

# Fast Facts

for Local Government

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Friedrich Naumann  
STIFTUNG FÜR DIE FREIHEIT



South African  
Institute of  
Race Relations

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## Futurology

# PROPHETS OF DOOM

**The global economic crisis did not take everyone by surprise. But few people were willing to blow the whistle.**

The world wouldn't be suffering from its economic malaise if business leaders had graduated with Master of Business Intelligence degrees as opposed to MBAs (Masters of Business Administration)."

So said a report a few months back on the opinions of one Tony Buzan, described in *Business Day* as a "guru of grey matter" and "revolutionary innovator". Mr Buzan is reported to have said after scanning *The Wall Street Journal* and other papers that it was lack of intellect that caused the worst financial crisis since the Great Depression.

I wonder.

Intellect and intelligence are no substitute for two other virtues: imagination and courage. Winston Churchill was possessed of no greater intellect and intelligence than scores of his contemporaries. But he had the imagination to understand the nature of the Nazi regime and the courage to swim against the tide of appeasement.

Fast forward to the present and the same logic applies. Chuck Prince, chief executive of Citigroup, perfectly described the situation as the credit boom was about to implode in 2007: "So long as the music is playing, you have to get up and dance." In other words no amount of intellect or intelligence can counter the instinct to swim with the tide.

Those who do try to swim against

it are immediately derided, as happened to Nouriel Roubini, one of the few who sounded the alarm against impending disaster; even today he is still stigmatised by journalists as "Dr Doom". Russell Loubser, chief executive of the Johannesburg Securities Exchange, recalled that Stephen Roach of Morgan Stanley had also warned of the impending crisis, with the result that he was "relegated off the speakers' list".

Several months ago on a visit to the London School of Economics, Queen Elizabeth II asked, "Why did nobody see the crisis coming?" According to David Lascelles of the *Financial Times*, the assembled professors were stumped. When the Queen had left, they put their heads together and wrote her a letter explaining that it was "the failure of collective imagination of many bright people".

Actually, wrote Lascelles, many people had understood what was going on in the financial markets two or three years earlier, but they lacked the imagination to see that it could all explode into a crisis. They also lacked the courage. "It takes a brave soul to foresee the worst, and go out and warn people. The risk of making a fool of yourself is high and reputation is everything in the world of economic forecasting."

The same applies to political forecasting, not least in South Africa.

— John Kane-Berman

## Empowerment which disempowers

**T**he fiasco caused by the Government at Eskom confirms that the ANC's racial policies are doing great harm to this country. Another likely outcome is that South Africa will increasingly be made up of entrepreneurial whites (those who haven't emigrated) and disempowered blacks.

**A**bout 10 years ago the Institute hosted a panel discussion about affirmative action. One of the speakers was Temba Nolutshungu of the Free Market Foundation. He, like the Institute, was one of the few critics of the Employment Equity Act of 1998, which requires 'demographic proportionality' at all occupational levels in all workplaces with more than 50 people.

### RISK ANALYSIS

The act is one of South Africa's two main affirmative action laws, the other being the Broad-based Black Economic Empowerment (BEE) Act of 2003.

Mr Nolutshungu predicted that the main beneficiaries of affirmative action would be whites. Formerly protected white youth who found that the act limited their job prospects would be forced to turn to the technical trades or become entrepreneurs. Young blacks, on the other hand, would be channelled into 'low-risk soft option' positions. This would reinforce white dominance and blunt the entrepreneurial spirit among young blacks.

Another factor undermining black entrepreneurship relative to white is that so many blacks have been absorbed into the public service. Whites displaced to

make way for them have been forced to set up their own businesses. Professor Lawrie Schlemmer, a vice president of the Institute, observed in April 2007 that the number of small businesses owned by whites had increased very rapidly because of the exodus from the public service.

Anecdotal evidence has it that former white policemen who have become private security agents are happier — and better off — than blacks who displaced them.

One of the perverse consequences of affirmative action policies is that blacks are poached. Whites who are not constantly headhunted are able to build up a track record of experience in particular firms whereas blacks frequently on the move are not. This must count against blacks in the job market.

To quote Tito Mboweni when he was still at the South African Reserve Bank, 'I have sought to recruit many competent black people, and no sooner have we recruited and trained them than they leave... I am stopping this recruitment of black people. I am okay with my Afrikaners. They stay and do the work, and become experts.'

### Achievement

BEE is more about white than black achievement. White-owned companies are given ratings for doing things for blacks. BEE empowers white

firms to get contracts from the black government. Black individuals benefit, but do they have to perform in a competitive marketplace? What are the Government's priorities: making blacks independent or whites compliant?

How many small firms of black professionals — attorneys or accountants, for example — have been swallowed up by larger white firms in pursuit of BEE or procurement or equity requirements?

### Talent

Brian Molefe, CEO of the Public Investment Corporation, complained in August 2007 that whites were not doing enough to develop black talent. But how much are blacks doing to develop black talent? A recent applicant for appointment to the Bench, who happened to be black, pointed out that Jacob Zuma used white not black senior counsel. The new chief justice rebuked her for being disrespectful.

