

Fast Facts

for Local Government

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European Union

Friedrich Naumann
STIFTUNG FÜR DIE FREIHEIT



South African
Institute of
Race Relations

Local government

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• Local government

The repeated protests aimed at local government show that municipalities are not living up to their responsibilities to the electorate. John Kane-Berman argues that these protests, among other things, indicate that local government in its current form is unable to perform its intended function.

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• South African Mirror

The Institute presents copies of the slides presented at the annual *South African Mirror* briefing. This presentation aims to cover the main trends in South Africa, and provide a factual state of the nation. After the slides, John Kane-Berman's concluding remarks are presented.

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Editorial

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A FLAWED SYSTEM BECOMES UNSTUCK

South Africa's municipal governments face challenges most of them are unable to meet. No wonder local government faces chronic disturbance in many parts of the country.

Social disturbances, many of them violent, have been breaking out at local level since 2004. There have been at least 36 disturbances this year, although not on the scale which led to some 60 fatalities, half of them the result of attacks on foreigners, last year.

The same grievances seem to crop up year in and year out: failure to provide promised services, corruption, and squalid living conditions among them. Stonings, looting, and arson have become familiar, and the firing of rubber bullets is no longer an exceptional occurrence. Factionalism within the African National Congress (ANC) also plays itself out at local level.

Yet another familiar theme is the unpopularity of local councillors. They seem to have no more legitimacy than did their predecessors under the National Party's local government system. Nor is this surprising: the present Government sees local councillors as its own representatives probably even more than it views them as the representatives of their supposed constituents, from some of whom they need armed protection.

The Government's response to this chronic instability does not vary either. Suggestions of a hidden hand orchestrating disturbance are issued, and then withdrawn or qualified. Promises to restore law and order are made, along

with promises of better communication, and yet another "turnaround" strategy. When the violence subsides complacency rules again — until next time. Sometimes the interventions of either the ANC or the central government merely lay the foundations for the next round of disturbance in that one party faction is replaced by another party faction.

Local government as presently structured and run cannot work. It has neither the financial nor the human resources to perform the redistributive and development role envisaged. Getting rid of skilled personnel in the name of affirmative action policies has had catastrophic consequences. Appointing mayors from on high undermines local democracy and accountability, as does the policy of "deploying" people on the basis of party loyalty. Some district municipalities cover so vast an area that they are remote from their constituents and the local municipalities for which they are responsible.

Several radical reforms are required. One is to replace "deployment" with accountable local democracy. The second is to remove race as a criterion for appointment. The third is to move the developmental and redistributive role to where it belongs, which is central government (though capacity is sorely lacking there as well). These would be a start.

— **John Kane-Berman**

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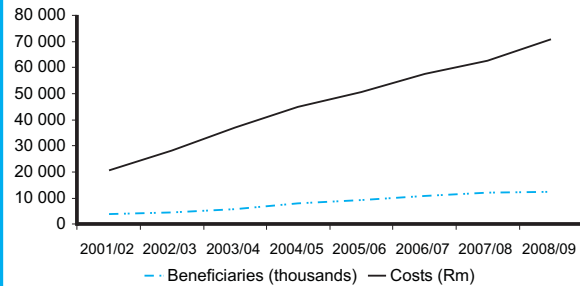
SOUTH AFRICAN MIRROR

THE REPUBLIC IN THE ZUMA ERA

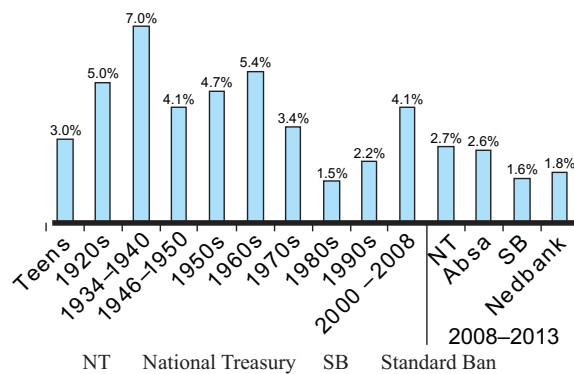
Presentation by John Kane-Berman
Chief Executive
South African Institute of Race Relations

