Overview of the 1998 Social Accounting Matrix

Statistics South Africa

Published by Statistics South Africa, Private Bag X44, Pretoria 0001

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Stats SA Library Cataloguing-in-Publication (CIP) Data
Overview of the 1998 Social Accounting Matrix/ Statistics South Africa. Pretoria: Statistics South Africa, 2004
x, 97p.

ISBN 0-621-35076-1
1. Input-output tables – South Africa
2. Social accounting – South Africa
3. National income – Accounting

I. Statistics Africa
(LCSH 16)

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PREFACE

This report contains the analysis of the final social accounting matrix for 1998 (Report No. 04-03-02 (1998)). The latter was constructed according to the recommendations of the 1993 System of National Accounts (1993 SNA), which Statistics South Africa has been implementing since 1995. It is closely linked to the updated, as yet unpublished, 1998 supply and use tables (Report No. 04-04-01 (1998) as well as unpublished Integrated Economic Accounts compiled by the South African Reserve Bank.

The 1993 SNA defines a SAM as *"….. the presentation of SNA accounts in a matrix which elaborates the linkages between Supply and Use tables and institutional sector accounts"*. The purpose of this document is to provide an analysis of the 1998 SAM with the main focus on final household consumption expenditure and compensation of employees. A SAM is typically used for formal modelling, describing inequalities among household groups and monitoring the impact of government policies or external influences on non-monetary variables.

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PJ Lehohla
Statistician-General

Pretoria
May 2004

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INTERPRETIVE SUMMARY

This report provides further insight into the previously published Social Accounting Matrix, Report No. 04-03-02 (1998). Its main focus is on the income and expenditure patterns of the South African population. In developing a social accounting matrix (SAM), the required data are typically collected from a number of different sources, for example, national accounts, population censuses and household income and expenditure surveys. One of the main challenges is to find an efficient method to incorporate and reconcile data from a variety of sources and time periods, in order to compile the SAM for South Africa.

The aim is not to give a detailed analysis or any policy simulations, but rather to give an overview of the 1998 social accounting matrix that was published in November 2002. The area covered by a SAM is the link between two, often distinct, fields of statistics: economic and social. The integration of these diverse areas of statistics enables a wider range of policy issues to be monitored and described.

One of the main features of the South African SAM is that it divides households into meaningful subgroups, for example occupational groups and skill levels, in order to show the economic significance of each of them. This was achieved by detailing final household consumption expenditure according to the four population groups (using the characteristic of the head of the household) and twelve expenditure groups (using total household imputed expenditure) (for the methodology, see *Measuring poverty in South Africa*, Chapter 2). This information can be useful in the analysis of poverty, and income and expenditure patterns. SAMs have been applied, in many countries, to analyse the interrelationships between the structural features of an economy and the distribution of income and expenditure between household groups.

Another aim of this document is to compare the figures of the 1998 SAM publication with the one constructed earlier. But such comparisons were not always possible. The previous SAM was published by Stats SA in 1993, with 1988 as the reference year. This matrix followed the guidelines of the 1968 System of National Accounts (SNA). The 1998 SAM follows the guidelines of the 1993 SNA. The main differences between the 1988 and 1998 SAM are:

- For the 1988 SAM, quintiles were calculated on household per capita income, while for the 1998 SAM, quintiles were calculated on total household imputed expenditure.

- Different cut-off points (keeping the number of people in each quintile equal) were used for each quintile in each population group for the 1988 SAM, while the same cut-off points were used for percentiles in all the population groups for the 1998 SAM.

- The 1988 SAM did not include skill levels, while the 1998 SAM does include skill levels linked to occupational groups.

- The 1998 SAM includes external matrices not found in the 1988 SAM.

The main findings of this report are highlighted according to both individual income and household expenditure, according to the demographic characteristics of the population of South Africa. From this report it seems that inequality between and within population groups still exists in South Africa.

Demographic picture of South Africa

- The size of the South African population was approximately 44,8 million in October 2001, an increase of 10% from the 40,6 million in October 1996 (the estimated population of South Africa in mid-1998 was 42,1 million).

- In October 2001, black Africans constituted 79,0% of the population, followed by whites (9,6%), coloureds (8,9%) and Indians or Asians (2,5%).

- Females accounted for 52,2% of the population and males 47,8% in October 2001.

Generation of income in the 1998 SAM

- In the professionals and technicians occupational groups, white employees received approximately 60,7% and 67,3% respectively of the income (R31 951 million and R26 616 million), followed by black African employees (27,4% or R14 196 million and 18,7% or R7 398 million), coloured employees (6,8% or R3 534 million and 8,4% or R3 328 million) and Indian or Asian employees (5,0% or R2 611 million and 5,6% or R2 234 million).

- Black African employees received the largest proportion of income in the skilled agricultural workers, craft workers and plant and machine operators occupational groups (51,4% or R1 840 million, 47,4% or R20 843 million and 63,1% or R17 239 million respectively), followed by white employees (34,3% or R1 230 million, 34,4% or R15 131 million and 18,9% or R5 178 million respectively).

- In the domestic workers occupational group (one of the occupational groups receiving the lowest income), black African employees received approximately four-fifths (80,8% or R4 716 million) of the income, followed by coloured employees (14,5% or R845 million), white employees (3,0% or R173 million) and Indian or Asian employees (1,1% or R63 million).

- Black African employees received the largest proportion of compensation of employees in the agricultural (50,4% or R3 990 million) and mining industries (58,9% or R13 329 million).

- White employees received the largest percentage of income amongst all employees in the manufacturing (45,6% or R32 219 million), water and electricity (55,3% or R4 000 million) and trade industries (44,6% or R20 118 million), as well as in the transport and communication (50,5% or R15 529 million), financial and business (79,9% or R29 319 million) and government, health and social services (42,7% or R56 582 million) services.

Final household consumption expenditure

- Of their expenditure on manufactured products, coloured-headed households spent approximately 61,7% on manufactured food products, followed by black African-headed households (58,7%), Indian or Asian-headed households (47,5%) and white-headed households (40,1%).

- Black African-headed households contributed 58,3% or R78 933 million to the total final household consumption expenditure on manufactured food products, coloured-headed households 9,6% or R13 037 million, Indian/Asian-headed households 4,2% or R5 706 million and white-headed households 27,9% or R37 828 million.

- The high final consumption expenditure group (top 10% of the population) spent a significant part of their total household final consumption expenditure on financial and business services (23,7% or R53 385 million).

- White-headed households contributed 65,4% or R26 531 million to the total final household consumption expenditure on real estate, followed by black African-headed households (25,9% or R10 532 million).

- Black African-headed households contributed 55,6% or R5 209 million to the total final household consumption expenditure on electricity and 35,8% or R574 million on water. White-headed households contributed 31,2% or R2 929 million to the total final household consumption expenditure on electricity and 48,0% or R760 million on water.

Consumption of fixed capital, net acquisitions and current transfers

- The manufacturing industry made the highest contribution to the consumption of fixed capital (22,1% or R21 368 million), followed by financial and business services (21,2% or R20 473 million) and government, health and social services (13,5% or R13 024 million).

- Financial intermediaries contributed 61,6% to net acquisitions of financial assets, followed by corporate business enterprises (21,3%), households (14,6%) and government (2,5%).

- Households and non-profit institutions serving households received current transfers primarily from financial corporations (54,0%), followed by government (42,4%) and non-financial corporations (3,6%).

These findings show that individual generation of income (i.e. compensation of employees, which includes total remuneration, in cash or kind) and household final consumption expenditure in South Africa were unevenly distributed between population groups. Purchasing patterns in South Africa also showed a great deal of variation among households in the various percentiles.

CHAPTER 1: INTRODUCTION

1.1 Background

Statistics South Africa (Stats SA) implemented the 1993 System of National Accounts (SNA) in 1999 in conjunction with rebasing and benchmarking gross domestic product (GDP) estimates. The results were published in Statistical Release P0441: *Gross Domestic Product, revised estimates 1993–1998 and first quarter 1999.*

Stats SA compiled the first official Supply and Use tables (SU-tables) for South Africa for the 1993 reference year according to the recommendations of the 1993 SNA, and published them in December 1999. At that stage Stats SA announced that it would be compiling SU-tables annually as from the 1998 reference year, to ensure that an extended time-series of SU-tables is developed to assist in analysing and evaluating the performance of the economy over time. Stats SA has now published SU-tables for the 1993, 1998, 1999 and 2000 reference years. The SU-tables are intended to include all transactions taking place in goods and services in an economy for a specific year in a matrix format. They allow for close examination of the consistency of the national accounts by linking and integrating the various components within a single framework.

The presentation of national accounts in a matrix has a long and distinguished tradition. In the 1993 SNA the accounting structure was explained on the basis of an illustrative matrix covering the full system and in addition much emphasis was given to the system as a basis for supply and use analysis in an input–output framework. The input–output framework is a widely used matrix framework to provide detailed and coherently arranged information on the flow of goods and services and on the structure of production costs. Disaggregated linkages between the accounts for goods and services and the production and generation of income are further developed in the 1993 SNA SU-tables, through a specification of output of categories of goods and services by industry. However, those matrices do not incorporate the interrelationships between value added and final expenditures. By extending SU-tables to show the entire circular flow of income at a meso-level, one captures an essential feature of a SAM. In many instances SAMs have been applied to an analysis of interrelationships between structural features of an economy and the distribution of income and expenditure among household groups. SAMs are closely related to national accounts in that their typical focus on the role of people in the economy is reflected by, among other things, extra breakdowns of the household sector and a disaggregated representation of labour markets e.g., distinguishing various categories of employed persons. On the other hand, SAMs usually encompass somewhat less detailed SU-tables. The design and construction method of SAMs are not standardised according to the SNA, in order to give countries the flexibility to design a SAM according to their specific situations.

Since every economic model has its corresponding accounting framework, and since every such framework can be set out as a SAM, it follows that every economic model has a corresponding SAM. Implicitly, if not explicitly, all multi-sector economic models require a SAM for the country, or group of countries, to which they refer. The reliability of the policy implementation conducted using such models depends upon the reliability of the SAM used to calibrate the model. Consequently, there is an ongoing need to develop and keep current multi-sector databases consistent.

As an extension of the implementation of the 1993 SNA, Stats SA published a SAM for the 1998 reference year in November 2002. A SAM is an extension of the SU-tables and elaborates the linkages between a SU-table and institutional accounts. The previous SAM compiled for South Africa by Stats SA was for the 1988 reference year and according to the 1968 SNA.

The required data for developing a SAM are typically collected from a number of different sources, e.g., national accounts, integrated economic accounts, population censuses, and household income and expenditure surveys during different time periods. Although some of the data should have been

reconciled, such as national accounts and inter-industry tables, much of the data used will not be immediately consistent; for example, household and manufacturing surveys often refer to different years. The problem therefore is to find an efficient method to incorporate and reconcile data from a variety of sources and time periods.

1.2 Overview of the 1993 SNA

The 1993 SNA is the result of a decade-long, resource-intensive process that took place under the auspices of the Inter-Secretariat Working Group on National Accounts (ISWGNA). This group consists of the Statistical Office of the European Community (EUROSTAT), the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the United Nations Statistical Division (UNSTAT) and regional commissions of the United Nations' Secretariat and the World Bank.

The SNA is a set of international guidelines for the development of country economic accounts and for the reporting of such statistics to international organisations in a manner comparable across countries. The 1993 SNA, the most recent version, consists of a coherent, consistent and integrated set of macroeconomic accounts, balance sheets and tables, based on a set of internationally agreed concepts, definitions, classifications and accounting rules. It provides a comprehensive accounting framework, within which economic data can be compiled and presented in a format designed for purposes of economic analysis, decision-taking and policy-making. In addition, the SNA provides for satellite extensions of the basic accounting structure that use alternative concepts and incorporate a broader range of social and economic indicators.

The system is built around a sequence of interconnected flow accounts or integrated economic accounts linked to different types of economic activity taking place within a given period of time, together with balance sheets that record the values of the stocks of assets and liabilities held by institutional units or sectors at the beginning and end of the period. Each flow account relates to a particular kind of activity such as production, or the generation, distribution, redistribution or use of income. Each account is balanced by introducing a balancing item defined residually as the difference between the total resources and uses recorded on the two sides of the account. The balancing item from one account is carried forward as the opening balance in the following account, thereby making the sequence of accounts an articulated whole. The balancing items typically encapsulate the net result of the activities covered by the accounts in question and are therefore economic constructs of considerable interest and analytical significance.

There is also a strong link between the flow accounts and the balance sheets, as all the changes occurring over time that affect the assets or liabilities held by institutional units or sectors are systematically recorded in one or another of the flow accounts. The closing balance sheet is fully determined by the opening balance sheet and the transactions or other flows recorded in the sequence of accounts.

The 1993 SNA distinguishes two types of units and two methods of subdividing the economy for different analytical purposes, namely:

- institutional units and sectors, and
- establishments and industries.

An institutional unit is an economic entity capable, in its own right, of owning assets, incurring liabilities and engaging in economic transactions with other entities. A complete set of accounts including balance sheets should exist for an institutional unit, or it should at least be possible and meaningful, in principle, to compile such a set of accounts. The 1993 SNA distinguishes four main categories of institutional units:

- corporations (including quasi-corporations),
- government units (including social security funds),

- households, and
- non-profit institutions (NPI).

The four main categories of institutional units can be grouped in two broader types with regard to how they are formed. Households, covering individuals making up each household, constitute one type. The other categories together constitute the second type, namely legal and social entities such as corporations, non-profit institutions and government units.

In order to describe income, expenditure, financial flows and balance sheets, institutional units are grouped into sectors on the basis of their principal functions, behaviour and objectives. There are five main institutional sectors:

- non-financial corporations,
- financial corporations,
- general government, including social security funds,
- households, and
- NPIs serving households (NPISHs).

Table 1.1 gives a cross-classification of institutional units by category and sector.

Table 1.1: Institutional units cross-classified by category and sector

Sector / Category	Non-financial corporations sector	Financial corporations sector	General government sector	Household sector	NPI serving household sector
Corporations	Non-financial corporations	Financial corporations			
Government units			Government units		
Households				Households	
Non-profit institutions	Non-financial market NPIs	Financial market NPIs	Non-market NPIs controlled and financed by government		Non-market NPIs serving households

The SAM is built within the basic framework of a NAM, with each entry of the NAM expanded into a sub-matrix whose rows and columns identify groups of transactors or categories of transactors. By using the entries of the NAM as control totals, the expansion provides a coherent set of sub-matrices where the accounting of the transactors/ transactions is shown.

The NAM and the SAM elaborate on the linkages between SU-tables and institutional sector accounts. It is a presentation of the SNA in matrix terms that incorporates whatever degree of detail might be of special interest e.g. income distribution patterns. To date, builders of SAMs have exploited the available flexibility to highlight special interests and concerns, display the various interconnections, disaggregate the households sector and show the link between income generation and consumption. The power of a SAM, as well as of the 1993 SNA, comes from choosing the appropriate type of disaggregation to study the topic of interest. In addition to a flexible application and the inclusion of various components, a SAM may incorporate more extensive adjustments of a satellite accounting nature, in order to satisfy specific analytical purposes.

In recent years the output of economic facts and figures by various public and private agencies has increased by leaps and bounds. Most of this information is published for reference purposes and is unrelated to any particular method of analysis. As a result, in modern economics, we have a high concentration of theory without fact on the one hand, and a mounting accumulation of fact without theory on the other. The task of filling the "empty boxes of economic theory" with relevant empirical content becomes increasingly more urgent and challenging. The effort to combine economic facts and theory is known as inter-industry or input–output analysis.

The basic building block for a SAM is a set of SU-tables. A SAM is therefore a typical example of an adaptation and elaboration of the conventional input-output framework. Like the latter, the SAM reflects the economic relationships between the sectors of the economy by identifying monetary transactions (expenditures and receipts) between them. It also provides a consistent framework for the study of economic as well as demographic and social variables. A complete set of capital flow variables for the various sectors of the economy is given in the SAMs.

The basic features of the South African SAM are as follows:

- The South African input–output framework is chiefly concerned with the description of the interdependence of industries that are reflected in their transactional interrelationships. The SAM, on the other hand, describes the interdependence between a wider spectrum of economic sectors and industries as well as a wider variety of information about employment, capital, households, population groups and regional economic activities. Thus the purpose of a SAM is to quantify the circular flow of economic activity as widely as possible.

- The input–output framework focuses on the different production activities of the economy. By contrast, the SAM emphasises the activities of households and producers at a national level as well as in urban and non-urban areas. One of the strengths of the SAM is its detailed coverage of, inter alia, the accounts of the household sector.

- The SAM divides the household sector into meaningful subgroups so that the economic significance of each of them becomes apparent. Another point in favour of the SAM is its usefulness as a means of demonstrating the economic welfare of the various population groups in South Africa, and of enabling the analysis of such welfare.

- The SAM framework provides a considerable amount of information about income distribution in South Africa, thus supplementing the conventional national accounting system. Unfortunately the SAM can only be compiled at fairly long intervals owing to the volume of work involved in its compilation and the problems associated with the acquisition of the relevant data. The unavailability of regular SAM tables means that it cannot be used to draw comparisons with conditions prevailing at other times.

