

## NATIONAL ASSEMBLY

### QUESTION FOR WRITTEN REPLY

#### QUESTION NUMBER 97

**DATE OF PUBLICATION: 10 FEBRUARY 2006**

**DR S M VAN DYK (DA) TO ASK THE MINISTER OF FINANCE:**

(a) What measures has Statistics SA introduced to monitor the growing informal sector, which according to the latest report of the Bureau for Market Research created 2,1 million employment opportunities and contributed 4,6% to the Gross Domestic Product (GDP), in respect of official job-creation figures and contribution to the GDP and (b) what does the National Treasury envisage in respect of tax incentives or amendments so as to allow the informal sector to enter the formal sector to a larger degree? **N104E**

**REPLY:**

(a) The Labour Force Survey which is conducted twice a year collects information on employment and unemployment. In addition, it collects information on the informal sector. According to Labour Force Survey (LFS) conducted in September 2005, the non-agricultural informal sector contributed approximately 2,4 million of the 12,3 million total employment. This is 20% of the total employment. Stats SA will continue to release the LFS twice a year, in March and September.

Stats SA also conducts the Survey of Employers and Self Employed (SESE). The most recent survey was conducted in October 2005. Processing of the data is underway. The survey collects information on persons running small businesses and their working circumstances. For example, it collects information on problems encountered when starting a business, access to loans, source of funding etc. The results of the previous SESE survey were published in 2002 and improved coverage of the "second economy" through a survey of employers and the self-employed will be conducted every alternate year.

In addition, Stats SA compiles estimates of GDP according to the international guidelines of the 1993 System of National Accounts. It is recommended that the estimates of value added be done according to a classification of economic activity by industry. The informal sector is not explicitly recognized as an industry in this classification, and therefore Stats SA does not publish official estimates of the contribution of the informal sector to the economy.

However, as part of the compilation of GDP, estimates are made for the informal sector within each recognized industry (i.e. transport, and trade). These estimates are incorporated during the benchmarking of GDP and are based on information obtained from the population census, the Labour Force Survey as well as from a Household Survey that was specifically designed for this purpose: the Survey of Employers and Self Employed (SESE).

It should be noted that the UNISA's Research Report No. 349 "Measuring the size of the informal sector in South Africa", referred to in the question, draws on Stats SA's 2002 to 2005 LFSs, as well as Census 2001 figures.

- (b) The Government has announced measures, in both the 2005 and 2006 Budgets, to reduce the tax and compliance burden for small businesses. These measures, *inter alia*, include a generous graduated income tax regime for small business corporations and reducing the number of times small businesses that are registered VAT vendors have to file VAT returns, from six to four times a year. Increasing the pay-roll thresholds below which a small business is not required to account for the Skills Development Levy and the scrapping of the Regional Service Council levies as from 1 July 2006 also provides relief for them. Furthermore, SARS has embarked on an education campaign to inform small businesses about the appropriate procedures to follow to become tax compliant and will provide them with assistance in the form of free accounting software in certain circumstances.

The small business amnesty that was announced on 15 February 2006 will provide an opportunity for many small businesses, including those that are currently operating in the informal economy, to regularize their tax affairs without fear of accumulated tax liabilities, penalties or prosecution.

The above measures should provide the necessary incentives for informal businesses and those operating in the grey economy to enter the formal sector in order to access benefits. These include peace of mind in being tax compliant, as well as greater access to finance, contracts and other support services.

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 782**

**DATE OF PUBLICATION: 4 AUGUST 2006**

**DUE TO PARLIAMENT: 18 AUGUST 2006**

**MR E W TRENT (DA) TO ASK THE MINISTER OF FINANCE:**

Whether the accounting authority of Statistics South Africa has complied with all the recommendations made in the Fourteenth Report of the Standing Committee on Public Accounts dated 8 June 2005 (details furnished); if not, why not; if so, what are the relevant details? *N972E*

**REPLY:**

**Expenditure procured in contravention of tender procedures (par 3.1, page 96)**

The expenditure of 16.1 million by Statistics South Africa was condoned. The tender amount paid to Procon Africa, the organization responsible for the processing of Census data, was exceeded by R16.1 million. The National Tender Board granted ex post facto approval on 22 September 2005.

The amount of R12.3 million was not a matter for condonment. The R 12.3 million consisted of the following amounts:

- R6.84 million for the procurement of SAS (Statistical Analysis Software);
- R2.16 million was in respect of consultant payments whose contracts followed due process and were accordingly submitted to the Office of the Auditor-General for inspection.
- R3.3 million was in respect of payment to a consulting firm. This amount forms part of the R16.1 million which was condoned in September 2005.

**Unreconciled advances written off (par 3.2, page 96)**

The matter was resolved and appropriate controls are in place to ensure that appropriate records are kept and if and where necessary the relevant steps are taken. Furthermore respective financial functions have been decentralised to the provincial offices to ensure accountability.