Cape Town and Johannesburg
August and September

SOCIAL GRANTS: BENEFICIARIES AND COSTS, 2001–2009



GROWTH OVER 100 YEARS



SOCIAL GRANT BENEFICIARIES, 1998–2009

	April 1999	April 2009	Change
Child age	1 81 2	4 8 1	.8%
War veterans	1	1 8 2	-84. %
Disability	2 8	1 2	11 2 %
Elder care	1 1	2 2	2 4 .8%
Care dependency	1 2 8	11 14	4. %
Child support	4 4 1	1	8 4 .4%
Total	2 587 373	14 220 808	449.6%

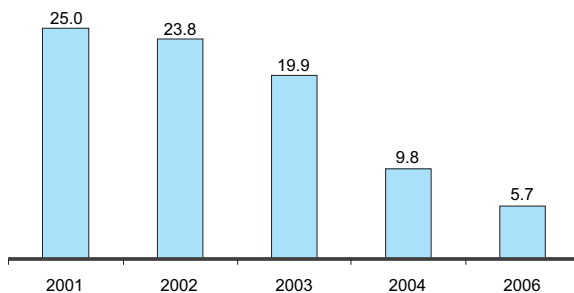
EXPORTS AND IMPORTS, 2001–2006

	Export growth	Import growth
Brazil	18.8%	1 .4%
China	. %	2 2 %
India	. %	. %
South Africa	13.7%	23.4%

SOCIAL GRANTS

	2003	2007
Recipient households	. %	4 . %
Per household	1.	.1
Real grant income per household	R81	R88
Proportion child-age grant	1 . %	1 . %
Proportion Child-support grant	1 2 .8%	.1%
Proportion Both	4. %	2 4 %

SEVERE MALNUTRITION UNDER FIVE YEARS, 2001–2006



LABOUR MARKET CHANGES, 2Q: 2008–09

Total employed	- 2
Total unemployed	11 000
Total economically active	- 4
Total not economically active	724 000
Discouraged workers	4 8
—Other	285 000
Total aged 1 4 years	2 4
Unemployment rate	2.2%
Labour market participation rate	- .1%
Labour absorption rate	-3.8%

DISCOURAGED WORKSEEKERS

	Old definition	New definition
1995	1 248	
1997	1 677 000	
1999	1 8	
	2 313 000	
2001	4 1	
	2 724 000	
2003	2 721 000	1 725 000
	1 8	1 8
2005	3 171 000	2 067 000
	8 1	8
2007	3 824 000	2 324 000
	28	44
2009	3 503 000	2 511 000
		1
		1 517 000

