



The 4th SAER



Working and Spending in South Africa and the effect of Porous Borders

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The 4th South African Employment Report

- About the SAER.
- Salary and employment trends.
- Spending Trends.
- Porous Borders.

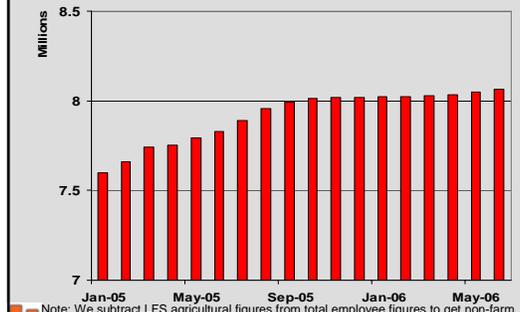
Working and Spending in South Africa and the effect of Porous Borders

A bit on what we do:

- The SAER uses many data sources to get to it's conclusions.
 - We have a big company database with over 1,6 million employees and 400 companies.
 - The SAER also gets government data from the PSC and municipality data from big metro's.
 - We also use UIF data as well as published tax collection figures from the National Treasury. We get some data from the estate agents board and other bodies.
 - Union data from UASA and other sources and bargaining council data.
 - For spending and as a further check we use the Money Sense Survey.

Non-farm employees in South Africa.

This includes only formal employees and not employers/self-employed



Note: We subtract LFS agricultural figures from total employee figures to get non-farm payrolls.

Non-Farm formal sector total.

Employees and self-employed estimates.



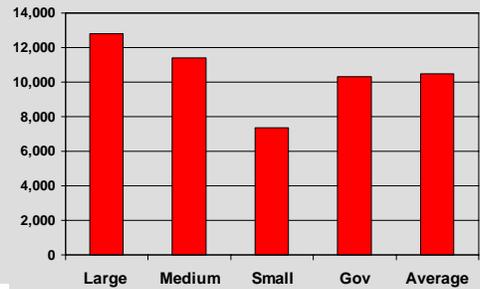
Formal Non-Agriculture Labour growth percentages.

Formal Non Agriculture Labour Numbers	Growth in 2006
QES June	3.1%
LFS March	4%
SAER September (Employees only)	1.4%
SAER September (including formal self employed)	2.6%
Others	
AMPS	2.1%
LFS TOTAL	4.5%

Employment trends.

- This is the fourth year in a row that South Africa has grown its formal non-farm employment.
 - Employment creation while still growing is slowing down.
 - Two trends have emerged this year.
 - Firstly, the growth in self employment remains intact. CIPRO figures indicate that more 240 000 firms registered in the first six months (*net)
 - Large companies are increasing their hiring, but smaller companies are seemingly not hiring as quickly as last year.

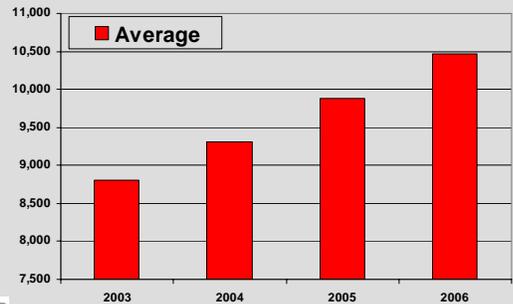
2006 SAER: Average monthly salary by firm type.



Just something on the differences between firm types.

- Smaller firms generally pay around 30% less than the average, while bigger firms pay around 20% more than the average.
- The average total salary package is now over R10 000 per month.
- Big pay differences even between firms and sectors.
 - Financial and ITC firms generally pay the best while construction, retail and security lag.

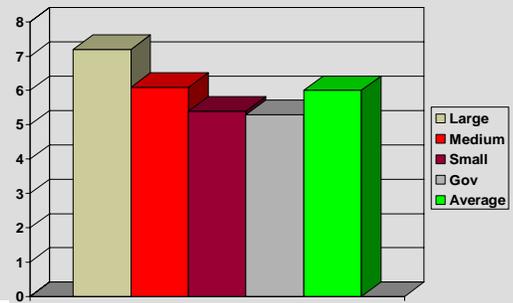
Average monthly salaries over the last few years.



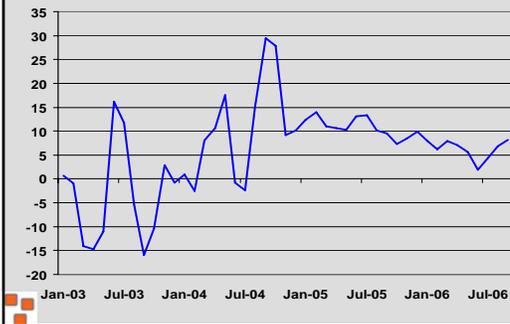
Salary trends in 2005

- Salaries have increased around 6% on average for 2006, the same level as 2005.
 - Larger firms are increasing salaries faster than either small, medium or government.
- Personal taxes collected, even after tax the breaks, and adjusted for inflation has been increasing for 26 months on a 3 month moving average basis.
 - The real increase in personal tax collection so far this year is 5.9% - indicating that both wages and job creation are still positive.

