

South Africa's decline continues

On a number of metrics South Africa continues to decline. If we do not look at the macro numbers – such as economic growth or the number of people in work (the trends for both of which are negative), the evidence from other corners of the country reflects something similar.

This edition of *Free Facts* looks at a number of business indicators, both from within South Africa and benchmarking us against other countries in the world. Unfortunately these indicators show how South Africa is slipping, markedly in some instances.

For example, this edition shows that the number of new car sales – a key indicator of middle-class growth – has been declining steadily over the past decade. The number of new cars sold in 2019 is expected to be the lowest since 2010. It is expected that new car sales will rise in 2020 but that remains to be seen.

Other indicators show similar trends. The business confidence index of the South African Chamber of Commerce and Industry (SACCI) shows a long-term decline and the number of companies listed on the Johannesburg Stock Exchange (JSE) has declined by more than ten percent in the past decade.

It's also becoming increasingly hard to do business in South Africa. According to the World Bank South Africa was the 32nd easiest place on the planet to do business in 2009. A decade later, in 2019, we have sunk to 82nd. This means it is has become more difficult for people to start businesses, create jobs, and make profits, with all the implications that has for our unemployment rate (and by extension our poverty rate) and annual tax take.

Another indicator is how we are perceived as an investment destination. In a world where countries are increasingly competing for a finite pool of investment, South Africa needs to make itself attractive for investors, but as this edition of *FreeFACTS* shows we are failing at that.

Reform is vital if we are turn the country around. Will 2020 be the year that we begin to reform? Time will tell.

— **Marius Roodt**

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Business and Infrastructure

Business by sector

Enterprises ^a by industry (actual numbers), 2009-18					
Industry	2009	2010	2011	2012	2013
Forestry and fishing	1 779	1 772	1 758	1 676	1 587
Mining and quarrying	2 297	2 201	2 207	2 234	2 237
Manufacturing	57 239	53 119	51 806	49 479	47 605
Electricity, gas and water supply	1 033	998	496	507	563
Construction	40 660	38 294	37 859	36 291	34 896
Trade	127 962	116 211	114 832	110 694	106 173
Transport, storage and communication	18 832	17 675	17 301	16 650	15 975
Activities auxiliary to financial intermediation, real estate and other business services ^b	213 538	98 385	104 140	101 366	99 031
Community, social and personal services ^c	29 732	26 888	27 168	26 480	25 986
All industries	493 072	355 543	357 567	345 377	334 053

Industry	2014	2015	2016	2017	2018	Change: 2009-2018
Forestry and fishing	1 541	1 555	1 456	1 405	1 437	-19.2%
Mining and quarrying	2 247	2 348	2 447	2 603	2 824	22.9%
Manufacturing	45 405	45 285	45 966	47 438	49 776	-13.0%
Electricity, gas and water supply	622	754	947	1 127	1 451	40.5%
Construction	33 735	34 789	35 571	36 479	39 108	-3.8%
Trade	102 989	103 854	101 932	101 454	101 661	-20.6%
Transport, storage and communication	15 691	16 136	16 243	16 332	16 748	-11.1%
Activities auxiliary to financial intermediation, real estate and other business services ^b	97 591	100 308	99 866	100 246	102 751	-51.9%
Community, social and personal services ^c	25 727	26 478	26 752	27 478	28 821	-3.1%
All industries	325 548	331 507	331 180	334 562	344 577	-30.1%

Source: Stats SA, *Annual Financial Statistics 2010-2018*, Statistical release P0021/P0021, 26 November 2019

a An enterprise is a legal unit or a combination of legal units that includes and directly controls all functions necessary to carry out its activities.

b Excludes financial intermediation, insurance, pension funding and business services not elsewhere classified.

c Excludes government and educational institutions.

d Preliminary figures.

