



Free facts

**South Africa's economy needs a
jumpstart**

August 2024



FreeFACTS

August 2024 - Edition 76
Find us online at www.irr.org.za

South Africa's economy needs a jumpstart

South Africa's economy remains stuck in the doldrums.

Growth remains weak, rarely having been more than one or two percent in the last fifteen years. As a result the country and its citizens are getting poorer. This has all kinds of knock-on effects – there are fewer jobs, it's harder for people to escape and remain out of poverty, there is less money for the government to spend on infrastructure or social welfare. Investors are also less likely to invest in an economy which isn't growing, which results in a vicious cycle – the economy doesn't grow, so investors don't invest, so the economy doesn't get the investment it needs to start growing, and more investors pull out, and so on.

This edition of *FreeFACTS* looks at the recent performance of the South African economy. It shows that in recent years the economy has effectively been stuck in neutral, with economic growth barely being above the population growth rate.

For South Africa to be able to sustainably and effectively fight poverty and unemployment, the only solution is rapid economic growth. This must be the only focus of the new Government of National Unity (GNU). Any policy that the GNU considers must have the related question: "How will this grow the economy?"

The GNU does also not have to reinvent the wheel. Countries across the world have escaped poverty, or rapidly reduced the number of people who live in poverty, and this is a process that is continuing. Countries with different political systems – from India to Vietnam to Poland – have grown rapidly in the past 30 years. The key is that the government has created an environment which encourages the creation of businesses and jobs, and has generally stayed out of managing the economy.

South Africa should look to countries like those.

In addition, the IRR has published a number of recommendations on what can be done to get the economy moving. The IRR's *Blueprint for Growth* series of papers can be read here.

South Africa cannot continue to miss its potential, it's time for the government to get serious about economic growth.

— Marius Roodt

JOIN US

The IRR is an advocacy group that fights for your right to make decisions about your life, family and business, free from unnecessary government, political, and bureaucratic interference. **FreeFACTS publishes evidence that communities are better off when individuals are free to make decisions about how they want to live, be educated, work, access healthcare, think, speak, own property, and protect their communities. If you agree with the issues we stand for, welcome to the team. There are millions of people just like you who are tired of South African politicians, activists, and commentators attempting to rein in your freedom to decide. Take control and make sure your voice is heard by becoming a friend of the IRR.**

**SMS YOUR NAME
TO 32823
SMS costs R1.
Ts and Cs apply.**

The Economy

Major indicators, 2011-2022

Year	Real GDP growth ^{ab}	GDP per head ^b R	GFCF ^c as a % of GDP	Headline inflation ^d	Prime overdraft rate (average)	Current account surplus/deficit as a % of GDP	R/\$ ^e
2011	3.2%	78 811	17.8%	5.0%	9.0%	-2.0%	7.25
2012	2.4%	79 464	17.9%	5.6%	8.8%	-4.7%	8.21
2013	2.5%	80 191	18.6%	5.7%	8.5%	-5.3%	9.65
2014	1.4%	80 077	18.3%	6.1%	9.1%	-4.8%	10.84
2015	1.3%	79 917	18.0%	4.6%	9.4%	-4.3%	12.75
2016	0.7%	79 264	17.4%	6.4%	10.4%	-2.7%	14.71
2017	1.2%	78 988	16.4%	5.3%	10.4%	-2.4%	13.31
2018	1.6%	79 017	15.9%	4.7%	10.1%	-2.9%	13.23
2019	0.3%	78 061	15.5%	4.1%	10.1%	-2.6%	14.45
2020	-6.0%	72 428	13.8%	3.3%	7.9%	1.9%	16.46
2021	4.7%	75 053	13.2%	4.5%	7.0%	3.7%	15.41
2022	1.9%	75 726	14.2%	6.9%	9.0%	-0.5%	16.36

Source: South African Reserve Bank (SARB), www.resbank.co.za, time series data, accessed 27 July 2023

a GDP = Gross Domestic Product. At market prices.