**Asset Registers (par. 3.3, page 97)**

The responsibility was assigned to a single senior manager in Statistics SA. Policies and procedures to guide asset management applicable to the organisation have been put in place.

**Tax Payments (par 5.1, page 97)**

The matter has been resolved. Appropriate procedures have been put in place for the necessary reconciliation process and timeous submission of documentation.

**Delegation of Authority (par 5.2.1, page 97)**

The respective delegations have been revised and are in place.

**Internal Audit recommendations**

The implementation of internal audit recommendations are constantly implemented and monitored. The audit committee is regularly updated on progress thereof.

**Vacancies**

The Department has filled the vacant positions for all Deputy Directors-General.

**General**

The various matters were addressed in the overall planning of the Department and the implementation and monitoring of progress is ongoing.

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**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 1148**

**DATE OF PUBLICATION: 8 SEPTEMBER 2006**

**MR R COETZEE (DA) TO ASK THE MINISTER OF FINANCE:**

- (1) (a) Which appointments in respect of senior management positions (levels 13-16) at Statistics South Africa (i) are subject or (ii) not subject to the signing of performance management contracts and (b) what are the reasons for the distinction in each case;
- (2) what was each incumbent's annual remuneration in each of the past five years for which information is available;
- (3) whether they received any performance bonuses; if not, why not; if so, (a) what amount was paid in each case and (b) what criteria were used for the determination and payment of performance bonuses;
- (4) whether those criteria matched the performance contracts of the relevant employees; if not, what is the position in this regard; if so, how did the relevant employees perform in terms of those criteria? **N1500E**

**REPLY:**

- (1) All appointments in respect of senior management positions (levels 13 – 16) at Statistics South Africa are subject to the signing of performance management contracts.
- (2) The annual remuneration for each incumbent of senior management positions for the past five years is stated in Annexure A.
- (3) (a) Incumbents in the senior management positions who received performance bonuses and the amount they received are indicated on the spreadsheet in Annexure A. Due to two audit qualifications, Management resolved that there would be no awards for the period 2003 – 2004.

- (b) STATSSA has a performance management policy in place which states that the awarding of performance related awards is a management prerogative. Performance awards are given only to SMS managers who have consistently demonstrated highly exceptional performance, leadership and achievement.
- (4) The awarding of performance awards is driven by the performance of managers who have consistently demonstrated highly exceptional performance, leadership and achievement.

The criteria used matched the performance contracts of the relevant employees.

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**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 1315**

**DATE OF PUBLICATION: 22 SEPTEMBER 2006**

**MR L B LABUSCHAGNE (DA) TO ASK THE MINISTER OF FINANCE:**

- (1) Whether all the professional posts of statisticians in Statistics South Africa are filled with qualified persons; if not, why not; if so, what (a) is the current vacancy rate of professional staff and (b) has been the vacancy rate for (i) 2004 and (ii) 2005;
- (2) Whether any steps have been taken to fill the posts; if not, why not; if so, what steps? **N1719E**

**REPLY:**

- (1) All professional posts of statisticians are filled by qualified persons.
  - (a) The current vacancy rate as at 30 June 2006 is 1.16%
  - (b) The vacancy rate for (i) 2004 and (ii) 2005 was
    - (i) 7 %, and
    - (ii) 4 %
- (2) All vacant statistician posts have been advertised and are in the process of being filled.

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER 1380**

**DATE OF PUBLICATION: 13 OCTOBER 2006**

**DUE TO PARLIAMENT: 26 OCTOBER 2006**

**PROF B TUROK (ANC) TO ASK THE MINISTER OF FINANCE:**

Whether the Government keeps statistics on wealth (not income), held domestically or abroad, of the top 5% of the population; if so, (a) which government institution is responsible for keeping such statistics and (b) where can this information be accessed?  
*N1801E*

**REPLY:**

Statistics on wealth of any economic sector, including the household sector, need to be derived from balance sheets that are compiled within the framework of the system of national accounts.

In South Africa, balance sheets for the household sector are not yet available. Research in this regard has however recently been published by the South African Reserve Bank in the June 2006 Quarterly Bulletin in an article titled "Estimating household-sector wealth in South Africa".