Business and Infrastructure

Enterprises by industry (proportions), 2009-18					
Industry	2009	2010	2011	2012	2013
Forestry and fishing	0.4%	0.5%	0.5%	0.5%	0.5%
Mining and quarrying	0.5%	0.6%	0.6%	0.6%	0.7%
Manufacturing	11.6%	14.9%	14.5%	14.3%	14.3%
Electricity, gas and water supply	0.2%	0.3%	0.1%	0.1%	0.2%
Construction	8.2%	10.8%	10.6%	10.5%	10.4%
Trade	26.0%	32.7%	32.1%	32.1%	31.8%
Transport, storage and communication	3.8%	5.0%	4.8%	4.8%	4.8%
Activities auxiliary to financial intermediation, real estate and other business services	43.3%	27.7%	29.1%	29.3%	29.6%
Community, social and personal services	6.0%	7.6%	7.6%	7.7%	7.8%
All industries	100.0%	100.0%	100.0%	100.0%	100.0%
Industry	2014	2015	2016	2017	2018
Forestry and fishing	0.5%	0.5%	0.4%	0.4%	0.4%
Mining and quarrying	0.7%	0.7%	0.7%	0.8%	0.8%
Manufacturing	13.9%	13.7%	13.9%	14.2%	14.4%
Electricity, gas and water supply	0.2%	0.2%	0.3%	0.3%	0.4%
Construction	10.4%	10.5%	10.7%	10.9%	11.3%
Trade	31.6%	31.3%	30.8%	30.3%	29.5%
Transport, storage and communication	4.8%	4.9%	4.9%	4.9%	4.9%
Activities auxiliary to financial intermediation, real estate and other business services	30.0%	30.3%	30.2%	30.0%	29.8%
Community, social and personal services	7.9%	8.0%	8.1%	8.2%	8.4%
All industries	100.0%	100.0%	100.0%	100.0%	100.0%

Source: IRR calculations based on Stats SA data

Business and Infrastructure

Business confidence

The Sacci Business confidence index^a, 2010-19

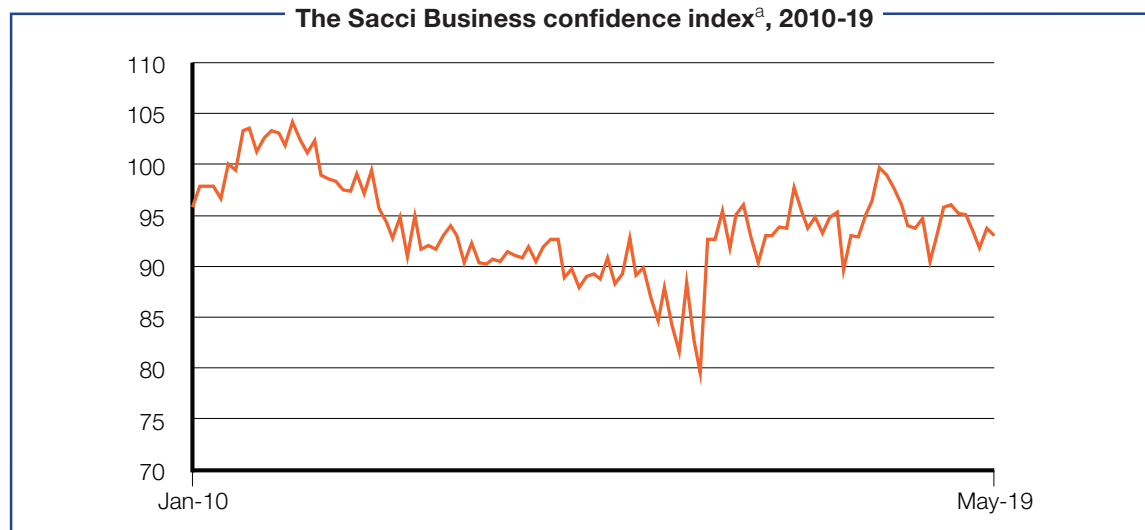
Month	Year									
	2010 ^b	2011	2012	2013	2014	2015	2016	2017	2018	2019
January	95.8	103.1	97.1	94.0	90.5	89.3	92.6	97.7	99.7	95.1
February	97.9	101.9	99.5	93.0	91.9	92.8	92.7	95.5	98.9	93.4
March	97.9	104.2	95.7	90.4	92.7	89.1	95.5	93.8	97.6	91.8
April	97.9	102.5	94.3	92.3	92.6	89.9	91.8	94.9	96.0	93.7
May	96.7	101.2	92.8	90.4	88.9	86.9	95.1	93.2	94.0	93.0
June	100.0	102.4	94.9	90.2	89.7	84.6	96.0	94.9	93.7	—
July	99.4	99.0	90.9	90.7	87.9	87.9	92.9	95.3	94.7	—
August	103.3	98.6	95.0	90.5	89.0	84.3	90.3	89.6	90.5	—
September	103.6	98.4	91.7	91.4	89.2	81.6	93.0	93.0	93.3	—
October	101.3	97.5	92.0	91.1	88.8	88.4	93.0	92.9	95.8	—
November	102.6	97.4	91.7	90.8	90.8	82.7	93.9	95.1	96.1	—
December	103.3	99.1	93.0	91.9	88.3	79.6	93.8	96.4	95.2	—
Average	100.0	100.4	94.1	91.4	90.0	86.4	93.5	94.4	95.4	—

