



ADDRESS BY MINISTER J. RADEBE **ON THE OCCASION OF THE RELEASE OF  
DEVELOPMENT INDICATORS 2014**

20 SEPTEMBER 2015

GCIS HEAD OFFICE, TSHEDIMOSETSO HOUSE

Programme director Ms Pumla Williams , acting Director-General of GCIS  
The Secretary of National Planning Commission, Mr. Tshediso Matona  
Deputy Director-General of Department of Planning, Monitoring and Evaluation,  
Ms. Nolwazi Gasa and Outcomes facilitators  
Esteemed Panel of Experts: Professors Zuma and Kirsten, Doctors Titus and  
Zondi and Mr Lehohla  
Senior Managers of Government  
Members of the Media  
Fellow South Africans  
Distinguished Guests  
Ladies and Gentlemen

**Good morning,**

On this blessed Sunday morning, let me first express my appreciation to you all for your presence here as we release to the people of South Africa the Development Indicators 2014. These indicators play a crucial role in assisting government and the public to track the effectiveness of government policies and interventions using aggregate data. They employ quantitative measures to track progress made in implementing policies against national targets based on data sourced from research institutions, government databases and official statistics.

The purpose of today's panel discussion with industry and sector experts is to stimulate public discourse and ensure that these Development Indicators are understood in context by the stakeholders and the public. It also seeks to unpack the indicators in detail and get expert opinion and input from the target audience on what is working and how we could improve the reporting in future.

The launch of the Development Indicators occurs against the backdrop of yet another proud milestone in South Africa's rich history - the discovery of Fossil Naledi. Many of the series we track in this publication date back to 1994 - not quite as far back as the Naledi fossils - but very useful in assessing how we have progressed from 1994. The government and the people of our country and indeed the entire world speak with one loud voice in congratulating the University of the Witwatersrand for this colossal achievement. May this pioneering work grow from strength to strength, and continue to place our country at the epicentre of the global map.

The Development Indicators publication is one of our key sources for tracking progress towards achievement of the National Development Plan (NDP) Vision 2030, on annual basis. Whereas the production of this publication predates the adoption by our country of the NDP 2030, the majority of indicators identified at the outset and tracked since then, remain pertinent to the present. This 2014 publication is useful in many respects. It is the first to be produced since government published the 20-year review in 2014, and thus further enriches the evidence-base that informs the design and delivery of our socio-economic development programmes.

The socio-economic development programmes implemented in partnership with all key stakeholders, and therefore have to be monitored and evaluated jointly with all our partners. Your presence here today fellow South Africans, to join hands with us as we take stock of milestones recorded to date, is of utmost importance.

Consistent with the Labour Force Surveys published by Statistics South Africa, the Development Indicators 2014 reflect that one in four working age adults actively seeking employment remained unemployed during the period under review. In 2014, youth unemployment reached a peak of **48,8%** amongst the 15-24 year age group and **29,6%** amongst the age group 25-34 years of age. Whereas unemployment is

exacerbated by lack of appropriate skills, this is also compounded by the shortage of suitable post-school education opportunities.

Reducing South Africa's high levels of unemployment requires the economy to be on a labour-absorbing growth path, as well as the development of entrepreneurship amongst our youth, in terms of interest, skills and creation of opportunities. This depends on a successful reorientation of the economy to raise labour demand, with matching improvements on the supply side. Re-industrialisation and economic diversification are also necessary to boost job creation, and these factors are at the heart of the NDP 2030, the New Growth Path and the Industrial Policy Action Plan.

The stark unemployment figures I have just outlined have continuously spurred government into action, and not into despondency. Measures undertaken by the public sector, such as investment in infrastructure, have boosted youth employment in construction. The Expanded Public Works Programme has expanded the intake and participation of young people. The recently launched employment tax incentive has encouraged private-sector employment of new entrants to the labour market.

As the NDP 2030 firmly asserts, it is not the primary role of government to create jobs, but rather to create an enabling environment for crowding in investments, in terms of the legislative and regulatory dispensation, stimulating economic growth and ensuring a peaceful labour environment, free of exploitation and disruption. Jobs created in the public sector are therefore largely a bi-product of successful service delivery, which is our main goal.

As part of the arsenal of interventions to address the skills deficits, at least 30 000 young people have benefited from internships and learnerships in the public service since the decision to systematically implement this programme in 2009. Higher education and further education intake has improved. There is visible progress in enrolment in technical and mid-level skills programmes such as artisanship. However, the need for opportunities has also grown. The expansion of TVET colleges as well as the establishment of the two universities in Mpumalanga and Northern Cape Province will over time assist in enhancing skills.