Given its record in education, the Government is certainly not doing very much to develop black talent. Nor is 'transformation' doing much. This is because the focus is on making white companies harness blacks, rather than on creating new black or non-racial institutions. Gaby Magomola, who at one time headed the African Bank, said a year ago: 'We have to move away from the notion of

acquiring minority equity stakes as black people in established companies. We have to look at creating our own businesses from ground zero.'

I wonder what Steve Biko would have thought. Professor Siphon Seepe, at the time president of the Institute, wrote in September 2007: 'Given Biko's emphasis on self-reliance, it is reasonable to assume that he would have great discomfort with affirmative action and the current form of BEE. These forms of intervention discourage self-reliance and self-actualisation. They perpetuate the victim mentality and discourage an enterprising spirit. They also encourage a debilitating sense of entitlement.'

### Entrepreneurship

It is sometimes suggested that BEE requirements are not very different from the policies used by Afrikaners to build up their economic power. But there is a difference: in the 1930s the savings of tens of thousands of individual Afrikaners were mobilised to start financial institutions.

Why have the savings of the burgeoning black middle class not been similarly mobilised to create black financial institutions? What has happened instead is that BEE requirements have caused a growing proportion of these savings to be deposited into the big four established commercial banks, helping them to obtain relevant ratings in terms of BEE charters and codes.

BEE was designed to create a multiracial capitalist class. As Saki Macozoma said: 'Black people have a direct stake in the economy thanks to BEE deals. Because of this they now have

common interests with their white compatriots. That is what the de-racialisation of the economy was meant to achieve.'

But BEE's chances of turning out to have been a good insurance policy for the capitalist system in South Africa may be reduced by the widespread criticism that the policy has enriched only a handful of people.

Moeletsi Mbeki takes the criticism further when he says that BEE 'strikes a fatal blow against the emergence of black entrepreneurship by creating a small class of unproductive but wealthy black crony capitalists [who] do not envisage themselves as entrepreneurs who can initiate and manage new businesses. At best, they see themselves as joining existing enterprises, the process of which is to be facilitated by the distributive state through reparations-inspired legislation. This is the most striking difference between the black elite of South Africa and the elites of Asia, where the driving ideology is entrepreneurship.'

BEE is now a runaway train as codes and charters and additions thereto roll off the presses. And the demand for more of them seems to escalate daily. 'The property industry is still lily-white,' somebody once complained. Well, the real way to change that is surely to go into business in competition. But the culture of 'transformation' inhibits this.

### Tourism

Some time ago there was a complaint that only 10% of KwaZulu-Natal's tour operating enterprises were owned by blacks. This was blamed on slow empowerment. The implication

is once again that whites must do something. But what is to stop black people from opening up in the tourist industry? Where is the black David Rattray?

Joel Netshitenzhe, until recently a top man in the president's office, said that apartheid had crushed the entrepreneurial spirit among blacks. But the present government's policies are doing little to liberate that spirit. Quite the reverse.

### Empowerment

I was once arguing some of these points over lunch with a former newspaper editor. He suggested to me that 'empowered' role models were very important to ordinary black people, who needed to see that blacks could succeed in business. I said fair enough, but how many of the 'empowered' were really models of successful entrepreneurship. To settle the matter we decided to ask our (black) waiter what he thought. 'Who is the businessman you admire the most?', we asked. The answer: 'Harry Oppenheimer.'

So much for those at the top of the corporate world. What of the people at the bottom? Moeletsi Mbeki has pointed out that one of the mechanisms by which BEE works is to distribute some of the assets of black workers to black politicians. He writes, 'When a listed company whose shareholders include the black workers' pension funds gives 10% of its shares to the black politicians, it is redistributing the wealth of the black worker... to the politicians.'

Inequality among Africans has widened over the past decade. The first cause is that affirmative action policies have benefited people in higher income

brackets. The second is that rising unemployment means that income at the bottom has to be spread across more households with jobless people in them.

BEE requirements have almost certainly deterred foreign direct investment (FDI), in the mining industry in particular. Lower FDI has meant lower rates of economic growth, so BEE has retarded the generation of jobs.

### Unemployment

There are other factors at work in maintaining high levels of unemployment in South Africa, among them the restrictions on our labour market, the collective bargaining regime, and mostly rotten public education. The unemployed don't possess the skills our labour market requires, while minimum wage levels price them out of it anyway. So, as the Hausmann/Harvard study published in 2008 showed, we have 6 million fewer people in jobs than if our employment rate was the same as those of other countries at similar stages of economic development.

Although jobs are the only real answer to poverty, our Government's main answer to poverty is not jobs but social grants. These have grown enormously in the last decade, mainly as a result of the introduction of a new one, the child support grant. These grants are the main reason why the incidence of poverty has dropped despite rising unemployment.

The extension of the welfare system, and its replacement of jobs as the answer to poverty, has come about by stealth. Both the old Reconstruction and Development Programme (RDP), adopted in 1994, and the Growth, Employment, and Redistribution

(GEAR) policy adopted two years later focused on jobs and growth. Now, without explicit adoption or policy announcement, social grants have taken centre stage as the answer to poverty.

Both Thabo Mbeki and Trevor Manuel have stated that people should learn to work instead of living on what the latter termed 'handouts'. Despite their skepticism about 'handouts', the welfare state they created is likely to be their most enduring legacy (or, in Mr Mbeki's case, his most enduring legacy after his neglect of AIDS). Even Jacob Zuma has said that there is 'something wrong' in the fact that more than 14 million people depend on social grants. But he is powerless to stop this other runaway train.

