judiciary. It also wishes to depoliticise appointments to the police and the bench. In addition, the IFP states that a fair system of promotion should be instituted in the SAPS. In keeping with the theme, the IFP suggests decentralising policing functions. Like the DA, the IFP champions hard labour for prisoners. It further suggests that alternatives to prison should be sought for those convicted of minor offenses.

Welfare

The ANC intends introducing a contributory social security system to provide for guaranteed retirement income. It also intends increasing access to housing through the housing programme, and will embark on a programme of social education to foster moral regeneration of society.

Cope intends creating a comprehensive anti-poverty strategy, and to give privileged access to welfare to the elderly and people with disabilities. Its stated aim is to build a truly non-racial South Africa, and to fight corruption at all levels.

The DA will ensure that child grants are provided only to adult parents of teenage mothers, and only on proof of proper childcare.

It will also introduce an Income Support and Unemployment Grant for those earning below R46 000/annum who do not receive another grant. It will provide a universal old-age pension, without the need for a means test, and stipulate that any development of state-owned land must always contain a certain percentage of low-cost housing.

The IFP wishes to substantially increase the value of social grants, and provide vouchers in lieu of money where appropriate. It suggests more spending in all spheres of social welfare.

Conclusion

While much has been made in the media of the similarities between party manifestos, the parties have managed to differentiate themselves from one another with some unique policy positions. The ANC has produced a manifesto that focuses very much on job creation, and it presents a detailed plan centred around public works and infrastructure development for this purpose. Cope, on the other hand, has concentrated its policies around honest and uncorrupted governance, and it has a racially inclusive message throughout. The DA has taken the angle of 'innovative governance' and has proposed several new ideas such as 'step-up schools', abolition of the means test for old-age pensions, and an income support grant. Finally, the IFP argues throughout its manifesto for decentralised government, and puts forward some large-scale social welfare proposals. As the election draws nearer, it remains to be seen whether the electorate will vote based on policy positions, or will continue the trend of race-based voting South Africa has experienced thus far.

— **Marco MacFarlane**

The overall picture for the next three years

BREAKDOWN OF CONSOLIDATED NATIONAL AND PROVINCIAL SPENDING BY FUNCTION AND PROPORTION

	2009/10		2010/11	2011/12
	Estimate Rbn	Proportion of total	Proportion of GDP	Proportion of GDP
General public services				
of which: state debt cost	55.3	7.2%	2.2%	2.3%
Overall^a	97.3	12.7%	3.9%	4.0%
Defence	33.9	4.4%	1.4%	1.3%
Public order and safety				
Police services	49.4	6.5%	2.0%	2.0%
Law courts	11.8	1.5%	0.5%	0.5%
Prisons	14.2	1.9%	0.6%	0.7%
Overall^a	75.4	9.9%	3.0%	3.1%
Economic affairs				
General economic, commercial, and labour affairs	21.8	2.9%	0.9%	0.8%
Agriculture, forestry, fishing, and hunting	15.3	2.0%	0.6%	0.6%
Fuel and energy	43.6	5.7%	1.8%	1.2%
Mining, manufacturing, and construction	2.4	0.3%	0.1%	0.1%
Transport	56.8	7.4%	2.3%	1.9%
Communication	3.0	0.4%	0.1%	0.1%
Economic affairs not elsewhere classified	2.0	0.3%	0.1%	0.1%
Overall^a	145.0	19.0%	5.9%	4.8%
Environmental protection	4.3	0.6%	0.2%	0.2%
Housing and community amenities				
Housing development	16.8	2.2%	0.7%	0.7%
Community development	29.6	3.9%	1.2%	1.3%
Water supply	12.9	1.7%	0.5%	0.6%
Overall^a	59.3	7.7%	2.4%	2.6%
Health	83.9	11.0%	3.4%	3.5%
Recreation and culture	7.4	1.0%	0.3%	0.2%
Education	140.3	18.3%	5.7%	5.8%
Social protection	118.1	15.4%	4.8%	4.8%
Total: main budget^a	764.9	100.0%	30.9%	30.3%
Contingency reserve^a	6.0	–	0.2%	0.7%
Total consolidated expenditure^a	770.9	–	31.2%	29.9%

Source: Budget Review 2009, Institute calculations

a Figures should add up vertically but may not, owing to rounding.