The Industrial Development Corporation and the Small Enterprise Finance Agency have committed a combined R2.7 billion to finance youth-owned enterprises.

An important recent milestone is the adoption of the National Youth Policy 2020, which emphasizes employment creation and education and skills development. The National Youth Development Agency has also supported a range of youth-owned enterprises and cooperatives. More than 1 000 youth-owned enterprises have benefited from the support of the NYDA, as well as from procurement and enterprise development programmes of the state and the private sector.

As is known, the global economic recovery since the downturn of 2008 has been slow and uneven across continents. The GDP growth rate in South Africa averaged **3.7% in the past 10 years**, while annual growth rate averaged 1.5% in 2014. Our target, embodied in the NDP target is 5.4%. Key risk factors include poor global economic conditions which continue to impact on our export markets. Our mining sector is facing an acute crisis partly as a result of the dramatic drop in commodity prices. Current initiatives to stimulate growth include the government's infrastructure build programme, the war room on electricity, the Operation Phakisa on the Ocean Economy and on Mining, and the 9-Point Plan.

Despite some fluctuations, our overall total investment in fixed capital as a percentage of GDP increased over the last 5-years, and reached **20,3% in 2014**. The NDP target is 30% of GDP by 2030. This has resulted from the focused delivery on the government's Strategic Infrastructure Projects, which included the upgrading of roads, schools and hospitals, with the provincial governments and local authorities in particular stepping up their expenditure. At the same time the level of real fixed capital expenditure is mainly reflecting ongoing spending by the electricity and transport sectors. Lower than expected private sector investment as a percentage of GDP remains a challenge to increasing overall investment. South Africa has not yet recovered to the 2008 level, which was driven largely by preparations for the 2010 Soccer World Cup.

Employment in the **Expanded Public Works Programme (EPWP)** continues to expand steadily, and reached 6 million at the end of 2012/13. Short-term employment opportunities through the EPWP remain an important intervention to

support unemployed working-age adults. In the year 2013/14, the EPWP created more than one million work opportunities, the majority in infrastructure. The **Community Work Programme** has grown substantially from its modest roots in 2009/10 with more than three-fold growth in four years. However, given the country's focus on decent jobs, this is not sufficiently crowding to ensure a skilled, qualified and capable workforce.

Evidence suggests that the number of households in the country has grown from 11 million to 15.6 million between 2002 and 2014. This is concomitant with the growth in our population. During this decade of demographic growth, the proportion of households accessing basic services has grown at an even faster pace, with 80% percentage of households accessing water, and 77% accessing electricity. The proportion of households accessing sanitation went up from 62% to 80%. This is by no means a modest, but rather a significant achievement.

However, neglect of routine operations and maintenance by some municipalities has meant that even where infrastructure exists this is sometimes non-operational, resulting in disruptions of supply. Illegal connections to the electricity grid are also a concern. To prevent collapse of the above-mentioned services, maintenance and proper operations should be given top priority.

The National Development Plan envisages rural communities with greater opportunities to participate fully in the economic, social and political life of the country, supported by good-quality education, health care, transport and other basic services. An inclusive rural economy will be achieved through successful land reform, job creation and rising agricultural production.

The medium term strategic framework contains actions to grow and diversify the economy and reduce economic concentration. It focuses on ensuring growth in the core productive sectors of manufacturing, mining and agriculture, including stimulating new areas of economic growth such as the oceans economy. It includes actions to ensure that small business makes a much larger contribution to growth and employment creation.

Current initiatives to create jobs in agriculture are yet to manifest in the employment numbers. In 2014, however, the agriculture sector gained 28,000 jobs, followed by a 200,000 year-on-year increase in the first quarter of 2015.

Current economic conditions affect all sectors, but the agriculture sector is further constrained due to severe drought conditions.

Maintaining good agricultural practices is critical to improving the competitiveness of SA products in the markets, and as such Government has instituted the Good Agriculture Practice (GAP) audits.

The fourth term of the democratic government (2009-2014) has seen a massive increase in the enrolment of five-year-old children in formal Early Childhood Development (ECD) centres. Overall, the proportion of Grade 1 learners who have attended Grade R reached 87.2% in 2014. Preparatory education in the formative years of learners has been found to be a predictor of good performance in subsequent phases of schooling. While it is heartening that more learners are attending Grade R, the quality and impact of Grade R varies across different settings, as shown by the evaluation completed by DBE and DPME in 2012. Improving the quality of ECD is therefore an essential ingredient for improving the results of learners in the whole education system.

