

How the nation is shaping up

Starting 3 years ago, the Presidency annually releases a set of **development indicators** measuring how SA is shaping up. 76 indicators, grouped around ten areas of our national life, are measured and compared over time. (www.gov.za).

SA must be one of the few countries in the world taking stock of itself like this. The stock take may be uncomfortable, but it enables us to be better informed on what we achieve and what we don't. We can look beyond the screaming headlines of the day to the more important underlying trends in our society. That is the **value added** by the Indicators - they enable us to measure progress or regression in a systematic and holistic way.

The bottom line is that, in a **short term view**, matters have regressed from 2008 to 2009. That is largely due to the recession which caused two areas of our national life, economy and employment, to regress. However, in the **long term view** from 1994 to 2008/09 SA progressed in six of the ten areas of our national life.

Two areas of short term reversal – economy & unemployment

The two areas of enormous achievement since the nineties are also the areas where we saw setbacks in 2009, the economy and employment. The economy is shrinking for the first time in 18 years and jobs are being lost.

SA's growth should recover as the global economy recovers, declining interest rates work through, infrastructure spending proceeds and consumers recover. Various institutions have published their growth forecasts for SA for 2010 and they range from 1,7% (IMF) to more than 3% (EIU), so next year growth will probably be around 2,5%. If the world economy keeps recovering SA should reach 3%+ in 2011 and further.

Assuming a 3% growth rate over the next few years (and in our May road show we motivated why we hang our hat on that number) the damage of the last year can be repaired over the next year or two.

Under performance in the short and long term – health, education & social cohesion

These three areas are measured by 23 indicators. They paint a mixed picture and confirm what we know: SA is struggling in these 3 areas.

Social cohesion (or social capital as we call it in BoE) measured quite well during the "rainbow nation" years – from 1994 to around 2000. Some indicators kept on improving like participation of women in parliament and the number of people voting, but the majority of indicators in this area have regressed. They relate to "pride in being a SA", "country going in the right direction" and "public opinion on race relations".

Education has some pleasant surprises – class sizes have declined to below the target of 32 children per teacher; gender parity has been achieved between boys’ and girls’ access to education (a huge issue for a society wanting to escape traditionalism and achieve modernity); matric passes with mathematics have increased by more than 500%; since 2000 a focus on science, engineering & technology (SET) has seen a 54% improvement in SET graduates (the Verwoerdian view that Blacks should not do maths or science is slowly being buried under the numbers); and adult illiteracy has been reduced significantly. All this looks good, but the biggest issue in education is one that is not formally measured in the Development Indicators and that is quality. Here I impose my personal view that it is insufficient for a large number of our kids and I therefore rate this area as under-performing.

Health, on the other hand, contains an unpleasant surprise – maternal deaths are increasing. HIV/Aids also continues to take its toll and these dwarf steady progress with malnutrition and immunisation.

Better in long term, unchanged in short term - Safety & Security

Crime has decreased over the last ten years. Some individual crime categories increased, but overall there has been a decline in the number of all incidents, including murder.

However, looking at the 2009 crime stats, the decline seems to have evened out for the 12 months from 2008 to 2009. Crime is down in two of five categories; unchanged in two more and in one category (theft and commercial crime) it increased. I thus rate the variable as unchanged from 2008 (and that means still bad).

Progress - good governance

A surprising improvement in 2009 is the category “good governance”.

There are 7 indicators in this area:

- 4 of them improved (tax register, audits, budget transparency and ease of doing business),
- 2 regressed (perceptions of corruption and public opinion of the delivery of services) and
- 1 (green house gas emissions) remain unchanged.

Almost 600 000 taxpayers were added to the **tax register** which creates a bigger base for tax collections. There are now 8,5 million registered taxpayers on the register.

The **audit** indicator has improved with fewer provincial govt departments, municipalities and public entities getting qualified audits. The one regression was “national departments” were 12 out of 34 departments got qualified audits, up from 11 last year.

The Achilles heel remains municipalities where, after improvement, a full 78% of those audited still got a qualified audit.

On **budget transparency** SA improved its position further; whilst changes to the Corporate Laws Amendment Act and the facility to lodge documents electronically **made it easier to start a business** and SA improved its position by three places in the applicable international index.

Perceptions of poor public service must be read with the actual delivery of such services, which keeps on improving (see below). Perceptions might be swayed more by TV screens and newspaper headlines of service delivery protests than actual failure of delivery. Nevertheless, perceptions are registered as a negative, which undermines good governance.

Steady Progress – poverty, access to services and housing

In the remaining three areas we continue to register Steady Progress. Poverty is down, access to housing and basic services continues to improve and so do international relations.

2,8 million RDP houses have been built, taking households in formal dwellings from 64% to 74% and cutting the households still in traditional dwellings by 50%. Our forecast last year that the country could see universal access to water, sanitation and electricity by 2014 seems possible.

The distinction between poverty and inequality is important – the one improved (poverty) and the other worsened (inequality) but inequality between races has decreased whilst inequality within race groups has worsened. Given the specific conditions of SA this is to be expected and is in my opinion a sign of progress – in this race conscious society it is much better if inequality does not run along racial lines.

So What?

- The **bottom line** is clear: over the last decade and a half we have made substantial progress around six areas of our national life. Our problem areas remain crime, health, education, social capital and local government.
- The **recession** has interrupted progress in two of the six progress areas i.e. the economy and job creation. The economy and job creation must recover for the country to keep advancing. The prospects look reasonable with 3% growth in sight over the next few years. However, (as we discussed in the May road show) progress beyond 3% will depend on political will. On that the jury is still out. As we illustrated on that road show, at 3% rising living standards and social progress are possible.
- Crime, health, education and local government have moved to the top of the political agenda. Politicians and senior civil servants now acknowledge that these are problem areas. That combined with increased focus, should render some results during the lifetime of this Parliament.
- If the six areas of progress achieved over the last 15 years can increase to seven or eight areas over the next five years, the country would indeed be making progress. The Development Indicators will tell us that in no uncertain terms.