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Who's gaining and who's losing

CHANGES IN CONSOLIDATED NATIONAL AND PROVINCIAL SPENDING BY FUNCTION OVER SEVEN YEARS

	<i>Average annual growth 2005/06–2008/09</i>	<i>Average annual growth 2008/09–2011/12</i>	<i>Total change^a 2005/06– 2011/12</i>
General public services	17.5%	5.2%	97.2%
Defence	6.3%	7.3%	49.4%
Public order and safety			
Police services	12.6%	10.2%	90.7%
Law courts	17.1%	9.8%	112.5%
Prisons	9.1%	14.1%	93.3%
Overall	12.5%	10.9%	94.2%
Economic affairs			
General economic, commercial, and labour affairs	19.6%	6.9%	117.9%
Agriculture, forestry, fishing, and hunting	18.4%	7.5%	108.2%
Fuel and energy	47.5%	7.7%	207.6%
Mining, manufacturing, and construction	13.0%	-0.2%	27.2%
Transport	33.2%	9.9%	176.5%
Communication	12.6%	8.6%	123.9%
Overall	25.4%	8.4%	144.8%
Environmental protection	11.3%	8.2%	98.0%
Housing and community amenities			
Housing development	27.2%	13.6%	197.1%
Community development	33.5%	9.0%	210.5%
Water supply	-3.3%	15.5%	159.4%
Overall	16.0%	12.1%	194.4%
Health	17.3%	9.2%	109.3%
Recreation and culture	45.5%	-18.3%	69.1%
Education	14.0%	10.0%	98.5%
Social protection	13.4%	9.9%	93.8%
Allocated expenditure	16.3%	9.1%	107.3%
State debt cost	2.2%	7.2%	31.3%
Total consolidated expenditure	14.9%	9.7%	103.0%
Personnel remuneration	–	–	91.8%
Capital spending	–	–	123.5%

Source: Budget Review 2009

a Institute calculations based on a table in the Budget Review.

Spending patterns over seven years

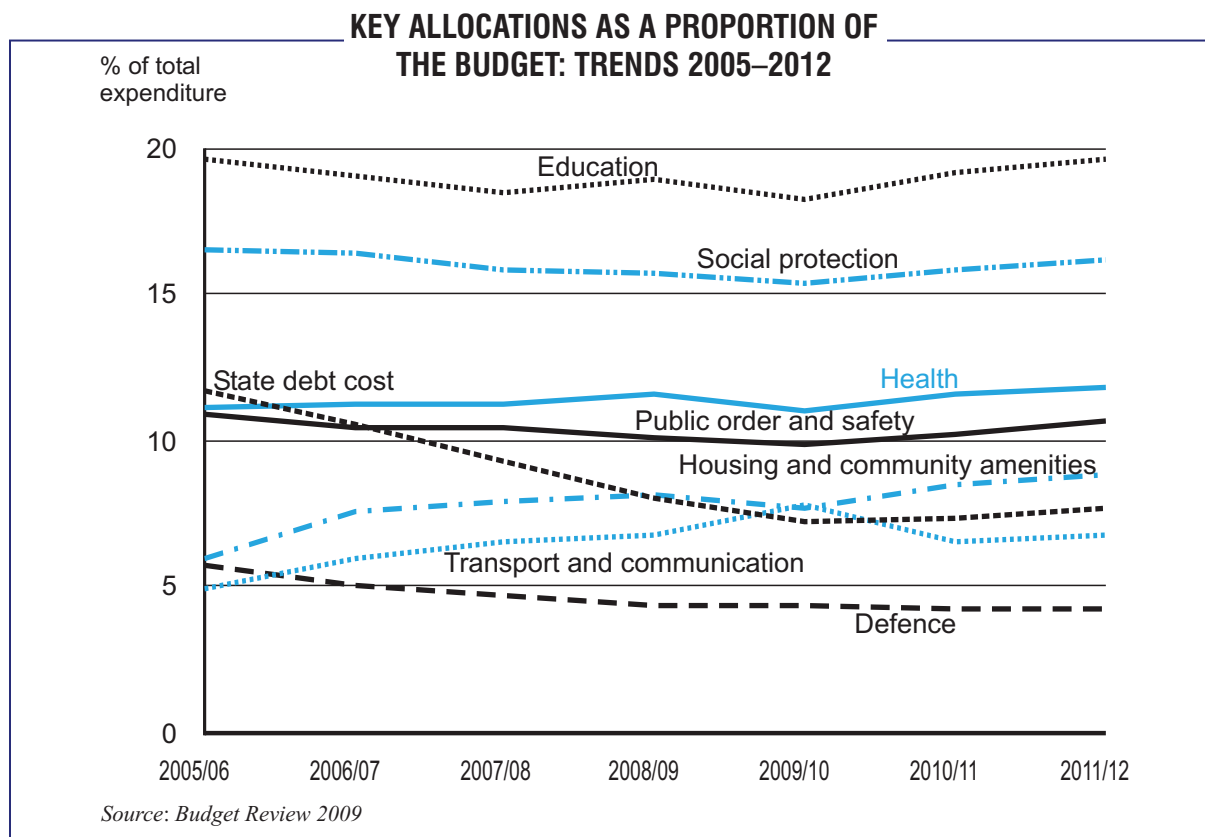
BREAKDOWN OF CONSOLIDATED NATIONAL AND PROVINCIAL SPENDING AS A PROPORTION OF TOTAL SPENDING^a