Apart from social grants, the impact of poverty is reduced by the so-called social wage, which includes such things as free housing, water, electricity, healthcare, and education. These entitlements are within the spirit of the Constitution, which guarantees all sorts of 'socio-economic' rights.

### Protests

Failure to fulfill promises to provide all these things has led to numerous protests, some of them violent, over the past few years. Writing in July 2007, Jovial Rantao, deputy editor of *The Star*, said: 'The message circulating in low-income communities is that if you want anything the Government will provide.' He added that what he termed the 'so-called delivery protests' had nothing to do with service delivery but everything to do with failure by the Government to provide everything free.

Hence we find a self-styled electricity crisis committee re-connecting disconnected power in Soweto. The argument is that electricity is a basic human right.

### Benefits

Yet despite the protests, and despite many policy and delivery failures, the accusation that the policies of the ANC benefit only an elite is wide of the mark. The rich benefit through the equity stake in companies they acquire. The middle class and the lower middle class benefit via employment equity legislation. Unionised labour benefits via the privileges afforded by the Labour Relations Act. Some of the non-unionised people with jobs benefit from statutory minimum wages (unless they are retrenched to pay for these). Millions of householders benefit from free water and electricity. Even the unemployed benefit to the extent that they receive the social wage or live in a household into which child support grants are paid.

No wonder that the party, despite the failures, is able to keep winning about two thirds of the seats in Parliament.

Another factor helping secure ANC dominance is redistribution. Although lots of it gets stolen along the way, the tax system redistributes a huge amount of money. Whether South Africa can keep this redistribution programme going without running into a debt trap or taxing the living daylights out of us all is another question.

A moment or two ago I showed how ANC racial and redistributive policies benefited just about every class, making for major dependency on the party. So we can reconfigure President Thabo Mbeki's old 'two-nations' divide. Instead of

rich-and-white versus poor-and-black, we have a growing divide between whites who have to look after themselves and blacks who are becoming increasingly dependent on the State.

This is profoundly disempowering. As Professor Achille Mbembe of Wits wrote in April 2007, 'It risks codifying within the law and in the minds of its beneficiaries the very powerlessness it aims to redress.'

But everybody is in on the game. Even black businessmen who were successful long before the ANC came to power — Richard Mponya or Herman Mashaba, for example, true entrepreneurs both — are now recognised with BEE awards. It is perverse that people who were successful in the teeth of the apartheid government should now be treated as if their success is the result of racial preferencing policies implemented by the ANC.

### Self-reliance

Vincent Maphai, chairman of BHP Billiton, commented as follows in July 2009: 'Under apartheid, people were most creative and the community flourished. People did not sit back and think what will the State do for me? They were empowered by apartheid but ironically disempowered by liberation.'

A similar point had been made in January 2006 by Khathu Mamaila in a column in *City Press*. Recalling 'the self-reliant philosophy which helped people defy all odds to self-improvement during the apartheid era' and 'saw even the poorest of the poor building decent housing for themselves,' he wrote: 'The ANC coined the freebie policy when it

tried to garner support from voters [but] the unintended consequence was the blunting of individual initiative' and its replacement 'with the culture of entitlement'.

### Entitlement

Some people in the Government are worried about this. Writing in September 2009, Vusi Mavimbela, director general in the president's office, spoke of 'this culture of seeping entitlement' and the inability to make proper choices. He said that this was what made a young adult buy a new BMW, park it outside his shack, 'and then help initiate an anti-government protest demanding free houses'.

He continued: 'The Government... ought to avoid the behaviour that inadvertently reinforces the sense of entitlement on the side of the governed. The harder they march, the more violently they trash the streets and destroy property, the more ruthlessly they kill their colleagues who refused to join their anarchy, the louder they insult the Government, ought not to stampede us into... unsustainable wage and salary settlements.'

It would not be difficult, however, to produce a list of how often the Government has been stampeded in exactly the way Mr Mavimbela warns against.

Entitlement implies victimhood. One can see this at work in the fiasco at Eskom. Jacob Maroga, that company's chief executive, was clearly a poor manager, which led a no doubt desperate board to sack him. Presumably affirmative action is what entitled him to the job in the first place and because that is

about race and not about competence, lack of managerial ability was not seen by him or the Black Management Forum (BMF) as a reason to fire him. Once a victim, always a victim. Therefore, in the BMF's view, racism was the sole reason the board fired him rather than Bobby Godsell.

The Government refuses to put a sunset clause into its affirmative action policies, so this sense of victimhood is passed on to the next generation even though many young people were born after the ANC came to power. Black youngsters accordingly are born into victimhood and the sense of entitlement that goes with it. If they don't particularly feel like victims, presumably their teachers and parents will have to explain to them that they are.

### Race relations

My final point is to wonder what this will all mean for race relations. In May 2002, Tim Modise wrote, 'One problem with seeing ourselves as permanent victims is that it makes those who believe they are racially superior feel vindicated.' In August 2008 Professor Jonathan Jansen, now rector and vice-chancellor of the University of the Free State and also president of the Institute, said that affirmative action 'perpetuates the myth among white people that black people are inferior'.