The SAM system is thus invaluable as a basic data source, an aid to structural analyses, a planning aid, and an interface between social, demographic, employment and national account statistics. The South African SAMs thus afford a most interesting overview of the South African economy.

1.3 Classifications

As transactions in the SAM are shown simultaneously as an income of one account and an expenditure of another, they are usually cross-classified. Through this process, it becomes apparent who paid what to whom. One of the advantages of the matrix format of the SAM is the great flexibility in the choice of classifications. It is possible to distinguish the most relevant unit and classification of units for each account. Defining the classifications used for the different accounts is a vital phase in the construction of the SAM. Table 1.2 shows that the 1998 SAM was compiled according to the 1993 SNA, while the 1988 SAM was compiled according to the 1968 SNA. For the

1998 SAM, quintiles were compiled using imputed household expenditure, as opposed to household income for the 1988 SAM. The same cut-off points were used for the percentiles in all the population groups for the compilation of the 1998 SAM, as opposed to different cut-off points for different population groups in the 1988 SAM.

For Account 0 (Table 1.3), the output is classified according to 27 product groups. This gives the most relevant details about the consumption expenditure on goods and services by households. An important criterion for the classification of goods and services is the availability of data about the consumption of various household groups.

For Account I (Table 1.3), the intermediate consumption is classified by 27 industries. In the production account (Account I), data is mainly derived from the SU-tables as compiled within the system of national accounts. For Account II.1.1 (Table 1.3), the compensation of employees is classified by 11 occupational groups, gender and the urban/non-urban dimension.

Accounts II.1.2, II.2 and II.4 (Table 1.3) are classified by institutional sector, i.e. non-financial corporations, financial corporations, general government, and households and non-profit institutions serving households.

Account III.2 (Table 1.3) is classified according to financial intermediaries.

Table 1.2: Comparison of the most important characteristics of the 1988 and 1998 SAM

1988 SAM	1998 SAM
Compiled according to the 1968 SNA	Compiled according to the 1993 SNA
Compiled according to the Standard Industrial Classification of all Economic Activities (SIC) (Fourth Edition)	Compiled according to the Standard Industrial Classification of all Economic Activities (SIC) (Fifth Edition)
Emphasis on income distribution	Emphasis on income distribution
23 Industries Agriculture, hunting, forestry and fishing Coal mining Gold mining Other mining activities Manufacturing of food, beverages and tobacco products Manufacturing of textiles, clothing and leather products Manufacturing of wood and wood products, including furniture Manufacturing of paper and paper products, printing and publishing Manufacturing of chemicals and chemical products Manufacturing of non-metallic mineral products Basic metal industries Manufacturing of metal products, machinery and transport equipment Other manufacturing industries Electricity, gas and water Building construction Civil engineering and other construction Wholesale and retail trade Catering and accommodation services Transport and storage Communication Financing, insurance, real estate and business services Community, social and personal services Other	27 Industries Agriculture, hunting, forestry and fishing Mining of coal and lignite Mining of gold and uranium ore Other mining activities Manufacturing of food products, beverages and tobacco products Manufacturing of textiles, clothing and leather products (except footwear) Manufacturing of footwear Manufacturing of petroleum, chemical, rubber and plastic products Manufacturing of other non-metallic mineral products Manufacturing of metal products, machinery and office equipment Manufacturing of electrical machinery and apparatus Manufacturing of radio, television and communication equipment Manufacturing of transport equipment Manufacturing of wood and wood products, including furniture, articles of straw and plaiting materials, paper and paper products, publishing, printing and reproduction of recorded media and recycling Electricity, gas, steam and hot water Collection, purification and distribution of water Construction Wholesale and retail trade Hotels and restaurants Transport and storage Post and telecommunications Financial intermediation and insurance Real estate activities Business services General government Health and social work Other community, social and personal services

Table 1.2: Comparison of the most important characteristics of the 1988 and 1998 SAM (continued)

1988 SAM	1998 SAM
Quintiles calculated on annual household per capita income Different cut-off points were used for each quintile in each population group, namely: All population groups Q1 R1 – R375 Q2 R376 – R912 Q3 R913 – R1 962 Q4 R1 963 – R5 192 Q51 R5 193 – R10 528 Q52 R10 529 + White Q1 R1 – R5 594 Q2 R5 595 – R9 441 Q3 R9 442 – R14 028 Q4 R14 029 – R21 272 Q51 R21 273 – R31 650 Q52 R31 651 + Coloured Q1 R1 – R733 Q2 R734 – R1 388 Q3 R1 389 – R2 319 Q4 R2 320 – R4 323 Q51 R4 324 – R6 730 Q52 R6 731 + Asian Q1 R1 – R1 594 Q2 R1 595 – R2 805 Q3 R2 806 – R4 406 Q4 R4 407 – R7 511 Q51 R7 512 – R10 719 Q52 R10 720 + Black Q1 R1 – R286 Q2 R287 – R631 Q3 R632 – R1 225 Q4 R1 226 – R2 607 Q51 R2 608 – R4 462 Q52 R4 463 +	Percentiles calculated on total annual household expenditure The same cut-off points were used for percentiles in all the population groups, namely: All population groups P1 R1 – R540 P2 R541 – R5 700 P3 R5 701 – R8 496 P4 R8 497 – R10 716 P5 R10 717 – R12 996 P6 R12 997 – R15 828 P7 R15 829 – R19 992 P8 R19 993 – R26 556 P9 R26 557 – R37 884 P10 R37 885 – R57 816 P11 R57 817 – R75 840 P12 R75 841 +
Quintiles (calculated on household per capita income) Q1 – 0-20% of the population Q2 – 21-40% of the population Q3 – 41-60% of the population Q4 – 61-80% of the population Q51 – 81-90% of the population Q52 – 91-100% of the population	12 Percentiles (calculated on total household expenditure) P1 - 0 – 5% of the population P2 - 6 – 10% of the population P3 - 11 – 20% of the population P4 - 21 – 30% of the population P5 - 31 – 40% of the population P6 - 41 – 50% of the population P7 - 51 – 60% of the population P8 - 61 – 70% of the population P9 - 71 – 80% of the population P10 - 81 – 90% of the population P11 - 91 – 95% of the population P12 - 96 – 100% of the population

Table 1.3: List of integrated economic accounts

Number and name of accounts		Balancing item	
Transaction accounts			
0	Goods and services account		
Full sequence of accounts for institutional sectors			
Current accounts			
I	Production account	B.1	Value added
II.I	Primary distribution of income account		
II.1.1	Generation of income account	B.2/3	Operating surplus / mixed income
II.1.2	Allocation of primary income account	B.5	Balance of primary incomes
II.2	Secondary distribution of income account	B.6	Disposable income
II.3	Redistribution of income in kind account	B.7	Adjusted disposable income
II.4	Use of income account		
II.4.1	Use of disposable income account	B.8	Saving
II.4.2	Use of adjusted disposable income account	B.8	Saving
Accumulation accounts			
III.1	Capital account	B.9	Net lending / net borrowing
III.2	Financial account	B.9	Net lending / net borrowing
III.3	Other changes in assets account	B.10	Other changes in net worth
Balance sheets			
IV.1	Opening balance sheet	B.90	Net worth
IV.2	Changes in balance sheet	B.10	Total changes in net worth
IV.3	Closing balance sheet	B.90	Net worth
Rest of the world account			
Current accounts			
V.I	External account of goods and services	B.11	External balance of goods and services
V.II	External account of primary income and current transfers	B.12	Current external balance
Accumulation accounts			
V.III.1	External capital account	B.9	Net lending / net borrowing
V.III.2	External financial account	B.9	Net lending / net borrowing
V.III.3	External account for other changes in assets		
Balance sheets			
V.IV.1	External opening balance sheet	B.90	Net external financial position of the nation
V.IV.2	External changes in balance sheet	B.10	Changes in net external financial position of the nation
V.IV.3	External closing balance sheet	B.90	Net external financial position of the nation

1.4 Applications of a SAM

The matrices described by SAMs represent the linkages between two often-distinct worlds of statistics, economic statistics and social statistics. The integration of these distinct fields of statistics will enable more policy issues to be monitored and analysed in an interrelated manner. Above all, the linkage of income distribution issues to more macro-oriented objectives such as economic growth, low inflation rate and government fiscal balance comes within reach with a SAM.

A distinction can be made between the applications for producers and users of statistics. The first elaborates on the integration of basic data while the second elaborates on a SAM as a tool for policy analysis. The analysis of the 1998 SAM provides the users with an integrated policy tool to analyse the socio-economic conditions of the population of South Africa.

A compilation of SAMs, by which an optimal mix of top-down and bottom-up production methods is used, may lead to higher quality of those aggregates which can be produced along either route. It also signals inconsistencies in the basic sources, e.g. population census, household expenditure surveys, integrated economic accounts, etc. It is not the availability of these data per se that makes the difference, but the consistency and quality improvements reached through the process of statistical integration and the analytical framework that a SAM presents. In the absence of a SAM, users have to reconcile the data themselves as a starting point for an internally consistent analysis as well as ensure the consistency of the definitions used.

The advantage of using a SAM can be summarised in terms of increased relevance, reliability and efficiency. The SAM increases the relevance of economic and social indicators because they are derived from a meso-level information system. As a consequence, their interdependence can be studied, more insights into causes and consequences of "best and worst practices" are gained and the interaction between socio-economic policies in various fields can be analysed. Reliability is enhanced because the more that data are confronted at a meso-level, the more logical identities can be checked: components must add to totals, accounts must balance, and price and quantities must multiply to values. Efficiency is served by the application of uniform units, classifications and concepts throughout a statistical system. Among the advantages of such a harmonisation is a much easier matching of results from different surveys, which in turn yields more reliable outcomes. In addition, international harmonisation of classification is useful.

A SAM pinpoints gaps in the available data set and discrepancies in the survey concepts

It is in situations where basic information and other statistical resources are (very) scarce that it is all the more important to make the best possible use of whatever data are available. Integrating outcomes of all kinds of costly censuses and surveys into a consistent overall framework may increase both their relevance and their reliability. This applies particularly to household surveys and population censuses. Generally speaking, carefully acquired consistency at the meso-level leads to a higher degree of accuracy at the macro-level. Naturally, if there are too many gaps in the basic data, the reliability of (parts of) the SAM remains dubious. In this way, building a SAM will also pinpoint gaps in the available data set and discrepancies in the survey concepts. This should then have a streamlining feedback effect on both economic and social basic statistics. This report attempts to show the economic and social data for South Africa based on the population census, income and expenditure survey and integrated economic accounts.

A SAM serves as a benchmark data set

As the processing of censuses and surveys is very time-consuming, and as the construction of a detailed SAM also tends to involve a substantial input of human resources, SAMs for South Africa have generally become available with a lag of several years. If SAMs are built for those years for which main surveys or censuses are held, they can serve as a benchmark data set, updated yearly, with the help of relevant indicators, to obtain the necessary timeliness without giving up too much in terms

of reliability. A matrix framework is especially suitable in this regard in view of the availability of various updating and reconciliation algorithms that apply matrix algebra.

A SAM allows for monitoring and analysis of interrelated policies

The integration of basic datasets allows for the possibility of monitoring and analysis of interrelated policy issues. Above all, the linkages of employment and income distribution aspects to more macro-oriented objectives such as GDP growth, balance of payments equilibrium and stable price levels come within reach with a SAM.

SAMs are suitable for use in a macroeconomics teaching course

In view of their concise and conveniently arranged description of interrelationships between economic processes, their function as a systematic database for the joint derivation of monetary and non-monetary aggregate indicators and their close connection to flexible, economy-wide models of varying degrees of complexity, South Africa's SAMs are suitable for use in a macro-economic teaching course.

The SAM as a tool for policy analysis

From an analytical point of view, the SAM also offers various new perspectives, particularly regarding the relationship between the distribution of income and economic development. The 1998 SAM therefore also focuses on income distribution according to twelve different percentiles for each of the four population groups in South Africa. The accounting structure implied by a SAM can be used for all kinds of analyses, varying from simple analyses of income level and distribution changes and Keynesian multiplier analysis, through a somewhat more realistic "fixed price" analysis with income and expenditure elasticities deviating from one, to comprehensive, price endogenous Computable General Equilibrium models (CGE-models). The latter type of model, which is increasingly being used for policy making, implicitly or explicitly uses a SAM framework to calibrate the "base year situation". Moreover, the projections or simulations resulting from these kinds of models can again be cast into a SAM framework. From a national accounts point of view, SAM extensions are conceptual improvements. A SAM enables analysts using National Accounts data to incorporate other aspects in their analysis. For data providers, e.g. in the field of the social statistics, the linking of their data to the system of National Accounts opens up new opportunities for their usage.

In comparison to the standard T-account, a SAM also records which (sub)sectors pay what to which other (sub)sectors. This feature allows a more thorough analysis of transmission mechanisms in the economy. For instance, in the South African SAM, where both non-financial and financial accounts are included, this can greatly facilitate an analysis of the impact of monetary policy decisions on the holdings of both financial and non-financial assets and liabilities. The capital and financial accounts provide the links between the real and the financial economy. If the capital accounts then also show which (sub)sectors have invested in which industries of the domestic economy and which (sub)sectors have invested abroad, the linkages between financing and real sector dynamics are better revealed.

Modelling

The SAM is a comprehensive, disaggregated, consistent and complete data system that captures the interdependence that exists within a socio-economic system. Alternatively, the SAM can be used as a conceptual framework to explore the impact of exogenous changes in such variables as exports, certain categories of government expenditure, and investment of the whole interdependent socio-economic system, e.g. the resulting structure of production, factorial and household income distribution. The South African SAM can be used to explore issues related to income distribution because of its finer disaggregation of private household expenditure into relatively homogeneous social-economic categories that are recognisable for policy purposes and exhibit relatively stable

characteristics. This type of disaggregation allows the SAM to be used to analyse the effects of government policies on income distribution.

A SAM will lead to a more reliable description of inequalities among household groups

Since household surveys tend to underestimate not only total incomes or expenditure, but also inequality among households both within and between population groups, a reconciliation of these sources with demographic statistics, SU-tables, wage surveys, profit and loss statements, government accounts, a balance of payments summary, financial data, etc., will lead to a more reliable description of inequalities among household groups.

A SAM provides a dependable summary of "structural" poverty

It is rather hazardous to count the poor in order to measure poverty on the basis of national accounts, but on the other hand, a SAM which contains an elaborate classification of households may provide a dependable summary of "structural" poverty; it will identify subgroups in which the households are typically poor, it will show which needs cannot be properly met in these groups, and, above all, it allows for analyses concerning the causes and consequences of these circumstances. An example of the SAM's use as a dependable summary of "structural" poverty can be found in Chapter 5 of the Stats SA publication *Measuring poverty in South Africa* published in 2000.

1.5 National Accounting Matrix (NAM)

The national accounts can be presented in matrix form at various levels of detail. At the highest level of aggregation, we can have a matrix presentation that distinguishes between the different kinds of accounts. The latter is known as an aggregate national accounts matrix (NAM). This presentation can be elaborated by expanding the individual cells to show the kinds of transactions between the different economic subjects involved in each account. The units (product group, industry, sector) used to break down each cell will vary according to the nature of the account. The detailed NAM can be turned into a social accounting matrix (SAM) by further expanding the cells by introducing more detailed classifications (mainly of labour and households).

The NAM shows how the SU-tables (rows and columns 1 and 2), the distribution and use of income accounts (rows and columns 3, 4, 5, and 6), the accumulation accounts (rows and columns 7, 8 and 9), and the rest-of-the-world accounts (rows and columns 10 and 11) initially presented in the form of T-accounts (uses and resources) can be presented in matrix form. Each account is represented by a row and column. The convention is that incomes or resources are shown in the rows and expenditure or uses are shown in the columns.

The main feature of the matrix presentation is that an item which appears twice in the conventional T-accounts, is included only once in the matrix presentation: the item is shown on the intersection of the row of the account in which it is a resource (or the acquisition of an asset) and the column of the account in which it is a use (or the acquisition of a liability).