**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 1795**

**DATE OF PUBLICATION: 17 NOVEMBER 2006**

**DUE TO PARLIAMENT: 30 NOVEMBER 2006**

**MR I O DAVIDSON (DA) TO ASK THE MINISTER OF FINANCE:**

- (1) With reference to the comments made by the President in the National Assembly on 18 May 2006 (details furnished) regarding the fact that the 2005 United Nations Human Development Index had ranked South Africa 120th out of 177 countries, (a)(i) with which representative and (ii) on what dates did he engage with the UN Human Development Programme, (b) what specific problems with the report did the Government convey to the Programme and (c) what was the result of this engagement;
- (2) whether the UN Development Programme agreed to alter the methodology and information being used to compile its report for 2006; if not, why not; if so, how;
- (3) whether the same methodology and relative information used in 2005 are being used by the Programme in 2006; if not, what is the position in this regard; if so,
- (4) whether the conclusions reached will again be regarded as “patently wrong”; if not, why not; if so, what are the relevant details;
- (5) whether he will make a statement on the matter? **N 2369E**

**REPLY:**

- (1) (a) (i) The Human Development Index report was the subject of great debate at the UN Statistics Commission in 1999, since the first report published in 1990. Discussions with the Human Development Programme have been underway through the South African Office of UNDP, United Nations Statistical Commission, UNFPA and the Human Development Report Office. The 36<sup>th</sup> Session of the United Nations Statistics Commission held on the 1 - 4 March 2005

discussed the critical comments arising from the South African side of the ranking for Human Development Index and the critical indicators (life expectancy, education and literacy as well as GDP) used to construct the index.

There was a paper submitted to the UN Statistical Commission in 2000 with critical comments on the methodology, approach and complexity of constructing indices and highlighting the breath of development beyond the three indicators chosen to aggregate, calculate and compare HDI across the countries in the world. This report highlighted to challenges that lead to “mismeasurement of nations.” Views on the 2005 Human Development Index report pertaining to South Africa were further communicated to the UN Development Programme after the release of the report in 2006.

- (ii) Interactions with the UN Development Programme have not only been around the Human Development Report, but on many other economic and development issued beyond HDI. This dates as far back as the early 1990s. Major discussions and critical comments on the Human Development Report began immediately after the 1998 Human Development Report until this day.

The next meeting with the South African UNDP office is scheduled for the 5<sup>th</sup> December 2006, to further discuss the 2006 Human Development Index report after it was launched in South Africa on the 9<sup>th</sup> November 2006.

- (b) Over the years, government has conveyed consistent messages on challenges facing the quality of information - methodology for collecting data and calculating the human development index globally, with specific reference to South African data and ranking. The challenges raised include:
- Major limitations around implications on the livelihoods of South Africans getting worse as a “notion created by mismeasurement” rather than statistical evidence that the country could own up to.
  - Compilation of data, data sources and aggregation of collected data to compute and calculate the indices remained a challenge. Data was drawn from mostly unofficial data sources - all extracted from the pre-2003 statistics.
  - Methodological changes over time and variations in the country coverage meant that index values in the different editions of the report could not be comparable over time. For example, the data used to compute the South African HDI in

1990 excluded an overwhelming majority of the population in the country.

- Data confrontation, validation and verification issues remained the challenges for improved quality of data for HDI. It was raised that the Human Development Report Office had depended on donated data, even in areas where national data sources are available.

- (c) As a result of these engagements, a team was established to advise the Chairperson of the UN Statistical Commission on the issues raised to ensure that subsequent editions of the Human Development Index reports are based on focused development measures and are more based on statistical evidence. An important call to the Chairperson was to consider review of the Human Development Index and improve methods for index construction. Better collection, collation, aggregation and calculation of the measures developed; better understanding of the breath of development beyond Human Development Index; looking at other pillars such as gender related development index, gender empowerment index and the human poverty index were of great importance.
- (2) Yes, the UN Development Programme, the office for the Human Development Report through the UN Statistical Commission committed to attending to all matters arising from the critical comments put forward to them to improve the subsequent editions of the report.
- (3) The information used for the compilation of the 2006 report was collated on the basis of 2004 data. Major focus of the report was on water and access to sanitation as well as related factors for development. It examined the social and economic factors driving water shortages that marginalize the poor in agriculture as well as the scope for international cooperation to resolve cross border tensions in water management.
- (4) Based on the different focus and approach for the 2006 report, conclusions for South Africa on water and human development may not be regarded as patently wrong," WHATEVER VIEWS WE MAY HAVE ON OTHER AREAS." A number of lessons and cases were used in the report from South Africa to indicate the progress made by this country on this particular issue of water and human development. South Africa has shared best practices in terms of decisive choices it made around water and access to sanitation for better life of this country. The report indicates that it is one country that has introduced progressive legislation on water as a human right, highlighting three crucial policy ingredients for progress present in South Africa. These include a clear national plan with well defined targets, a strong national

regulatory framework with devotion to local authorities and constant monitoring of progress and performance.

- (5) If necessary, a statement will be made on the Human Development Index report. The President has already made his statement in delivering his speech when the report was launched in this country on the 09 November 2006. In his speech, The President indicated that *“the report will make valuable and constructive contribution to the global efforts to achieve people centered sustainable development by helping us to respond to the issues referred to as the topic of this report namely “power, poverty and global water crisis.”*

There are planned discussions on the report with the relevant offices of government, IF NECESSARY INFORMATION IS UNCOVERED FROM THE DISCUSSIONS, A STATEMENT WILL BE MADE.