Let Nolutshungu have the last word: 'All I have always wanted was an opportunity for me, and other Africans, to compete with out receiving special favours.'

— *John Kane-Berman*

**\* This article is the text of a recent address to the Rotary Club of Johannesburg.**

## A system which fails its pupils

**D**ata obtained by the Institute shows that the number and proportion of Africans passing mathematics at school are extremely small. The number is so small that it suggests that failures in the education department will severely retard all of the affirmative action, equity, and empowerment targets set by the Government. The number further suggests that the extent of the skills crisis in the country may be greater than previously assumed. The number also suggests that failures in public education are now the most significant factor retarding the social and economic progress of black South Africans.

**T**he table below shows that in 2008 some 300 008 pupils wrote matric maths. Of these 46% passed with 30% or higher (the Department of Education regards 30% as a pass), 30% achieved 40% or higher, and 4% achieved 80% or higher.

Among Africans 257 161 pupils wrote maths. This is about 50% of the African matric class. It is estimated that this figure represents only 25% of the

African age cohort that should be in matric. Of those African pupils who wrote matric maths 39% passed with 30% or higher, 23% obtained 40% or higher, and 2% obtained 80% or higher.

Performance was significantly better in the coloured community. Here 13 394 pupils wrote matric maths. Of these 60% passed with 30% or higher, 40% achieved 40% or higher and 3.5% achieved 80% or higher.

Among Indian and Asian pupils, 8 901 wrote the matric maths exam. Of these 84% passed with 30% or higher, 72% achieved 40% or higher, and 23% achieved 80% or higher.

Of the 20 072 white pupils who wrote the matric maths exam in 2008, 98% passed with 30% or higher, 93% of white pupils achieved 40% or higher, and 28% achieved 80% or higher.

**MATRIC MATHEMATICS RESULTS BY RACE, 2008**

Race	Total wrote	Total Passed 30%	Proportion passed 30%	Total passed 40%	Proportion passed 40%+	Total passed 80% +	Proportion passed 80% +
African	257 161	100 540	39.1%	58 427	22.7%	4 486	1.7%
Coloured	13 394	8 031	60.0%	5 359	40.0%	469	3.5%
Indian/Asian	8 901	7 478	84.0%	6 423	72.2%	2 006	22.5%
White	20 072	19 713	98.2%	18 616	92.7%	5 693	28.4%
<b>Total</b>	<b>300 008</b>	<b>136 184</b>	<b>45.4%</b>	<b>89 186</b>	<b>29.7%</b>	<b>12 745</b>	<b>4.2%</b>

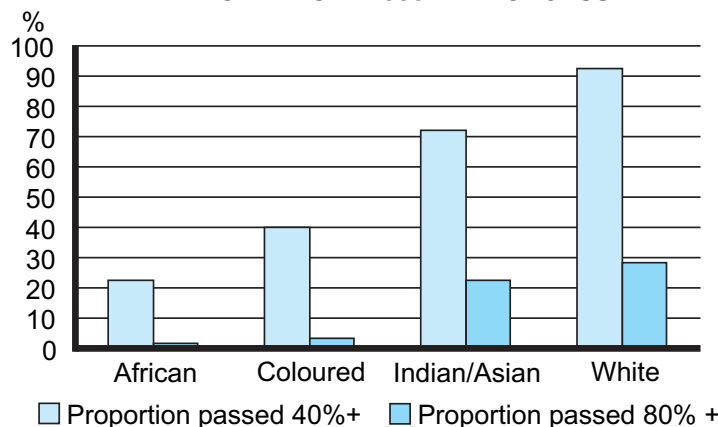
Source: Department of Education — personal communication, November 2009

The bar chart below represents the data slightly differently. It shows that a greater proportion of

whites manage to achieve 80% for maths than Africans who achieve 40%. The chart also

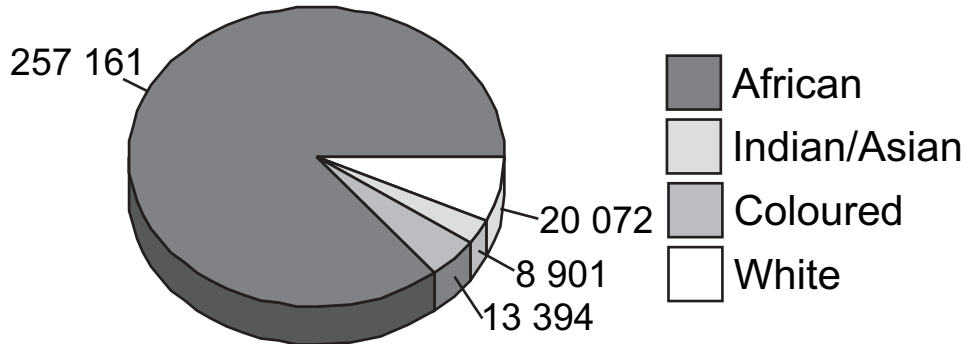
shows that Indian pupils dramatically outperform their African counterparts.