To ensure this, government has developed and will commence with implementing a strategy for the supply of appropriately qualified Grade R practitioners, who will have undergone training on a uniform and standardized curriculum for all Grade R learners. As Madiba indicated, children are the future of this country and their future should only be entrusted to sufficiently qualified people.

The National Senior Certificate pass rate consistently improved from 2008 to 2013, but dipped slightly to **75.8% in 2014**. The decrease coincided with the first class who wrote the new Grade 12 Curriculum and Assessment Policy Statement (CAPS) examinations. We need to consistently remind ourselves that improved matric pass rates are not necessarily the only indication of improvements in the **quality** of the system. A more useful indicator would be the number of learners achieving passes with marks above 50%. An increased number of learners enrolling for Mathematics

and Science would also be a reflection of enhanced quality. Interventions such as Annual National Assessment (ANA) and increased monitoring of curriculum coverage in the long run will contribute to increasing the performance of the system.

At **88,4%**, the pass rate of learners in **special schools** is higher than the national average of 75,8%, which suggests that there could be good practice that can be shared. A new meaning that should be infused in all of us is that these schools are special because of the excellent performance and impressive outcomes that they produce.

The number of artisans completing vocational training increased steadily; reaching an average of 18 000 in 2013/14. The NDP target is to produce 30 000 artisans per year by 2030. Historically, most of the artisan training was carried out by state owned enterprises, but there are indications that commercialisation of State Owned Enterprises (SOE) may have compromised training. Since the training of artisans through SOEs has been revived, this has improved the intake of learners. It has also created potential employment opportunities.

Mathematics and Science are critical in providing the skills needed by the country to grow the economy. Evidence points to a slight decline in the number of learners passing Mathematics and Physical Science from 2013 to 2014. The low rate of passes coupled with fewer students registering for these subjects is worrying, and government has developed various measures to address this. Key interventions implemented have included intensified teacher training and continuous development in these subjects; increased monitoring of curriculum coverage, strengthening of partnership with private sector. The participation of community and parents in the education will in the long run improve performance.

South Africa must increase its investment in Research and Development (R&D). Although R&D expenditure as a percentage of GDP has increased over the years, it was only 0,76% of the GDP in 2011/12. A silver lining in this cloud is that there have been some shifts in the overall composition of Gross Expenditure on R&D (GERD) compared to five years ago, primarily as a result of the fact that the government has become the largest source of funds for R&D, and that the bulk of such funds are

expended in the higher education institutions and science councils. Notwithstanding, increased investments in R&D are required to ensure that the country remains abreast of other nations in the production and application of scientific knowledge. In our vocabulary, this includes indigenous knowledge systems.

South Africans are living for longer, a milestone worthy of celebration. The Life Expectancy of South Africans has improved steadily over the last decade, with an overall net gain of 8.5 years. The increase in life expectancy can be attributed to the constant improvement in implementation of comprehensive strategies to combat the quadruple burden of diseases inclusive of communicable disease – primarily HIV and AIDS and TB – and the reduction in infant and child mortality rates.

Massive strides have been made in reducing the burden of disease from Tuberculosis. The successful treatment rate of TB patients reached 82% in 2012, while the TB cure rate reached the level of 77%. These achievements have resulted from a combination of interventions, including community-based advocacy for TB, household case finding and rapid TB diagnosis using the Genexpert technology. These have ensured people living with TB are identified timeously, placed on treatment and supported to complete their treatment.

South Africa has achieved remarkable progress in improving child and infant health, with the country's Under-Five Mortality Rate decreasing from 85,2 per 1000 live births in 2002 to 44,1 per 1000 live births in 2014. Similarly, the Infant Mortality declined from 57,8 per 1000 live births in 2002 to 34,4 per 1000 in 2014. On the African continent, South Africa has achieved the second fastest rate of decline in under-five mortality after Rwanda. This has resulted from the implementation of a suite of interventions to improve child health, including strengthening of the Expanded Programme of Immunisation which steered improvements in the routine immunisation coverage, providing Vitamin A supplementation, introducing two new vaccines Rotavirus and Pneumococcal Vaccine, and effectively implementing the Prevention of Mother-to-Child Transmission (PMTCT) of HIV programme.

These levels of performance should be sustained to reduce the under-five mortality rate to the MDG target of 19 deaths per 1 000 live births. The child health indicators



have been retained in the Sustainable Development goals to be adopted by nations of the world at the forthcoming United Nations Summit later in September 2015.