CLASS OF 2008

National Senior Certificate (NSC) 2008 40% plus passes

Maths	4 %
Maths literacy	%
English home	%
English first additional	88%

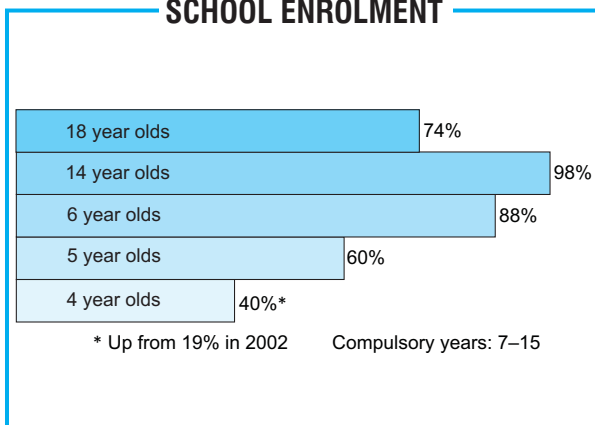
National Benchmark Test (NBT) 2009

	Basic	Intermediate	Proficient
Maths	%	%	%
Academic literacy	%	42%	4 %

Wits 2008 vs 2009

irst-year engineers	<u>2008</u>	<u>2009</u>
Mid-year tests	1%	%

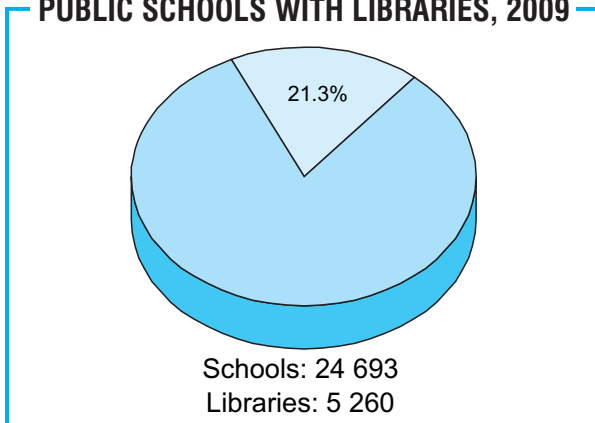
SCHOOL ENROLMENT



HIGHER EDUCATION PARTICIPATION RATE: 2005

African	1 %
Coloured	1 %
Indian	1%
White	2 %
Overall	12%
Target/benchmark	20%

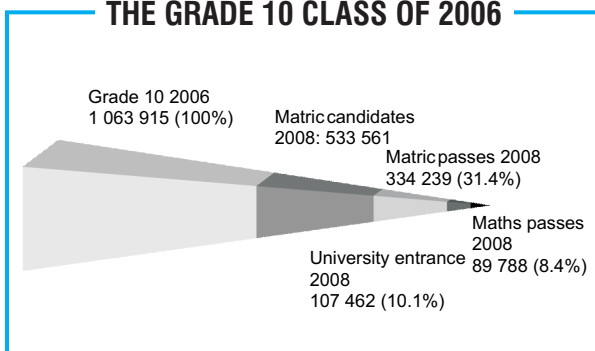
PUBLIC SCHOOLS WITH LIBRARIES, 2009



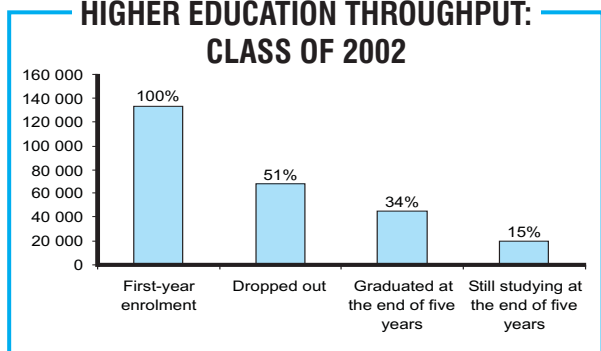
TERTIARY ENROLMENT AND OUTPUT

Race	Number 2007	Change on 1995	Previous share	Current share	Degrees 2007	Share of degrees
African	4 2	22 %	. %	22%	4 24	44.1%
Coloured	4 22	48. %	.8%	24%	4 44	2 %
Indian	2 4 .	%	2 %	2 %	28	8. %
White	18 421	-1 . %	. %	. %	1 282	4 .2%
Total	761 081	33.5%	100.0%	100.0%	77 981	100.0%

