

Fast Facts

for Local Government

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European Union

Friedrich Naumann
STIFTUNG FÜR DIE FREIHEIT



South African
Institute of
Race Relations

Politics

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• Politics

Our leading article suggests that sprucing up the country for the World Cup will be an exercise in deception that will leave the country's fundamental problems untouched. It also suggests that civil society must act to bring about change without waiting for the Government. 1

• Politics

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THE FATE OF THE NATION

Large-scale failure threatens South Africa. It also threatens key policies of the ruling party, which are coming under increasing attack from all sides.

Although many people are unwilling to read it, the writing is on the wall for South Africa. From the thuggishness of the police to moribund public schooling, from the endemic corruption of the ruling party to the chronic incompetence of the civil service, from assaults upon the Judiciary to official cowardice in the face of violent trade unions, from hazardous public hospitals to potholes in the roads, from failed land reform to declining life expectancy, from poisonous rivers to rampant crime and killer drivers, we are in trouble.

What makes all of this worse is the contempt with which the Government routinely treats the public, even as it filches more money from our pockets. Ministers — even the president — jet in to communities in violent revolt and make promises they have no more intention or ability to fulfil this time round than last. When a president with Jacob Zuma's track record wants to start a public conversation about morality, one can only conclude that he is either a complete and brazen cynic or — worse — that he does not understand that he has done anything wrong. When the Gauteng premier can send the cops to block off half Johannesburg for half the day while she makes a speech, you know we have a mini Mrs Mugabe in the making.

We are not a failed state, but that is where we are heading. (The comrades

don't notice this because they are forever busy with parties, launches, summits, lekgotlas, conferences, grandiose occasions, overseas trips, etc.) Even if South Africa can pull off a soccer World Cup where tourists don't get mugged or raped to the extent that South Africans do, or where they don't disappear into potholes or down manholes, we all know that when the party is over the country will resume its downward slide. Bits of the place spruced up for the benefit of World Cup visitors will be nothing better than Potemkin Villages.

Fortunately, criticism of the ANC's deployment policy and of poor public service is growing, even within the three-ring circus sometimes known as the tripartite alliance. Unfortunately, we know from the apartheid era how long it takes for failing policies to be reversed, even when the penny has dropped. But we also know from the apartheid era that change is not a function of government alone. The private sector, civil society, non-governmental organisations, and ordinary citizens can bring about change without waiting for the Government. This is already happening in the labour field, where regulatory rigidities are being undermined by labour brokers and non-compliant clothing employers. Like apartheid, the ANC's 'national democratic revolution' will eventually disintegrate. — **John Kane-Berman**

Fast Facts for Local Government

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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."

A country in crisis

Professor Jonathan Jansen, vice chancellor and rector of the University of the Free State (UFS) and president of the South African Institute of Race Relations, believes democracy, freedom and development are under threat. He traces the growing malaise to seven crises confronting the country and suggests ways in which to bring back hope.

Anthea Jeffery summarises what Professor Jansen said at a recent briefing to Institute members in Johannesburg.

All across South Africa there are hospitals that run out of funding, schools where hundreds of pupils drop out before matric, taxi bosses who kill their competitors, IDs which are bought and sold, foreign nationals who flee from native mobs, political leaders who flaunt unexplained wealth or collapse the distinction between polygamy and promiscuity.

All this points to a desperate slide. To understand what has happened, we have to try to get to the root of things. This is to be found in seven different crises.

A crisis in moral leadership

Young people model their behaviour on actions, not words. When political or corporate leaders act in a certain way, youngsters are likely to copy their conduct. These youngsters will soon be our new leaders.

Julius Malema, president of the ANC Youth League, not only displays ostentatious wealth but is crude and belligerent, showing no respect to anyone. The president is also part of the problem, for he has brought moral leadership to an unprecedented low. He now wants a national imbizo on moral values, but this is the height of hypocrisy. The call for a debate on morality cannot come from him. It's like the AWB [Afrikaner Weerstandsbeweging] calling for a debate on racism. It makes for instinctive rejection.

A crisis in public schooling

A typical township school starts shutting at about 10am. A good 20% of the teachers will not be there in any event. The principal is unlikely to be in his office. He may be at the taxi rank instead because he runs taxis on the side. This is what the head of Sadtu [South African Democratic Teachers' Union] does, even though he is a principal with standards to set and maintain.

A crisis in race relations

Despite increasing racial contact between individuals, we are still a fractured nation. Whites are alienated by crime and poor education, as well as by affirmative action. We need an open and honest debate on affirmative action, but instead we have two extremist positions which worsen tensions.

On the one hand there is a group centred around Jimmy Manyi [president of the Black Management Forum and director general in the Department of Labour], that has a mathematical approach to employment equity. This emphasis on numbers is unyielding and ungenerous to other South Africans.

On the other hand, there is the Solidarity trade union for which there is no past, which has forgotten the preferences Afrikaners enjoyed at the expense of everyone else.

Affirmative action does not have to be a zero-sum game. Cor-

recting the past is very important, but it need not be done to the detriment of others. Moreover, affirmative action and black economic empowerment as currently applied are mostly keeping a small group filthy rich without benefiting the remainder.