Table 1.4: National Accounting Matrix: 1998 (R million)

Integrated Economic Account (classification)	Code	0. Goods and services (products) 1	I. Production (industries) 2	II.1.1. Generation of income (race and occupations) 3	II.1.2. Allocation of primary income (institutional sectors) 4	II.2. Secondary distribution of income (institutional sectors) 5	II.4. Use of disposable income (race and percentiles) 6	III.1. Capital 7	III.1. Capital 8	III.2. Financial (financial intermediaries) 9	V. Rest of the world: II. Current 10	V. Rest of the world: III.1. Capital 11	Residual 12	TOTAL
0. Goods and services (products)	1	Trade and transport margins 0	Use/ Intermediate consumption 671 101				Final consumption expenditure 607 082	Changes in inventories 1/ -2 634	Gross fixed capital formation 125 876		Exports of goods and services 190 189		622	1 592 238
I. Production (industries)	2	Supply/ Output 1 345 556												1 345 556
II.1.1 Generation of income (race and occupation)	3		*Domestic net value added,* at basic prices 577 868								Compensation of employees from ROW 503			578 371
II.1.2 Allocation of primary income (institutional sectors)	4	Taxes less subsidies on products 65 050		*Net generated income,* at basic prices 576 072	Property income: resident sector 365 643						Property income from ROW ROW 6 690			1 013 455
II.2 Secondary distribution of income (institutional sectors)	5				*Net national income* 625 587	Current transfers: resident sector 331 589					Current transfers from ROW 334		-622	956 888
II.4 Use of disposable income race and percentile)	6					*Net disposable income* 620 872	Adj. for change in net equity hh. on resident pension funds 27 228				Adj. for change in net equity of hh. on pension funds from ROW 0			648 100
III.1 Capital	7						*Net saving* 13 790	Capital transfers 2/ 0		Borrowing 334 315		Capital transfers from ROW 2/ 134		348 237
	8		Consumption of fixed capital 96 587					Net fixed capital formation 29 289						125 876
III.2 Financial (financial intermediaries)	9							Lending 321 139				*Net lending* of ROW 13 174		334 315
V.II Rest of the world, current	10	Imports of goods and services 181 632		Compensation of employees to ROW 2 299	Property income to ROW 22 225	Current transfers: to ROW 4 427	Adj. for change in net equity of hh. on pension funds to ROW 0							210 583
V.III.1 Rest of the world, capital	11							Capital transfers to ROW 2/ 443			*Current external balance* 12 867			13 308
TOTAL	12	1 592 238	1 345 556	578 371	1 013 455	956 888	648 100	348 237	125 876	334 315	210 583	13 308	0	

1/ Including acquisition less disposals of valuables.

2/ Including acquisitions less disposals of non-produced non-financial assets.

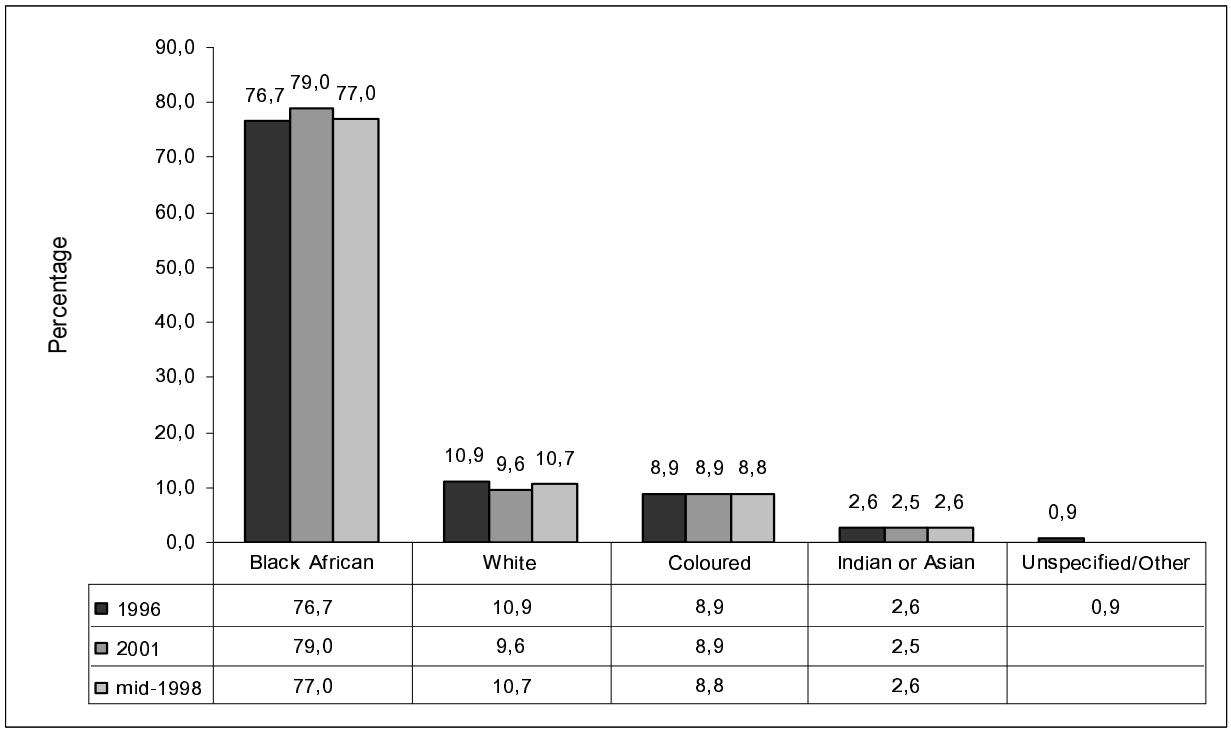
CHAPTER 2: OVERVIEW OF THE POPULATION OF SOUTH AFRICA

2.1 The population of South Africa by population group

Figure 2.1 shows the population of South Africa per population group (i.e. black African, white, coloured and Indian/Asian) as recorded for the 1996 and 2001 population censuses, as well as the 1998 mid-year estimates. (Note that 2001 and 1996 data are not strictly comparable, since the unspecified/other category was imputed in 2001.)

- In 2001, almost four in every five South Africans were classified as being black African (up from 76,7% in 1996 and 77,0% in mid-1998).
- The percentage of white people decreased from 10,9% in 1996 to 9,6% in 2001 (10,7% in mid-1998).
- The Indian or Asian population decreased marginally from 2,6% in 1996 to 2,5% in 2001 (2,6% in mid-1998).
- The coloured population remained unchanged between 1996 and 2001 at 8,9% (8,8% in mid-1998).

Figure 2.1: Distribution of the population of South Africa by population group, 1996, 2001 and mid-1998



	Black African	White	Coloured	Indian or Asian	Unspecified/Other
1996	76,7	10,9	8,9	2,6	0,9
2001	79,0	9,6	8,9	2,5	
mid-1998	77,0	10,7	8,8	2,6	

Source: Stats SA, Population census 1996 and 2001

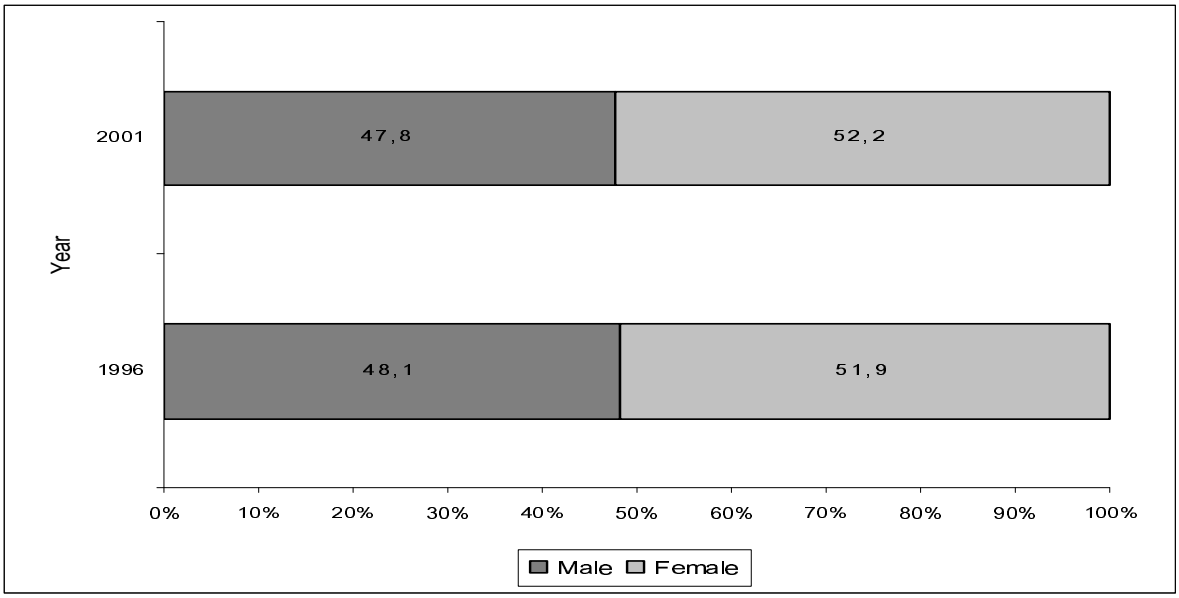
2.2 The population of South Africa by gender

Figure 2.2 shows the population of South Africa by gender, as recorded for the 1996 and 2001 population censuses.

- Females constituted 51,9% of the South African population in 1996 and increased to 52,2% in 2001.

- Males constituted 48,1% of the South African population in 1996 and decreased to 47,8% in 2001.

Figure 2.2: Gender composition of the population of South Africa, 1996 and 2001



Source: Stats SA, Population census 1996 and 2001

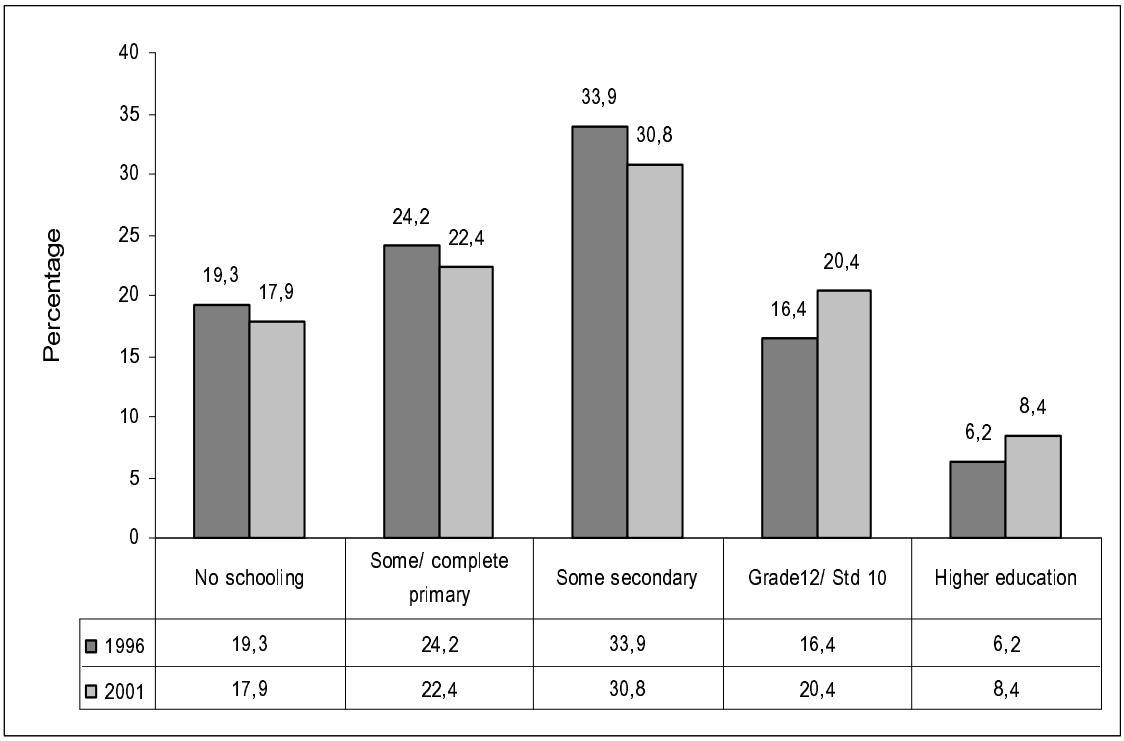
2.3 Educational profile of the South African population

Figure 2.3 show the educational profile of the population of South Africa as recorded for the 1996 and 2001 population censuses.

- There is an increase in the proportion of the population that had completed Grade12/ Std 10 or higher education between 1996 (16,4% and 6,2% respectively) and 2001 (20,4% and 8,4% respectively).

- The percentage of the population that had no formal education decreased from 19,3% in 1996 to 17,9% in 2001.

Figure 2.3: Educational profile of the population of South Africa, 1996 and 2001



Source: Stats SA, Population census 1996 and 2001

These breakdowns give a broad overview of the characteristics of the South African population. In the SAM, the South African population is divided into population groups, occupational groups, expenditure groups per percentile and skill levels.

CHAPTER 3: GENERATION OF INDIVIDUAL INCOME

A SAM provides a coherent set of sub-matrices focusing on the role of people in the economy. For example, information on individuals may be broken down into various categories (e.g occupational groups and skill level) to give a detailed presentation of the labour market. It is possible to apply several different classifications to the same group of transactors. The choice of the classification depends on the analytical purposes of the SAM. One of the purposes of the SAM is to provide detailed information on the demand and supply of labour in monetary terms, where the labour is employed in the production system. For the analysis of generation of income, the sub-matrix M (3,2) is applicable. Employed persons are people aged 15-65 years.

3.1 Definitions of labour and its remuneration

The following definitions are obtained from the 1993 System of National Accounts (SNA 93).

Employed persons — In order to be classified as occupied, i.e., employed or self-employed, the person must be engaged in an activity that falls within the production boundary of the System of National Accounts. Unoccupied persons consist of the unemployed and persons not in the labour force. The relationship of employer to employee exists when there is an agreement, which may be formal or informal, between an enterprise and a person, normally entered voluntarily by both parties, whereby the person works for the enterprise in return for remuneration in cash or kind. The remuneration is normally based on either the time spent at work or some other objective indicator of the amount of work done.

Jobs — A job is defined as an explicit or implicit contract between a person and an institutional unit to perform work in return for compensation for a defined period or until further notice. The institutional unit may be the proprietor of an unincorporated enterprise; in this case the person is described as being self-employed and earns a mixed income.

Hours worked — Total hours worked is the aggregate number of hours actually worked during the registration period in employee and self-employed jobs within the economic territory of a country.

Compensation of employees — Compensation of employees is defined as the total remuneration, in cash or kind, payable by an enterprise to an employee in return for work done by the latter during the accounting period.

3.2 Compensation of employees by skill level and population group

Table 3.1 gives the total number and annual compensation of people in each population group in three high-income occupations (managers, professionals and technicians) in 1998. For example, of the R42 600 million earned by legislators/managers, white people earned R31 951 million. Figure 3.1 indicates the percentage differences that existed between the income earned by employees in these highly skilled labour categories by population group in 1998.

Reading both Table 3.1 and Figure 3.1 the following becomes apparent:

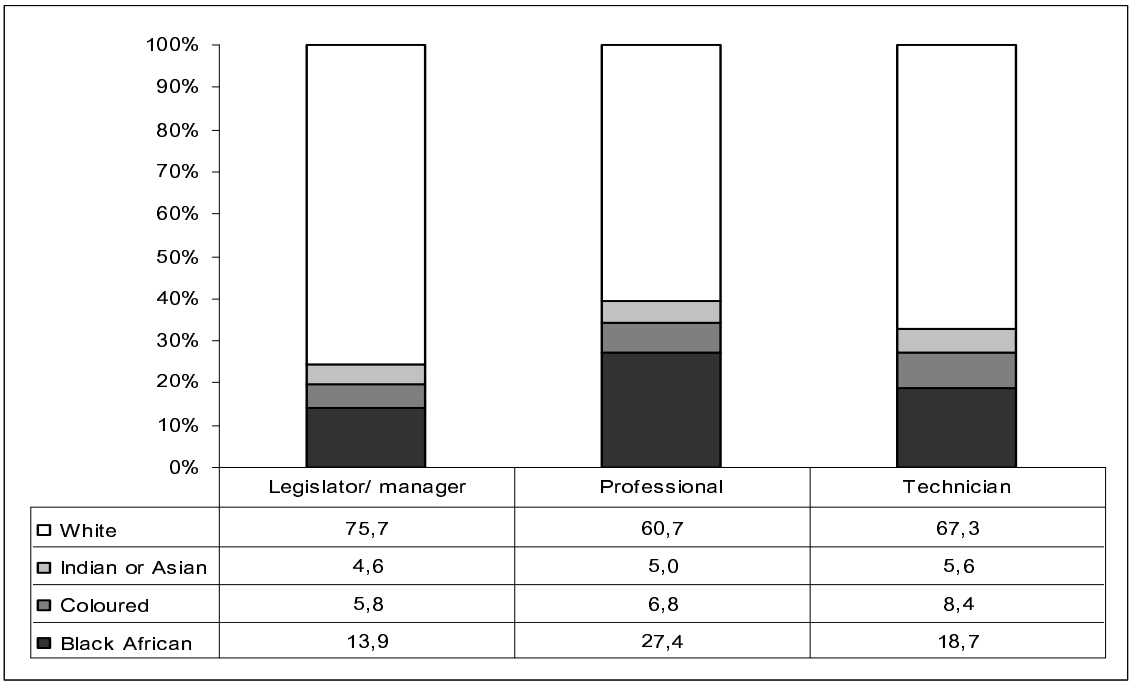
- Of the compensation received by the legislators/manager occupational group, white employees received approximately 75,7% (R31 951 million), black African employees 13,9% (R5 868 million), coloured employees 5,8% (R2 440) and Indian or Asian employees 4,6% (R1 923). In the 1996 population census, 205 652 white people classified themselves under the legislators/manager occupational group, followed by black Africans (97 275), coloureds (30 369) and Indians or Asians (27 418).

- In the professionals and technicians occupational groups, white employees received approximately 60,7% and 67,3% respectively of the income (R31 393 million and R26 616 million), followed by black African employees (27,4% or R14 196 million and 18,7% or R7 398 million), coloured employees (6,8% or R3 534 million and 8,4% or R3 328 million) and Indian or Asian employees (5% or R2 611 million and 5,6% or R2 234 million). In the 1996 population census, 316 718 white people classified themselves under the professional occupational group, compared to 427 392 black Africans.