	2005/06 ^a	2006/07 ^a	2007/08 ^a	2008/09 ^b	2009/10 ^c	2010/11 ^c	2011/12 ^c
General public services							
of which: state debt cost	11.7%	10.6%	9.3%	8.1%	7.2%	7.4%	7.7%
Overall	17.5%	16.2%	15.3%	14.1%	12.7%	13.2%	13.5%
Defence	5.7%	5.1%	4.7%	4.4%	4.4%	4.3%	4.3%
Public order and safety							
Police services	7.1%	7.0%	6.8%	6.6%	6.5%	6.7%	6.8%
Law courts	1.5%	1.5%	1.6%	1.5%	1.5%	1.6%	1.6%
Prisons	2.3%	2.0%	2.1%	2.0%	1.9%	1.9%	2.3%
Overall	10.9%	10.5%	10.5%	10.1%	9.9%	10.2%	10.7%
Economic services							
General economic, commercial, and labour affairs	2.5%	2.5%	2.9%	2.8%	2.9%	2.7%	2.7%
Agriculture, forestry, and fishing	2.1%	2.1%	2.4%	2.3%	2.0%	2.1%	2.2%
Fuel and energy	1.1%	1.0%	1.2%	2.4%	5.7%	4.1%	1.7%
Mining, manufacturing, and construction	0.4%	0.5%	0.5%	0.4%	0.3%	0.3%	0.3%
Transport	4.6%	5.7%	6.1%	6.4%	7.4%	6.2%	6.4%
Communication	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%
Economic affairs not elsewhere classified	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%
Overall	11.2%	12.5%	13.8%	14.9%	19.0%	15.9%	13.8%
Environmental protection	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Housing and community amenities							
Housing development	1.7%	1.8%	2.0%	2.1%	2.2%	2.4%	2.5%
Community development	2.9%	4.3%	4.3%	4.4%	3.9%	4.4%	4.5%
Water supply	1.4%	1.4%	1.7%	1.6%	1.7%	1.7%	1.9%
Overall	6.0%	7.6%	7.9%	8.2%	7.7%	8.5%	8.9%
Health	11.2%	11.3%	11.3%	11.6%	11.0%	11.6%	11.8%
Recreation and culture	0.7%	0.8%	1.5%	1.4%	1.0%	0.7%	0.6%
Education	19.6%	19.1%	18.5%	19.0%	18.3%	19.2%	19.6%
Social protection	16.6%	16.4%	15.9%	15.7%	15.4%	15.9%	16.2%
Total: main budget^a	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Contingency reserve	–	–	–	–	0.8%	1.5%	2.3%
Total consolidated expenditure	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Budget Review 2009

- a Estimated outcome.
- b Revised estimate.
- c Budget estimate.

Shifts in government spending patterns



MAJOR SPENDING COMPONENTS

	Rbn	Total increase — As proportion of total spending —			
		2009/10– 2011/12	2005/06	2009/10	2011/12
Personnel	231.8	16.0%	32.2%	30.1%	30.4%
Goods and services	104.5	24.7%	13.6%	13.6%	14.7%
Interest and rent on land	55.3	24.5%	11.7%	7.2%	7.6%
Transfers and subsidies to:					
Provinces and municipalities	53.1	28.5%	4.6%	6.9%	7.7%
Departmental agencies and accounts	72.5	1.1%	8.8%	9.4%	8.3%
Universities and technikons	15.5	24.0%	2.3%	2.0%	2.2%
Public corporations and private enterprises	56.7	-55.0%	3.3%	7.4%	2.9%
Foreign governments and organisations	1.3	5.4%	0.2%	0.2%	0.2%
Non-profit institutions	17.1	16.8%	1.6%	2.2%	2.3%
Households	123.5	17.3%	16.9%	16.0%	16.4%
Total current	731.2	9.2%	95.3%	94.9%	92.7%
Total capital	33.6	36.5%	4.7%	4.4%	5.2%
Contingency	6.0	233.3%	–	0.8%	2.3%
Total consolidated	770.9	14.7%	100.0%	100.0%	100.0%

Source: Budget Review 2009

PUBLIC SECTOR INFRASTRUCTURE EXPENDITURE AND ESTIMATES 2005/06–2011/12

	2005/06	2006/07	2007/08	2008/09 ^c	2009/10 ^d	2010/11 ^d	2011/12 ^d
	Rbn	Rbn	Rbn	Rbn	Rbn	Rbn	Rbn
National departments ^a	4.9	4.6	5.7	7.2	8.0	8.6	12.7
Provincial departments ^a	22.5	27.1	29.4	34.7	39.9	46.5	52.4
Municipalities	16.9	21.1	30.7	46.1	49.5	53.7	59.1
Public private partnerships ^b	1.1	1.3	3.9	7.6	13.9	11.7	11.7
Extra-budgetary public entities	3.1	3.7	3.7	4.9	7.0	7.5	8.1
General government	48.6	57.9	73.4	100.4	118.3	128.1	144.2
Non-financial public enterprises	22.1	25.7	56.8	90.2	119.6	131.3	145.8
Total	70.7	83.6	130.2	190.6	237.9	259.4	290.1
Percentage of GDP	4.5%	4.6%	6.3%	8.3%	9.6%	9.7%	9.8%
GDP Rbn	1 586	1 811	2 068	2 304	2 474	2 686	2 953