Among black South Africans, there are growing numbers who consciously use the race card, who emphasise the very identities that people struggled to overcome. This is partly because gross inequality along the racial fault line still remains. In addition, there is a huge anger simmering below the surface, 'unprocessed pain', as Mamphela Ramphele calls it.

When there is pain on both sides, it is not surprising that incidents of racial torment and insult came to the fore, as happened at the Reitz residence at UFS.

A crisis of academic freedom

There is a serious but unacknowledged threat to academic freedom. It undermines those who have been trained to be faithful to the data and to speak truth to power.

I have been asked to appear before a parliamentary committee to explain my decision to readmit the Reitz students who have not yet finished their degrees. But to hold a vice chancellor to account for a decision on student admissions is to remove institutional autonomy. The political agenda is to humiliate me and to control the admissions policy of the university. In the apartheid era, we took to the streets

to protest against government restrictions on student admissions.

A crisis in public confidence

People have lost confidence in the government. They no longer believe that the State will treat them fairly. They no longer believe that they will get the health treatment they need, or that the schools will function better, or that sanitation will improve, or that the crisis of crime will be overcome. They have no belief in the Government's ability to respond to the needs of its citizens.

There are many good individuals in government. But the state bureaucracy is completely inept. You can't get officials to act without a bribe. I used to think this was a Nigerian problem but it's happening here.

Cadre deployment might be acceptable for political posts, but it's a key problem when it's applied to jobs in the public service from director general down. You can't appoint comrades to such posts. You need people with skills in administration and financial management.

The State has lost its capacity to care and to serve its citizens. That is why protests are breaking out all over.

A crisis of behaviour

Countries like Mozambique are much poorer than South Africa and their potholes are scary. But they don't demonstrate disgusting behaviour on the part of officials and citizens.

But in South Africa to behave decently is to stand out. Disgusting behaviour has become normative. People used to throw Coke cans out of cars. Now they throw condoms. In Namibia, by contrast, you can eat off the streets of Windhoek.

We seem to be a country of disgusting behaviour. It's not enough to stage a protest meeting — you have to show your buttocks

too. It's not enough to stage a protest march — you have to burn down libraries as well.

It's no accident that the pattern is always to burn tyres. This is a clear reference to [the necklace executions of] the past. The chickens are coming home to roost. We are paying a price for our past, for we have not yet come to grips with it.

Our culture has become parasitic. People grab and steal. We cannot even conduct a matric exam without one or two of the papers being leaked. At UFS, the exams halls are full of cameras, some of them concealed, put there to catch the students who cheat. It is sad that we have come to such a pass.

A crisis in university education

At many of our universities about 75% of what is supposed to be tuition is fraudulent. Take the example of a lecturer who set exactly the same exam paper for three years in a row. When she was asked to change it, she said she could not be responsible for the drop in marks that would be sure to follow.

Many universities are now places where women students regularly trade their bodies for marks and law graduates can't read. What is being offered to students is not a university education. Hence, it is not surprising that the graduates being pushed out are unemployable. But it makes for a very great anger among them.

Some universities have become so dysfunctional that administrators have had to be appointed to turn them around. I was sent in such a capacity to an institution in Umlazi (Durban). I found many of the staff severely traumatised by the conduct of the vice chancellor. Asked what had happened, they said they had questioned the vice chancellor in senate meetings only

to find security guards waiting at their offices thereafter to throw them off the campus. One had suffered even more, for the vice chancellor had sjambokked him in public for daring to ask a question. He was bruised, cringing, howling for mercy and still the beating went on. I did not believe this possible at a university.

Regaining hope

A mile away from that university is an Umlazi school that produces more maths matriculants for engineering and similar courses at UCT (the University of Cape Town) than any other school: that turns out more pupils skilled in maths than the best private schools in the country. Its secret lies in its leadership. And herein lies much of the solution to the wider societal malaise.

We cannot look to the government or its policies to deal with these seven crises, for the State is largely the source of these problems. Instead, we have to turn to independent institutions, like the South African Institute of Race Relations and other policy think tanks. We need them constantly and consistently to stand up and raise troubling questions irrespective of what the personal or institutional consequences might be. We need others to do so too: journalists, cartoonists, filmmakers, faith-based organizations: civil society in all its variety and vigour.

Above all else, we need a fearless insistence by people who are not politicians on decency, democracy, and freedom. We have to build a different culture, a strong code of values, and different norms of behavior.

The situation may seem hopeless but this is not so. We have the capacity to turn it around. We have the capacity to bring back hope. Hope is what is needed now. We must have hope to counter the collapse at the centre. 🇿🇦