Table 3.1: Compensation of employees by occupational group and population group: Highly skilled labour, 1998

Population group	Occupational group							
	Legislator/manager		Professional		Technician		Total	
	N	R million	N	R million	N	R million	N	R million
Black African	97 275	5 868	427 392	14 196	178 584	7 398	**703 251**	**27 462**
Coloured	30 369	2 440	74 870	3 534	55 414	3 328	**160 653**	**9 302**
Indian or Asian	27 418	1 923	41 800	2 611	36 388	2 234	**105 556**	**6 768**
White	205 652	31 951	316 718	31 393	266 514	26 616	**788 884**	**89 960**
Unspecified	4 187	418	10 175	608	6 033	424	**20 395**	**1 450**
Total	**364 901**	**42 600**	**870 955**	**52 342**	**542 883**	**40 000**	**1 778 739**	**134 942**

Figure 3.1: Distribution of compensation of employees by population group within occupational group: Highly skilled labour, 1998

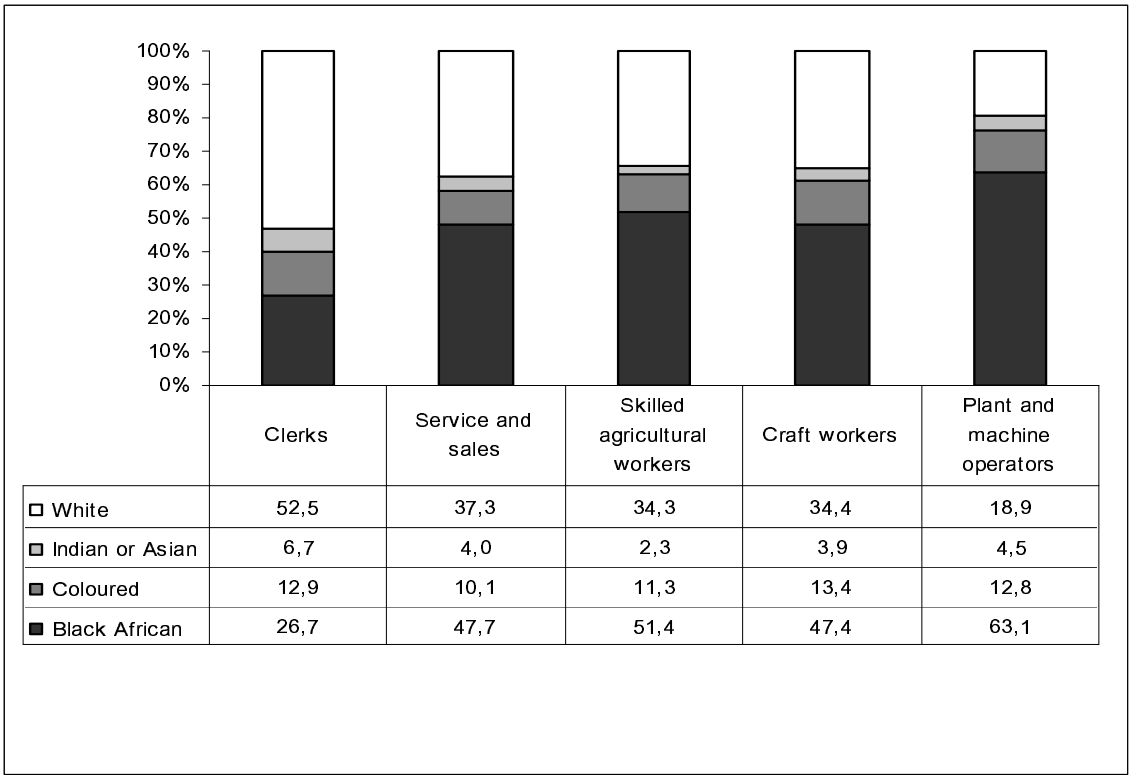


Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Table 3.2: Compensation of employees by occupational group and population group: Skilled labour, 1998

Population group	Occupational group											
	Clerk		Service and sales		Skilled agricultural workers		Craft workers		Plant and machine operators		Total	
	N	R million	N	R million	N	R million	N	R million	N	R million	N	R million
Black African	248 276	10 687	513 660	27 558	267 241	1 840	982 927	20 843	585 621	17 239	**2 597 725**	**78 167**
Coloured	105 031	5 173	92 844	5 853	35 428	403	160 345	5 889	99 096	3 499	**492 744**	**20 817**
Indian or Asian	53 687	2 698	35 633	2 309	1 768	83	42 564	1 721	35 463	1 222	**169 115**	**8 033**
White	294 414	21 024	171 471	21 538	50 809	1 230	195 469	15 131	51 847	5 178	**764 010**	**64 101**
Unspecified	8 545	448	7 170	486	2 032	26	10 693	382	5 887	199	**34 327**	**1 541**
Total	**709 953**	**40 030**	**820 778**	**57 744**	**357 278**	**3 582**	**1 391 998**	**43 966**	**777 914**	**27 337**	**4 057 921**	**172 659**

Figure 3.2: Distribution of compensation of employees by population group within occupational group: Skilled labour, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Table 3.2 indicates the total number and overall compensation of employees in the clerical, service and sales, skilled agricultural, craft and operators occupations (middle-level skills), while Figure 3.2 gives the percentage of total compensation that each population group earned. Table 3.2 and Figure 3.2 indicate the differences that existed between the income received by employees in the skilled labour groups (skill level 2 – see Annexure 2 and 4) across population groups in 1998.

- In the clerks occupational group, white employees received approximately 52,5% of the compensation paid (R21 024 million), black African employees 26,7% (R10 687 million), coloured employees 12,9% (R5 173 million) and Indian or Asian employees 6,7% (R2 698 million). There were 294 414 white people who classified themselves under the clerks

occupational group in the 1996 census, followed by black Africans (248 276), coloureds (105 031) and Indians or Asians (53 687).

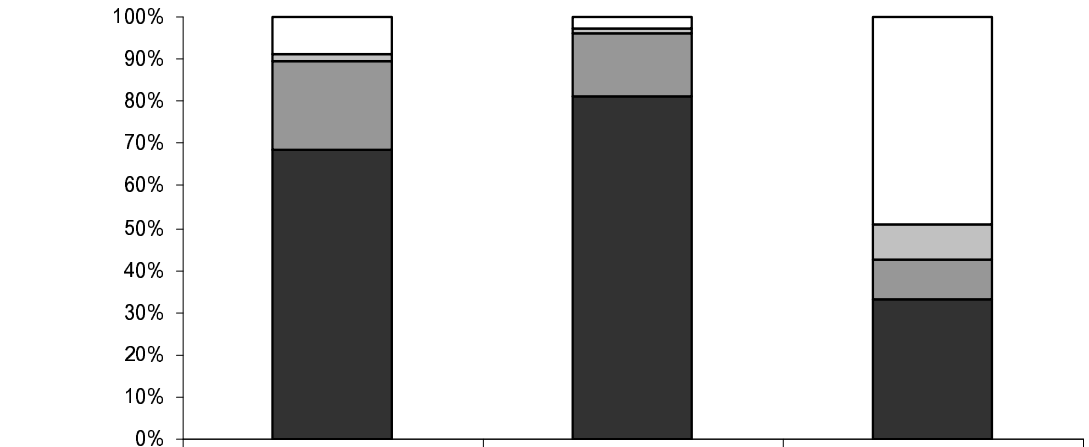
- In the service workers/sales occupational group, black African employees received approximately 47,7% of the compensation paid (R27 558 million), white employees 37,3% (R21 538 million), coloured employees 10,1% (R5 853 million) and Indian or Asian employees 4,0% (R2 309 million). There were 513 660 black African people who classified themselves under the service workers/sales occupational group in the 1996 census, followed by whites (171 471), coloureds (92 844) and Indians or Asians (35 633).

- Black African employees received the bulk of the compensation of employees in the skilled agricultural workers, craft workers and plant and machine operators occupational groups (51,4% or R1 840 million, 47,4% or R20 843 million and 63,1% or R17 239 million, respectively), followed by white employees (34,3% or R1 230 million, 34,4% or R15 131 million and 18,9% or R5 178 million, respectively).

Table 3.3: Compensation of employees by occupational group and population group: Unskilled and unspecified labour, 1998

Population group	Occupational group							
	Elementary occupations		Domestic workers		Occupation unspecified		Total	
	N	R million	N	R million	N	R million	N	R million
Black African	1 918 681	17 211	-	4 716	552 819	10 944	**2 471 500**	**32 871**
Coloured	372 244	5 227	-	845	103 876	3 143	**476 120**	**9 215**
Indian or Asian	18 814	435	-	63	69 972	2 810	**88 786**	**3 308**
White	54 230	2 226	-	173	249 329	16 302	**303 559**	**18 701**
Unspecified	16 139	203	-	42	11 057	307	**27 196**	**552**
Total	**2 380 108**	**25 302**	**-**	**5 839**	**987 052**	**33 506**	**3 367 161**	**64 647**

Figure 3.3: Distribution of compensation of employees by population group within occupational group: Unskilled and unspecified labour, 1998



	Elementary occupations	Domestic workers	Occupation unspecified
White	8,8	3,0	48,7
Indian or Asian	1,7	1,1	8,4
Coloured	20,7	14,5	9,4
Black African	68,0	80,8	32,7

Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Table 3.3 indicates the total compensation of those in elementary occupations and domestic work and those that did not specify their occupation, by population group. It also indicates the total number of people in each population group working in each of these groups. Figure 3.3 indicates the percentage distribution of this compensation by population group. Table 3.3 and Figure 3.3 indicate the differences that existed between the income received by employees in the unskilled labour groups (skill level – see Annexure 2 and 4) across population groups in 1998.

- In the domestic workers occupational group, black African employees received approximately 80,8% of the income (R4 716 million), coloured employees 14,5% (R845 million), white employees 3,0% (R173 million) and Indian or Asian employees 1,1% (R63 million).

3.3 Generation of income by industry and population group

Table 3.4 gives the overall number and the total annual compensation of people working in each industry by population group, while Figure 3.4 shows the percentage of total annual generation of income by industry and population group.

- Black African employees received the largest proportion of the income in the agricultural (50,4% or R3 990 million) and mining (58,9% or R13 329 million) industries. (In the 1996 census, 577 663 black Africans indicated that they were employed in the agricultural industry and 459 344 in the mining industry.)

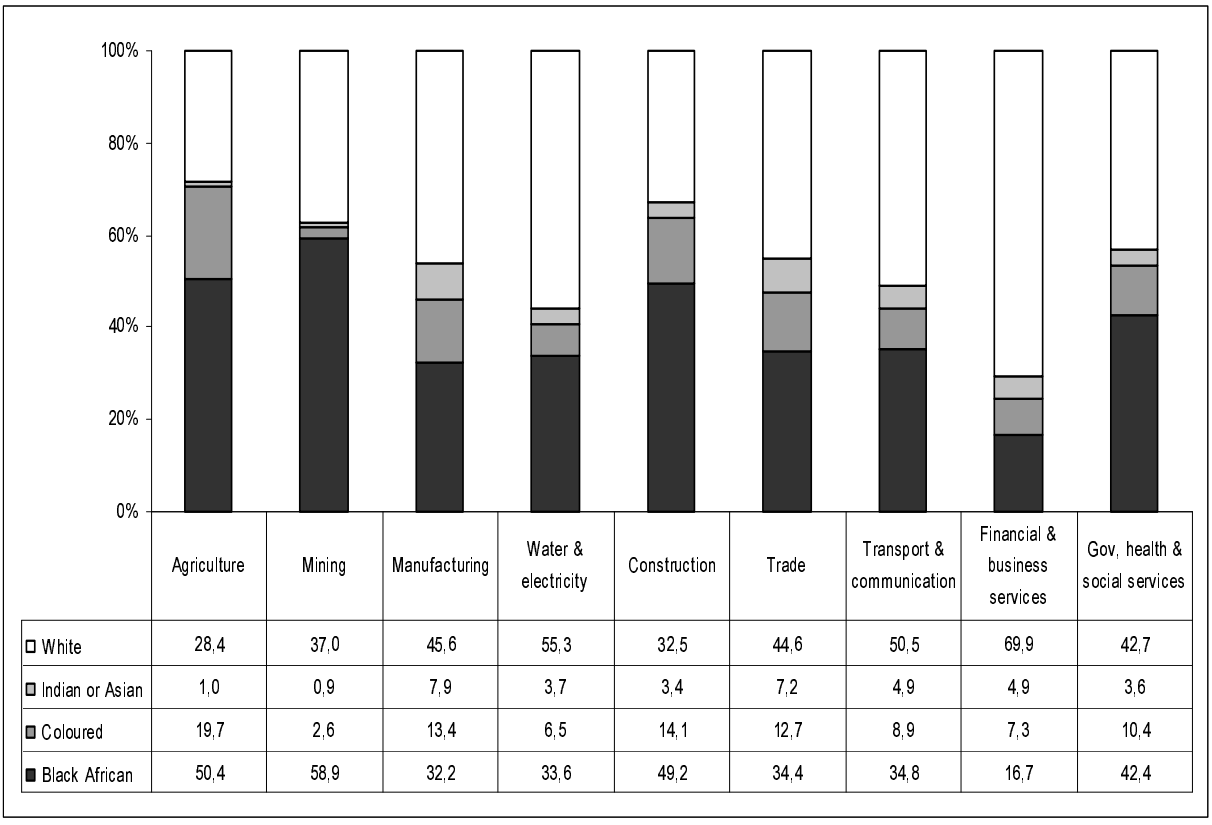
- White employees received the largest percentage of the income in the manufacturing (45,6% or R32 219 million), water and electricity (55,3% or R4 000 million) and trade (44,6% or R20 118 million) industries, as well as in transport and communication (50,5% or R15 529 million), financial and business services (69,9% or R29 319 million) and government, health and social services (42,7% or R56 582 million). (In the 1996 census, 328 191 white people

indicated that they earned their income from financial and business services, followed by black Africans (239 516), coloureds (70 047) and Indians or Asians (34 905).)

Table 3.4: Compensation of employees by industry and population group, 1998

Population group		Industry									
		Agricul-ture	Mining	Manufac-turing	Water & electricity	Construc-tion	Trade	Transport & commu-nication	Financial & business services	Gov, health & social services	Total
Black African	Rm	3 990	13 329	22 733	2 432	6 617	15 493	10 705	6 992	56 211	**138 502**
	N	557 663	459 344	588 412	60 150	388 445	614 669	292 140	239 516	896 804	**4 097 143**
Coloured	Rm	1 558	580	9 452	471	1 893	5 737	2 734	3 077	13 832	**39 334**
	N	175 673	11 549	208 047	8 932	78 662	146 107	48 718	70 047	182 896	**930 631**
Indian or Asian	Rm	79	196	5 571	271	454	3 245	1 506	2 068	4 719	**18 109**
	N	2 984	1 814	96 890	3 225	12 000	74 950	20 290	34 905	59 313	**306 371**
White	Rm	2 243	8 375	32 219	4 000	4 377	20 118	15 529	29 319	56 582	**172 762**
	N	73 623	65 495	215 059	36 170	71 248	251 457	118 809	328 191	425 414	**1 585 466**
Unspecified	Rm	42	142	702	56	118	475	254	457	1 299	**3 545**
	N	4 407	3 344	11 564	857	4 774	10 838	3 694	7 496	16 256	**63 230**
Total	**Rm**	**7 911**	**22 622**	**70 678**	**7 228**	**13 460**	**45 069**	**30 728**	**41 915**	**132 642**	**372 252**
	N	**814 350**	**541 546**	**1 119 972**	**109 334**	**555 129**	**1 098 021**	**483 651**	**680 155**	**1 580 683**	**6 982 841**

Figure 3.4: Distribution of compensation of employees in each industry by population group, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Figure 3.5 shows the generation of income for the four population groups by industry.