Source: Budget Review 2009

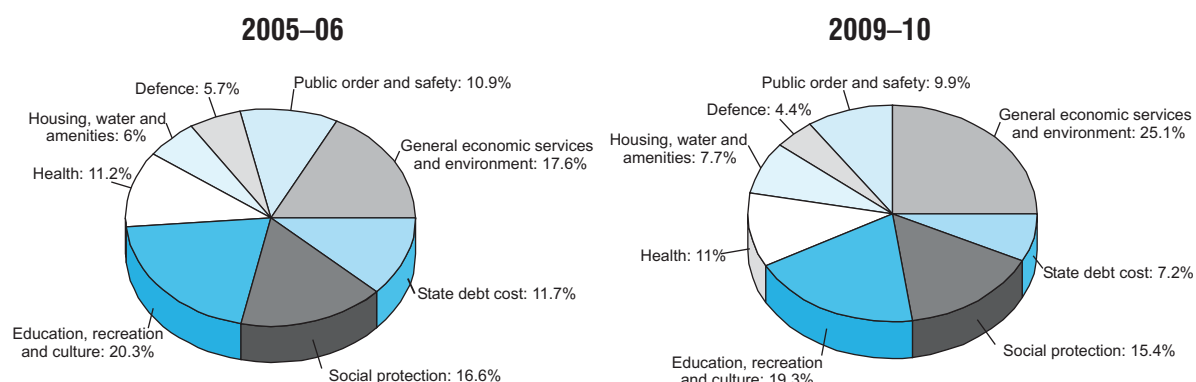
a Transfers between spheres have been netted out. Includes maintenance of infrastructure assets.

b PPPs reflect private sector contributions and SA National Roads Agency toll roads.

c Revised estimate.

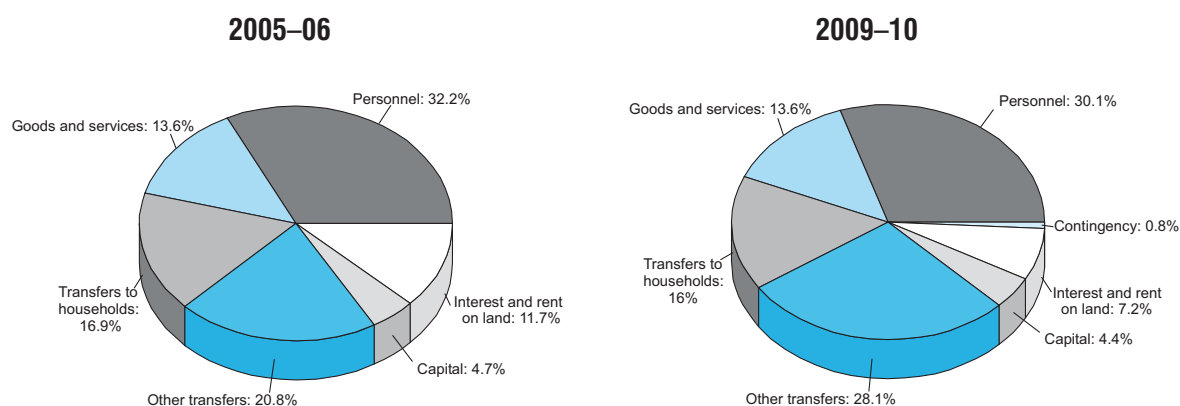
d Medium-term estimates.

WHERE IS IT ALL GOING?



Source: Information taken from Budget Review 2009 and the table on p8

MAJOR SPENDING COMPONENTS



Source: Information taken from the table on p9

Trends and projections

GOVERNMENT RECEIPTS AND PAYMENTS, 2005/06–2011/12

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Rbn	Rbn	Rbn	Rbn	Rbn	Rbn	Rbn
Gross tax receipts	437.2	518.0	597.5	655.8	692.6	757.1	832.5
Percentage of GDP	27.6%	28.6%	28.9%	28.5%	28.0%	28.2%	28.2%
plus: non-tax receipts	56.9	60.3	69.3	70.8	75.7	83.2	91.0
less: SACU transfers	-14.1	-25.2	-24.7	-28.9	-27.9	-26.2	-27.9
Total receipts	480.0	553.1	642.1	697.7	740.4	814.1	895.6
Percentage of GDP	30.3%	30.5%	31.0%	30.3%	29.9%	30.3%	30.3%
Total payments	474.8	529.6	606.7	721.1	834.3	899.7	953.1
Percentage of GDP	29.9%	29.2%	29.3%	31.3%	33.7%	33.5%	32.3%
Budget balance	5.2	23.6	35.4	-23.4	-94.0	-85.6	-57.4
Percentage of GDP	0.3%	1.3%	1.7%	-1.0%	-3.8%	-3.2%	-1.9%