Three-way budget breakdown of the next three years

BREAKDOWN OF CONSOLIDATED NATIONAL AND PROVINCIAL SPENDING BY FUNCTION AND PROPORTION: 2010/11-2012/13

	2010/11		2011/12	2012/13
	Estimate Rbn	Proportion of total	Proportion of GDP	Proportion of GDP
General public services				
of which: state debt cost	71.4	8.5%	2.6%	3.2%
Overall^a	121.8	14.4%	4.5%	4.8%
Defence	32.9	3.9%	1.2%	1.2%
Public order and safety				
Police services	56.5	6.7%	2.1%	2.0%
Law courts	12.7	1.5%	0.5%	0.4%
Prisons	16.3	1.9%	0.6%	0.6%
Overall^a	85.5	10.1%	3.2%	3.1%
Economic affairs				
General economic, commercial, and labour affairs	21.3	2.5%	0.8%	0.7%
Agriculture, forestry, fishing, and hunting	16.5	2.0%	0.6%	0.6%
Fuel and energy	27.0	3.2%	1.0%	0.2%
Mining, manufacturing, and construction	2.6	0.3%	0.1%	0.1%
Transport	48.7	5.8%	1.8%	1.7%
Communication	2.9	0.3%	0.1%	0.1%
Economic affairs not elsewhere classified	2.1	0.2%	0.1%	0.1%
Overall^a	121.2	14.4%	4.5%	3.7%
Environmental protection	4.6	0.5%	0.2%	0.2%
Housing and community amenities				
Housing development	19.7	2.3%	0.7%	0.8%
Community development	44.1	5.2%	1.6%	1.6%
Water supply	14.3	1.7%	0.5%	0.6%
Overall^a	78.1	9.3%	2.9%	3.0%
Health	101.1	12.0%	3.7%	3.7%
Recreation and culture	5.5	0.6%	0.2%	0.2%
Education	164.5	19.5%	6.1%	6.0%
Social protection	128.6	15.2%	4.8%	4.8%
Total: main budget^a	843.7	100.0%	31.2%	29.7%
Contingency reserve^a	6.0	–	0.2%	0.4%
TOTAL CONSOLIDATED EXPENDITURE^a	849.7	–	31.5%	30.4%

Source: Budget Review 2010, Institute calculations

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

The 2010 Budget tables were compiled by Tamara Dimant, Head of Information, phone (011) 492-0600 x 2016, fax 492-0588, e-mail tdimant@sairr.org.za

Who's gaining and who's losing

CHANGES IN CONSOLIDATED NATIONAL AND PROVINCIAL SPENDING BY FUNCTION OVER SEVEN YEARS: 2006/07–2012/13

	<i>Average annual growth 2006/07–2009/10</i>	<i>Average annual growth 2009/10–2012/13</i>	<i>Total change^a 2006/07– 2012/13</i>
General public services	18.0%	2.4%	95.2%
Defence	8.1%	6.3%	55.0%
Public order and safety			
Police services	13.9%	8.0%	86.0%
Law courts	17.8%	7.2%	101.4%
Prisons	14.9%	9.7%	101.0%
Overall	14.6%	8.2%	91.0%
Economic affairs			
General economic, commercial, and labour affairs	30.8%	3.5%	78.0%
Agriculture, forestry, fishing, and hunting	11.5%	10.6%	90.5%
Fuel and energy	91.4%	-37.4%	50.0%
Mining, manufacturing, and construction	4.0%	14.6%	47.6%
Transport	25.0%	5.2%	105.1%
Communication	19.6%	-4.0%	64.7%
Overall	30.2%	-2.1%	87.8%
Environmental protection	14.5%	6.4%	85.7%
Housing and community amenities			
Housing development	25.2%	9.6%	156.0%
Community development	20.4%	13.6%	155.7%
Water supply	18.3%	10.2%	160.6%
Overall	20.7%	11.6%	156.7%
Health	18.4%	7.1%	103.8%
Recreation and culture	24.7%	-11.6%	39.5%
Education	16.4%	8.4%	101.4%
Social protection	14.5%	9.5%	96.3%
Allocated expenditure	18.6%	6.2%	98.3%
State debt cost	3.3%	21.8%	99.2%
Total consolidated expenditure	17.2%	8.2%	103.1%
Personnel remuneration	–	–	95.9%
Capital spending	–	–	110.5%