2006 SAER: Percentage salary growth



% change in personal income tax collected after adjusting for inflation.



The employment theme in 2006.

- Big companies have increased both pay and employment numbers at a faster rate than other role players which is a total about turn on the last three years.
- Self employment and the actual growth in the number of formal companies on UIF, PAYE CIPRO, VAT databases continues to grow.
 - While some could be legal or accounting splits there is no doubt that self employment is playing a bigger role.



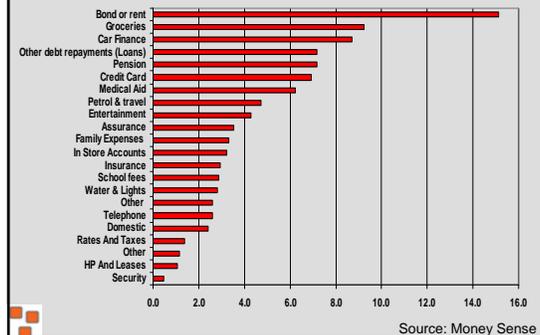
The things workers spend their money on.



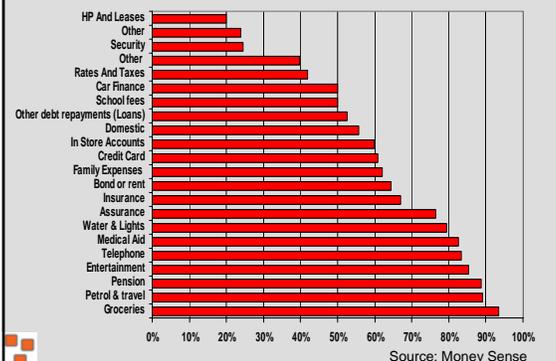
After tax income is spent on many things.
Source for this section is Money Sense.

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Percentage spending on main categories.



Percentage of workers paying for...



The main categories of spending

- Just over 37% of all after-tax income is spent on everyday household expenses like petrol, groceries and school fees.
- 21% of income is spent on insurance, pension and medical aid and other financial service products.
- 42% of income is spent on debt repayments such as mortgage bonds, car repayments and credit cards.
 - Note there is a slight bias to bigger companies here as well.
 - More than 3500 people responded to this questionnaire.

Porous Borders



The theme for the 4th SAER is a look at the number and effect of unauthorized immigrants.

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Immigration is on a worldwide scale.

- Each year, nearly 3 million migrants move from poor countries to wealthier ones. Increasingly, however, more of this migration will occur between developing countries, such as that occurring from Bangladesh to India, or from India, Egypt, and Yemen to the Persian Gulf States. –From **PRB 2006 World Population Data Sheet: International Migration Is Reshaping United States, Global Economy**

Something's do not make much sense anymore

- In SA there were around 34 million cell phones in September 2006.
 - Using March 2006 LFS figures every worker supported 2,6 mobile phones. (both formal and informal.)
 - Every formal worker supported 3,7 mobile phones – while the average family size is now only 3,6 people.
 - By the end of September this is estimated to have increased to 3,9 mobile per formal sector worker.
 - At an average spend of around R139 it would cost the average worker R542. Or according to the LFS one eighth of the salary goes into mobile phones only!

Vehicles add something strange

- The SA net-new vehicle population has grown with over 43,000 per month while the population has only grown with 41,000 per month over the last year.
 - However the adult population has only grown 27,000 people per month, while people obtaining some form of vehicle licenses has been growing at 36,700 over the last year.
 - By now nearly 78% of all formal employees would have a vehicle or bakkie, yet sales continue at new record highs.
 - The average repayment (taking into account second hand vehicles) would take half of a workers pay check when looking at it via the LFS survey..

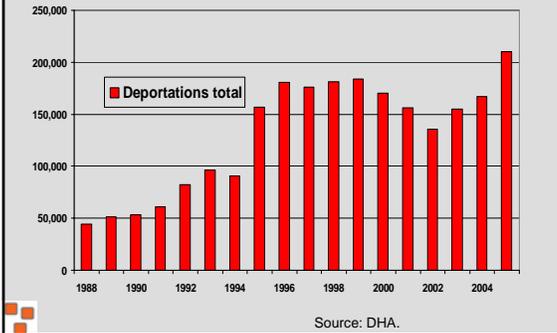
Deportation numbers.