THE GRADE 10 CLASS OF 2006



HIGHER EDUCATION THROUGHPUT: CLASS OF 2002



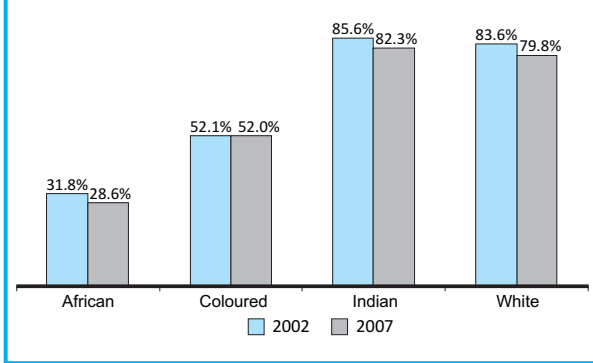
GRADUATION AFTER 5 YEARS: 2000–2004

	African	White
Business management	0%	0%
Life and physical sciences	1%	2%
Mathematical sciences	0%	2%
Social sciences	4%	28%
Languages	0%	28%

HOUSEHOLD INDICATORS

	1996	2007
Without water in dwelling	56.1%	52.8%
Using buckets or without lavatories	1.0%	8.0%
Living in informal dwellings	16.0%	14.4%
Without electricity	4.0%	1.0%
Using paraffin or wood for cooking	44.4%	30.0%
Without rubbish disposal facilities	0.0%	0.1%
Without postal services	N/A	59.6%
Without access to landline telephones	18.0%	81.0%
Without access to cellphones	65% (2002)	27.3%
Without access to the internet	4.1%	0.0%
Without access to radios	20.2% (2002)	20.1%
Without access to television sets	4.0%	0.0%
Without access to bank accounts (adults over 16)	55% (2004)	37% (2008)

BOTH PARENTS IN HOUSEHOLD BY RACE, 2002 AND 2007



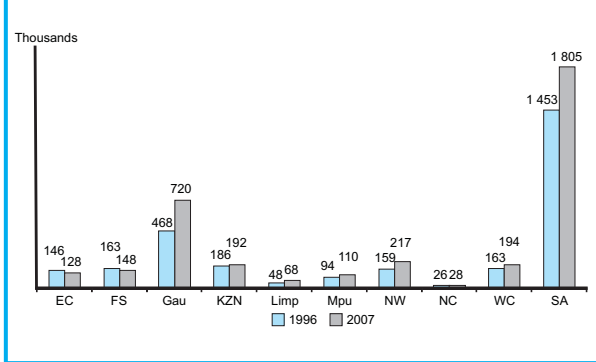
HOUSING

	1996	2007	Change	1996 proportions	2007 proportions
Normal	8 481	8 811	330	24.4%	20%
Informal	1 411	1 844	433	12%	14.4%
Traditional	1 244	881	-363	18.0%	11.0%
Other	1 411	411	-1 000	1.4%	0.0%
Total	9 059 571	12 500 624	3 441 053	100%	100%

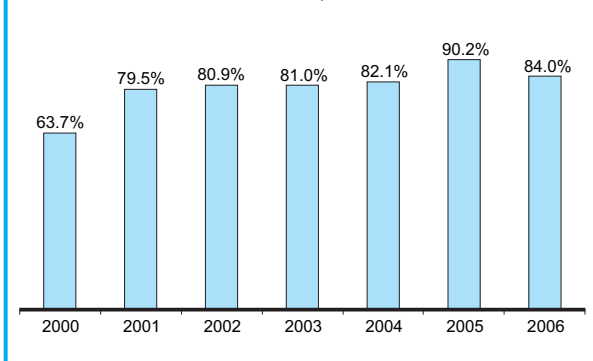
KEY DEMOGRAPHIC INDICATORS

	1985	2008
Life expectancy at birth	52.4	52.0
Infant mortality rate	100	40
Birth rate	20	12
Death rate	8	12
AIDS death as proportion of total	0%	4%
Cumulative AIDS deaths (millions)	0	0.4
HIV-positive population (millions)	0	11.2% of total population
Under-five mortality rate	40	20