**PROPORTION OF PUPILS WHO ACHIEVED 40% OR HIGHER AND 80% OR HIGHER IN MATRIC MATHS IN 2008 BY RACE GROUP**

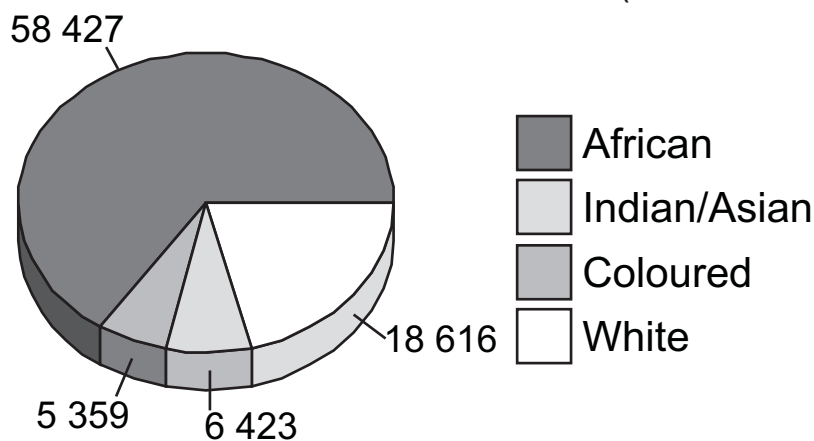


The pie charts below show the gradually shrinking number of African pupils as higher levels of achievement in matric maths are represented. The extent of the problem is such that more white pupils than African pupils pass maths with 80% or higher.

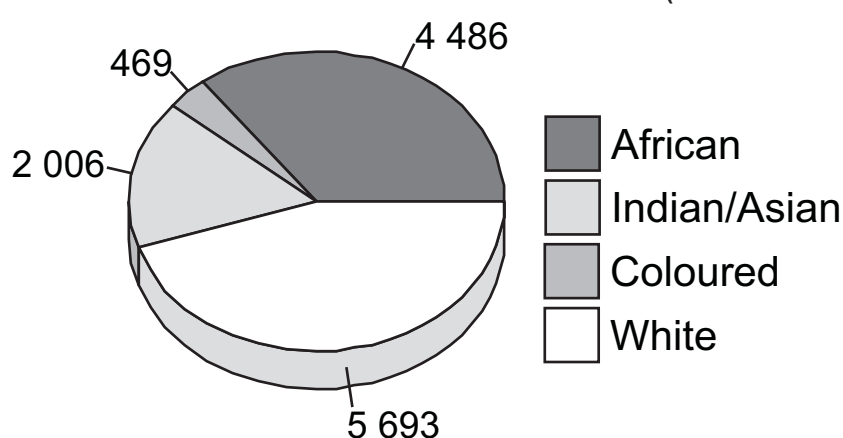
**PUPILS WHO WROTE MATRIC MATHS IN 2008 (ACTUAL NUMBERS)**



**PUPILS WHO PASSED MATRIC MATHS WITH 40%+ IN 2008 (ACTUAL NUMBERS)**



**PUPILS WHO PASSED MATRIC MATHS WITH 80%+ IN 2008 (ACTUAL NUMBERS)**



**Implications**

There are three major implications of these figures that will require further analysis.

1. South Africa faces a skills crisis that may be far more extensive than is commonly acknowledged.
2. Government policy to enforce workplace equity seems unworkable when white pupils outnumber African pupils who achieve top results in a subject like maths.
3. The quality of public schooling has become so poor in many areas that it is denying mostly black children any opportunity at

improving their social and economic standing. Without dramatic improvements in the quality of schooling, social and economic inequality between race groups will be maintained in South Africa for decades to come.