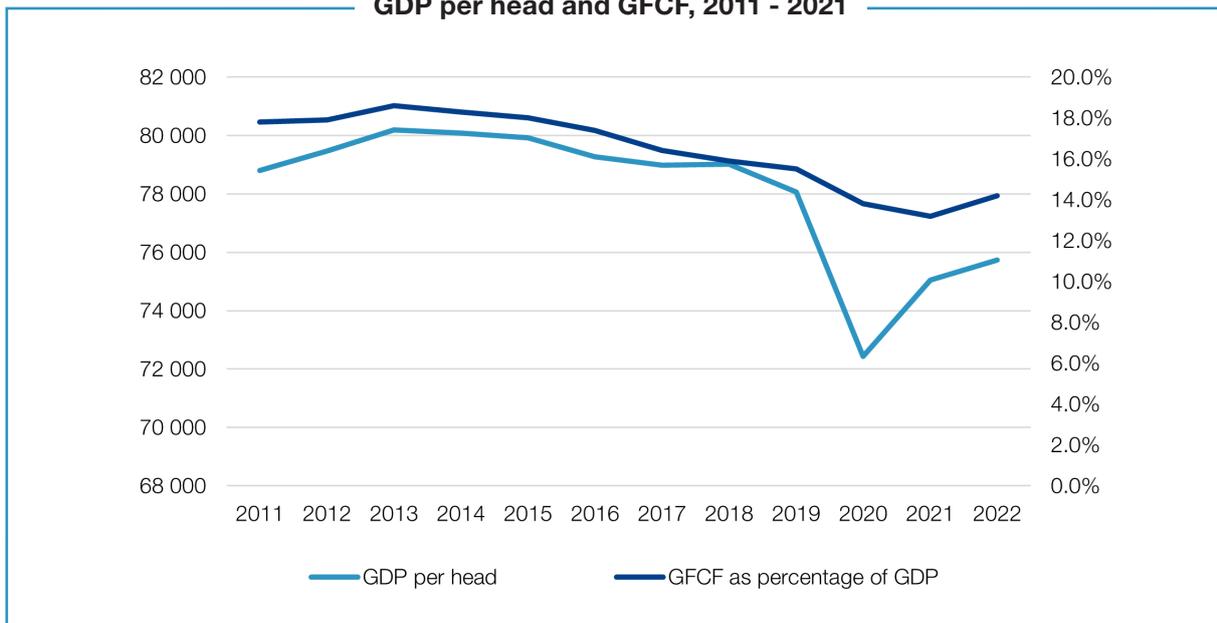
b At constant 2015 prices.

c GFCF = Gross Fixed Capital Formation (also known as Gross Domestic Fixed Investment).

d Consumer Price Index. Base year December 2021 = 100.

e Between 1950 and 1969 R/\$ middle rate was 0.7143.