Source: Budget Review 2010

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

Spending patterns over seven years

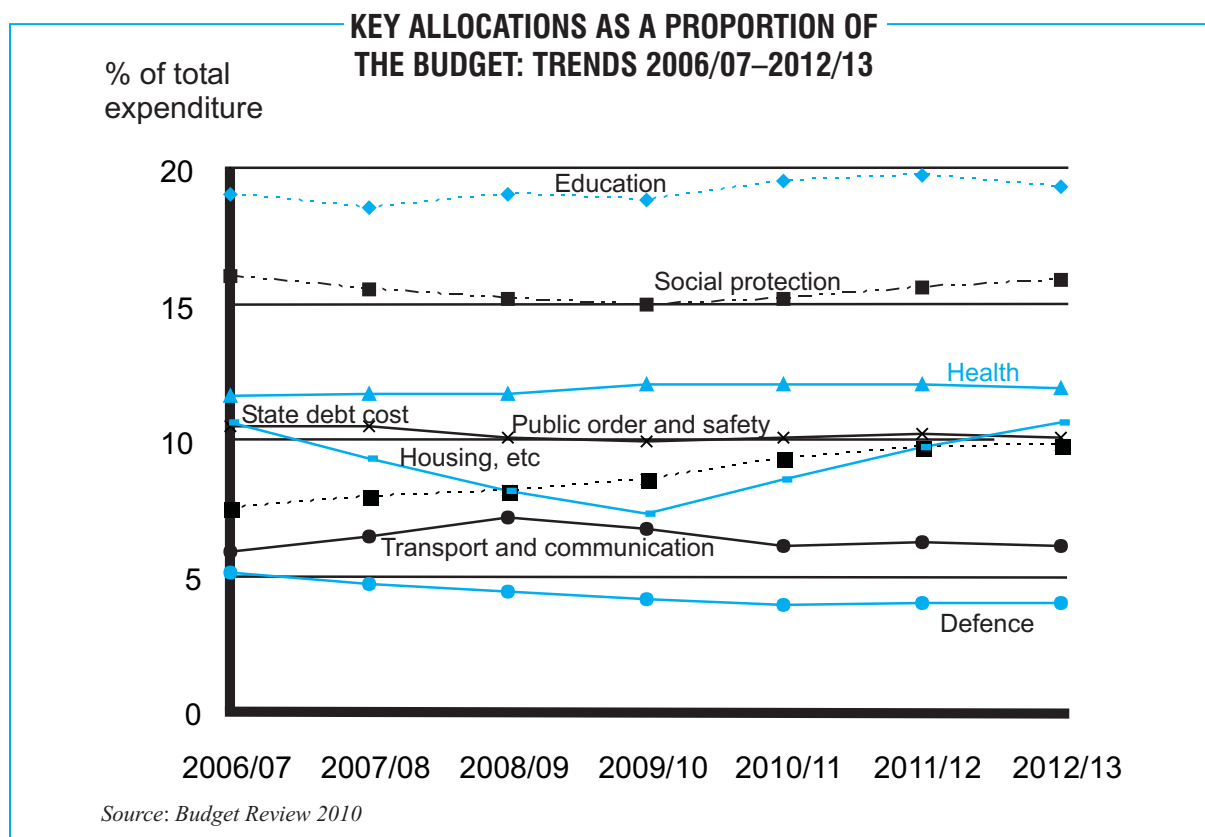
BREAKDOWN OF CONSOLIDATED NATIONAL AND PROVINCIAL SPENDING AS A PROPORTION OF TOTAL SPENDING: 2006/07–2012/13^a

	2006/07 ^a	2007/08 ^a	2008/09 ^a	2009/10 ^b	2010/11 ^c	2011/12 ^c	2012/13 ^c
General public services							
of which: state debt cost	10.6%	9.3%	8.1%	7.3%	8.5%	9.7%	10.6%
Overall	16.4%	15.3%	14.4%	13.6%	14.4%	15.6%	16.1%
Defence	5.1%	4.7%	4.4%	4.1%	3.9%	4.0%	4.0%
Public order and safety							
Police services	7.1%	6.9%	6.6%	6.5%	6.7%	6.7%	6.6%
Law courts	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Prisons	2.0%	2.1%	2.0%	1.9%	1.9%	1.9%	2.0%
Overall	10.5%	10.5%	10.1%	9.9%	10.1%	10.2%	10.1%
Economic services							
General economic, commercial, and labour affairs	2.7%	3.0%	2.7%	2.6%	2.5%	2.5%	2.4%
Agriculture, forestry, and fishing	2.1%	2.4%	2.2%	1.9%	2.0%	2.1%	2.0%
Fuel and energy	1.0%	1.2%	2.4%	4.7%	3.2%	0.8%	0.8%
Mining, manufacturing, and construction	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%
Transport	5.6%	6.0%	6.7%	6.3%	5.8%	5.9%	5.8%
Communication	0.3%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%
Economic affairs not elsewhere classified	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%
Overall	12.5%	13.8%	15.1%	16.4%	14.4%	12.1%	11.8%
Environmental protection	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%
Housing and community amenities							
Housing development	1.8%	2.0%	2.1%	2.2%	2.3%	2.5%	2.4%
Community development	4.3%	4.2%	4.4%	4.7%	5.2%	5.4%	5.5%
Water supply	1.4%	1.6%	1.6%	1.6%	1.7%	1.8%	1.9%
Overall	7.5%	7.9%	8.1%	8.5%	9.3%	9.7%	9.8%
Health	11.6%	11.7%	11.7%	12.0%	12.0%	12.0%	11.9%
Recreation and culture	0.8%	1.5%	1.4%	0.9%	0.6%	0.6%	0.5%
Education	19.0%	18.5%	19.0%	18.8%	19.5%	19.7%	19.3%
Social protection	16.0%	15.5%	15.2%	15.0%	15.2%	15.6%	15.9%
Total: main budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Contingency reserve	–	–	–	–	0.7%	1.3%	2.4%
TOTAL CONSOLIDATED EXPENDITURE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Budget Review 2010

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

Trends in government spending patterns



MAJOR SPENDING COMPONENTS: 2006/07–2012/13

	Rbn	Total increase 2010/11– 2012/13	As proportion of total spending		
			2006/07	2010/11	2012/13
Personnel	269.1	12.6%	31.3%	31.7%	30.2%
Goods and services	120.3	16.5%	13.9%	14.2%	14.0%
Interest and rent on land	71.6	45.7%	10.6%	8.4%	10.4%
Transfers and subsidies to:					
Municipalities	62.4	23.6%	6.0%	7.3%	7.7%
Departmental agencies and accounts	63.7	16.0%	9.3%	7.5%	7.4%
Universities and technikons	17.8	18.0%	2.2%	2.1%	2.1%
Foreign governments and organisations	1.3	7.7%	0.2%	0.2%	0.1%
Public corporations and private enterprises	26.0	6.9%	3.1%	3.1%	2.8%
Non-profit institutions	18.1	10.5%	1.8%	2.1%	2.0%
Households	135.6	20.9%	16.8%	16.0%	16.3%
Total current	786.0	18.7%	95.2%	92.6%	93.0%
Total capital	36.7	26.4%	4.5%	4.3%	4.6%
Contingency and other	26.9	-10.7%	0.3%	3.2%	2.4%
TOTAL CONSOLIDATED EXPENDITURE	849.7	18.0%	100.0%	100.0%	100.0%