Source: South African Chamber of Commerce and Industry (Sacci), www.sacci.org.za, accessed 24 November 2019

a The Sacci compiles a monthly business confidence index which reflects the business climate and what businesses are doing and experiencing. It is a composite weighted index where the economic and market indicators are used to compile thirteen sub-indices. These include an average monthly exchange rate of the rand against the dollar, the euro, the pound, as well as the volatility of the rand. Other sub-indices include: consumer inflation; the real predominant prime overdraft rate, retail sales volumes, merchandise import and export volumes; new vehicle sales, utility municipal services; volume of manufacturing production, real value of private sector buildings passed, all share price index of the Johannesburg Stock Exchange (JSE); and the average weighted dollar gold and platinum price.

b 2010 was established as the new base year with the value = 100.

The Sacci Business confidence index^a, 2010-19

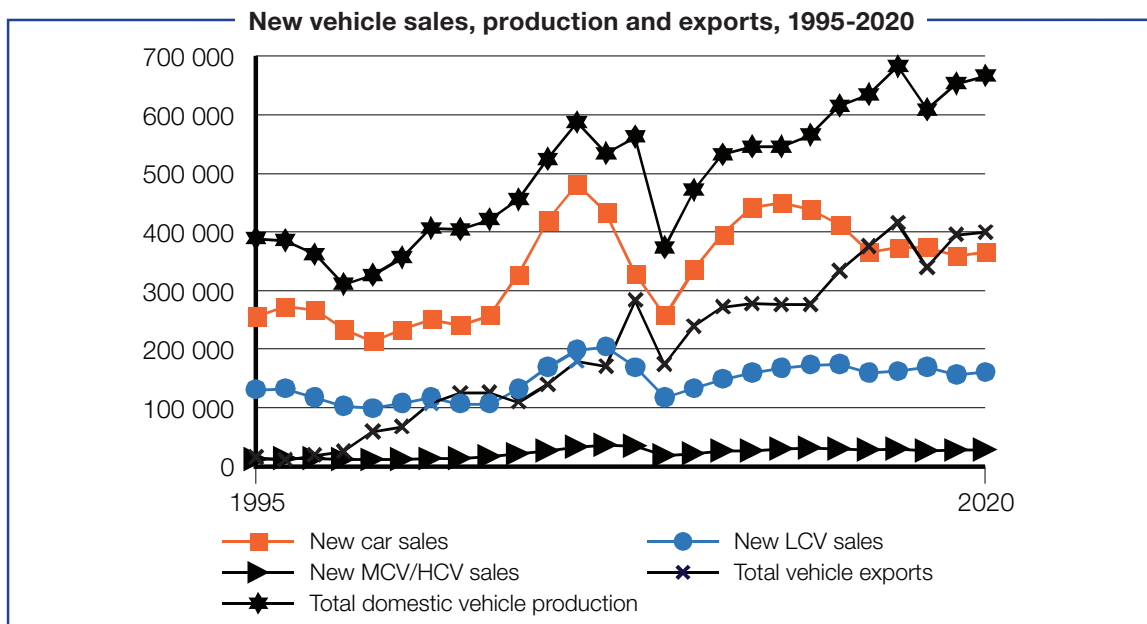


Vehicle sales

New vehicle sales, production and exports ^a , 1995-2020					
Year	New car sales	New light commercial vehicle (LCV) sales	New medium commercial vehicle (MCV)/heavy commercial vehicle (HCV) sales	Total vehicle exports	Total domestic vehicle production
1995	255 817	131 397	12 753	15 764	389 892
1996	273 384	133 075	14 617	11 553	386 302
1997	267 762	117 754	13 759	19 569	362 316
1998	234 821	103 178	12 811	25 896	311 633