Source: Budget Review 2009

MACRO-ECONOMIC PERFORMANCE PROJECTIONS, 2005–11

	2005	2006	2007	2008	2009	2010	2011
		Actual		Estimate		Forecast	
Real growth:							
Final household consumption	6.9%	8.3%	6.6%	2.5%	-0.2%	1.9%	3.2%
Final government consumption	4.8%	5.1%	4.8%	4.5%	4.0%	4.0%	4.0%
Gross fixed capital formation	10.2%	13.2%	16.3%	11.5%	3.7%	5.7%	9.0%
Gross domestic expenditure	5.7%	9.1%	6.0%	3.4%	0.2%	4.0%	5.0%
Exports of goods and services	8.0%	6.0%	7.5%	2.1%	-1.4%	3.3%	4.9%
Imports of goods and services	10.3%	18.9%	10.0%	3.2%	-3.7%	6.7%	7.7%
Real GDP growth	5.0%	5.3%	5.1%	3.1%	1.2%	3.0%	4.0%
Gross domestic product at current prices (Rbn)	1 543.9	1 745.2	1 999.1	2 277.0	2 426.4	2 622.7	2 884.6
Headline inflation (CPI)	3.3%	4.6%	7.2%	11.6%	5.8%	5.3%	4.7%
Current account balance (as proportion of GDP)	-4.0%	-6.3%	-7.3%	-8.1%	-6.3%	-6.9%	-6.9%

Source: Budget Review 2009 Peak year

DIVISION OF REVENUE BETWEEN SPHERES OF GOVERNMENT, 2008/09–2011/12

Item	2008/09	2009/10	2010/11	2011/12
	Rbn	Rbn	Rbn	Rbn
National	288.3	343.1	352.8	361.3
Provincial	247.7	284.5	309.7	335.9
Local	43.6	49.7	57.7	65.0
Allocated expenditure^a	579.6	677.3	720.2	762.1
Proportional breakdown				
National	49.7%	50.7%	50.0%	47.4%
Provincial	42.7%	42.0%	43.0%	44.1%
Local	7.5%	7.3%	8.0%	8.5%
Total^a	100.0%	100.0%	100.0%	100.0%

Source: Budget Review 2009

a Figures should add up vertically but may not, owing to rounding.



Fast stats

PROPERTY PAGE

<i>House Price Index (nominal) Jan</i>	down 0.03%	compared to Jan 2008	Absa
<i>House Price Index (real) Dec 2008</i>	down 8.6%	compared to Dec 2007	Absa
<i>Mortgage advances Dec 2008</i>	up 11.8%	compared to Dec 2007	SARB
House price trends (nominal) (average) 4Q 2008			
<i>Affordable houses (40–79m² priced at under R400 000)</i>	up 6.0%	compared to 4Q 2007	Absa
<i>Small houses (80–140m²/R675 724) (average price)</i>	up 0.3%		Absa
<i>Medium houses (141–220m²/R958 568)</i>	up 1.4%		Absa
<i>Large houses (221–400m²/R1 384 663)</i>	up 0.4%		Absa
<i>All houses (80–400m²/R969 497)</i>	up 1.0%		Absa
<i>Luxury housing (costing more than R2.9m)</i>	up 7.0%		Absa
<i>Greater Johannesburg (80–400m²/R1 027 583)</i>	down 1.8%		Absa
<i>Cape Town metro (80–400m²/R1 077 944)</i>	down 2.6%		Absa
<i>Durban metro (80–400m²/R1 026 711)</i>	up 2.9%		Absa
<i>PE/Uitenhage metro (80–400m²/R905 139)</i>	up 1.4%		Absa
<i>Cost of building a new house (average)</i>	up 8.7%		Absa
CBD office vacancy rate 4Q 2008			
<i>Johannesburg</i>	8.2%	nine months before: 11.8%	SAPOA ^a
<i>Sandton</i>	5.7%	3.0%	SAPOA
<i>Cape Town</i>	5.2%	4.3%	SAPOA
<i>Durban</i>	15.9%	15.9%	SAPOA
<i>Pretoria</i>	4.5%	3.7%	SAPOA
CBD office rental rate (A-grade) R/m² 4Q 2008			
<i>Johannesburg</i>	up 15.9%	compared to 4Q 2007	R&A ^b
<i>Sandton</i>	up 9.1%		R&A
<i>Cape Town</i>	up 7.4%		R&A
<i>Durban</i>	up 21.7%		R&A
<i>Pretoria</i>	up 18.4%		R&A
Industrial rental rates R/m² for 1 000m² 4Q 2008			
<i>Central Wits</i>	up 12.0%	compared to 4Q 2007	R&A
<i>Durban</i>	up 19.7%		R&A
<i>Cape Peninsula</i>	up 12.9%		R&A
<i>Port Elizabeth</i>	up 0.6%		R&A
Shopping centre rental index 2008			
<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 2008</i>	84.5%	2007: 86.2%	Stats SA
<i>Manufacturing production (volume) 2008</i>	up 1.0%	compared to 2007	Stats SA
<i>Total vehicles sold (this year to Feb): 65 529</i>	down 36.2%	on same period previous year	NAAMSA
<i>Vehicles exported (this year to Feb): 25 664</i>	down 20.2%	on same period previous year	NAAMSA
<i>Tractors sold (Jan): 483</i>	up 7.6%	compared to Jan 2008	SAAMA
<i>Electricity consumed 2008</i>	down 2.2%	compared to 2007	Stats SA
<i>Total building plans passed (value) 2008</i>	down 17.2%	compared to 2007	Stats SA
<i>Total buildings completed (value) 2008</i>	down 0.4%	compared to 2007	Stats SA
<i>All building costs (average) 2008</i>	up 12.4%	compared to 2007	BER
<i>Mining production (volume) 2008</i>	down 7.5%	compared to 2007	Stats SA
<i>Cement sales (tonnes) (Jan)</i>	down 2.1%	compared to Jan 2008	CCI
<i>Retail sales (value) 2008</i>	down 2.2%	compared to 2007	Stats SA
<i>Current adspend (Jan-Oct 2008): R20.0bn</i>	up 5.5%	on same period previous year	A C Nielsen
<i>Number of liquidations (Jan): 270</i>	up 68.8%	compared to Jan 2008	Stats SA
<i>Judgements for debt 2008: 660 461</i>	down 11.7%	compared to 2007	Stats SA
<i>Tourism accommodation occupancy rate 4Q 2008</i>	53.8%	4Q 2007: 53.9%	Stats SA
<i>Arrival foreign travellers 2008: 9 728 860</i>	up 5.7%	compared to 2007	Stats SA