GDP per head and GFCF, 2011 - 2021



The Economy

Key economic indicators and forecasts, selected countries

Country	GDP growth 2023 ^a	CPI ^b 2023 ^a	Unemployment rate latest	Current account balance as a % of GDP 2023 ^a	Budget balance as a proportion of GDP ^a	10-year government bonds interest rate latest
Argentina	-1.8%	135.0%	6.2%	-3.0%	-4.8%	N/A
Australia	1.9%	5.6%	3.7%	2.2%	0.5%	4.5%
Belgium	1.0%	2.6%	5.6%	-0.7%	-4.6%	3.2%
Brazil	3.1%	4.6%	7.7%	-1.3%	-7.6%	11.2%
Canada	1.1%	4.0%	5.7%	-0.4%	-1.3%	3.8%
Chile	-0.2%	7.5%	8.9%	-4.3%	-3.0%	6.0%
China	5.5%	0.7%	5.0%	1.8%	-3.8%	2.5%
Colombia	1.6%	11.8%	9.3%	-4.0%	-4.2%	10.6%
Czech Republic	0.0%	10.4%	2.7%	-1.1%	-3.8%	4.4%
Denmark	1.5%	3.8%	2.9%	11.1%	1.5%	2.9%
Egypt	3.8%	37.5%	7.1%	-1.8%	-6.7%	N/A
Euro area	0.7%	5.6%	6.5%	2.2%	-3.4%	2.6%
France	0.9%	5.7%	7.3%	-1.3%	-5.0%	3.3%
Germany	-0.3%	6.1%	3.0%	5.2%	-2.4%	3.2%
Greece	2.4%	4.0%	10.0%	-6.5%	-2.1%	3.9%
Hong Kong	4.2%	2.0%	2.8%	7.0%	-1.5%	3.9%
India	6.5%	5.7%	8.1%	-1.3%	-5.9%	7.2%
Indonesia	4.9%	3.8%	5.3%	0.6%	-2.5%	6.7%
Israel	0.8%	4.4%	3.2%	4.8%	-4.6%	4.3%
Italy	0.9%	6.3%	7.4%	1.0%	-5.3%	4.4%
Japan	2.0%	3.2%	2.6%	2.9%	-5.1%	0.8%
Malaysia	4.0%	2.6%	3.4%	1.7%	-5.0%	3.9%
Mexico	3.2%	5.5%	2.7%	-1.8%	-3.8%	9.5%
Netherlands	0.2%	4.5%	3.7%	8.1%	-1.9%	3.0%
Norway	1.4%	5.8%	3.6%	17.1%	10.8%	3.8%
Pakistan	1.7%	31.8%	6.3%	-0.1%	-7.6%	15.1%
Philippines	4.1%	5.7%	4.8%	-4.6%	-7.0%	6.5%
Poland	-0.1%	11.3%	5.0%	1.0%	-4.8%	5.6%
Russia	1.1%	6.2%	3.0%	2.8%	-2.7%	11.9%
Saudi Arabia	0.1%	2.3%	4.9%	3.2%	-1.7%	N/A
Singapore	0.9%	4.8%	2.0%	19.0%	-0.7%	3.0%
South Africa	0.7%	5.7%	31.9%	-1.8%	-5.7%	10.2%
South Korea	1.3%	3.6%	2.1%	2.2%	-2.7%	3.8%
Spain	2.4%	3.5%	12.0%	1.6%	-4.1%	3.8%
Sweden	-0.6%	6.0%	7.7%	4.6%	-0.3%	2.7%
Switzerland	0.8%	2.2%	2.1%	7.3%	-0.7%	1.0%
Taiwan	0.8%	2.2%	3.4%	12.5%	-0.4%	1.3%
Thailand	2.8%	1.6%	0.9%	0.5%	-2.7%	2.8%
Turkey	3.4%	53.1%	8.9%	-4.6%	-5.0%	26.7%
United Kingdom	0.4%	6.8%	4.3%	-2.5%	-3.9%	4.4%
United States	2.0%	4.1%	3.9%	-2.9%	-5.7%	4.5%

Source: The Economist, 16 November 2023, accessed 17 November 2023

a Forecast.

b Consumer Price Index.

N/A — Not available.

The Economy

Real growth and income levels and trends^b, 2011-2022

Year	Real total GDP ^a Rbn	Year-on-year change	Real disposable income per capita of households ^c =R	Year-on-year change
2011	4 100	3.2%	49 365	2.2%
2012	4 198	2.4%	49 895	1.1%
2013	4 302	2.5%	49 800	-0.2%
2014	4 363	1.4%	49 622	-0.4%
2015	4 421	1.3%	50 353	1.5%
2016	4 450	0.7%	50 008	-0.7%
2017	4 502	1.2%	50 527	1.0%
2018	4 572	1.6%	51 236	1.4%
2019	4 584	0.3%	50 999	-0.5%
2020	4 310	-6.0%	47 897	-6.1%
2021	4 513	4.7%	50 343	5.1%
2022	4 599	1.9%	50 582	0.5%

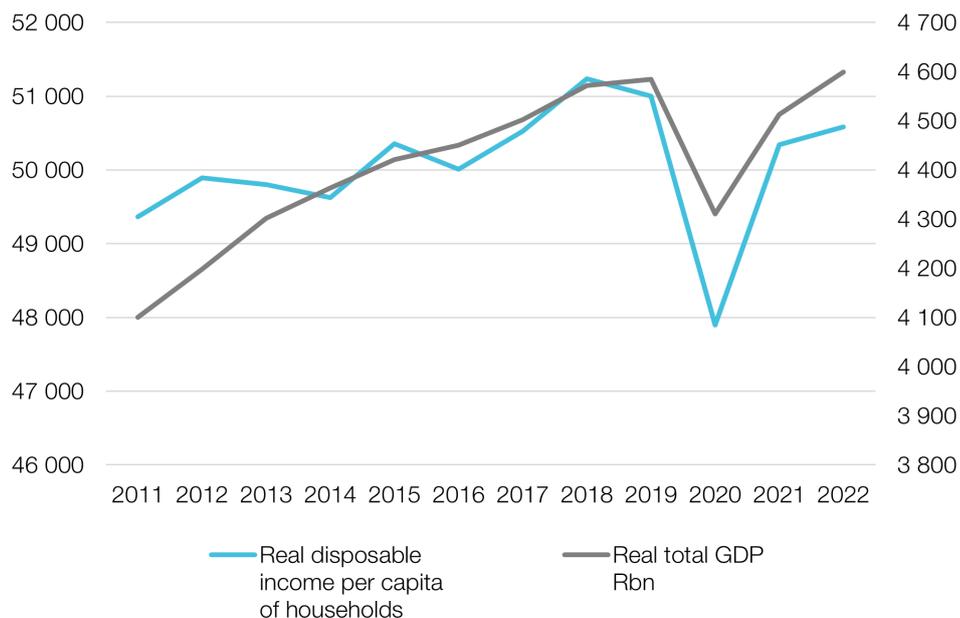
Source: SARB, time series data, www.resbank.co.za, accessed 10 September 2023