1999	214 370	99 669	11 736	59 716	326 722
2000	234 122	108 235	12 275	68 031	356 800
2001	251 560	117 646	13 323	108 293	406 779
2002	241 602	107 247	14 335	125 306	405 071
2003	258 259	107 384	16 957	126 661	421 965
2004	327 651	132 405	21 464	110 507	455 702
2005	419 868	170 132	27 406	139 912	525 227
2006	481 558	199 677	33 080	179 859	587 719
2007	434 653	204 386	37 069	171 237	534 490
2008	329 262	169 466	34 659	284 211	562 965
2009	258 129	118 159	18 934	174 947	373 923
2010	338 939	131 611	22 245	239 471	469 838
2011	400 433	151 814	26 630	272 469	526 436
2012	442 048	160 654	27 840	277 992	538 600
2013	450 297	167 996	30 924	276 403	537 034
2014	438 937	173 811	31 509	276 936	558 187
2015	412 397	174 812	30 441	333 845	615 444
2016	361 265	159 316	26 971	344 816	599 812
2017	368 114	163 317	26 272	338 096	601 338
2018	365 242	159 449	27 535	351 139	610 854
2019 ^b	360 000	157 000	28 000	396 000	654 000
2020 ^b	367 000	161 000	29 000	400 200	667 200

Source: National Association of Automobile Manufacturers of South Africa (NAAMSA), *Quarterly review of business conditions: motor vehicle manufacturing industry/automotive sector, 3rd quarter 2019*, accessed 18 December 2019

- a The table includes vehicles that have been imported, and South African manufactured vehicles that have been exported for sale.
- b NAAMSA projections.



Business and Infrastructure

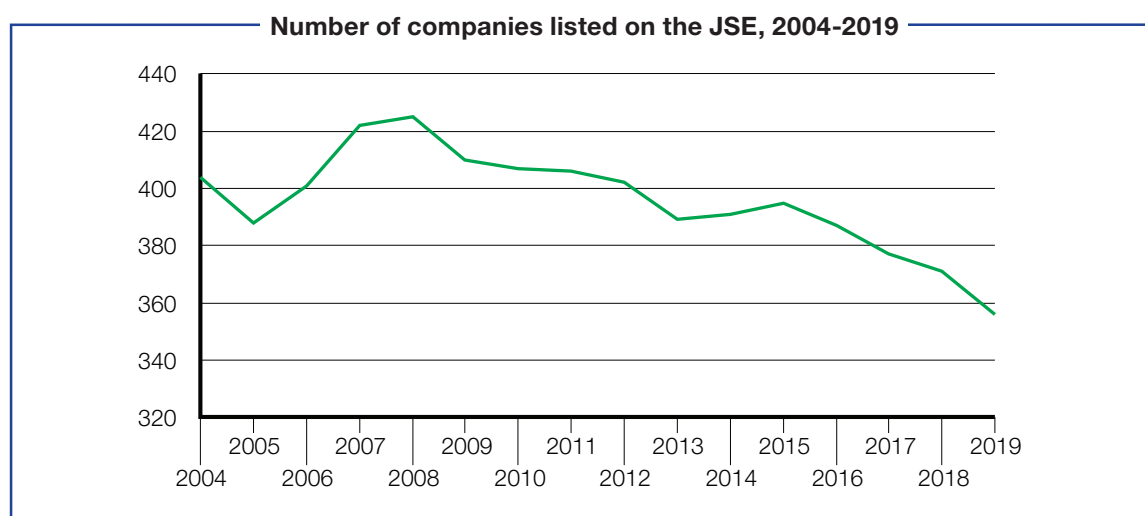
Listings on the Johannesburg Stock Exchange (JSE)