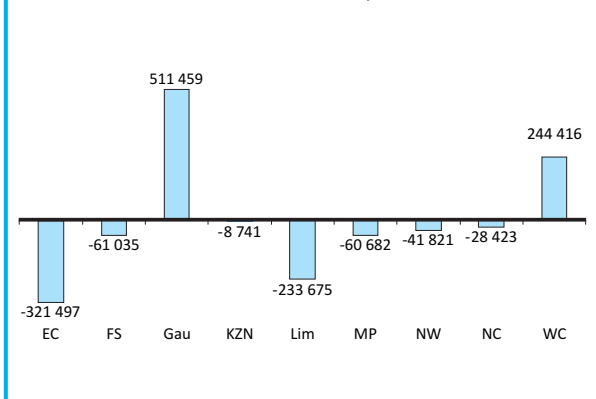
NUMBER OF HOUSEHOLDS RESIDING IN INFORMAL SETTLEMENTS, 1996 AND 2007



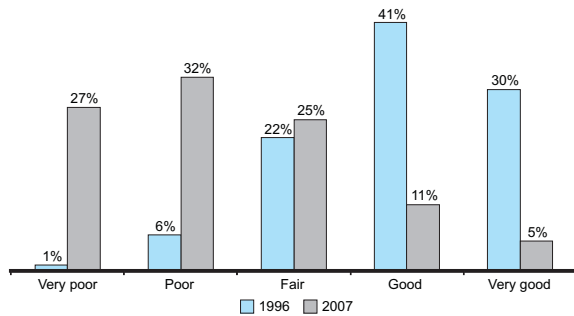
IMMUNISATION COVERAGE OF CHILDREN UNDER 1 YEAR, 2000–2006



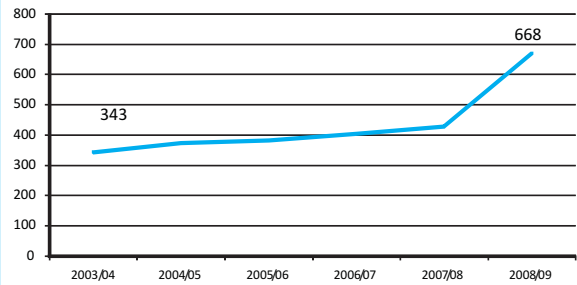
INTERNAL MIGRATION, 2001–2006



CONDITION OF PAVED NATIONAL AND PROVINCIAL ROADS, 1998 AND 2008



LOST/STOLEN CASE DOCKETS, 2003/04-2008/09



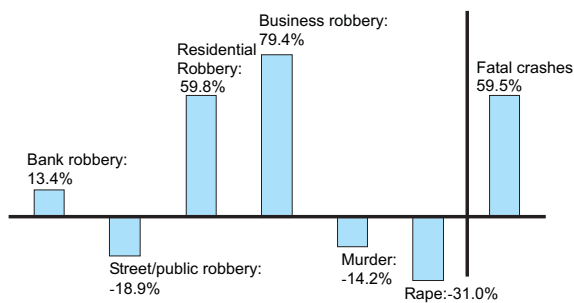
CRIME AND SECURITY

Budget per capita	1 - 8	%
Public spending	1996-2008	294%
Private spending	1 -	%
Private officers	1997-2007	167%
Sworn police officers	1 -	%
Prisoners	1996-2009	39%
Sentenced prisoners	1 - 8	%
Awaiting-trial prisoners	1995-2008	93%
Awaiting-trial months	1 2	48 %
Sentences over 10 years	1995-2009	2 400%
Crime numbers	1 4- 8	1%
Ratio	1994-2008	-19%

DURATION OF SENTENCES (NUMBERS AND PROPORTIONS)

	2000		2009		Change: proportions	Change: numbers
Less than 2 months	2	. %	4 12	.2%	- . %	- 1
2 - 4 months	1 8	1 .2%	8	. %	- .8%	-4 8
4 - 8 years	8	8.1%	4	1. %	- .2%	-
8 - 1 years	8	. %	4	1. %	- 8.8%	-11 1
More than 1 years	4	8. %	1 4	. %	.8. %	1 242
Total	121 019	100.0%	113 108	100.0%		