Source: Budget Review 2010

PUBLIC SECTOR INFRASTRUCTURE EXPENDITURE AND ESTIMATES: 2006/07–2012/13

	2006/07	2007/08	2008/09	2009/10 ^c	2010/11 ^d	2011/12 ^d	2012/13 ^d
	Rbn	Rbn	Rbn	Rbn	Rbn	Rbn	Rbn
National departments ^a	4.6	5.7	6.3	6.4	6.8	7.8	10.7
Provincial departments ^a	27.1	29.4	36.1	41.2	45.6	50	50.8
Municipalities	21.1	30.7	39.6	37.5	41.3	50.4	56.0
Extra-budgetary public entities	3.7	3.7	6.2	10.9	11.2	15.1	18.8
Public private partnerships ^b	1.3	3.9	4.9	13.8	9.9	11.4	6.1
General government	57.9	73.4	93.1	109.7	114.9	134.7	142.4
Non-financial public enterprises	25.7	56.8	103.3	125.5	147.0	148.7	158.0
Total	83.6	130.2	196.4	235.2	261.9	283.3	300.4
Proportion of GDP	4.6%	6.3%	8.5%	9.6%	9.7%	9.5%	9.1%
GDP Rbn	1 833.2	2 081.6	2 320.1	2 449.9	2 699.9	2 967.6	3 295.7

Source: Budget Review 2010

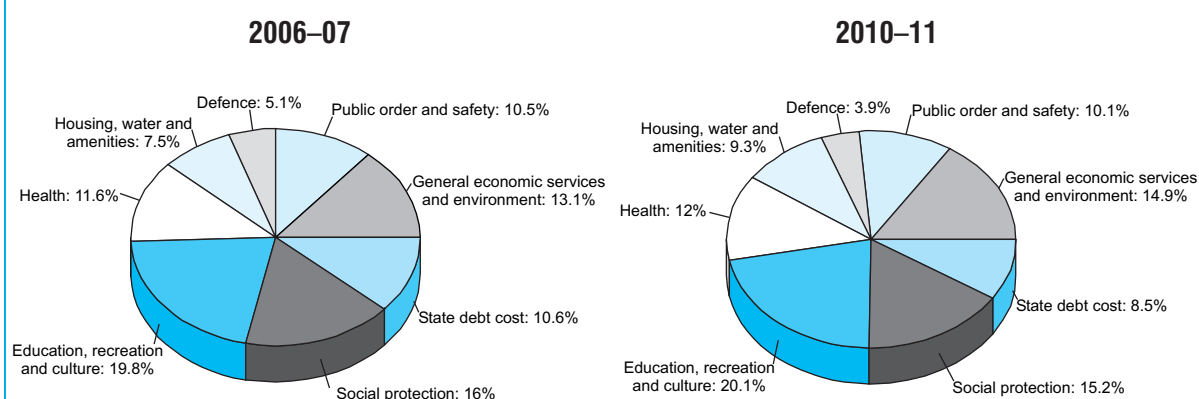
a Transfers between spheres have been netted out. Includes maintenance of infrastructure assets.

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

c Revised estimate.

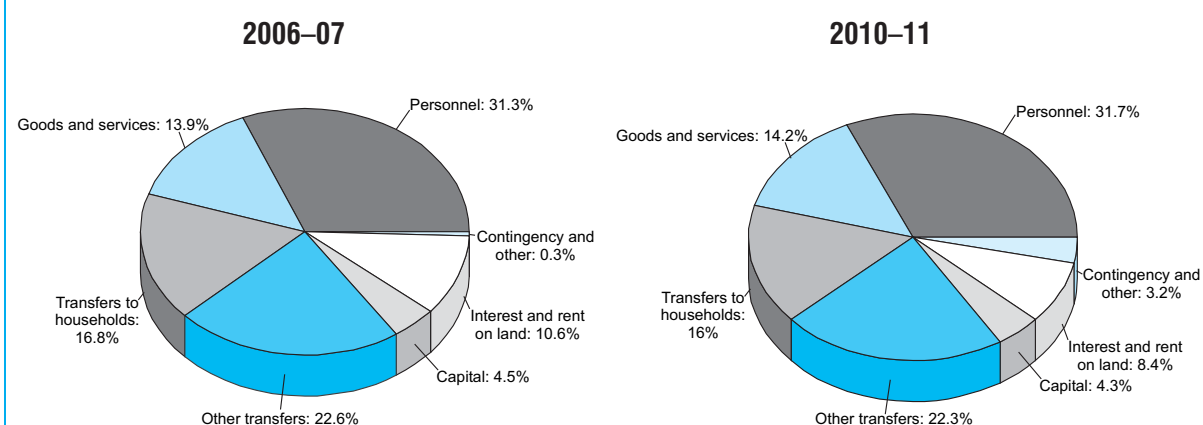
d Medium-term estimates.