— *Frans Cronje and Marius Roodt*

# Fast stats

## PROPERTY PAGE

<i>House Price Index (nominal) Oct</i>	up 2.6%	compared to Oct 2008	Absa
<i>House Price Index (real) Sep</i>	down 4.6%	compared to Sep 2008	Absa
<i>Mortgage advances Sep</i>	up 4.8%	compared to Sep 2008	SARB
<b>House price trends (nominal) (average) 3Q 2009</b>			
<i>Affordable houses (40–79m<sup>2</sup>/priced at under R430 000)</i>	up 2.1%	compared to 3Q 2008	Absa
<i>Small houses (80–140m<sup>2</sup>/R651 953) (average price)</i>	down 4.4%		Absa
<i>Medium houses (141–220m<sup>2</sup>/R905 020)</i>	down 4.7%		Absa
<i>Large houses (221–400m<sup>2</sup>/R1 407 279)</i>	up 1.9%		Absa
<i>All houses (80–400m<sup>2</sup>/R957 865)</i>	down 1.1%		Absa
<i>Luxury housing (costing more than R3.1m)</i>	down 4.0%		Absa
<i>Greater Johannesburg (80–400m<sup>2</sup>/R1 088 049)</i>	up 5.1%		Absa
<i>Cape Town metro (80–400m<sup>2</sup>/R1 096 049)</i>	up 0.1%		Absa
<i>Durban metro (80–400m<sup>2</sup>/R895 044)</i>	down 10.9%		Absa
<i>PE/Uitenhage metro (80–400m<sup>2</sup>/R765 969)</i>	down 15.3%		Absa
<i>Cost of building a new house (average)</i>	up 7.8%		Absa
<b>CBD office vacancy rate 3Q 2009</b>			
<i>Johannesburg</i>	11.0%	nine months before: 8.2%	SAPOA <sup>a</sup>
<i>Sandton</i>	6.1%	5.7%	SAPOA
<i>Cape Town</i>	8.6%	5.2%	SAPOA
<i>Durban</i>	20.6%	15.9%	SAPOA
<i>Pretoria</i>	4.1%	2.8%	SAPOA
<b>CBD office rental rate (A-grade) R/m<sup>2</sup> 2Q 2009</b>			
<i>Johannesburg</i>	up 9.0%	compared to 2Q 2008	R&A <sup>b</sup>
<i>Sandton</i>	up 6.6%		R&A
<i>Cape Town</i>	up 6.9%		R&A
<i>Durban</i>	down 27.3%		R&A
<i>Pretoria</i>	up 3.1%		R&A
<b>Industrial rental rates R/m<sup>2</sup> for 1 000m<sup>2</sup> 2Q 2009</b>			
<i>Central Wits</i>	up 4.4%	compared to 2Q 2008	R&A
<i>Durban</i>	down 0.9%		R&A
<i>Cape Peninsula</i>	up 2.4%		R&A
<i>Port Elizabeth</i>	up 4.7%		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 (Aug)</i>	77.4%	Aug 2008: 84.9%	Stats SA
<i>Manufacturing production (volume) (this year to Sep)</i>	down 15.2%	on same period last year	Stats SA
<i>Total vehicles sold (this year to Oct): 330 547</i>	down 28.8%	on same period last year	NAAMSA
<i>Vehicles exported (this year to Oct): 135 613</i>	down 42.7%	on same period last year	NAAMSA
<i>Tractors sold (this year to Oct): 4 891</i>	down 25.4%	on same period last year	SAAMA
<i>Electricity consumed (this year to Sep)</i>	down 4.5%	on same period last year	Stats SA
<i>Total building plans passed (value) (this year to Sep)</i>	down 28.5%	on same period last year	Stats SA
<i>Total buildings completed (value) (this year to Sep)</i>	down 14.4%	on same period last year	Stats SA
<i>All building costs (average) 3Q 2009</i>	down 4.1%	on same period last year	BER
<i>Mining production (volume) (this year to Sep)</i>	down 7.7%	on same period last year	Stats SA
<i>Cement sales (tonnes) (this year to Oct)</i>	down 11.9%	on same period last year	CCI
<i>Retail sales (value) (this year to Sep)</i>	down 4.8%	on same period last year	Stats SA
<i>Current adspend (this year to July): R13.1bn</i>	down 0.1%	on same period last year	A C Nielsen
<i>Number of liquidations (this year to Oct): 3 264</i>	up 20.3%	on same period last year	Stats SA
<i>Judgements for debt (this year to Sep): 542 510</i>	up 9.5%	on same period last year	Stats SA
<i>Tourism accommodation occupancy rate (Sep)</i>	46.7%	Sep 2008: 50.1%	Stats SA
<i>Overseas tourists (Aug): 152 187</i>	down 3.0%	compared to July 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 (2Q annualised, adjusted)</i>	R46 985	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 2Q 2009</i>	-0.1%	2Q 2008: -0.5%	SARB
<i>Household debt to disposable income 2Q 2009</i>	76.3%	2Q 2008: 76.4%	SARB
<i>Average wage settlements (this year to Sept)<sup>a</sup></i>	9.4%	Jan-Sept 2008: 9.6%	Andrew Levy
<i>Number of strike mandays lost (this year to Sept)</i>	2.8m	Jan-Sept 2008: 607 000	Andrew Levy
<i>Unemployment rate 3Q 2009 (strict definition)<sup>b</sup></i>	24.5%	3Q 2008: 23.2%	Number: 4.2 million
<i>Unemployment rate 3Q 2009 (wide definition)<sup>b</sup></i>	31.1%	3Q 2008: 27.6%	Number: 5.8 million
<i>Decrease in total employment<sup>b</sup></i>	770 000	3Q 2009 vs 3Q 2008	Stats SA/QLFS
<i>Employees in enterprises registered for income tax<sup>c</sup> down 2.3%</i>		June 2009 vs June 2008	Stats SA/QES
<i>Number of such employees<sup>c</sup></i>	down 198 000	to 8 259 000	Stats SA/QES
<i>Nominal wages per worker 1Q 2009<sup>c</sup></i>	up 11.2%	compared to 1Q 2008	SARB
<i>Real wages per worker 1Q 2009<sup>c</sup></i>	up 2.1%	compared to 1Q 2008	SARB
<i>Labour productivity 1Q 2009<sup>c</sup></i>	up 0.1%	compared to 1Q 2008	SARB
<i>Nominal unit labour costs 1Q 2009<sup>c</sup></i>	up 11.2%	compared to 1Q 2008	SARB
<i>Average monthly earnings May 2009<sup>c</sup></i>	R9 730	May 2008: R9 142	Stats SA/QES
<i>Houses built smaller than 81m<sup>2</sup> (this year to Sep)</i>	up 2.6%	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) 2Q 2009</i>	R74.13bn	up 5.7% compared to 2Q 2008	
<i>GFCF ÷ GDP 2Q 2009 (annualised, adjusted)</i>	24.9%	2Q 2008: 22.8%	(Target: 25%)
<i>Gross domestic saving ÷ GDP 2Q 2009</i>	16.5%	2Q 2008: 15.2%	
<i>Real GFCF by public authorities</i>	up 2.5%	2Q 2009 vs 2Q 2008	
<i>by public corporations</i>	up 54.1%		
<i>by private business</i>	down 4.4%		
<i>Real GFCF in mining and quarrying</i>	up 12.1%		
<i>in manufacturing</i>	down 17.8%		
<i>in electricity, gas and water</i>	up 104.3%		
<i>in transport and communication</i>	up 9.7%		
<i>in finance etc</i>	down 7.8%		
<i>in community, social and personal services</i>	up 1.8%		
<i>Real GFCF in residential buildings</i>	down 7.7%		
<i>in non-residential buildings</i>	up 6.8%		
<i>in construction works</i>	up 44.5%		
<i>in transport equipment</i>	down 0.8%		
<i>in machinery and equipment</i>	down 7.9%		
<i>Foreign investment into SA 2Q 2009</i>			
<i>direct (FDI)</i>	R23.89bn	2Q 2008	R6.17bn
<i>portfolio</i>	R29.04bn		R17.18bn
<i>other</i>	-R26.03bn		R2.53bn
<i>SA investment abroad 2Q 2009</i>			
<i>direct</i>	-R3.70bn		-R2.80bn
<i>portfolio</i>	-R0.26bn		-R6.45bn
<i>other</i>	R16.36bn		R7.87bn
<i>Balance on financial account 2Q 2009</i>	R39.31bn		R24.50bn