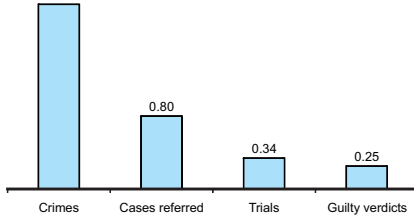
VIOLENT CRIME



PARTY SUPPORT BY METRO, 2009

Party	Nelson			
	Cape Town	Mandela Bay	Johannesburg	Tshwane
ANC	.8%	.1%	2 . %	21.1%
A	. %	8. %	.8%	4. %
Cope	8. %	1 . %	. %	.8%

CRIMES AND CONVICTIONS (MILLIONS), 2007/08



VOTING TRENDS: 1994-2009

	ANC	DA/DP	Others	Total
1 4	1 . 4	. 4	2 2 1	1 .
1	1 .2	1.	.8	1 . 8
4	1 .88	1.	.8	1 .21
	11.2	.	. 8 4	1 .28
Change:	-4.8%	770.4%	-55.7%	-9.5%
MPs	2	8	84	4

Source: SARB Time Series data; Health Systems Trust District Health Information System database; National Department of Health; Stats SA; Quarterly Labour Force Survey, Quarter 2, 2009; Quarterly Labour Force Survey, Historical revisions March 2001 to 2007; Department of Education; Trends in Education: Macro indicators, Summary report; Star newspaper; Department of Education National Senior Certificate Report, 2008; Education Statistics in South Africa, 2006; Council for Higher Education Higher Education Monitor; yctober; National Treasury Estimates of National Expenditure; p 2; Automobile Association; Department of Correctional Services; PSIRA; Judicial Inspectorate of Prisons; SAPS Roads agency; National Prosecuting Authority; ebsite of the Independent Electoral Commission; National Benchmark Test Project conducted at seven universities in among first-year students