South Africa's maternal mortality ratio shows some progress, albeit not fast enough. It is much higher than those of countries of similar socio-economic development.

The South African public health sector, working in collaboration with development partners, academic institutions and non-governmental organisations has developed an MDG Countdown Project, which aims to increase significantly the number of maternal lives saved by 2015, though the country will not meet the MDG target.

Between 2001 and 2011, South Africa significantly reduced the number of children suffering from severe malnutrition. However, between 2011 and 2013 there was a slight increase in children under-5 who suffered from severe acute malnutrition. Addressing this condition requires intensified intersectoral collaboration to address not only the symptoms but the root causes of severe malnutrition. These underlying causes include a declining trend in subsistence food production, the cost of food relative to the incomes of the poor, and poor dietary habits leading to malnutrition. Government's social assistance grant programmes, its initiatives to develop smallholders, and nutrition education programmes are all aimed at addressing these causes.

The safety of all people who live, work and play in South Africa is of paramount importance to the government. The Development Indicators report contains a detailed section on progress made towards ensuring the safety and security of all. However, in view of the anticipated release of new crime statistics later in September 2015, I will limit myself to the trends in the perception of crime, as measured by Statistics SA. Evidence points to the fact that the percentage of households whose members feel safe walking alone in their area during the day has improved slightly, while the percentage of those who feel safe walking alone in the dark has decreased. In relation to perceptions about satisfaction with the police in their areas, the percentage of households who were satisfied with the police in their area has shown a decline since 2011. Perceptions about the satisfaction with the way courts generally deal with perpetrators of crime have remained the same.

The Development Indicators 2014 include a section on good governance, where we monitor the efficiency of revenue collection, audit outcomes of the different spheres of government, the perceptions of corruption, transparency in budget processes, the public's opinion on the delivery of basic services and the ease of doing business in South Africa. These measures are useful in assessing the NDP goal to build a capable and developmental state.

According to the Open Budget Index (OBI), South Africa continues to be in the top six of countries that institutionalise transparency initiatives in the budgetary processes. Notably, South Africa maintained the second position both in 2008 and 2013, an impressive record indeed.

South Africa's corruption perception score improved in 2014. Despite the slight improvement, the perception of corruption in South Africa and our consequent poor performance when compared to other countries are not what they should be. Corruption in both the public and private sectors impedes service delivery, undermines public confidence in the state and the economy, and reduces economic growth, competitiveness and investment. A range of institutions and measures have been put in place since 1994 to counter corruption. These are being strengthened by mechanisms such as preventing public servants from doing business with the state and better management of the risks related to government procurement processes. A culture of zero tolerance needs to be developed across society, with businesses and citizens also playing their part.

Government departments must utilise the taxpayers' resources, appropriated through Parliament, judiciously and ethically. Financial audit outcomes across national and provincial departments, municipalities and public entities have improved but are still not ideal. The MTSF target for municipalities is that at least 75% of municipalities should have unqualified audit opinions by 2019. Intense support is being provided to municipalities to develop and implement audit action plans through a dedicated initiative by the Department of Cooperative Governance. To date 167 municipalities have plans of action to prepare and submit Annual Financial Statements.

Tax revenue has grown significantly due to economic growth, a broader tax base and more effective revenue collection. The income tax register has been expanded from 3 million taxpayers in 1996 to almost 20 million in 2013.

National Treasury's 2015 Budget Review indicates that there is broad acceptance that South Africa's tax system is fair and efficient. It forms a part of the country's social compact, raising the revenue necessary to support public services.

Over the past decade, the public finances have supported a large-scale redistributive effort to support national development and reduce poverty. National income, adjusted for inflation, is 50 per cent larger than it was 10 years ago. Over the same period, spending per citizen grew by 80 per cent in real terms, and real expenditure on social services doubled.

Since the global financial crisis began in 2008, however, increasing expenditure has been sustained by a large accumulation of debt. Rising debt-service costs threaten the sustainability of social gains achieved over the past decade.

Government is aware that improving the quality of public spending, combating corruption, and eliminating waste and inefficiency are vital to maintaining the goodwill that sustains revenue collection.

The past decade has seen the rise of the black middle class. There was a significant shift in the country's living standards measure between 2001 and 2013. Despite rising average income levels and the rise in the black middle class, levels of inequality have remained high, with the richest 10 percent of households capturing over half of the national income.