## CONFIDENCE COUNT

<i>RMB/BER business confidence index 4Q 2009</i>	up 5 points	to 28 since 3Q 2009	(scale 0–100)
<i>BER/DTI manufacturing confidence index 4Q 2009</i>	down 3 points	to 19 since 3Q 2009	(scale 0–100)
<i>BER building contractors confidence index 3Q 2009</i>	up 1 point	to 24 since 2Q 2009	(scale 0–100)
<i>FNB/BER consumer confidence index 3Q 2009</i>	down 3 points	to 1 since 2Q 2009	(scale minus 100–100)
— <i>black consumer confidence index 3Q 2009</i>	down 6 points	to 6 since 2Q 2009	(scale minus 100–100)
— <i>white consumer confidence index 3Q 2009</i>	up 4 points	to -5 since 2Q 2009	(scale minus 100–100)
— <i>high-income household confidence index 3Q 2009</i>	up 9 points	to 7 since 2Q 2009	(scale minus 100–100)
— <i>low-income household confidence index 3Q 2009</i>	down 16 points	to -11 since 2Q 2009	(scale minus 100–100)
<i>Kagiso purchasing managers index (PMI) (Oct)</i>	up 1.7 points	to 47.6 since Sep	(2000 = 100) BER
<i>Sacci business confidence index (Oct)</i>	down 3.3 points	to 82.2 since Sep	(2005 = 100) Sacci
<i>Vehicle sales confidence indicator 4Q 2009</i>	up 0.4 points	to 4.7 since 3Q 2009	(scale 1–10) WesBank
<i>Agricultural business confidence index 4Q 2009</i>	down 9.4 points	to 79 from 4Q 2008	(2001=100) ABC/IDC

# Fast stats

## ECONOMIC BAROMETER

<b>GDP 3Q 2009 (basic prices)</b>	R553.64bn		
<b>GDP growth at market prices (3Q annualised, adjusted)</b>	0.9%	3Q 2008: -2.0%	
<b>GDP growth at market prices (3Q 2009 vs 3Q 2008)</b>	-2.1%	3Q 2008: 3.8%	
<b>Agriculture (2.5% of GDP)</b>	2.3%	<b>Trade etc (11.6%)</b>	-2.1%
<b>Mining (9.2%)</b>	-6.7%	<b>Transport and communication (8.4%)</b>	0.0%
<b>Manufacturing (13.6%)</b>	-11.5%	<b>Finance etc (19.3%)</b>	0.4%
<b>Electricity and water (2.5%)</b>	-0.8%	<b>Community services (5.4%)</b>	1.9%
<b>Construction (3.6%)</b>	8.4%	<b>Government (13.5%)</b>	4.2%
<b>Exports (this year to Oct)</b>	R425.48bn	down 23.4% on same period in 2008	
<b>Imports (this year to Oct)</b>	R450.68bn	down 26.9% on same period in 2008	
<b>Trade balance (this year to Oct)</b>	-R25.20bn	Jan-Oct 2008: -R61.18bn	
<b>Gold and forex reserves (Oct)</b>	R306.44bn	Oct 2008: R332.40bn	
<b>Reserves/imports (Oct)</b>	6.0 to 1	Oct 2008: 8.0 to 1	
<b>Current account deficit 2Q 2009</b>	R19.72bn	2Q 2008: R40.38bn	
— as proportion of GDP	3.2%	2Q 2008: 7.3%	
<b>Capital account surplus 2Q 2009</b>	R26.79bn	2Q 2008: R46.03bn	
<b>Gold price per ounce (average)(Oct)</b>	\$1 043.34	Oct 2008: \$809.72	
<b>Crude oil price (dated Brent/barrel) 27/11/09</b>	\$77.04	year ago: \$50.26	(Increase: 53.3%)
<b>Petrol (premium pump price per litre Gauteng) 27/11/09</b>	R 7.65	year ago: R9.41	(Decrease: 18.7%)
<b>Prime overdraft rate (average) 27/11/09</b>	10.5%	year ago: 15.5%	
<b>Real prime overdraft rate (average) (Oct)</b>	4.31%	year ago: 4.73% (based on headline inflation)	
<b>Repo rate (average) 27/11/09</b>	7.0%	year ago: 12%	
<b>€/R 0.0903</b>	<b>£/R 0.0815</b>	<b>\$/R 0.1360</b>	<b>¥/R 11.93</b>
<b>€/R 11.075</b>	<b>£/R 12.273</b>	<b>R/\$ 7.351</b>	<b>R/¥ 0.0839</b>
		<b>€/€ 0.6638</b>	<b>¥/\$ 87.67</b>
			<b>\$/¥ 0.0114</b>
		at 27/11/09	
<b>Appreciation of rand against euro last 12 months</b>	11.86%	(Lowest: R/€ 14.65	Highest: R/€ 1.80)
<b>Appreciation of rand against dollar last 12 months</b>	23.36%	(Lowest: R/\$ 13.00	Highest: R/\$ 0.67)
<b>Appreciation of rand against basket last 12 months</b>	20.14%		