WHERE IS IT ALL GOING?



Source: Information taken from Budget Review 2010 and the table on p6

MAJOR SPENDING COMPONENTS



Source: Information taken from the table on p7

Medium-term trends and projections

CONSOLIDATED GOVERNMENT BUDGET: 2010/11–2012/13

	2010/11 <i>Rbn</i>	2011/12 <i>Rbn</i>	2012/13 <i>Rbn</i>	<i>Change 2010/11- 2012/13</i>
Budget revenue	738.4	827.7	922.3	24.9%
Proportion of GDP	27.3%	27.9%	28.0%	2.6%
Expenditure				
Current payments	527.9	580.1	623.7	18.1%
Debt service cost	71.4	88.5	104.0	45.7%
Transfers and subsidies	284.0	315.0	337.3	18.8%
Payments for capital assets	68.2	69.4	73.6	7.9%
Payments for financial assets	20.9	0.8	0.0	–
Contingency reserve	6.0	12.0	24.0	300.0%
Total expenditure	907.0	977.4	1 058.6	16.7%
Proportion of GDP	33.6%	32.9%	32.1%	-4.5%
Budget balance	-168.6	-149.6	-136.3	-19.2%
Proportion of GDP	-6.2%	-5.0%	-4.1%	-33.9%
Gross domestic product	2 699.9	2 967.6	3 295.7	22.1%

Source: Budget Review 2010

MACRO-ECONOMIC PERFORMANCE PROJECTIONS: 2006–12

	2006	2007	2008	2009	2010	2011	2012
<i>Real growth:</i>	<i>Actual</i>		<i>Estimate</i>		<i>Forecast</i>		
Final household consumption	8.3%	5.5%	2.4%	-3.5%	0.9%	2.6%	2.9%
Final government consumption	4.9%	4.7%	4.9%	5.7%	4.7%	4.1%	3.6%
Gross fixed capital formation	12.1%	14.2%	11.7%	4.0%	5.8%	7.8%	8.7%
Gross domestic expenditure	8.6%	6.4%	3.3%	-1.9%	3.1%	3.5%	3.8%
Exports of goods and services	7.5%	5.9%	2.4%	-20.2%	3.8%	3.9%	5.4%
Imports of goods and services	18.3%	9.0%	1.4%	-18.3%	6.8%	4.9%	5.6%
<i>Real GDP growth</i>	5.6%	5.5%	3.7%	-1.8%	2.3%	3.2%	3.6%
<i>Gross domestic product at current prices (Rbn)</i>	1 767.4	2 017.1	2 283.8	2 407.2	2 626.0	2 907.7	3 210.9
<i>Headline inflation (CPI)</i>	3.2%	6.1%	9.9%	7.1%	5.8%	6.1%	5.9%
<i>Current account balance (as proportion of GDP)</i>	-5.3%	-7.2%	-7.1%	-4.3%	-4.9%	-5.3%	-5.8%

Source: Budget Review 2010 Peak year

DIVISION OF REVENUE BETWEEN SPHERES OF GOVERNMENT: 2009/10–2012/13

<i>Item</i>	2009/10 <i>Rbn</i>	2010/11 <i>Rbn</i>	2011/12 <i>Rbn</i>	2012/13 <i>Rbn</i>
National	346.1	359.1	370.7	393.8
Provincial	290.8	322.9	350.5	369.3
Local	50.1	58.8	66.6	73.2
Allocated expenditure^a	691.2	740.8	787.9	836.3
Proportional breakdown				
National	50.1%	48.5%	47.0%	47.1%
Provincial	42.1%	43.6%	44.5%	44.2%
Local	7.2%	7.9%	8.5%	8.8%
Total^a	100.0%	100.0%	100.0%	100.0%