- Since 1988 to June this year South Africa has deported 2,459 000 Illegal immigrants.
- Since 1994 alone we have deported more than 2 million illegal immigrants.
 - Last year alone we deported 210 000.
- If only half of the immigrants are deported ,then SA may have nearly 2,5 million illegal immigrants. (unlikely)
- If only 20% are deported then South Africa may have 9,84 million illegal immigrants. (Possible)
- If only 10% are deported then we may have more than 22 million illegal immigrants (Perhaps unlikely)

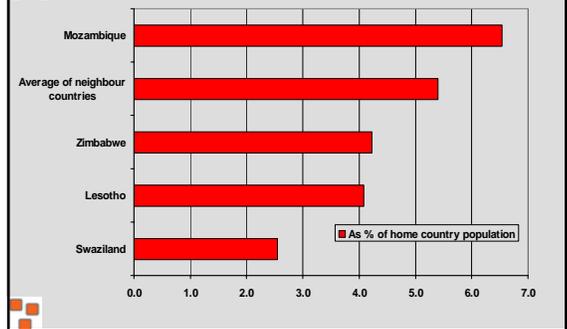
How do we compare to the USA.

- According to the US department of Immigration and Custom Enforcement (ICE): ICE removed more than 186,600 illegal aliens from the country in FY 2006, a record for the agency and a ten percent increase over the number of removals during the prior fiscal year.
- SA deported 209 988 illegal aliens in 2005 - also a record and a 25,6% increase over 2004.
- SA deports more illegal foreigners than the US does.
- The US estimates that it has 11 million unauthorized immigrants residing in the USA.
 - The USA has over 36 million foreign born citizens as they have twice allowed unauthorized immigrants to become legal.

Total number of people deported from SA per year.



Deported population as % of home country population – from 94 to June 2006.



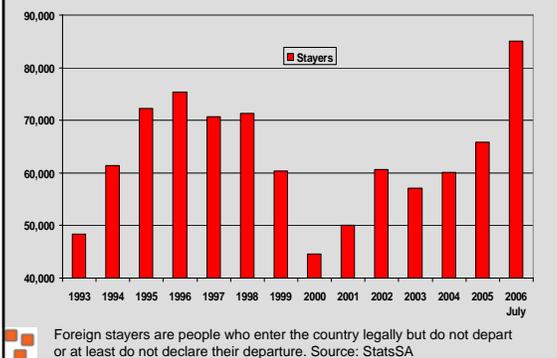
More on deportation numbers

- The numbers are staggering to say the least, specifically when viewed against the actual 2006 population numbers.
- More than 6,5% of the total Mozambique population has been deported from SA since '94
- More than 4,3% of Zimbabwe, 4% of Lesotho and 2,5% of Swaziland of these populations have been deported from South Africa.
- Even 0,3% of the Malawi population has been deported from South Africa.
- Even countries like China, India, Nigeria and Pakistan have had thousands deported from SA since '94.

“Foreign stayers” Some interesting facts.

- Since 1980 more than 10,3 million foreigners entered South Africa legally but did not declare their departure.
 - 132 000 in the '80's, 5,5 million in the '90's and 4,6 million so far this decade.
 - This would exclude people who entered SA illegally in the first place.
 - Foreign stayers per month are now at over 85,000 per month from 65,000 last year and 44,000 in 2000.
 - The SA population growth per month is only 41 000 so foreign stayers are twice as many South Africans.
 - Some may however return as deportees.

Foreign stayers: monthly averages for recent years.



More interesting statistics

- The Department of Home Affairs recorded more than 3,1 million births - that were born before 1991 between 1991 and 2005. This part of the population was therefore at least 15 years old when registering their “birth”.
 - This excludes the 9,9 million late registrations of between one year and 15 years.
 - While the old “homelands” could account for at least some of these late registrations, there is ample evidence that the Department of Home affairs is leaking.

HOW ABOUT PEOPLE FROM OTHER COUNTRIES COMING HERE TO WORK? WHICH ONE OF THE FOLLOWING DO YOU THINK THE GOVERNMENT SHOULD DO?

				
	%	%	%	%
Let anyone come who wants to	13	5	12	11
Let people come as long as there are jobs available	49	25	45	51
Place strict limits on the number of foreigners who can come here	27	40	40	24
Prohibit people coming here from other countries	7	25	3	9
Don't know	4	5	-	5

Source: Markinor M-bus survey.

The effect of many immigrants

- South Africans are very xenophobic.
- South African Statistics may be very wrong on a range of things from the size of the actual population to the size of the economy or the amount of people working here.
- immigrants also use many of the services that South Africa offers and therefore often we have too little to offer our own people, which creates resentment.

The other side of immigrants.

- Studies show that one in five immigrants create their own employment, more than the one in six South Africans that do the same.
- immigrants often also have the very skills that South Africa is losing e.g. nursing, doctors etc.
- The Aids pandemic may not hit South Africa that hard as many immigrants can fill these numbers up.
- They create new trade and economic links.

What needs to be done.

- We need to make a better effort to learn more about the numbers, types and skills of the unauthorized immigrants.
- Government needs to take these figures into account in all policies.
 - We may deport many but the fact is that home affairs is leaking ID documents – seemingly on a mega scale (At least in the millions)
 - SA needs to attract skills that it needs and we need to make it easy for those skills to help add to growth.
 - Selection policies and employment policies need to take this into account.



Thank You.



Questions are welcome.

Please remember that Mike Schüssler has to be quoted as T-sec economist.

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