## INFLATION INDEX

<b>Headline inflation rate (Oct 2009 vs Oct 2008)</b>	5.9%	Sep 2009 vs Sep 2008	6.1%
— Housing and utilities (22.56%)*	7.4%		7.6%
— Transport (18.80%)*	-1.8%		-1.3%
— Food and non-alcoholic beverages (15.68%)*	5.3%		5.6%
— Insurance and other services (13.56%)*	11.0%		11.6%
— Household contents and services (5.86%)*	4.8%		5.2%
— Alcohol and tobacco (5.58%)*	11.6%		11.8%
— Recreation and culture (4.19%)*	10.4%		11.3%
— Clothing and footwear (4.11%)*	5.0%		5.0%
— Communication (3.22%)*	0.5%		0.9%
— Restaurants and hotels (2.78%)*	7.8%		10.0%
— Education (2.19%)*	10.5%		10.5%
— Health (1.47%)*	11.2%		11.3%
<b>Rise in administered (non-market) prices</b>	2.7%		3.2%
<b>Producer price rise (PPI)</b>	-3.3%	Oct 2008 vs Oct 2007	14.5%
<b>Imported producer inflation</b>	-10.2%		10.3%

\* Weight

# Fast stats

## LATEST FORECASTS

<b>GDP growth 2010</b>	3.0% Standard Bank: no change
	2.8% Barnard Jacobs Mellet: revised downwards from 2.9%
	2.2% Nedbank: revised upwards from 2%
<b>Headline inflation rate (CPI) 2010 (average)</b>	6.1% Standard Bank: no change
	5.7% Nedbank: revised downwards from 5.8%
	5.5% Barnard Jacobs Mellet: revised downwards from 5.6%
<b>Expected CPI (business) 2010 (average)</b>	8.7% BER: revised upwards from 8.6%
	<b>(trade unions)</b> 8.2% BER: revised downwards from 10.1%
<b>Producer price inflation 2010 (average)</b>	6.5% BER: no change
	5.6% Standard Bank: revised downwards from 7.5%
<b>Imported producer inflation 2010 (average)</b>	1.0% Absa: no change
<b>Gross fixed capital formation 2010</b>	up 3.3% Standard Bank: no change
	down 1.4% Nedbank: no change
<b>Final consumption expenditure by households 2010</b>	up 2.2% Nedbank: revised upwards from 2.1%
	up 1.0% Barnard Jacobs Mellet: revised downwards from 1.2%
<b>Government consumption expenditure 2010</b>	up 4.3% BER: no change
	up 3.5% Barnard Jacobs Mellet: no change
<b>Gross domestic expenditure 2010</b>	up 4.5% BER: no change
	up 3.5% Nedbank: no change
<b>Exports 2010</b>	up 3.0% Nedbank: revised upwards from 2%
	up 0.7% Barnard Jacobs Mellet: no change
<b>Imports 2010</b>	up 7.6% Nedbank: no change
	up 0.5% Barnard Jacobs Mellet: no change
<b>Current account deficit 2010</b>	R171.4bn BER: no change
	R112.6bn Nedbank: revised downwards from R117bn
<b>— as proportion of GDP 2010</b>	5.6% Standard Bank: no change
	4.6% Barnard Jacobs Mellet: no change
<b>Capital account surplus 2010</b>	R210.0bn Nedbank: no change
<b>Prime overdraft rate 2010 (year end)</b>	12.0% Standard Bank: no change
	10.5% Nedbank: no change; Barnard Jacobs Mellet
<b>R/€ exchange rate 2010 (average)</b>	12.38 Standard Bank: revised from 12.37
	11.43 Barnard Jacobs Mellet: no change
<b>R/\$ exchange rate 2010 (average)</b>	8.09 Standard Bank: revised from 8.12
	7.78 Barnard Jacobs Mellet: no change
<b>Gold price per ounce 2010 (average)</b>	\$1 058 Nedbank: revised upwards from \$1 010
	\$1 005 Barnard Jacobs Mellet: no change
<b>Nominal wage rise 2010</b>	7.9% BER: no change

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

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