Number of companies listed on the Johannesburg Stock Exchange (JSE), 2004-19								
Listing	2004	2005	2006	2007	2008	2009	2010	2011
New listings	17	19	37	62	23	10	14	16
Delistings	39	35	24	40	20	25	17	17
Foreign listings	21	24	30	37	46	47	47	51
Domestic listings	383	364	371	385	379	363	360	355
Total^a	404	388	401	422	425	410	407	406
Listing	2012	2013	2014	2015	2016	2017	2018	2019*
New listings	14	13	24	23	18	21	11	4
Delistings	18	26	22	19	25	32	17	20
Foreign listings	52	56	62	71	76	75	74	70
Domestic listings	350	333	329	324	312	302	297	286
Total^a	402	389	391	395	387	377	371	356

Source: Johannesburg Stock Exchange (JSE), *Market Profile – December 2009*, 13 January 2010, p2; May 2014, 30 April 2014, p3, February 2015, p3; February 2016, p3; October 2017, p3. May 2018, p3; April 2019

a Foreign and Domestic listings.

* Year-to-date October 2019.



Business and Infrastructure

Ease of Doing Business

South Africa's ranking for ease of doing business^a, 2019

Index	South Africa's ranking (out of 190)	World's best
Starting a business	134	New Zealand
Dealing with construction permits	96	Denmark
Getting electricity	109	United Arab Emirates
Registering property	106	New Zealand
Getting credit	73	New Zealand
Protecting investors	23	Kazakhstan
Paying taxes	46	Qatar, United Arab Emirates
Trading across borders	143	DK, AT, POL & others*
Enforcing contracts	115	South Korea
Resolving insolvency	66	Japan
Overall ranking	82	New Zealand

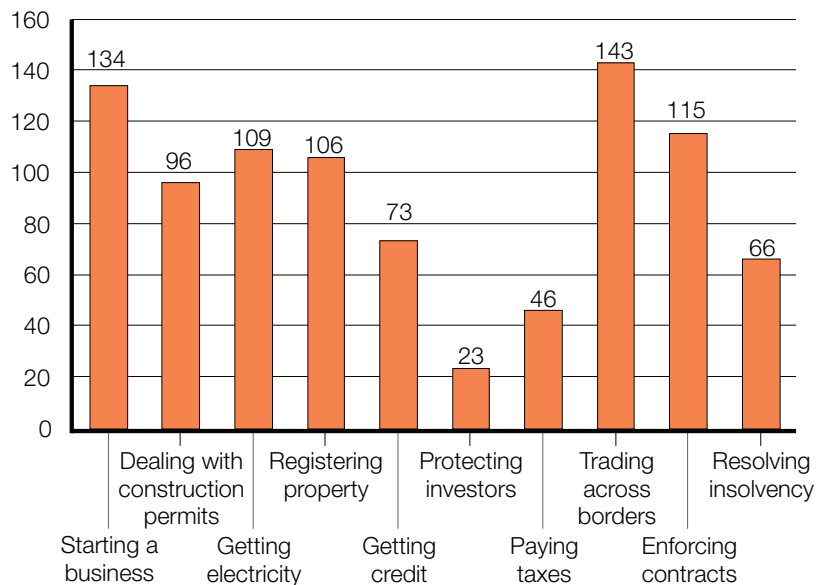
Source: World Bank, *Doing Business 2019*, 1 December 2019

a Doing Business covers 190 economies — including small economies and some of the poorest countries. Doing Business uses four main sources of information: Doing Business respondents; the relevant domestic laws, regulations and administrative requirements; the governments of the economies covered; and World Bank regional staff. Respondents are selected on the basis of their expertise in areas covered by Doing Business. The report draws on the inputs of over 10000 professionals. The inputs from respondents are gathered through questionnaires.