Government regularly assesses its performance in order to address weaknesses. The challenges still facing our country are immense. A number of the indicators are stable at low levels, or demonstrate emerging trends, but the pace of change is slow to reach desired levels within the set time frame. These include afore-mentioned factors such as GDP growth, unemployment, income inequality, and the perception

of corruption, audit outcomes across all levels of government, and the number of Grade 12 learners who passed with Mathematics and Physical Science as subjects.

Other challenges include rising government debt, decline in the percentage of gross domestic product (GDP) spent on research and development, weaker global competitiveness, increasing aggravated robbery, increasing service-delivery protests and decreasing public opinion of service delivery by government.

Fellow South Africans and distinguished guests, the key areas of **good performance** in 2014, as embodied in the Development Indicators 2014 Report are as follows:

- ✓ South Africans' **life expectancy** increased by 8.5 years from 52.7 years in 2004 to 61.2 years in 2014
- ✓ **Infant mortality** improved from 58 to 34 deaths per 1 000 live births between 2002 and 2014. Over the same period under-5 mortality decreased from 85 to 44 deaths per 1 000 live births.
- ✓ South Africa contributed to halting and reversing the spread of HIV (Millennium Development Goal 6). The number of HIV positive persons on antiretroviral treatment in South Africa was at 2.8 million in 2014, which is a significant portion of the global target of 15 million. The number of people on antiretroviral treatment has now reached 3.5 million. The global target was achieved ahead of schedule in 2015.
- ✓ The percentage of households in low **living standards** (LSM 1 to 3) decreased from 40% to 11% over the period 2000 to 2013
- ✓ The number of households has expanded from 10.8 million to 15.6 million between 2002 and 2014. Over the same period, the share of households accessing basic services increased from 77% to 86% in the case of **electricity**, from 80% to 86% for **water** infrastructure, which exceeded RDP standards. The proportion of households accessing **sanitation** went up from 62% to 80%.
- ✓ The share of 5-year olds attending **early childhood development** facilities more than doubled from 39% in 2002 to 87% in 2014.

- ✓ In 2014, 84% of adults in South Africa were **literate**, up from 73% in 2002. South Africa compares favourably to other African and Middle Eastern countries in international comparisons.
- ✓ Combating the unacceptably high levels of crime remains a priority. Between 2002 and 2013, the number of **serious crimes** reported was reduced from over 5 thousand to 3.5 thousand per 100 000 population.
- ✓ Since first assessed in 2006, South Africa persistently performed well in terms of the public having access to **budget information** and provided with the opportunity to participate in budget process at national level. In 2012 we were rated second out of one hundred countries.
- ✓ **Tax revenue** has grown significantly due to economic growth, a broader tax base and more effective revenue collection. The income tax register has been expanded from 3 million taxpayers in 1996 to almost 20 million in 2014.
- ✓ Almost 15 million international travellers arrived in South Africa in 2013, double the number in 2005. Tourism generated 4.6% of total employment in 2012, up from 4% in 2005 and contributed R93 billion to GDP in 2012, more than double the R45 billion in 2005.

The indicators are, as their name suggests, numerical indications of changes in highly complex and interrelated systems. They should be interpreted jointly, beyond the number and within the broader, socio-economic and historical context.

The two fundamental objectives of eradicating poverty and reducing inequality have been the central focus of government policy since 1994. The Twenty Year Review provided a comprehensive overview and analysis of South Africa's progress since 1994. The Twenty Year Review has shown that South Africa has emerged from its deeply divided and violent past into a robust and vibrant democracy that has made major strides in improving the lives of its citizens.

Poverty has declined since 1994, but society remains highly unequal. In addition, while there has been progress in addressing the legacy of apartheid, inequality is still largely defined along racial lines. Going forward, a number of challenges will have to be addressed to eradicate poverty and reduce inequality. These include employment creation, improving labour relations, overcoming economic infrastructure constraints, improving the capability of the state and the quality of service delivery, and overcoming the challenges related to basic education, public health services, crime and corruption.

The Development Indicators are a collation of data extracted from many sources, including official statistics, government databases and research institutions. I would like to thank all the institutions and agencies that provided data for their support.

It is my wish that a broad range of institutions and individuals should engage with this publication and should be inspired to work together to achieve our long and medium-term goals as articulated in the National Development Plan (NDP) Vision 2030 and the Medium Term Strategic Framework (MTSF).

We also wish our Springboks all the best in their endeavours to make us proud during the Rugby World Cup in the United Kingdom.

Together we move South Africa forward! I thank you!