SOCIO-ECONOMIC AND LABOUR INDICATORS

<i>Total population (mid 2008 estimates) (average)</i>	48.69m	2007: 47.85m	Stats SA
<i>GDP per head 2008</i>	R46 904	current prices	SAIRR/Stats SA
<i>Real growth in GDP per head 2007</i>	3.8%	2006: 4.0%	SARB
<i>Household saving to disposable income 3Q 2008</i>	-0.3%	3Q 2007: -0.5%	SARB
<i>Household debt to disposable income 3Q 2008</i>	75.3%	3Q 2007: 77.7%	SARB
<i>Average wage settlements 2008^a</i>	9.8%	2007: 7.3%	Andrew Levy
<i>Number of strike mandays lost 2008</i>	991 000	2007: 12.9m	Andrew Levy
<i>Unemployment rate 4Q 2008 (strict definition)^b</i>	21.9%	3Q 2008: 23.2%	Number: 3.9 million
<i>Unemployment rate 4Q 2008 (wide definition)^b</i>	26.7%	3Q 2008: 27.6%	Number: 5.0 million
<i>Increase in total employment^b</i>	106 000	1Q 2008 vs 2Q 2008	Stats SA/QLFS
<i>Employees in enterprises registered for income tax^c</i>	up 1.8%	Sept 2007 vs Sept 2008	Stats SA/QES
<i>Number of such employees^c</i>	up 149 000	to 8 492 000	Stats SA/QES
<i>Nominal wages per worker 2Q 2008^c</i>	up 12.7%	compared to 2Q 2007	SARB
<i>Real wages per worker 2Q 2008^c</i>	down 0.7%	compared to 2Q 2007	SARB
<i>Labour productivity 2Q 2008^c</i>	up 1.9%	compared to 2Q 2007	SARB
<i>Nominal unit labour costs 2Q 2008^c</i>	up 10.6%	compared to 2Q 2007	SARB
<i>Average monthly earnings Aug 2008^c</i>	R9 495	Aug 2007: R8 409	Stats SA/QES
<i>Houses built smaller than 81m² 2008</i>	down 14.7%	compared to 2007	Stats SA
<i>Houses built/being built (government subsidy)^d</i>	2 568 062	Apr 1994–Mar 2008	up 10.7% from Apr 2007
<i>Government housing delivery (Apr 2007–Mar 2008)^d</i>	248 850	down 8.2%	on same period previous year