*Denmark, Austria, Poland, Spain, Portugal, Czech Republic, France, Netherlands, Slovenia, and Slovakia, Romania, Italy, Hungary, Croatia, Belgium, Luxembourg.

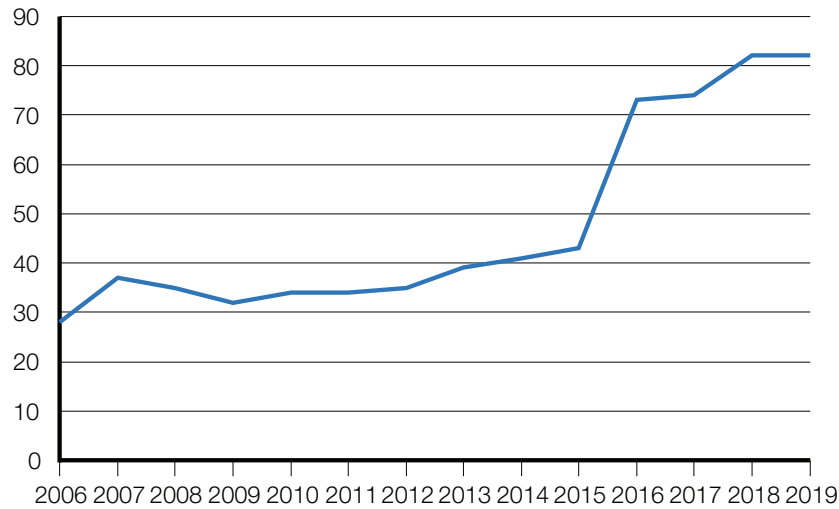
South Africa's ranking ease of doing business by sector, 2019

Ranking (out of 190)



Business and Infrastructure

South Africa's ranking on the ease of doing business, 2006-2019



Tax

Business tax, selected countries, 2018

Country	Tax payments by businesses		
	Number of payments ^a	Time to prepare and pay taxes ^b : hours	Total tax payable ^a % of gross profit
Australia	11	105	47.4
Brazil	10	1 958	65.1
Botswana	34	120	25.1
Chile	7	296	34.0
China	7	142	64.9
Denmark	10	132	23.8
Egypt	29	392	46.4
France	9	139	60.4
Germany	9	218	49.0
Ghana	31	224	32.4
Hong Kong	3	35	22.9
Hungary	11	277	40.3
India	12	275	52.1
Indonesia	43	208	30.1
Ireland	9	82	26.0
Israel	28	239	26.2
Italy	14	238	53.1
Japan	30	130	46.7
Kazakhstan	7	182	29.4
Lithuania	10	99	42.6
Mexico	6	241	53.0
Mozambique	37	200	36.1
Nigeria	48	347	34.8
Pakistan	47	294	34.1
Philippines	14	181	42.9
Poland	7	334	40.7
Russia	7	168	46.3
Saudi Arabia	3	39	15.7
South Africa	7	210	29.1
Spain	9	148	47.0
Switzerland	19	63	28.8
Thailand	21	229	29.5
Turkey	10	170	40.9
Uganda	31	195	33.7
United Kingdom	8	105	30.0
United States	11	175	43.8
Venezuela	70	792	64.6

Source: The World Bank, wdi.worldbank.org, *World Development Indicators*, Table 5.6, accessed 18 December 2019

a Refers to all types of taxes.

b Refers to corporate income tax, value-added or sales tax and labour taxes only.