- Black African employees received their income mainly in the following industries: government, health and social services (41%), manufacturing (16%), trade (11%) and mining

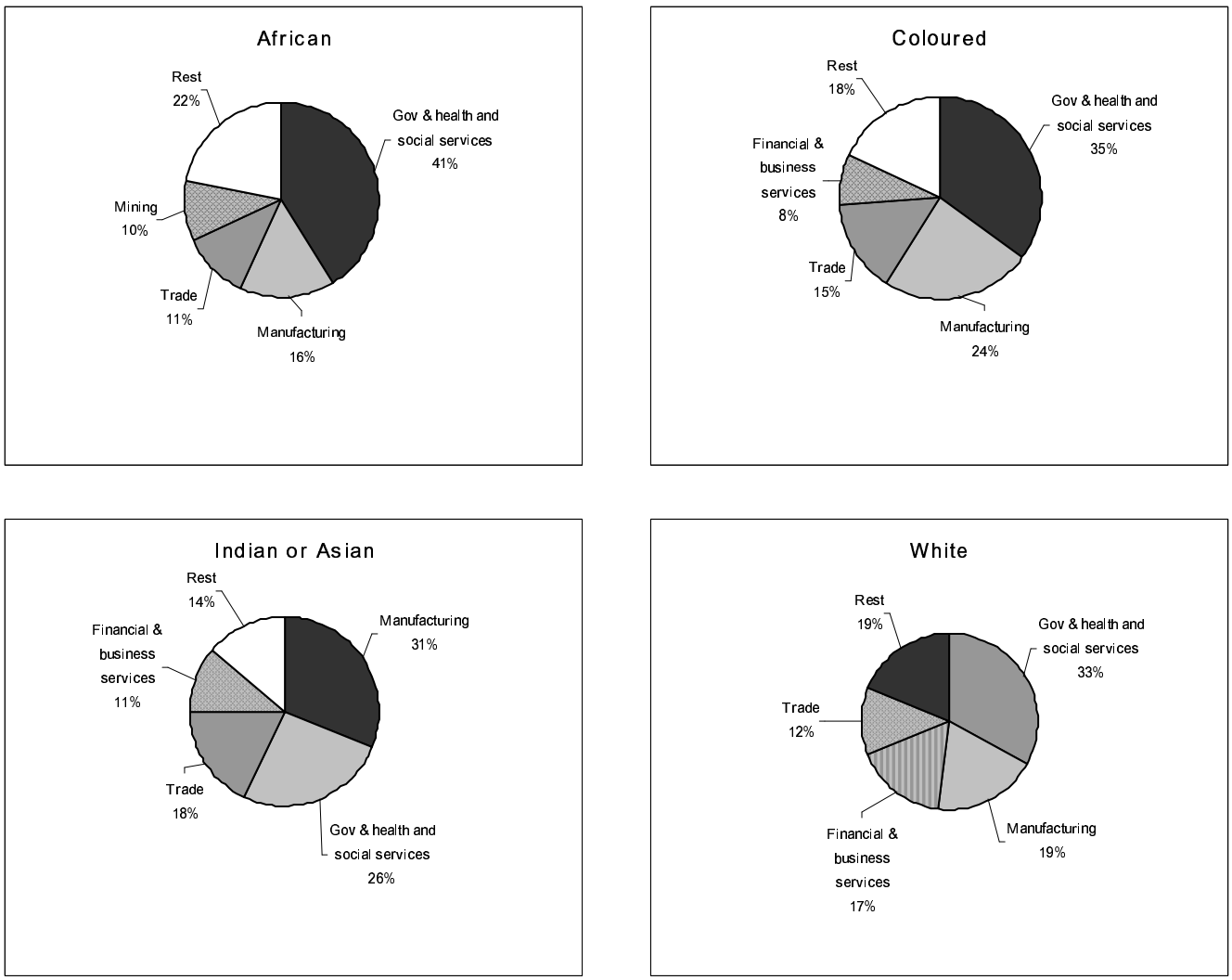
(10%) industries. In the rest of the industries, they received 22% of the total black African remuneration.

- Coloured employees received their income mainly in the following industries: government, health and social services (35%), manufacturing (24%), trade (15%), and financial and business services (8%). In the rest of the industries, they received 18% of their total remuneration.

- Indian or Asian employees received their income mainly in the following industries: manufacturing (31%), government, health and social services (26%), trade (18%) and financial and business services (11%). In the rest of the industries, they received 14% of their total remuneration.

- White employees received their income mainly in the following industries and services: government, health and social services (33%), manufacturing (19%), financial and business services (17%) and trade (12%). In the rest of the industries, they received 19% of their total remuneration.

Figure 3.5: Generation of income for the four population groups by industry, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

3.4 Generation of income by industry, population group and skill level

To provide the user of the SAM with more detailed information a skill level was allocated to each of the 11 occupational groups (see Annexure 4) distinguished in the SAM. This section analyses the income received by the different population groups by industry and skill level.

3.4.1 Black African employees

Highly skilled workers

Table 3.5 shows the number of and the total amount of compensation received by managers, professionals and technicians in each sector among employed black Africans. Figure 3.6 shows the proportion of income received by black African employees in each occupational group (skill level 3 and 4 – see Annexures 2 and 4) within industries.

As Table 3.5 and Figure 3.6 indicate, of the compensation paid in the various industries to highly skilled black Africans:

- Legislators/managers received the greatest proportion in the agricultural (41,6% or R67 million) and trade (53,4% or R1 073 million) industries. (In the 1996 census, the largest number of black African employees in the legislators/managers occupational group (32 703) indicated that they earned their income in the trade industry.)

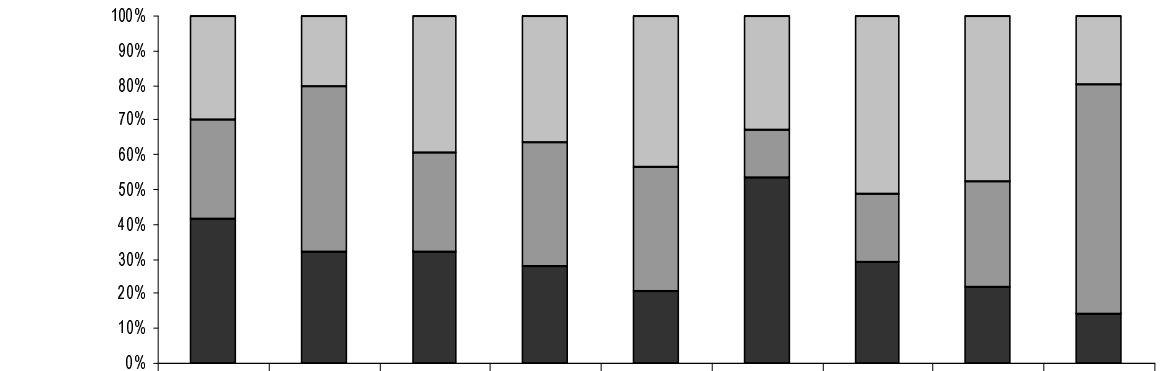
- Professionals received the greatest proportion in the mining industry (47,5% or R470 million) and in government, health and social services (66,0% or R11 433 million). (In the 1996 census, the largest number of black African employees in the professional occupational group (363 842) indicated that they earned their income in government, health and social services.)

- Technicians received the greatest proportion in manufacturing (39,6% or R972 million), construction (43,5% or R165 million), transport and communication (51,0% or R707 million) and financial and business services (47,4% or R1 142 million).

Table 3.5: Compensation of highly skilled black Africans by industry, 1998 (R million)

	Industry									
Population group	**Agricul-ture**	**Mining**	**Manufac-turing**	**Water & electricity**	**Construc-tion**	**Trade**	**Transport & commu-nication**	**Financial & business services**	**Gov, health & social services**	**Total**
Legislator/ manager (N = 97 275)	67	316	786	99	80	1 073	404	526	2 517	**5 868**
Professional (N = 427 392)	46	470	698	126	134	275	273	741	11 433	**14 196**
Technician (N = 178 584)	48	203	972	127	165	660	707	1 142	3 374	**7 398**
Total (N = 703 251)	**161**	**989**	**2 456**	**352**	**379**	**2 008**	**1 384**	**2 409**	**17 324**	**27 462**

Figure 3.6: Percentage distribution of income of highly skilled black Africans within industries, 1998



	Agriculture	Mining	Manufacturing	Water & electricity	Construction	Trade	Transport & communication	Financial & business services	Gov, health & social services
Technician	29,8	20,5	39,6	36,1	43,5	32,9	51,0	47,4	19,5
Professional	28,6	47,5	28,4	35,8	35,4	13,7	19,7	30,8	66,0
Legislator/ manager	41,6	32,0	32,0	28,1	21,1	53,4	29,2	21,8	14,5

Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Skilled workers

Table 3.6 shows the number of and the amount of compensation received by black African employees in clerical, sales and services, skilled agricultural, craft and operator occupations. Figure 3.7 shows the proportion of income received in each occupational group (skill level 2 – see Annexures 2 and 4) within industries.

As Table 3.6 and Figure 3.7 indicate, of the compensation paid in the various industries to skilled black Africans:

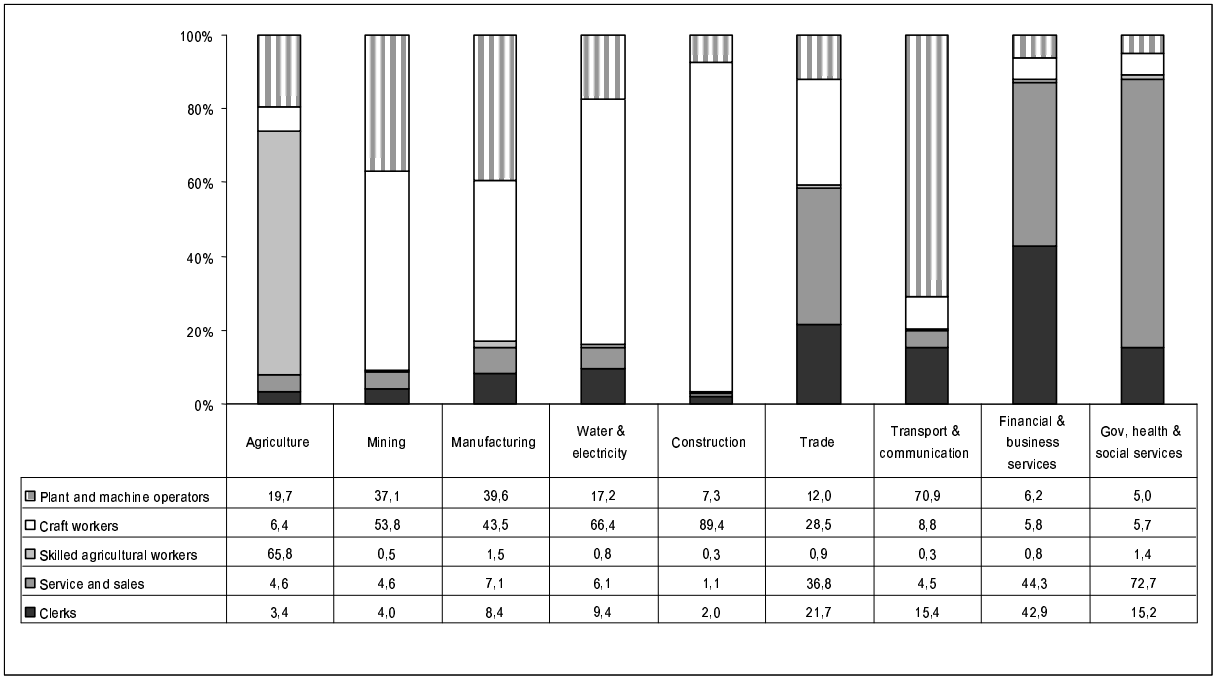
- Clerks received the greatest proportion in the financial and business services (42,9% or R1 430 million).
- The service and sales employees received the greatest proportion in the trade industry (36,8% or R3 456 million) and government, health and social services (72,7% or R20 757 million).
- Skilled agricultural workers received the greatest proportion in the agriculture industry (R1 052 million or 66,8%).
- Craft workers received the greatest proportion in the mining (R4 547 million or 53,8%), manufacturing (R5 703 million or 43,5%), water and electricity (R1 059 million or 66,4%) and construction (R4 300 million or 89,4%) industries. (In the 1996 census, the largest number of black African employees in the craft workers occupational group (282 203) indicated that they earned their income in the construction industry.)
- Plant and machine operators received the greatest proportion in the transport and communication industry (70,9% or R5 192 million). (In the 1996 census, the largest number

of black African employees in the plant and machine operators occupational group (182 432) indicated that they earned their income in the transport and communication industry.)

Table 3.6: Compensation of skilled black Africans by industry, 1998 (R million)

Occupational group	Industry									
	Agricul-ture	Mining	Manufac-turing	Water & electricity	Construc-tion	Trade	Transport & commu-nication	Financial & business services	Gov, health & social services	Total
Clerks (N = 248 276)	55	338	1 106	150	94	2 038	1 129	1 430	4 347	**10 687**
Service and sales (N = 513 660)	74	387	926	98	53	3 456	331	1 477	20 756	**27 558**
Skilled agricultural workers (N = 267 241)	1 052	40	191	13	13	82	21	28	400	**1 840**
Craft workers (N = 892 927)	103	4 547	5 703	1 059	4 300	2 675	647	193	1 616	**20 843**
Plant and machine operators (N = 585 621)	315	3 137	5 199	275	351	1 130	5 192	206	1 434	**17 239**
Total (N = 2 597 725)	**1 599**	**8 449**	**13 125**	**1 595**	**4 811**	**9 381**	**7 320**	**3 334**	**28 553**	**78 167**

Figure 3.7: Percentage distribution of income of skilled black Africans within industries, 1998



	Agriculture	Mining	Manufacturing	Water & electricity	Construction	Trade	Transport & communication	Financial & business services	Gov, health & social services
Plant and machine operators	19,7	37,1	39,6	17,2	7,3	12,0	70,9	6,2	5,0
Craft workers	6,4	53,8	43,5	66,4	89,4	28,5	8,8	5,8	5,7
Skilled agricultural workers	65,8	0,5	1,5	0,8	0,3	0,9	0,3	0,8	1,4
Service and sales	4,6	4,6	7,1	6,1	1,1	36,8	4,5	44,3	72,7
Clerks	3,4	4,0	8,4	9,4	2,0	21,7	15,4	42,9	15,2

Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Unskilled workers

Table 3.7 shows the number of and the amount of compensation received by black African employees in the elementary, domestic (skill level 1 – see Annexures 2 and 4) and unspecified categories.

Table 3.7: Compensation of unskilled black Africans and those of unspecified occupation by industry, 1998 (R million)

	Industry									
Occupational group	**Agricul-ture**	**Mining**	**Manufac-turing**	**Water & electricity**	**Construc-tion**	**Trade**	**Transport & commu-nication**	**Financial & business services**	**Gov, health & social services**	**Total**
Elementary occupations (N = 1 918 681)	1 826	2 462	3 345	198	1 008	2 301	913	492	4 666	**17 211**
Domestic workers	183	205	521	66	103	605	242	236	2 555	**4 716**
Occupation unspecified (N = 552 819)	220	1 224	3 284	221	316	1 197	848	521	3 113	**10 944**
Total (N = 2 471 500)	**2 229**	**3 891**	**7 150**	**485**	**1 427**	**4 103**	**2 003**	**1 249**	**10 334**	**32 871**

3.4.2 Coloured employees

Highly skilled workers

Table 3.8 shows the number of and the total amount of compensation received by managers, professionals and technicians in each sector among coloured employees. Figure 3.8 shows the proportion of compensation received in each occupational group (skill level 3 and 4 – see Annexures 2 and 4) within industries.

As Table 3.8 and Figure 3.8 indicate, of the compensation paid in the various industries to highly skilled coloured employees:

- Legislators/managers received the greatest proportion in the agriculture (48,4% or R30 million) and trade (51,3% or R591 million) industries. (In the 1996 census, the largest number of coloured employees in the legislators/managers occupational group (9 216) indicated that they earned their income in the trade industry.)

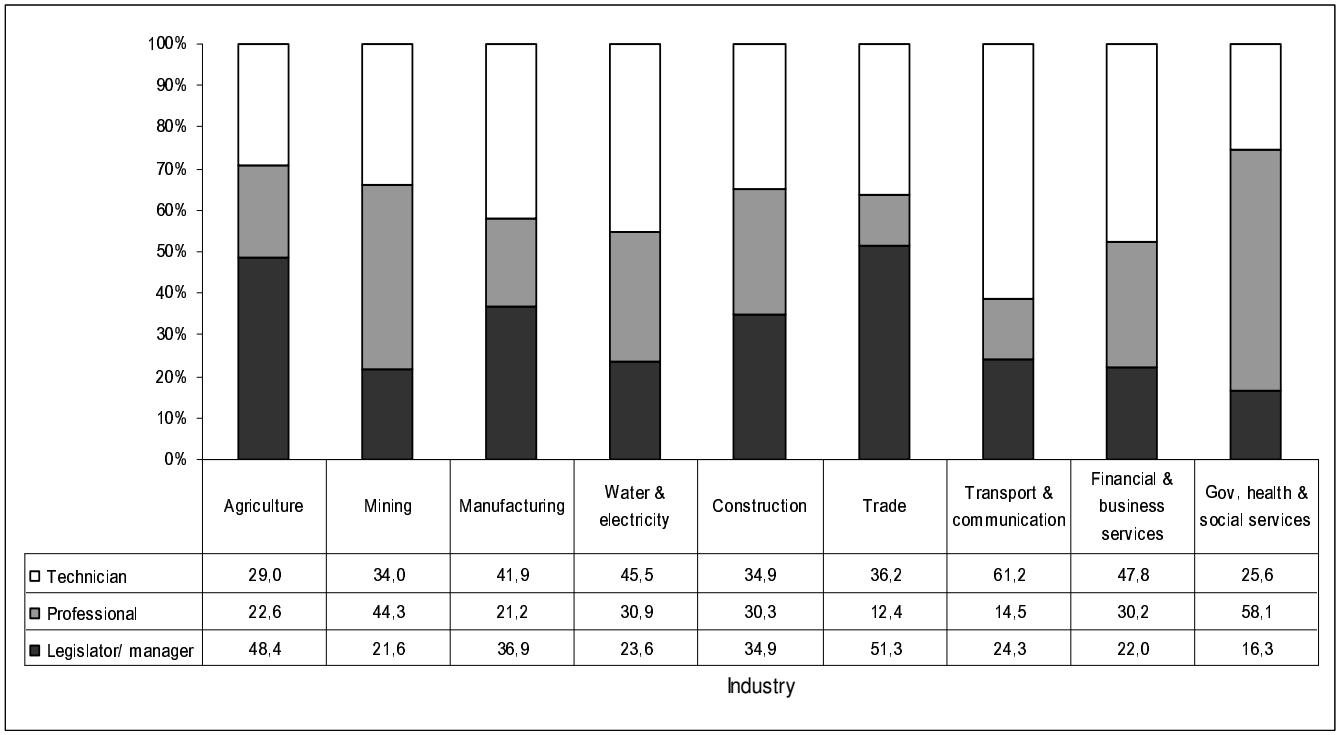
- Professionals received the greatest proportion in the mining (44,3% or R43 million) and government, health and social services (58,1% or R2 450 million) industries. (In the 1996 census, the largest number of coloured employees in the professional occupational group (59 564) indicated that they earned their income in the government, health and social services.)