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

Fast stats

INVESTMENT INDEX

<i>Real gross fixed capital formation (GFCF) 3Q 2008</i>	R72.42bn	up 10.8% compared to 3Q 2007
<i>GFCF ÷ GDP 3Q 2008 (annualised, adjusted)</i>	24.0%	3Q 2007: 21.5% (Target: 25%)
<i>Gross domestic saving ÷ GDP 3Q 2008</i>	15.6%	3Q 2007: 13.6%
<i>Real GFCF by public authorities</i>	up 14.0%	3Q 2008 vs 3Q 2007
<i>by public corporations</i>	up 33.2%	
<i>by private business</i>	up 5.8%	
<i>Real GFCF in mining and quarrying</i>	up 1.2%	
<i>in manufacturing</i>	up 9.0%	
<i>in electricity, gas and water</i>	up 68.0%	
<i>in transport and communication</i>	up 12.0%	
<i>in finance etc</i>	down 4.9%	
<i>in community, social and personal services</i>	up 13.3%	
<i>Real GFCF in residential buildings</i>	down 4.9%	
<i>in non-residential buildings</i>	up 12.0%	
<i>in construction works</i>	up 24.8%	
<i>in transport equipment</i>	down 2.9%	
<i>in machinery and equipment</i>	up 15.3%	
<i>Foreign investment into SA 3Q 2008</i>		
<i>direct (FDI)</i>	R20.75bn	3Q 2007: R13.02bn
<i>portfolio</i>	-R9.11bn	R33.70bn
<i>other</i>	R15.58bn	R30.18bn
<i>SA investment abroad 3Q 2008</i>		
<i>direct</i>	-R3.83bn	-R1.14bn
<i>portfolio</i>	-R3.86bn	-R4.23bn
<i>other</i>	R4.97bn	-R15.01bn
<i>Balance on financial account 3Q 2008</i>	R24.50bn	R56.53bn

CONFIDENCE COUNT

<i>RMB/BER business confidence index 4Q 2008</i>	down 1 point	to 33 since 3Q 2008	(scale 0–100)
<i>BER/DTI manufacturing confidence index 4Q 2008</i>	up 1 point	to 31 since 3Q 2008	(scale 0–100)
<i>BER building contractors confidence index 4Q 2008</i>	up 1 point	to 42 since 3Q 2008	(scale 0–100)
<i>FNB/BER consumer confidence index 4Q 2008</i>	down 3 points	to -4 since 3Q 2008	(scale minus 100–100)
— <i>black consumer confidence index 4Q 2008</i>	down 3 points	to 0 since 3Q 2008	(scale minus 100–100)
— <i>white consumer confidence index 4Q 2008</i>	down 5 points	to -9 since 3Q 2008	(scale minus 100–100)
— <i>high-income household confidence index 4Q 2008</i>	down 9 points	to -3 since 3Q 2008	(scale minus 100–100)
— <i>low-income household confidence index 4Q 2008</i>	up 3 points	to -1 since 3Q 2008	(scale minus 100–100)
<i>Investec purchasing managers index (PMI) (Jan)</i>	up 0.6 points	to 40.7 since Dec 2008	(2000 = 100) BER
<i>Sacci business confidence index (Jan)</i>	down 1.4 points	to 82.4 since Dec 2008	(2005 = 100) Sacci
<i>Vehicle sales confidence indicator 1Q 2009</i>	down 0.3 points	to 4.4 since 3Q 2008	(scale 1–10) WesBank
<i>Agricultural business confidence index 4Q 2008</i>	down 23.61 points	to 88.46 from 4Q 2007	(2001=100) ABC/IDC

Fast stats

ECONOMIC BAROMETER

GDP 2008 (basic prices)	R2 053.49bn		
GDP growth at market prices 2008	3.1%	2007: 5.1%	
<i>Agriculture (3.3% of GDP)</i>	18.8%	<i>Trade etc (12.7%)</i>	0.5%
<i>Mining (9.5%)</i>	-6.5%	<i>Transport and communication (8.1%)</i>	4.0%
<i>Manufacturing (18.8%)</i>	1.2%	<i>Finance etc (21.7%)</i>	5.0%
<i>Electricity and water (2.3%)</i>	-1.2%	<i>Community services (5.7%)</i>	4.1%
<i>Construction (3.1%)</i>	13.9%	<i>Government (14.8%)</i>	3.9%
Non-farm growth 2008	2.8%	2007: 5.2%	
Exports (Jan)	R36.25bn	down 7.8% compared to Jan 2008	
Imports (Jan)	R53.63bn	up 8.2% compared to Jan 2008	
Trade balance (Jan)	-R17.38bn	Jan 2008: -R10.23bn	
Gold and forex reserves (Jan)	R343.79bn	Jan 2008: R249.43bn	
Reserves/imports (Jan)	6.4 to 1	Jan 2008: 5.0 to 1	
Current account deficit 3Q 2008	R52.83bn	3Q 2007: R47.78bn	
— as proportion of GDP	7.9%	3Q 2007: 8.7%	
Capital account surplus 3Q 2008	R60.63bn	3Q 2007: R60.52bn	
Gold price per ounce (average)(Feb)	\$941.46	Feb 2008: \$923.27	
Crude oil price (dated Brent/barrel) 4/3/09	\$43.82	year ago: \$101.30	(Decrease: 56.7%)
Petrol (premium pump price per litre Gauteng) 4/3/09	R 7.07	year ago: R8.25	(Decrease: 14.3%)
Prime overdraft rate (average) 4/3/09	14.0%	year ago: 14.5%	
Real prime overdraft rate (average) (Jan)	6.38%	Jan 2008: 4.76% (based on headline inflation)	
Repo rate (average) 4/3/09	10.5%	year ago: 11.0%	
€/R 0.0753 £/R 0.0676 \$/R 0.949 ¥/R 9.33 €/\$ 0.7940 ¥/\$ 98.34	at 4/3/09		
R/€ 13.274 R/£ 14.803 R/\$ 10.539 R/¥ 0.1072 \$/€ 1.2595 \$/¥ 0.0102	at 4/3/09		
Depreciation of rand against euro last 12 months	8.91%	(Lowest: R/€ 14.65	Highest: R/€ 1.80)
Depreciation of rand against dollar last 12 months	30.43%	(Lowest: R/\$ 13.00	Highest: R/\$ 0.67)
Depreciation of rand against basket last 12 months	11.71%		