Fast stats

PROPERTY PAGE

<i>House Price Index (nominal) Aug</i>	down 3.4%	compared to Aug 2008	Absa
<i>House Price Index (real) July</i>	down 9.7%	compared to July 2008	Absa
<i>Mortgage advances July</i>	up 6.4%	compared to July 2008	SARB
House price trends (nominal) (average) 2Q 2009			
<i>Affordable houses (40–79m²/priced at under R430 000)</i>	up 1.6%	compared to 2Q 2008	Absa
<i>Small houses (80–140m²/R657 530) (average price)</i>	down 4.1%		Absa
<i>Medium houses (141–220m²/R921 613)</i>	down 2.7%		Absa
<i>Large houses (221–400m²/R1 376 279)</i>	down 1.1%		Absa
<i>All houses (80–400m²/R929 342)</i>	down 3.9%		Absa
<i>Luxury housing (costing more than R3.1m)</i>	up 4.0%		Absa
<i>Greater Johannesburg (80–400m²/R1 045 783)</i>	up 1.1%		Absa
<i>Cape Town metro (80–400m²/R1 071 660)</i>	down 3.1%		Absa
<i>Durban metro (80–400m²/R857 306)</i>	down 9.9%		Absa
<i>PE/Uitenhage metro (80–400m²/R741 163)</i>	down 18.3%		Absa
<i>Cost of building a new house (average)</i>	up 6.1%		Absa
CBD office vacancy rate 2Q 2009			
<i>Johannesburg</i>	10.7%	nine months before: 8.1%	SAPOA ^a
<i>Sandton</i>	7.2%	5.6%	SAPOA
<i>Cape Town</i>	8.0%	4.6%	SAPOA
<i>Durban</i>	14.7%	14.9%	SAPOA
<i>Pretoria</i>	4.3%	2.5%	SAPOA
CBD office rental rate (A-grade) R/m² 2Q 2009			
<i>Johannesburg</i>	up 9.0%	compared to 2Q 2008	R&A ^b
<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
Industrial rental rates R/m² for 1 000m² 2Q 2009			
<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
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 (May)</i>	78.0%	May 2008: 84.4%	Stats SA
<i>Manufacturing production (volume) (this year to June)</i>	down 16.1%	on same period last year	Stats SA
<i>Total vehicles sold (this year to Aug): 258 542</i>	down 31.6%	on same period last year	NAAMSA
<i>Vehicles exported (this year to Aug): 100 694</i>	down 44.4%	on same period last year	NAAMSA
<i>Tractors sold (this year to Aug): 3 739</i>	down 21.3%	on same period last year	SAAMA
<i>Electricity consumed (this year to July)</i>	down 5.3%	on same period last year	Stats SA
<i>Total building plans passed (value) (this year to June)</i>	down 28.0%	on same period last year	Stats SA
<i>Total buildings completed (value) (this year to June)</i>	down 4.8%	on same period last year	Stats SA
<i>All building costs (average) 2Q 2009</i>	up 6.6%	on same period last year	BER
<i>Mining production (volume) (this year to June)</i>	down 9.8%	on same period last year	Stats SA
<i>Cement sales (tonnes) (this year to Aug)</i>	down 12.1%	on same period last year	CCI
<i>Retail sales (value) (this year to June)</i>	down 4.4%	on same period last year	Stats SA
<i>Current adspend (this year to May): R9.1bn</i>	up 0.8%	on same period last year	A C Nielsen
<i>Number of liquidations (this year to July): 2 379</i>	up 35.8%	on same period last year	Stats SA
<i>Judgements for debt (this year to June): 348 081</i>	up 6.5%	on same period last year	Stats SA
<i>Tourism accommodation occupancy rate (June)</i>	44.9%	June 2008: 47.7%	Stats SA
<i>Overseas tourists (June): 126 857</i>	up 6.9%	compared to May 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 June)^a</i>	9.7%	Jan-June 2008: 8.3%	Andrew Levy
<i>Number of strike mandays lost (this year to June)</i>	526 000	Jan-June 2008: 265 000	Andrew Levy
<i>Unemployment rate 2Q 2009 (strict definition)^b</i>	23.6%	2Q 2008: 23.1%	Number: 4.1 million
<i>Unemployment rate 2Q 2009 (wide definition)^b</i>	29.7%	2Q 2008: 27.4%	Number: 5.6 million
<i>Decrease in total employment^b</i>	360 000	2Q 2009 vs 2Q 2008	Stats SA/QLFS
<i>Employees in enterprises registered for income tax^c down 1.0%</i>		Mar 2009 vs Mar 2008	Stats SA/QES
<i>Number of such employees^c</i>	down 84 000	to 8 333 000	Stats SA/QES
<i>Nominal wages per worker 1Q 2009^c</i>	up 11.2%	compared to 1Q 2008	SARB
<i>Real wages per worker 1Q 2009^c</i>	up 2.1%	compared to 1Q 2008	SARB
<i>Labour productivity 1Q 2009^c</i>	up 0.1%	compared to 1Q 2008	SARB
<i>Nominal unit labour costs 1Q 2009^c</i>	up 11.2%	compared to 1Q 2008	SARB
<i>Average monthly earnings Feb 2009^c</i>	R9 605	Feb 2008: R8 750	Stats SA/QES
<i>Houses built smaller than 81m² (this year to June)</i>	up 5.9%	on same period last year	Stats SA
<i>Houses built/being built (government subsidy)^d</i>	2 807 595	Apr 1994–Mar 2009	up 9.3% from Apr 2009
<i>Government housing delivery (Apr 2008–Mar 2009)^d</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