- Technicians received the greatest proportion in the manufacturing (41,9% or R674 million), water and electricity (45,5% or R50 million), transport and communication (61,2% or R439 million) and financial and business services (47,8% or R557 million) industries.

Table 3.8: Compensation of highly skilled coloured employees by industry, 1998 (R million)

Population group	Industry									
	Agricul-ture	Mining	Manufac-turing	Water & electricity	Construc-tion	Trade	Transport & commu-nication	Financial & business services	Gov, health & social services	Total
Legislators/managers (N = 30 369)	30	21	593	26	61	591	174	256	688	**2 440**
Professionals (N = 74 870)	14	43	341	34	53	143	104	352	2 450	**3 534**
Technicians (N = 55 414)	18	33	674	50	61	417	439	557	1 079	**3 328**
Total (N = 160 653)	**62**	**97**	**1 608**	**110**	**175**	**1 151**	**717**	**1 165**	**4 217**	**9 302**

Figure 3.8: Percentage distribution of income of highly skilled coloured employees within industries, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Skilled workers

Table 3.9 shows the number of and the amount of compensation received by coloured employees in clerical, sales and services, skilled agricultural, craft and operator occupations. Figure 3.9 show the proportion of income received in each occupational group (skill level 2 – see Annexures 2 and 4) within industries.

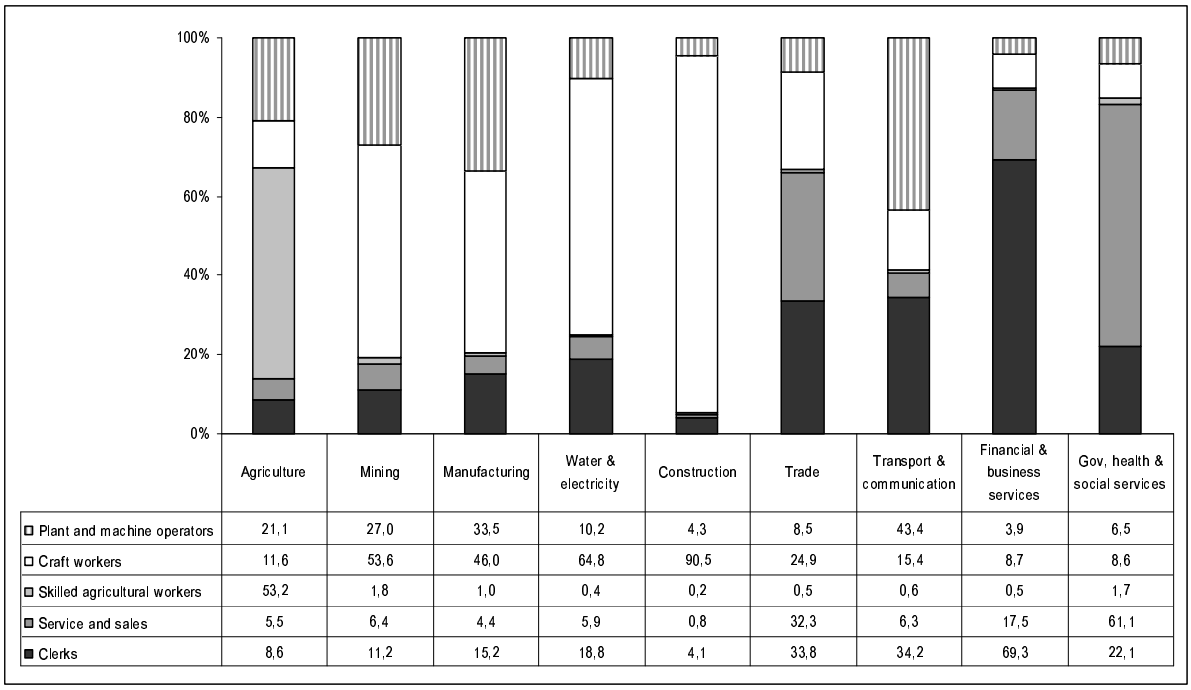
As Table 3.9 and Figure 3.9 indicate, of the compensation paid in the various industries to skilled coloured employees:

- Clerks received the greatest proportion in the financial and business services (69,3% or R1 045 million).
- The service and sales employees received the greatest proportion in the government, health and social services (61,1% or R4 047 million).
- Skilled agricultural workers received 53,2% (R192 million) of their income in the agriculture industry. (In the 1996 census, the largest number of coloured employees in the skilled agricultural workers occupational group (23 282) indicated that they earned their income in the agriculture industry.)
- Craft workers received the greatest proportion in the mining (R177 million or 53,6%), manufacturing (R2 524 or 46,0%), water and electricity (R166 million or 64,8%) and construction (R1 187 million or 90,5%) industries. (In the 1996 census, the largest number of coloured employees in the craft workers occupational group (53 266) indicated that they earned their income in the manufacturing industry.)
- Plant and machine operators received the greatest proportion in the transport and communication industry (43,4% or R629 million).

Table 3.9: Compensation of skilled coloured employees by industry, 1998 (R million)

	Industry									
Occupational group	**Agricul-ture**	**Mining**	**Manufac-turing**	**Water & electricity**	**Construc-tion**	**Trade**	**Transport & commu-nication**	**Financial & business services**	**Gov, health & social services**	**Total**
Clerks (N = 105 031)	31	37	831	48	54	1 167	496	1 045	1 464	**5 173**
Service and Sales (N = 92 844)	20	21	239	15	11	1 114	121	264	4 048	**5 853**
Skilled agricultural workers (N = 35 428)	192	6	55	1	3	18	9	8	111	**403**
Craft workers (N = 160 345)	42	177	2 524	173	1 187	860	223	131	572	**5 889**
Plant and machine operators (N = 99 096)	76	89	1 836	31	57	293	629	59	429	**3 499**
Total (N = 492 744)	**361**	**330**	**5 485**	**268**	**1 312**	**3 452**	**1 478**	**1 507**	**6 624**	**20 817**

Figure 3.9: Percentage distribution of income of skilled coloured employees within industries, 1998



	Agriculture	Mining	Manufacturing	Water & electricity	Construction	Trade	Transport & communication	Financial & business services	Gov, health & social services
Plant and machine operators	21,1	27,0	33,5	10,2	4,3	8,5	43,4	3,9	6,5
Craft workers	11,6	53,6	46,0	64,8	90,5	24,9	15,4	8,7	8,6
Skilled agricultural workers	53,2	1,8	1,0	0,4	0,2	0,5	0,6	0,5	1,7
Service and sales	5,5	6,4	4,4	5,9	0,8	32,3	6,3	17,5	61,1
Clerks	8,6	11,2	15,2	18,8	4,1	33,8	34,2	69,3	22,1

Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Unskilled workers

Table 3.10 shows the number of and the amount of compensation received by coloured employees in the elementary, domestic worker (skill level 1 – see Annexures 2 and 4) and unspecified occupations.

Table 3.10: Compensation of unskilled coloured employees and those of unspecified occupation by industry, 1998 (R million)

	Industry									
Occupational group	**Agricul-ture**	**Mining**	**Manufac-turing**	**Water & electricity**	**Construc-tion**	**Trade**	**Transport & commu-nication**	**Financial & business services**	**Gov, health & social services**	**Total**
Elementary occupations (N = 372 244)	1 045	69	1 108	43	290	598	251	123	1 700	**5 227**
Domestic workers	42	10	145	5	10	107	40	46	440	**845**
Occupation unspecified (N = 103 876)	47	76	1 106	44	107	429	247	236	851	**3 143**
Total (N = 476 120)	**1 134**	**155**	**2 359**	**92**	**407**	**1 134**	**538**	**405**	**2 991**	**9 215**

3.4.3 Indian or Asian employees

Highly skilled workers

Table 3.11 shows the number of and the total amount of compensation received by managers, professionals and technicians in each sector among employed Indians or Asians. Figure 3.10 shows the proportion of income received by Indian or Asian employees in each occupational group (skill level 3 and 4 – see Annexures 2 and 4) within industries.

As Table 3.11 and Figure 3.10 indicate, of the compensation paid in the various industries to highly skilled Indians or Asians:

- Legislators/managers received the greatest proportion in the agriculture (56,5% or R13 million) and trade (49,4% or R562 million) industries. (In the 1996 census, the largest number of Indian or Asian employees in the legislators/managers occupational group (5 044) indicated that they earned their income in the trade industry.)

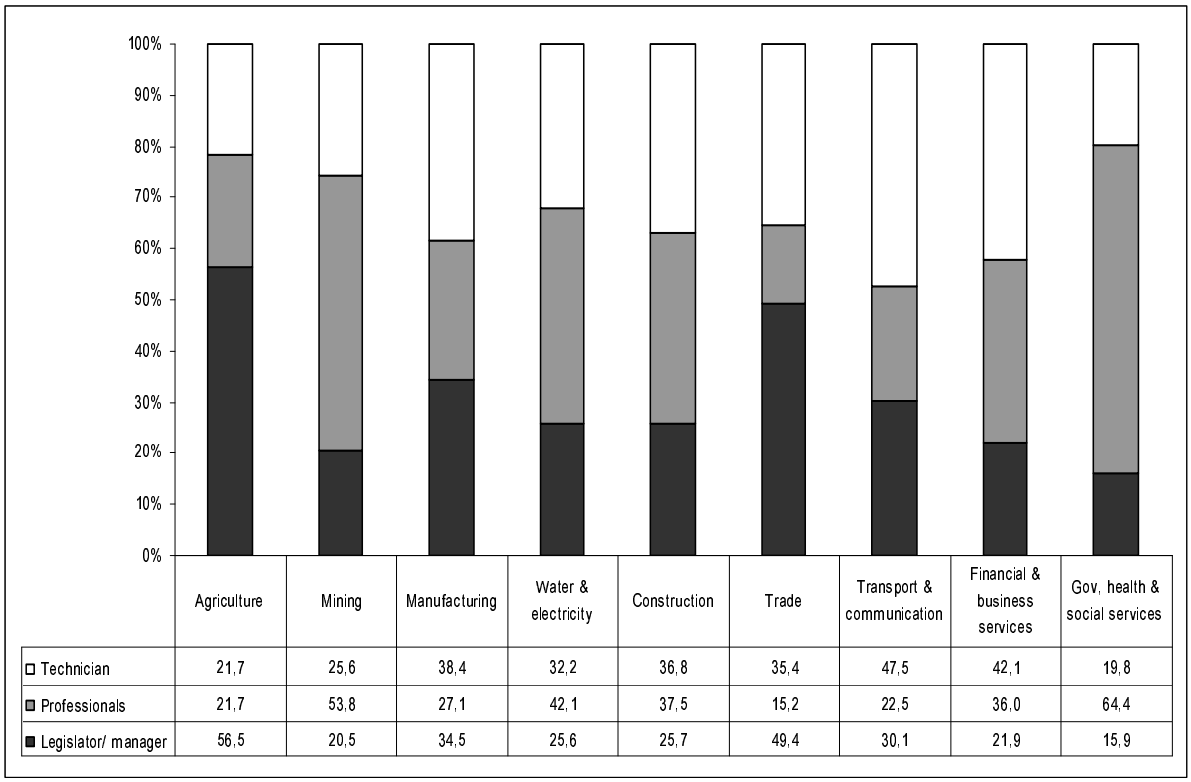
- Professionals received the greatest proportion in the mining (53,8% or R42 million), water and electricity (42,1% or R51 million) and government, health and social services (64,4% or R1 365 million) industries. (In the 1996 census, the largest number of Indian or Asian employees in the professionals occupational group (27 057) indicated that they earned their income in the government, health and social services.)

- Technicians received the greatest proportion in transport and communication (47,5% or R262 million) and financial and business services (42,1% or R446 million).

Table 3.11: Compensation of highly skilled Indians or Asians by industry, 1998 (R million)

	Industry									
Population group	**Agricul-ture**	**Mining**	**Manufac-turing**	**Water & electricity**	**Construc-tion**	**Trade**	**Transport & commu-nication**	**Finan-cial & business services**	**Gov, health & soc. Service s**	**Total**
Legislators/managers (N = 27 418)	13	16	530	31	35	562	166	232	338	**1 923**
Professionals (N = 41 800)	5	42	417	51	51	173	124	382	1 366	**2 611**
Technicians (N = 36 338)	5	20	590	39	50	402	262	446	420	**2 234**
Total (N = 105 556)	**23**	**78**	**1 537**	**121**	**136**	**1 137**	**552**	**1 060**	**2 124**	**6 768**

Figure 3.10: Percentage distribution of income of highly skilled Indians or Asians within industries, 1998



	Agriculture	Mining	Manufacturing	Water & electricity	Construction	Trade	Transport & communication	Financial & business services	Gov, health & social services
Technician	21,7	25,6	38,4	32,2	36,8	35,4	47,5	42,1	19,8
Professionals	21,7	53,8	27,1	42,1	37,5	15,2	22,5	36,0	64,4
Legislator/ manager	56,5	20,5	34,5	25,6	25,7	49,4	30,1	21,9	15,9

Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Skilled workers

Table 3.12 shows the number of and the amount of compensation received by Indian or Asian employees in clerical, sales and services, skilled agricultural, craft and operator occupations. Figure 3.11 shows the income received by Indian or Asian employees in each occupational group (skill level 2 – see Annexures 2 and 4) within industries.

As Table 3.12 and Figure 3.11 indicate, of the compensation paid in the various industries to skilled Indians or Asians:

- Clerks received the greatest proportion in transport and communication (46,0% or R305 million) and financial and business services (79,5% or R597 million). (In the 1996 census, the largest number of Indian or Asian employees in the clerks occupational group (11 629) indicated that they earned their income in the financial and business services.)

- The service and sales employees received the greatest proportion in government, health and social services (66,7% or R1 632 million) and trade (39,7% or R625 million).

- Skilled agricultural workers received the greatest proportion (28,6% or R10 million) in the agriculture industry.

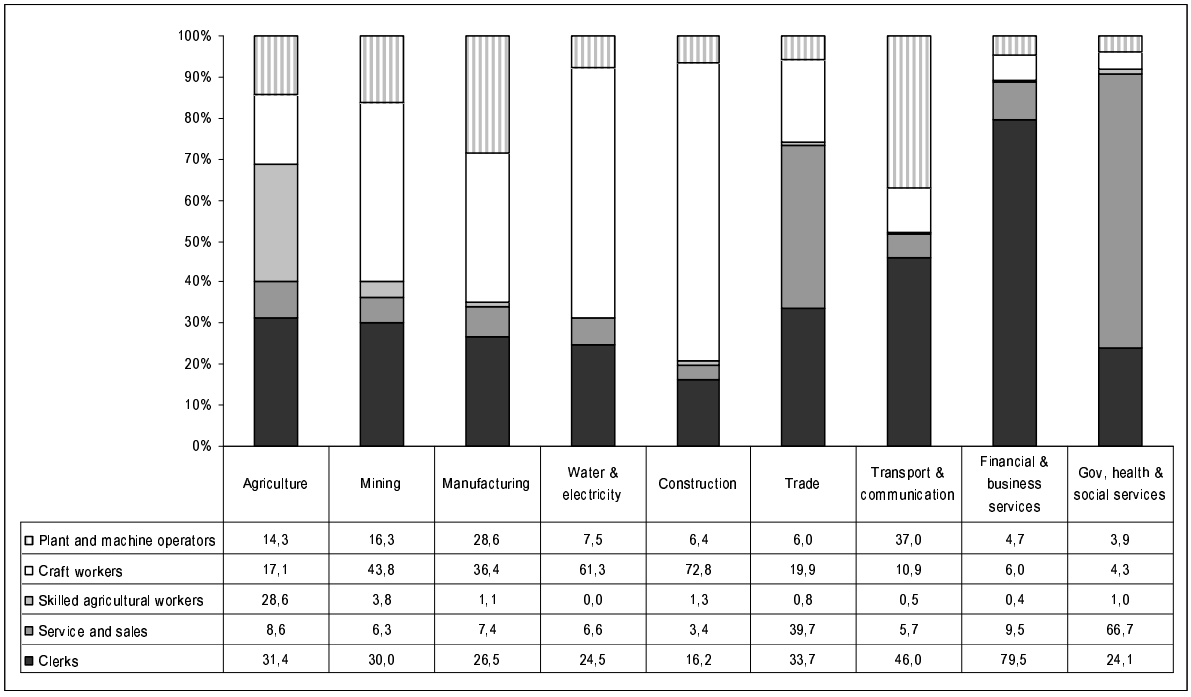
- Craft workers received the greatest proportion in mining (R35 million or 43,8%), manufacturing (R926 million or 36,4%), water and electricity (R65 million or 61,3%) and construction (R171 million or 72,8%) industries. (In the 1996 census, the largest number of Indian or Asian employees in the craft workers occupational group (19 733) indicated that they earned their income in the manufacturing industry.)