INFLATION INDEX

Headline inflation rate (Jan 2009 vs Jan 2008)	8.1%	
— Housing and utilities (22.56%)*	9.2%	
— Transport (18.80%)*	0.1%	
— Food and non-alcoholic beverages (15.68%)*	16.1%	
— Insurance and other services (13.56%)*	10.7%	
— Household contents and services (5.86%)*	5.7%	
— Alcohol and tobacco (5.58%)*	10.2%	
— Recreation and culture (4.19%)*	8.6%	
— Clothing and footwear (4.11%)*	3.9%	
— Communication (3.22%)*	0.7%	
— Restaurants and hotels (2.78%)*	13.2%	
— Education (2.19%)*	7.0%	
— Health (1.47%)*	7.7%	
Rise in administered (non-market) prices	1.4%	
Producer price rise (PPI)	9.2%	2007 10.0%
Imported producer inflation	-5.0%	9.6%

* Weight

Fast stats

LATEST FORECASTS

GDP growth 2009	1.2% Budget Review: revised downwards from 3%
	1.0% FNB: no change
	0.3% Absa: revised downwards from 2.1%
Headline inflation rate (CPI) 2009 (average)	6.3% Absa: revised downwards from 7.1%; Standard Bank
	5.8% Budget Review: revised downwards from 6.2%
	5.4% Nedcor: revised downwards from 6.4%
Expected CPI (business) 2009 (average)	9.4% BER: no change
(trade unions)	9.4% BER: revised upwards from 9.2%
Producer price inflation 2009 (average)	5.9% Absa: revised downwards from 9.5%
	5.1% Barnard Jacobs Mellet: revised downwards from 7.1%
Imported producer inflation 2009 (average)	2.3% Absa: revised downwards from 9.5%
Gross fixed capital formation 2009	up 3.7% Budget Review: revised downwards from 8.7%
	up 0.4% Absa: no change
Final consumption expenditure by households 2009	up 2.0% FNB: no change
	down 0.2% Budget Review: revised downwards from 1.6%
Government consumption expenditure 2009	up 5.1% Absa: revised upwards from 4%
	up 4.0% Budget Review: no change; Barnard Jacobs Mellet
Gross domestic expenditure 2009	up 1.4% BER: revised downwards from 1.9%
	up 0.2% Budget Review: revised downwards from 3%
Exports 2009	up 1.5% Barnard Jacobs Mellet: revised downwards from 2.8%
	down 1.4% Budget Review: revised downwards from 2.9%
Imports 2009	down 3.7% Budget Review: revised downwards from 3.2%
	down 1.0% Nedcor: revised downwards from 0.8%
Current account deficit 2009	R164.9bn BER: revised downwards from R177.6bn
	R125.3bn Absa: revised upwards from R87.9bn
— as proportion of GDP 2009	6.3% Budget Review: revised downwards from 7.8%
	5.2% Absa: revised upwards from 3.5%
Capital account surplus 2009	R190.0bn Nedcor: no change
Prime overdraft rate 2009 (year end)	11.5% Standard Bank: revised downwards from 12.5%; Absa
	10.5% Barnard Jacobs Mellet: FNB; Nedcor
R/€ exchange rate 2009 (average)	13.93 Nedcor: no change
	12.00 FNB: revised from 13.00
R/\$ exchange rate 2009 (average)	10.11 Absa: revised from 10.43
	9.37 Barnard Jacobs Mellet: revised from 9.33
Gold price per ounce 2009 (average)	\$934 Barnard Jacobs Mellet: revised upwards from \$847
	\$835 BER: revised upwards from \$755
Nominal wage rise 2009	8.2% BER: revised downwards from 9.9%

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

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