a The gross domestic product (GDP) is the total value of all 'final' goods and services, that were produced within the borders of the country, during a year.

b At constant 2015 prices.

c Real disposable income per capita is total personal income minus direct personal tax plus subsidies.

GDP and household income



The Economy

Provincial GDP and GDP growth trends, 2015-22

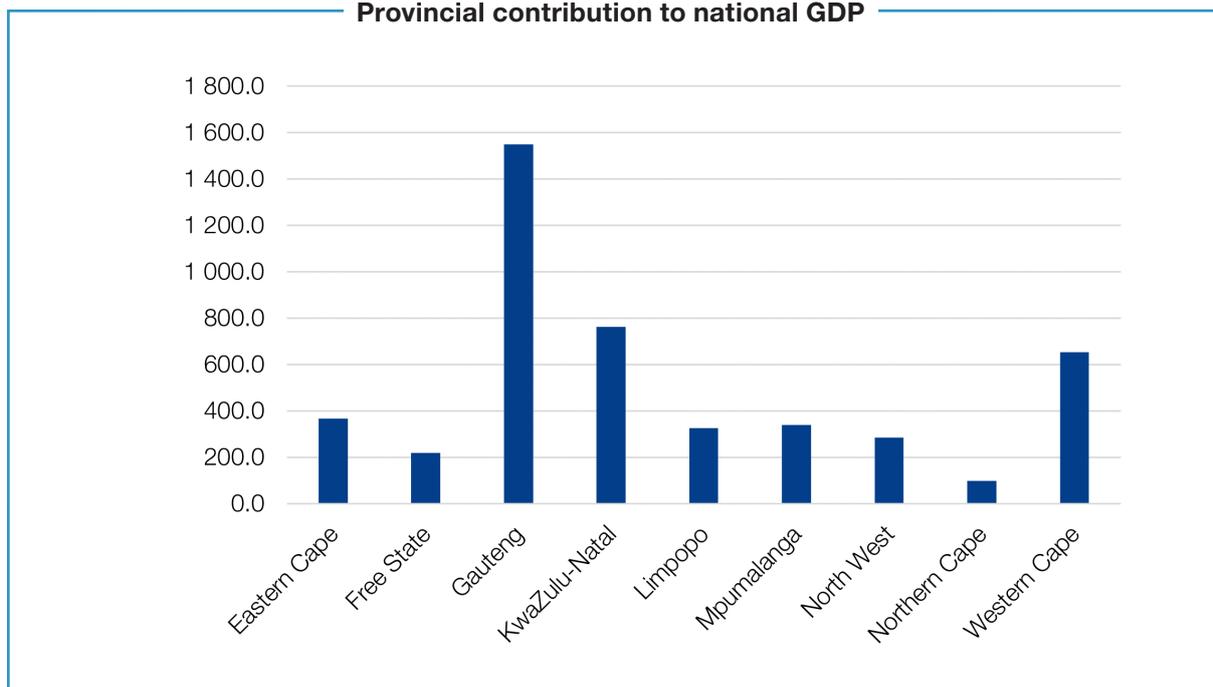
Province	GDP 2022 Rbn ^a	—Provincial GDP contribution to the economy of South Africa—				—Real growth rate—			
		2015	2020	2021	2022	2015	2020	2021	2022
Eastern Cape	365.9	8.0%	7.7%	7.6%	7.6%	0.9%	-5.8%	4.9%	2.1%
Free State	219.7	4.9%	5.0%	4.9%	4.9%	-0.3%	-5.9%	3.8%	1.5%
Gauteng	1 549.5	33.4%	33.3%	32.9%	33.1%	1.2%	-6.9%	4.3%	2.8%
KwaZulu-Natal	762.0	16.4%	16.2%	15.9%	15.9%	1.2%	-4.7%	4.7%	1.1%
Limpopo	326.4	7.2%	7.6%	7.9%	7.7%	1.9%	-6.5%	5.2%	1.0%
Mpumalanga	340.1	7.5%	7.9%	8.2%	8.0%	0.4%	-5.3%	5.2%	0.6%
North West	284.3	6.3%	6.4%	6.8%	6.6%	4.1%	-5.3%	6.9%	0.6%
Northern Cape	98.1	2.1%	2.2%	2.3%	2.3%	2.0%	-5.1%	5.4%	0.7%
Western Cape	653.2	14.1%	13.7%	13.6%	13.9%	1.4%	-5.7%	4.2%	2.6%
South Africa	4 599.3	100.0%	100.0%	100.0%	100.0%	1.3%	-6.0%	4.7%	1.9%