Business and Infrastructure

Mining attractiveness

Attractiveness for mining investment, 2018			
Country/subnational division	Ranking (out of 83)	Country/subnational division	Ranking (out of 83)
Nevada (United States, North America)	1	Wyoming* (United States, North America)	26
Western Australia (Australia, South Pacific)	2	Russia* (Eastern Europe)	27
Saskatchewan (Canada, North America)	3	New Mexico (United States, North America)	28
Quebec (Canada, North America)	4	Mexico (Central America)	29
Alaska (United States, North America)	5	New Brunswick (Canada, North America)	30
Chile (South America)	6	Montana (United States, North America)	31
Utah (United States, North America)	7	Botswana (Africa)	32
Arizona (United States, North America)	8	Michigan (United States, North America)	33
Yukon (Canada, North America)	9	Minnesota (United States, North America)	34
Northwest Territories (Canada, North America)	10	Colorado (United States, North America)	35
Newfoundland & Labrador (Canada, North America)	11	Suriname* (South America)	36
Manitoba (Canada, North America)	12	Catamarca* (Argentina, South America)	37
Queensland (Australia, South Pacific)	13	Poland (Europe)	38
Peru (South America)	14	Guyana* (South America)	39
Nunavut (Canada, North America)	15	New Zealand (South Pacific)	40
Idaho (United States, North America)	16	Papua New Guinea (South Pacific)	41
Finland (Europe)	17	New South Wales (Australia, South Pacific)	42
British Columbia (Canada, North America)	18	South Africa (Africa)	43
Ireland, Republic (Europe)	19	Spain (Europe)	44
Ontario (Canada, North America)	20	Zambia (Africa)	45
Sweden (Europe)	21	Portugal (Europe)	46
Fiji (South Pacific)	22	Indonesia (Oceania)	47
Northern Territory (Australia)	23	Colombia (South America)	48
South Australia (Australia, South Pacific)	24	Santa Cruz (United States, North America)	49
Northern Ireland (Europe)	25	Mali (Africa)	50

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→ Attractiveness for mining investment, 2018 (continued)			
Country/subnational division	Ranking (out of 83)	Country/subnational division	Ranking (out of 83)
Alberta (Canada, North America)	51	Ghana (Africa)	68
French Guiana (South America)	52	Chubut*(Argentina, South America)	69
Norway (Europe)	53	Salta (Argentina, South America)	70
Victoria (Australia, South Pacific)	54	Washington (United States, North America)	71
Tasmania (Australia, South Pacific)	55	Jujuy (Argentina, South America)	72
Ecuador (South America)	56	Mendoza (Argentina, South America)	73
Nova Scotia (Canada, North America)	57	Bolivia (South America)	74
Brazil (South America)	58	La Rioja*(Spain, Europe)	75
Turkey (Middle East)	59	Dominican Republic (Central America)	76
Namibia (Africa)	60	Ethiopia*(Africa)	77
California (United States, North America)	61	China*(Asia)	78
Zimbabwe (Africa)	62	Panama (North America)	79
Greenland (Europe)	63	Guatemala (Central America)	80
San Juan (Puerto Rico, Central America)	64	Nicaragua*(Central America)	81
Philippines*(Asia)	65	Neuquén (Argentina, South America)	82
Tanzania (Africa)	66	Venezuela (South America)	83
Congo, DRC (Africa)	67		

Source: Fraser Institute, *Survey of Mining Companies 2018*, p9

The index is constructed from a survey which assesses the perceptions of mining company executives on the most attractive places that encourage mining investment and production. Respondents were asked to indicate how 17 selected policy factors impact company decisions to invest. The 17 policy factors were: uncertainty concerning the administration, interpretation, and enforcement of existing regulations; environmental regulations; regulatory duplication and inconsistencies; the legal system; taxation; uncertainty concerning disputed land claims; uncertainty over protected sites; infrastructure; socio-economic agreements; trade barriers; political stability; labour regulations; quality of the geological database; security; availability of labour; levels of corruption; and uncertainty in mining policy and implementation.

*Between 5-9 responses.