Source: Budget Review 2010

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

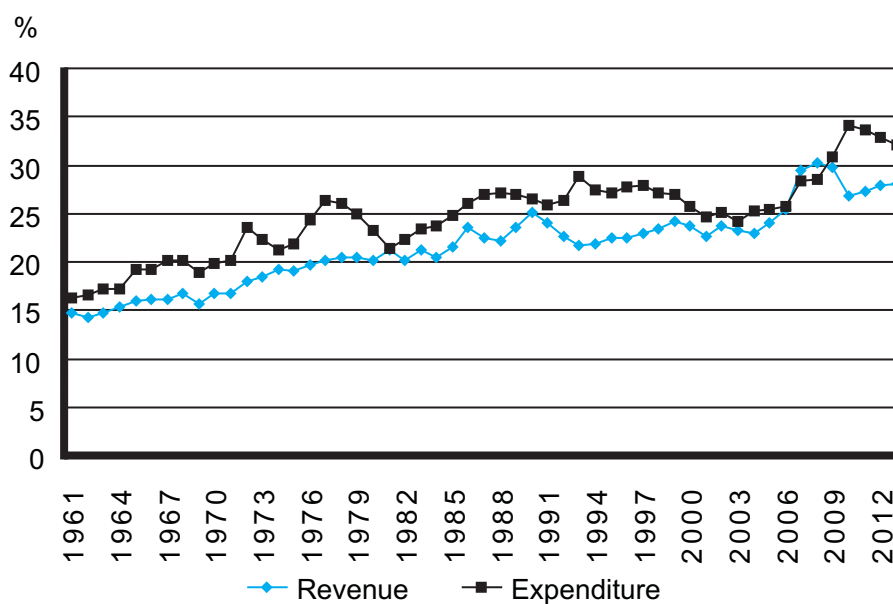
Long-term trends

NATIONAL GOVERNMENT FINANCE AS A PERCENTAGE OF GDP: 1961-2013

Year ^a	Revenue	Expenditure	Deficit/surplus	Year ^a	Revenue	Expenditure	Deficit/surplus
1961	14.7	16.3	-1.6	1988	22.2	27.2	-5.0
1962	14.2	16.6	-2.5	1989	23.5	27.0	-3.5
1963	14.7	17.2	-2.4	1990	25.1	26.5	-1.4
1964	15.4	17.2	-1.8	1991	24.0	25.9	-1.9
1965	15.9	19.2	-3.3	1992	22.6	26.3	-3.7
1966	16.2	19.3	-3.2	1993	21.7	28.9	-7.3
1967	16.2	20.2	-4.0	1994	21.9	27.5	-5.6
1968	16.7	20.2	-3.5	1995	22.5	27.1	-4.6
1969	15.7	18.9	-3.2	1996	22.5	27.7	-5.1
1970	16.8	19.8	-3.0	1997	23.0	27.9	-5.0
1971	16.8	20.1	-3.3	1998	23.4	27.1	-3.7
1972	18.0	23.5	-5.5	1999	24.2	26.9	-2.8
1973	18.5	22.3	-3.9	2000	23.7	25.8	-2.1
1974	19.3	21.2	-1.9	2001	22.7	24.6	-1.9
1975	19.1	21.9	-2.8	2002	23.7	25.1	-1.4
1976	19.7	24.4	-4.7	2003	23.2	24.2	-1.1
1977	20.2	26.3	-6.1	2004	22.9	25.2	-2.3
1978	20.5	26.0	-5.5	2005	24.0	25.4	-1.5
1979	20.4	24.9	-4.4	2006	25.5	25.8	-0.3
1980	20.2	23.3	-3.1	2007	29.5	28.3	1.2
1981	21.2	21.4	-0.1	2008	30.2	28.5	1.7
1982	20.2	22.4	-2.1	2009	29.7	30.8	-1.0
1983	21.2	23.4	-2.2	2010	26.8	34.1	-7.3
1984	20.5	23.7	-3.2	2011	27.3	33.6	-6.2
1985	21.5	24.8	-3.3	2012	27.9	32.9	-5.0
1986	23.8	26.1	-2.3	2013	28.0	32.1	-4.1
1987	22.5	26.9	-4.4				