Source: Stats SA, www.statssa.gov.za, *Provincial gross domestic product: experimental estimates, 2013-2022*, accessed 10 October 2023

a At constant 2015 prices.

b The percentage change from the previous year.

Provincial contribution to national GDP



The Economy

GDP ^a by province and industry (actual numbers), 2022						
Province	Agriculture	Mining	Manufacturing	Electricity, gas and water	Construction	Trade
–Rbn–						
Eastern Cape	11.2	1.5	64.8	9.1	11.7	75.3
Free State	17.7	31.5	31.3	10.2	5.4	38.3
Gauteng	12.8	53.5	329.5	65.3	48.0	263.0
KwaZulu-Natal	48.4	16.1	155.7	31.0	26.1	127.3
Limpopo	15.2	117.3	16.0	11.3	8.9	59.0
Mpumalanga	17.0	110.7	60.8	25.2	9.0	58.9
North West	12.1	120.1	21.2	13.4	6.1	47.5
Northern Cape	11.3	30.1	4.9	4.4	2.3	14.7
Western Cape	41.8	2.6	128.9	23.0	29.1	123.5
South Africa^b	187.6	483.3	813.1	192.8	146.6	807.5



Transport	Finance	Personal services	General government services	Taxes less subsidies on products	Total ^b
–Rbn–					
23.9	80.9	122.1	51.9	48.5	501.0
20.3	57.4	54.0	29.2	31.8	326.9
165.6	607.2	214.6	202.3	235.3	2 197.1
91.6	177.5	204.8	74.1	102.8	1 055.4
21.2	64.5	109.8	39.5	48.6	511.4
20.1	73.4	78.5	23.7	54.6	531.8
20.4	62.5	67.9	27.8	40.0	438.9
10.9	18.8	23.2	13.8	13.6	147.9
77.5	244.6	98.1	48.5	100.6	918.2
451.4	1 386.9	972.9	510.7	675.8	6 628.6

Source: Stats SA, www.statssa.gov.za, *Provincial gross domestic product: experimental estimates, 2013-2022*, accessed 10 October 2023

a At current prices.

b Figures should add up vertically and horizontally but may not, owing to rounding.

The Economy

Provincial contribution to GDP, national population, employment and total tax revenue, 2022				
Province	Contribution to GDP	Contribution to national population	Contribution to employment	Contribution to individual total tax assessed ^a
Eastern Cape	7.6%	11.7%	8.5%	8.5%
Free State	4.9%	4.8%	4.7%	4.7%
Gauteng	33.1%	24.5%	36.3%	36.3%
KwaZulu-Natal	15.9%	20.0%	15.2%	11.4%
Limpopo	7.7%	10.6%	5.0%	5.0%
Mpumalanga	8.0%	8.3%	5.9%	5.0%
North West	6.6%	6.1%	4.4%	3.4%
Northern Cape	2.3%	2.2%	2.1%	1.6%
Western Cape	13.9%	12.0%	17.8%	16.8%
South Africa	100.0%	100.0%	100.0%	100.0%

Source: Stats SA, www.statssa.gov.za, Provincial gross domestic product: experimental estimates, 2013-2022; Post-enumeration Survey (PES) 2022; Quarterly Labour Force Survey Quarter 2 2022, Statistical release P0211: SARS, Tax Statistics 2022, p53, accessed 19 October 2023;
 a 2021 data. Based on where the taxpayer resides as submitted on income tax returns. The total includes an individual tax data where province data was insufficient.