- Plant and machine operators received the greatest proportion in the transport and communication industry (37,0% or R245 million).

Table 3.12: Compensation of skilled Indians or Asians by industry, 1998 (R million)

	Industry									
Occupational group	**Agricul-ture**	**Mining**	**Manufac-turing**	**Water & electricity**	**Construc-tion**	**Trade**	**Transport & commu-nication**	**Financial & business services**	**Gov, health & social service**	**Total**
Clerks (N = 53 687)	11	24	675	26	38	530	305	597	492	**2 698**
Service and sales (N = 35 663)	3	5	189	7	8	625	38	71	1 363	**2 309**
Skilled agricultural workers (N = 1 768)	10	3	28	0	3	12	3	3	21	**83**
Craft workers (N = 42 564)	6	35	926	65	171	314	72	45	87	**1 721**
Plant and machine operators (N = 35 463	5	13	728	8	15	94	245	35	79	**1 222**
Total (N = 169 115)	**35**	**80**	**2 546**	**106**	**235**	**1 575**	**663**	**751**	**2 042**	**8 033**

Figure 3.11: Percentage distribution of income of skilled Indians or Asians within industries, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Unskilled workers

Table 3.13 show the number of and the amount of compensation received by Indian or Asian employees in the elementary, domestic worker (skill level 1 – see Annexures 2 and 4) and unspecified categories.

Table 3.13: Compensation of unskilled Indians or Asians and those of unspecified occupation by industry, 1998 (R million)

Occupational group	Industry									
	Agricul-ture	Mining	Manufac-turing	Water & electricity	Construc-tion	Trade	Transport & commu-nication	Financial & business services	Gov, health & social services	Total
Elementary occupations (N = 18 814)	6	5	166	7	8	86	28	14	115	**435**
Domestic workers	0	1	22	0	0	6	4	2	28	**63**
Occupation unspecified (N = 69 972)	15	32	1 300	35	73	441	259	241	414	**2 810**
Total (N = 88 786)	**21**	**38**	**1 488**	**42**	**81**	**533**	**291**	**257**	**557**	**3 308**

3.4.4 White employees

Highly skilled workers

Table 3.14 shows the number of and the total amount of compensation received by managers, professionals and technicians in each sector among employed whites. Figure 3.12 shows the proportion of income received by white employees in each occupational group (skill level 3 and 4 – see Annexures 2 and 4) within industries.

As Table 3.14 and Figure 3.12 indicate, of the compensation paid in the various industries to highly skilled white employees:

- Legislators/managers received the greatest proportion in the agriculture (55,2% or R432 million), manufacturing (47,5% or R8 493 million) and trade (58,2% or R6 214 million) industries. (In the 1996 census, the largest number of white employees in the legislators/managers occupational group (56 635) indicated that they earned their income in the trade industry.)

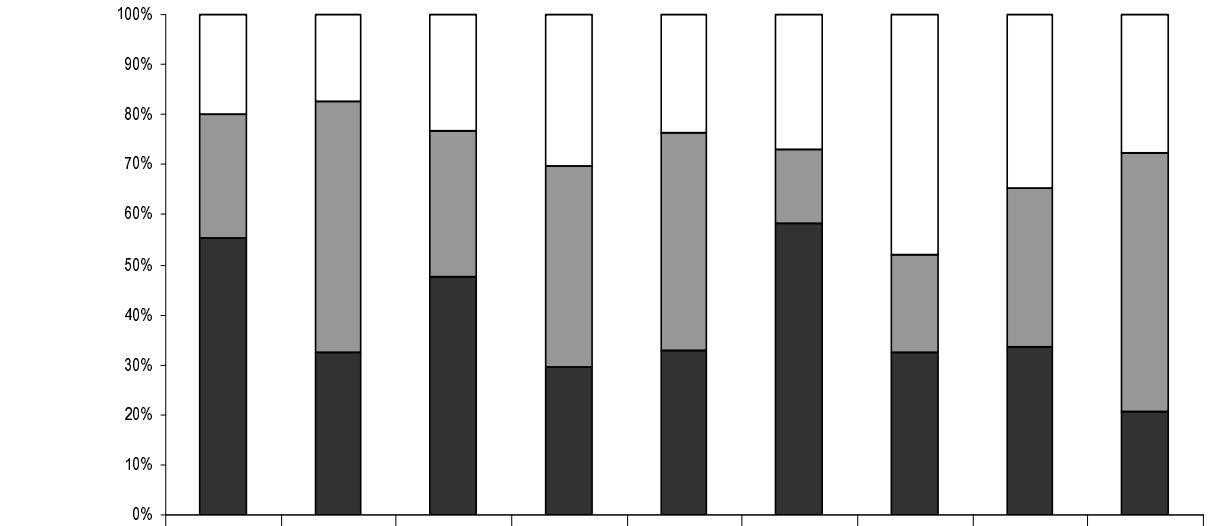
- Professionals received the greatest proportion in the mining (50,1% or R1 659 million), water and electricity (40,1% or R755 million), construction (43,7% or R980 million), and government, health and social services (51,4% or R13 405 million). (In the 1996 census, the largest number of white employees in the professionals occupational group (170 782) indicated that they earned their income in the government, health and social services.)

- Technicians received the greatest proportion in transport and communication services (48,0% or R3 796 million).

Table 3.14: Compensation of highly skilled white employees by industry, 1998 (R million)

Population group	Industry									
	Agricul-ture	Mining	Manufac-turing	Water & electricity	Construc-tion	Trade	Transport & commu-nication	Financial & business services	Gov, health & soc, services	Total
Legislators/managers (N = 205 652)	432	1 079	8 493	556	737	6 214	2 575	6 458	5 407	**31 951**
Professionals (N = 316 718)	194	1 659	5 204	755	980	1 592	1 536	6 068	13 405	**31 393**
Technicians (N = 266 514)	157	571	4 188	572	527	2 875	3 796	6 670	7 260	**26 616**
Total (N = 788 884)	**783**	**3 309**	**17 885**	**1 883**	**2 244**	**10 681**	**7 907**	**19 196**	**26 072**	**89 960**

Figure 3.12: Percentage distribution of income of highly skilled white employees within industries, 1998



	Agriculture	Mining	Manufacturing	Water & electricity	Construction	Trade	Transport & communication	Financial & business services	Gov, health & social services
Technician	20,1	17,3	23,4	30,4	23,5	26,9	48,0	34,7	27,8
Professional	24,8	50,1	29,1	40,1	43,7	14,9	19,4	31,6	51,4
Legislator/ manager	55,2	32,6	47,5	29,5	32,8	58,2	32,6	33,6	20,7

Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Skilled workers

Table 3.15 shows the number of and the amount of compensation received by white employees in clerical, sales and services, skilled agricultural, craft and operator occupations. Figure 3.13 shows the proportion of income received by white employees in each occupational group (skill level 2 – see Annexures 2 and 4) within industries.

As Table 3.15 and Figure 3.13 indicate, of the compensation paid in the various industries to skilled white employees:

- Clerks received the greatest proportion in transport and communication (41,2% or R2 324 million) and financial and business services (78,7% or R5 807 million). (In the 1996 census, the largest number of white employees in the clerks occupational group (93 119) indicated that they earned their income in the financial and business services.)

- Service and sales employees received the greatest proportion in the trade (40,5% or R3 075 million) industry and government, health and social services (61,6% or R15 624 million).

- Skilled agricultural workers received the greatest proportion (68,8% or R750 million) in the agriculture industry.

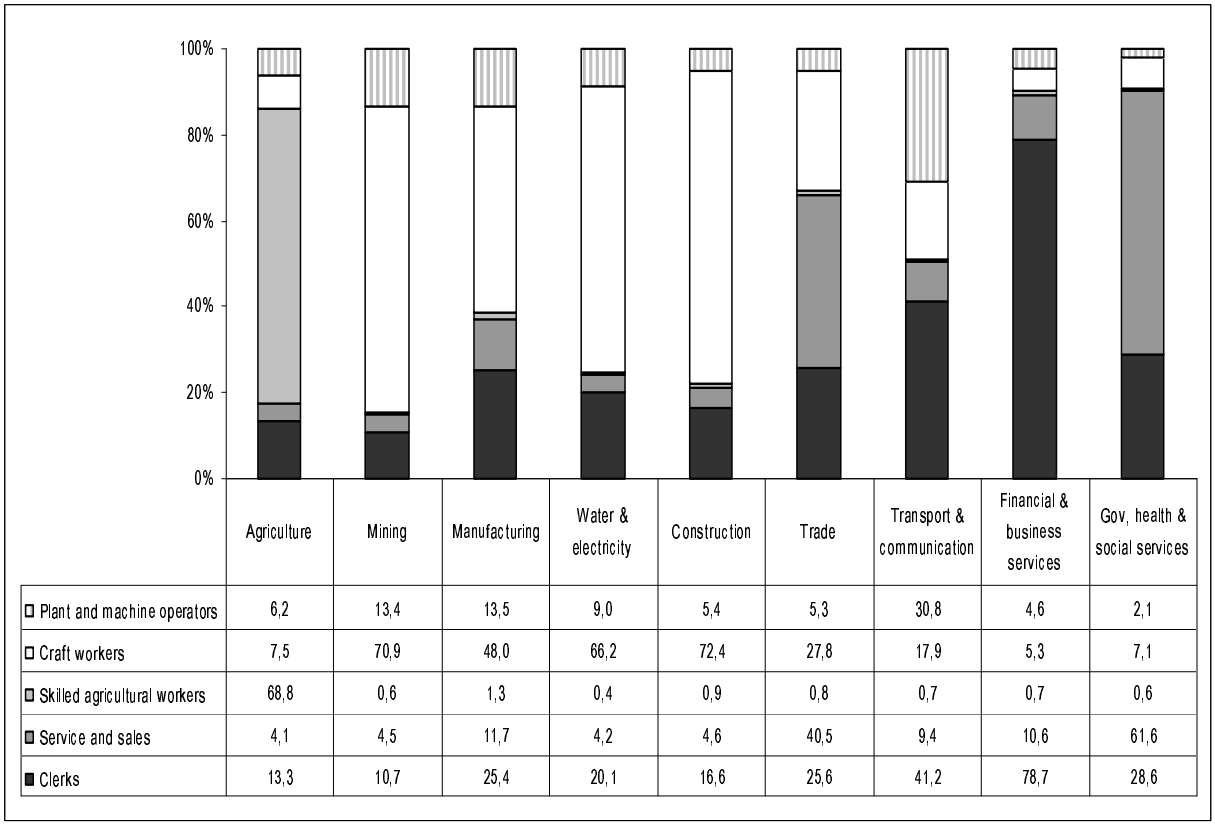
- Craft workers received the greatest proportion in the mining (R2 693 million or 70,9%), manufacturing (R4 776 million or 48,0%), water and electricity (R1 109 million or 66,2%) and construction (R1 154 million or 72,4%) industries. (In the 1996 census, the largest number of white employees in the craft workers occupational group (49 682) indicated that they earned their income in the manufacturing industry.)

- Plant and machine operators received the greatest proportion in transport and communication services (30,8% or R1 741 million).

Table 3.15: Compensation of skilled white employees by industry, 1998 (R million)

Occupational group	Industry									
	Agricul-ture	Mining	Manufac-turing	Water & electricity	Construc-tion	Trade	Transport & commu-nication	Financial & business services	Gov, health & social services	Total
Clerks (N = 294 414)	145	405	2 526	337	265	1 948	2 324	5 807	7 267	**21 024**
Service and sales (N = 171 471)	45	170	1 166	71	74	3 075	528	785	15 624	**21 538**
Skilled agricultural workers (N = 50 809)	750	22	134	7	14	57	40	54	152	**1 230**
Craft workers (N = 195 469)	82	2 693	4 776	1 109	1 154	2 114	1 012	390	1 801	**15 131**
Plant and machine operators (N = 51 847	68	510	1 344	151	86	405	1 741	341	532	**5 178**
Total (N = 764 010)	**1 090**	**3 800**	**9 946**	**1 675**	**1 593**	**7 599**	**5 645**	**7 377**	**25 376**	**64 101**

Figure 3.13: Percentage distribution of income of skilled white employees within industries, 1998



	Agriculture	Mining	Manufacturing	Water & electricity	Construction	Trade	Transport & communication	Financial & business services	Gov, health & social services
Plant and machine operators	6,2	13,4	13,5	9,0	5,4	5,3	30,8	4,6	2,1
Craft workers	7,5	70,9	48,0	66,2	72,4	27,8	17,9	5,3	7,1
Skilled agricultural workers	68,8	0,6	1,3	0,4	0,9	0,8	0,7	0,7	0,6
Service and sales	4,1	4,5	11,7	4,2	4,6	40,5	9,4	10,6	61,6
Clerks	13,3	10,7	25,4	20,1	16,6	25,6	41,2	78,7	28,6

Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Unskilled workers

Table 3.16 shows the number of and the amount of compensation received by white employees in the elementary, domestic worker (skill level 1 – see Annexures 2 and 4) and unspecified occupations.

Table 3.16: Compensation of unskilled white employees by industry, 1998 (R million)

Occupational group	Industry									Total
	Agricul-ture	Mining	Manufac-turing	Water & electricity	Construc-tion	Trade	Transport & commu-nication	Financial & business services	Gov, health & social services	
Elementary occupations (N = 54 230)	167	350	438	57	111	293	221	116	473	**2 226**
Domestic workers	4	15	18	3	3	21	24	18	67	**173**
Occupation unspecified (N = 249 329)	198	901	3 931	382	425	1 522	1 733	2 610	4 600	**16 302**
Total (N = 303 559)	**369**	**1 266**	**4 387**	**442**	**539**	**1 836**	**1 978**	**2 744**	**5 140**	**18 701**

CHAPTER 4: FINAL HOUSEHOLD CONSUMPTION EXPENDITURE

Inequality of household income and expenditure between and within population groups (defined by the population group of the head of the household) is a concern for the South African economy. This chapter focuses on the expenditure of households on goods and services bought by poorer households in comparison with those bought by the more affluent ones. It also compares the expenditure patterns for the different percentile groups within population groups, for example, on which goods and services did the poorest 10% of households within a population group spend their income compared to the top 10%. The chapter examines the expenditure patterns of the different percentile groups between population groups, for example, on which goods and services did the poorest 10% of Africans spend their income, compared to the poorest 10% of whites. For the analysis of final household consumption expenditure, the sub-matrix M (1,6) of the SAM (Report No. 04-03-02 (1998)) is analysed.

4.1 Final household consumption expenditure of South African households by grouped percentile

For this part of the analysis, the percentiles were grouped into the following five final household consumption expenditure groups:

E1 – low (percentiles P1 and P2)
E2 – low middle (P3 to P5)
E3 – middle (P6 to P8)
E4 – high middle (P9 and P10), and
E5 – high (P11 and P12).

Table 4.1 shows the distribution of the number of households in South Africa within population groups by expenditure group. In other words the percentages relate to the total expenditure within each population group. The largest proportion of black African-headed households was in the low middle (E2) (39,0%) and middle (E3) (34,4%) expenditure groups. White- and Indian or Asian-headed households are mainly found in the high middle (E4) (39,3% and 59,4%, respectively) and the high expenditure groups (E4) (49,3% and 21,4%, respectively). The largest proportion of coloured-headed households was found in the middle and high middle expenditure groups (35,7% and 37,1%).

Table 4.1: Number and percentage of households in South Africa within population group by expenditure group, 1996

Expenditure group	Population group (N = number of households)							
	Black African		Coloured		Indian or Asian		White	
	N	%	N	%	N	%	N	%
E1	873 305	13,3	35 143	4,7	537	0,2	1 204	0,1
E2	2 570 084	39,0	124 290	16,6	4 752	1,9	21 725	1,4
E3	2 265 830	34,4	266 808	35,7	42 062	17,1	147 623	9,8
E4	801 315	12,2	277 172	37,1	146 379	59,4	589 954	39,3
E5	72 514	1,1	44 684	6,0	52 761	21,4	739 261	49,3
Total	**6 583 048**	**100,0**	**748 097**	**100,0**	**246 491**	**100,0**	**1 499 767**	**100,0**

Source: Stats SA, 1996 Population census

Table 4.2 shows the distribution of the number of households in South Africa by population groups within expenditure groups. The numbers are the same as in Table 4.1, but the percentages total 100% within each expenditure group. The low expenditure group (E1) consists of 95,9% black African-headed households, followed by coloured-headed households (3,9%), Indian or Asian-headed households (0,1%) and white-headed households (0,1%). Black African-headed households made up 83,2% of the middle expenditure group (E3), followed by coloured-headed households (9,8%), white-headed households (5,4%) and Indian or Asian-headed households (1,5%). The high expenditure group (E5) consists of 81,3% white-headed households, followed by black African-headed households (8,0%), Indian or Asian-headed households (5,8%) and coloured-headed households (4,9%).