ECONOMIC BAROMETER

GDP 2Q 2009 (basic prices)	R534.13bn		
GDP growth at market prices (2Q annualised, adjusted)	-3.0%	2Q 2008: 5.0%	
GDP growth at market prices (2Q 2009 vs 2Q 2008)	-2.8%	2Q 2008: 4.5%	
Agriculture (4.6% of GDP)	-0.6%	Trade etc (12.2%)	-3.5%
Mining (9.4%)	-9.5%	Transport and communication (7.9%)	0.9%
Manufacturing (16.8%)	-15.1%	Finance etc (21.4%)	-0.1%
Electricity and water (2.5%)	-2.6%	Community services (6.1%)	3.4%
Construction (3.6%)	13.2%	Government (15.6%)	3.7%
Exports (this year to July)	R298.28bn	down 19.2% on same period in 2008	
Imports (this year to July)	R315.65bn	down 24.3% on same period in 2008	
Trade balance (this year to July)	-R17.37bn	Jan-July 2008: -R48.02bn	
Gold and forex reserves (Aug)	R295.15bn	Aug 2008: R264.23bn	
Reserves/imports (July)	6.3 to 1	July 2008: 3.4 to 1	
Current account deficit 2Q 2009	R19.72bn	2Q 2008: R40.38bn	
— as proportion of GDP	3.2%	2Q 2008: 7.3%	
Capital account surplus 2Q 2009	R26.79bn	2Q 2008: R46.03bn	
Gold price per ounce (average)(Aug)	\$949.61	Aug 2008: \$940.47	
Crude oil price (dated Brent/barrel) 9/9/09	\$69.59	year ago: \$99.68	(Decrease: 30.2%)
Petrol (premium pump price per litre Gauteng) 9/9/09	R 8.05	year ago: R9.66	(Decrease: 16.7%)
Prime overdraft rate (average) 9/9/09	10.5%	year ago: 15.5%	
Real prime overdraft rate (average) (June)	3.84%	year ago: 4.47% (based on headline inflation)	
Repo rate (average) 9/9/09	7.0%	year ago: 12%	
€/R 0.0912 £/R 0.0800 \$/R 0.1325 ¥/R 12.21 €/\$ 0.6884 ¥/\$ 92.14	at 9/9/09		
R/€ 10.963 R/£ 12.498 R/\$ 7.547 R/¥ 0.0819 \$/€ 1.4526 \$/¥ 0.0109	at 9/9/09		
Appreciation of rand against euro last 12 months	2.30%	(Lowest: R/€ 14.65	Highest: R/€ 1.80)
Appreciation of rand against dollar last 12 months	4.78%	(Lowest: R/\$ 13.00	Highest: R/\$ 0.67)
Appreciation of rand against basket last 12 months	4.57%		

INFLATION INDEX

Headline inflation rate (July 2009 vs July 2008)	6.7%	June 2009 vs June 2008	6.9%
— Housing and utilities (22.56%)*	8.2%		7.3%
— Transport (18.80%)*	-3.4%		-2.1%
— Food and non-alcoholic beverages (15.68%)*	8.3%		10.2%
— Insurance and other services (13.56%)*	12.8%		11.8%
— Household contents and services (5.86%)*	6.7%		7.0%
— Alcohol and tobacco (5.58%)*	11.5%		10.5%
— Recreation and culture (4.19%)*	13.7%		13.3%
— Clothing and footwear (4.11%)*	5.2%		4.9%
— Communication (3.22%)*	0.6%		0.6%
— Restaurants and hotels (2.78%)*	10.4%		12.0%
— Education (2.19%)*	10.5%		10.5%
— Health (1.47%)*	10.9%		11.4%
Rise in administered (non-market) prices	-0.4%		-1.2%
Producer price rise (PPI)	-3.8%	July 2008 vs July 2007	18.9%
Imported producer inflation	-17.5%		22.8%

* Weight