Source: SARB, time series data National Treasury, *Budget Review 2010*

a Fiscal year. Worst year Best year



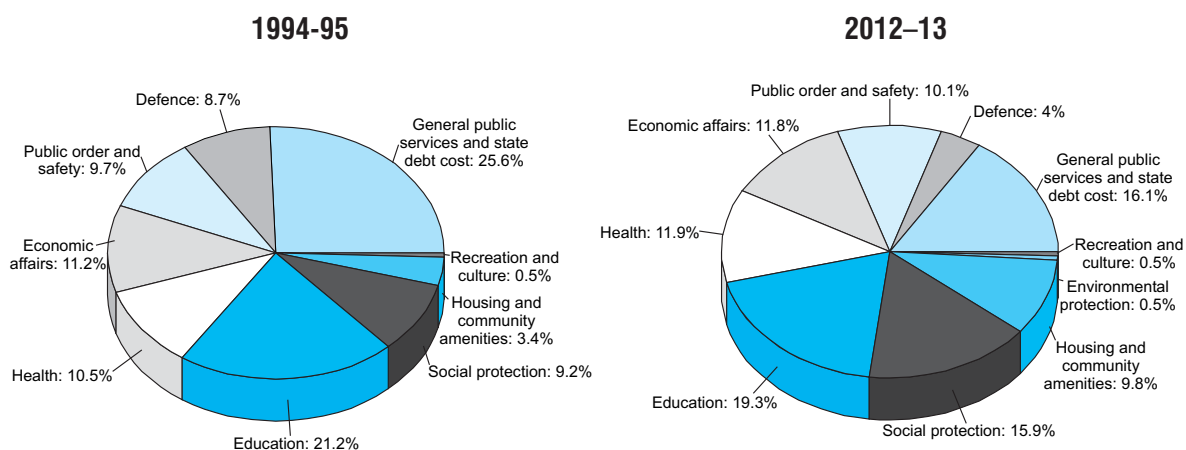
EXPENDITURE: 1995-2013

	Rbn amount			Proportion of total			Proportion of GDP		
	1994/95	2012/13	Change	1994/95	2012/13	Change	1994/95	2012/13	Change
General public services									
of which: state debt cost	24.9	104.0	317.7%	16.8%	10.6%	-36.9%	5.0%	3.2%	-36.0%
Overall^a	38.0	157.9	315.5%	25.6%	16.1%	-37.2%	7.6%	5.3%	-30.3%
Defence	12.9	38.9	201.6%	8.7%	4.0%	-54.0%	2.6%	1.2%	-53.8%
Public order and safety									
Police services	10.2	64.9	536.3%	6.9%	6.6%	-4.1%	2.1%	2.0%	-4.8%
Law courts	1.6	14.7	818.8%	1.1%	1.5%	38.9%	0.3%	0.4%	33.3%
Prisons	2.6	19.7	657.7%	1.8%	2.0%	14.0%	0.5%	0.6%	20.0%
Overall^a	14.4	99.3	589.6%	9.7%	10.1%	3.9%	2.9%	3.0%	3.4%
Economic affairs	16.6	115.7	597.0%	11.2%	11.8%	5.3%	3.3%	3.5%	6.1%
Health	15.6	116.6	647.4%	10.5%	11.9%	13.1%	3.1%	3.5%	12.9%
Education	31.4	189.1	502.2%	21.2%	19.3%	-8.9%	6.3%	5.7%	-9.5%
Social protection	13.7	155.5	1 035.0%	9.2%	15.9%	72.0%	2.8%	4.7%	67.9%
Housing and community amenities									
Housing development	1.6	23.3	1 356.3%	1.1%	2.4%	122.3%	0.3%	0.7%	133.3%
Community development	2.2	53.7	2 340.9%	1.5%	5.5%	270.5%	0.4%	1.6%	300.0%
Water supply	1.2	18.5	1 441.7%	0.8%	1.9%	134.7%	0.2%	0.6%	200.0%
Overall	5.0	95.2	1 804.0%	3.4%	9.8%	190.5%	1.0%	2.9%	190.0%
Environmental protection	–	5.2	–	–	0.5%	–	–	0.2%	–
Recreation and culture	0.7	5.3	657.1%	0.5%	0.5%	5.9%	0.1%	0.2%	100.0%
Total: main budget^a	148.2	979.0	560.6%	100.0%	100.0%	–	29.8%	29.7%	-0.3%
Contingency reserve^a	–	24.0	–	–	–	–	–	0.7%	–
TOTAL CONSOLIDATED EXPENDITURE^a	148.2	1 003.0	576.8%	–	–	–	29.8%	30.4%	2.0%

Source: Budget Review 2010; SAIRR Race Relations Survey 1995/96; Institute calculations

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

EXPENDITURE AS A PROPORTION OF TOTAL: 1994/95 AND 2012/13



Source: Budget Review 2010; SAIRR Race Relations Survey 1995/96; Institute calculations

Fast stats

LATEST FORECASTS

GDP growth 2010	3.0% Barnard Jacobs Mellet: no change
	2.6% Reuters Econometer: revised upwards from 2.4%
	2.4% Nedbank: no change
	2.3% Budget Review: revised upwards from 1.5%
Headline inflation rate (CPI) 2010 (average)	5.8% Budget Review: revised downwards from 6.3%
	5.1% Barnard Jacobs Mellet: revised downwards from 5.4%
Expected CPI (business) 2010 (average)	8.6% BER: revised downwards from 8.7%
	(trade unions) 8.2% BER: no change
Producer price inflation 2010 (average)	5.3% BER: revised downwards from 6.5%
	5.1% Reuters Econometer: revised upwards from 4.4%
Imported producer inflation 2010 (average)	6.0% Absa: revised upwards from 1%
Gross fixed capital formation 2010	up 5.8% Budget Review: revised upwards from 4.4%
	down 2.0% FNB: no change
Final consumption expenditure by households 2010	up 2.0% Nedbank: no change
	up 0.9% Budget Review: no change
Government consumption expenditure 2010	up 4.7% Budget Review: no change
	up 3.0% FNB: revised downwards from 4%
Gross domestic expenditure 2010	up 3.1% Budget Review: revised upwards from 1.7%
	up 2.5% FNB: revised upwards from 1.5%
Exports 2010	up 4.3% Nedbank: no change
	up 3.8% Budget Review: no change
Imports 2010	up 6.8% Budget Review: revised upwards from 4.2%
	up 1.7% Barnard Jacobs Mellet: no change
Current account deficit 2010	R118.7bn Nedbank: revised downwards from R119.1bn
	R95.8bn BER: revised downwards from R171.4bn
— as proportion of GDP 2010	4.9% Budget Review: revised downwards from 5.7%
	4.5% Nedbank: revised downwards from 4.6%
Capital account surplus 2010	R170.0bn Nedbank: no change
Prime overdraft rate 2010 (year end)	10.5% Barnard Jacobs Mellet: no change; Nedbank
	10.0% FNB: no change
R/€ exchange rate 2010 (average)	11.30 Barnard Jacobs Mellet: no change
	10.57 Nedbank: revised from 10.85
R/\$ exchange rate 2010 (average)	7.86 Nedbank: revised from 7.67
	7.50 FNB: revised from 6.75
Gold price per ounce 2010 (average)	\$1 201 Barnard Jacobs Mellet: no change
	\$1 047 Nedbank: revised downwards from \$1 064
Nominal wage rise 2010	7.8% BER: no change

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

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