Table 4.2: Number and percentage of households in South Africa by population group within expenditure group, 1996

Expenditure group	Population group (N = number of households)									
	Black African		Coloured		Indian or Asian		White		Total	
	N	%	N	%	N	%	N	%	N	%
E1	873 305	95,9	35 143	3,9	537	0,1	1 204	0,1	**910 189**	**100,0**
E2	2 570 084	94,5	124 290	4,6	4 752	0,2	21 725	0,8	**2 720 851**	**100,0**
E3	2 265 830	83,2	266 808	9,8	42 062	1,5	147 623	5,4	**2 722 323**	**100,0**
E4	801 315	44,2	277 172	15,3	146 379	8,1	589 954	32,5	**1 814 820**	**100,0**
E5	72 514	8,0	44 684	4,9	52 761	5,8	739 261	81,3	**909 220**	**100,0**

Source: Stats SA, 1996 Population census

Table 4.3 shows the final expenditure in millions of rand of the households in each expenditure group by the products and services they consumed. For example, the low expenditure group spent a total of R19 610 million in 1998, of which R15 783 million was spent on manufactured products. The high expenditure group spent R226 980 million, of which R104 694 million was spent on manufactured products.

Table 4.3: Final household consumption expenditure by expenditure group, 1998 (R million)

Products and services	Expenditure group (N = number of households)					
	Low (E1) (N = 910 189)	Low middle (E2) (N = 2 720 851)	Middle (E3) (N = 2 722 323)	High middle (E4) (N = 1 814 820)	High (E5) (N = 909 220)	Total (N = 9 077 403)
Agricultural products	312	426	538	931	11 355	**13 562**
Mining products	27	43	58	37	13	**178**
Manufactured products	15 783	27 483	44 998	68 954	104 694	**261 912**
Water & electricity	974	1 531	2 412	3 015	3 044	**10 976**
Construction	0	0	0	0	0	**0**
Trade services	182	530	1 396	4 245	12 416	**18 769**
Transport & communication services	701	2 725	7 127	11 113	15 361	**37 027**
Financial & business services	1 097	2 188	4 888	13 231	53 385	**74 789**
Government, health & social services	417	1 589	4 693	14 699	24 717	**46 115**
Direct purchases abroad by residents	452	778	1 300	2 234	7 768	**12 532**
Direct purchases in domestic market by non-residents	-336	-578	-966	-1 660	-5 773	**-9 313**
Total	**19 610**	**36 715**	**66 444**	**116 799**	**226 980**	**466 547**
(% of total)	**(4,2%)**	**(7,9%)**	**(14,2%)**	**(25,0%)**	**(48,7%)**	**(100,0%)**

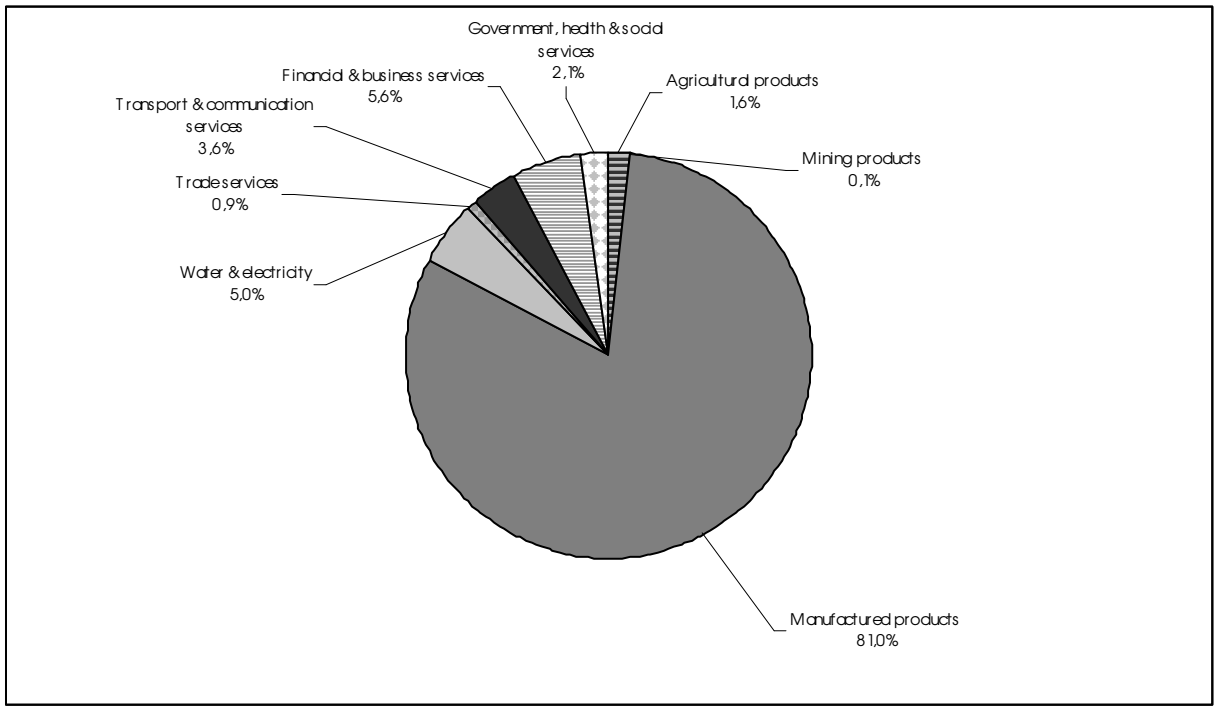
The low expenditure group spent 4,2% of the total expenditure, while the high expenditure group spent 48,7% of the total expenditure.

Low expenditure group patterns

Figure 4.1 and the second column of Table 4.3 show the final household consumption expenditure patterns of the low expenditure group (E1) of South African households in 1998. During the 1996 census, there were 910 189 households in this expenditure group.

- The low expenditure group spent the greatest proportion of their final household consumption expenditure on manufactured products, with expenditure on food products being the major expenditure item. This expenditure group spent approximately 81,0% or R15 783 million of their final expenditure on manufactured products, of which almost all was spent on manufactured food products (81,9%).

Figure 4.1: Final household consumption expenditure: Low expenditure group (E1), 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)
Percentages compiled using the total expenditure from Table 4.3 excluding direct purchases abroad by residents and direct purchases in the domestic market by non-residents.

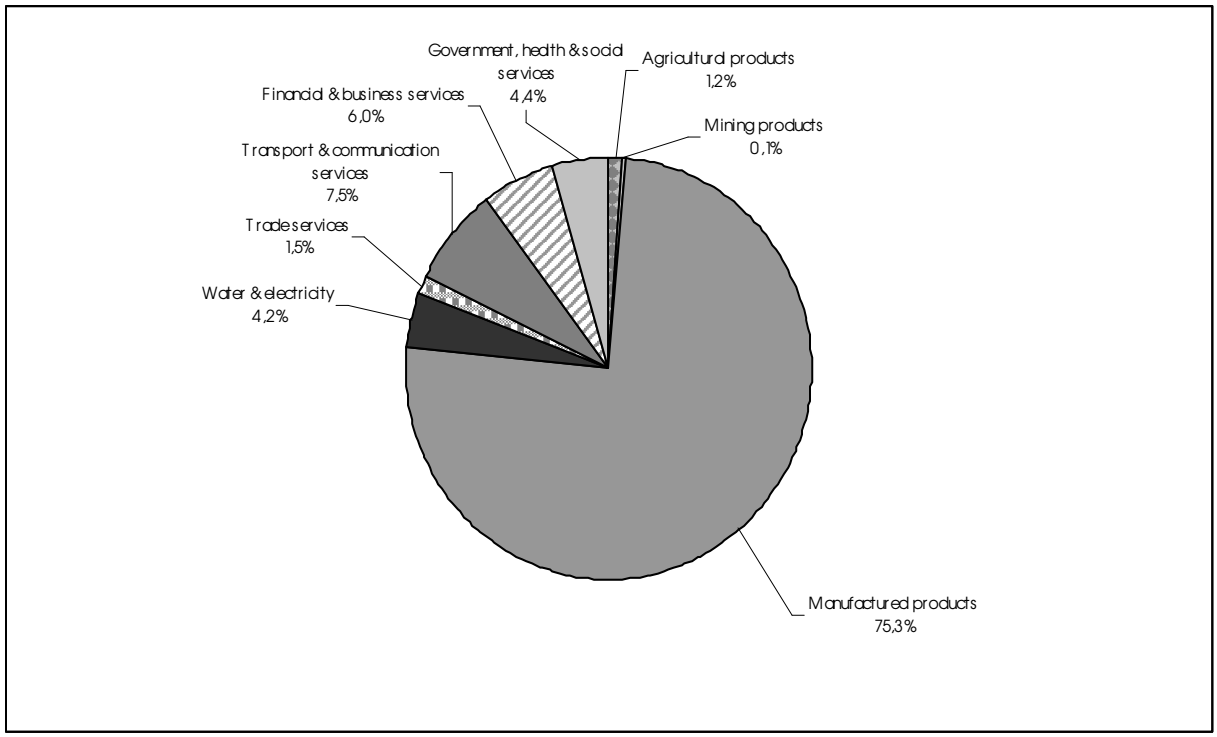
Low middle expenditure group patterns

Figure 4.2 and Table 4.3 show the final household consumption expenditure patterns of the low middle expenditure group (E2) of South African households in 1998. During the 1996 census, there were 2 720 851 households in this expenditure group.

- The low middle expenditure group spent the greatest proportion of their final household consumption expenditure on manufactured products, with expenditure on food products being the major expenditure item. This expenditure group spent approximately two-thirds (75,3% or R27 483 million) on manufactured products, of which just over three quarters was spent on manufactured food products (75,5%).

- Transport and communication (7,5% or R2 725 million) and financial and business services (6,0% or R2 188 million) were the next two highest areas of expenditure.

Figure 4.2: Final household consumption expenditure: Low middle expenditure group (E2), 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)
Percentages compiled using the total expenditure from Table 4.3 excluding direct purchases abroad by residents and direct purchases in the domestic market by non-residents.

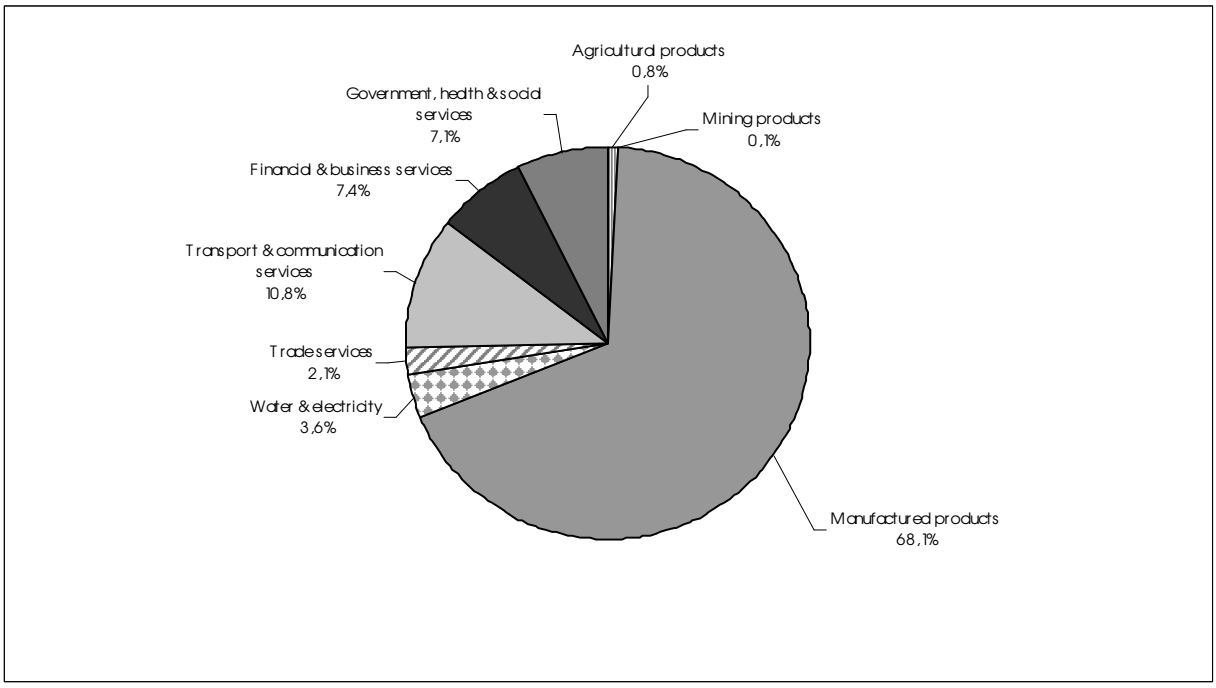
Middle expenditure group patterns

Figure 4.3 and Table 4.3 show the final household consumption expenditure patterns of the middle expenditure group (E3) of South African households in 1998. During the 1996 census, there were 2 722 323 households in this expenditure group.

- The middle income expenditure group spent the greatest proportion of their final household consumption expenditure on manufactured products, with expenditure on food products being the major expenditure item. This expenditure group spent approximately 68,1% or R44 998 million on manufactured products, of which just under two-thirds was spent on manufactured food products (65,2%).

- Transport and communication services (10,8% or R7 127 million), financial and business services (7,4% or R4 888 million) and government, health and social services (7,1% or R4 693 million) also contributed to the final household consumption expenditure for the middle expenditure group.

Figure 4.3: Final household consumption expenditure: Middle expenditure group (E3), 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)
Percentages compiled using the total expenditure from Table 4.3 excluding direct purchases abroad by residents and direct purchases in the domestic market by non-residents.

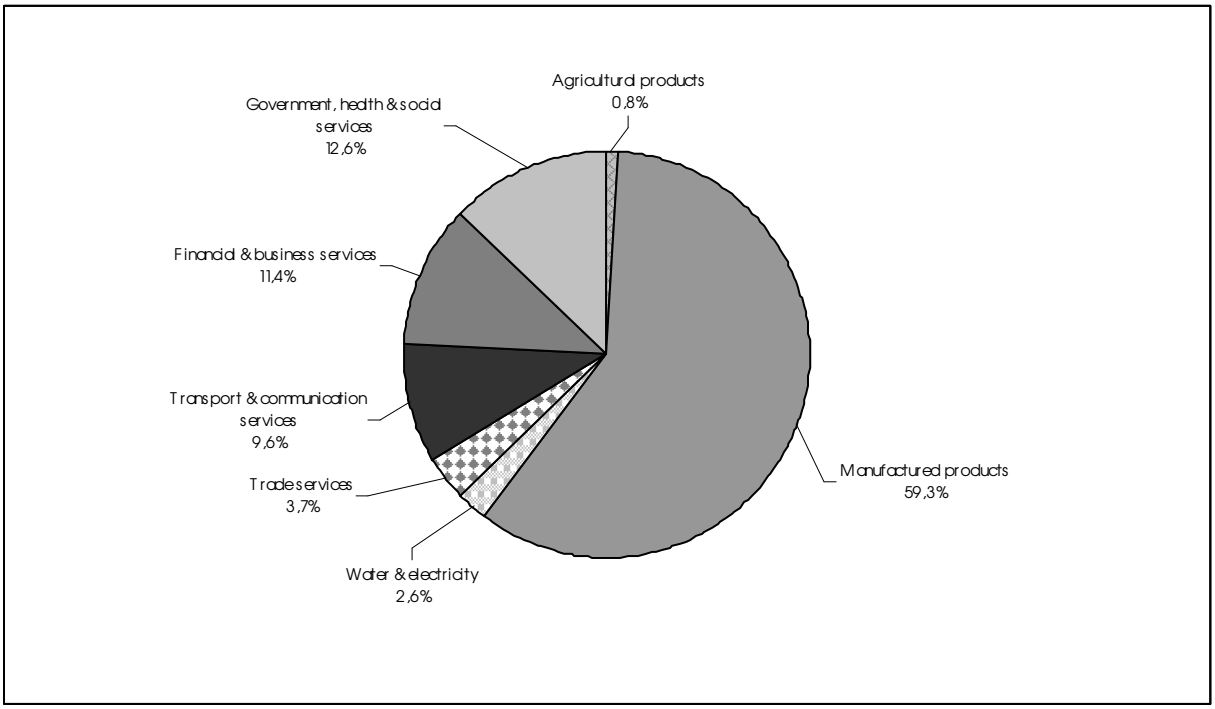
High middle expenditure group patterns

Figure 4.4 and Table 4.3 show the final household consumption expenditure patterns of the high middle expenditure group (E4) of South African households in 1998. During the 1996 census, there were 1 814 820 households in this expenditure group.

- The high middle expenditure group spent the greatest proportion of their final household consumption expenditure on manufactured products, with expenditure on food products being the major expenditure item. This expenditure group spent approximately 59,3% or R68 954 million on manufactured products, of which just over half was spent on manufactured food products (52,4%).

- Government, health and social services (12,6% or R14 699 million), financial and business services (11,4% or R13 231 million) and transport and communication (10,8% or R11 113 million) also made a considerable contribution to the final household consumption expenditure for this group.

Figure 4.4: Final household consumption expenditure: High middle expenditure group (E4), 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)
Percentages compiled using the total expenditure from Table 4.3 excluding direct purchases abroad by residents and direct purchases in the domestic market by non-residents.

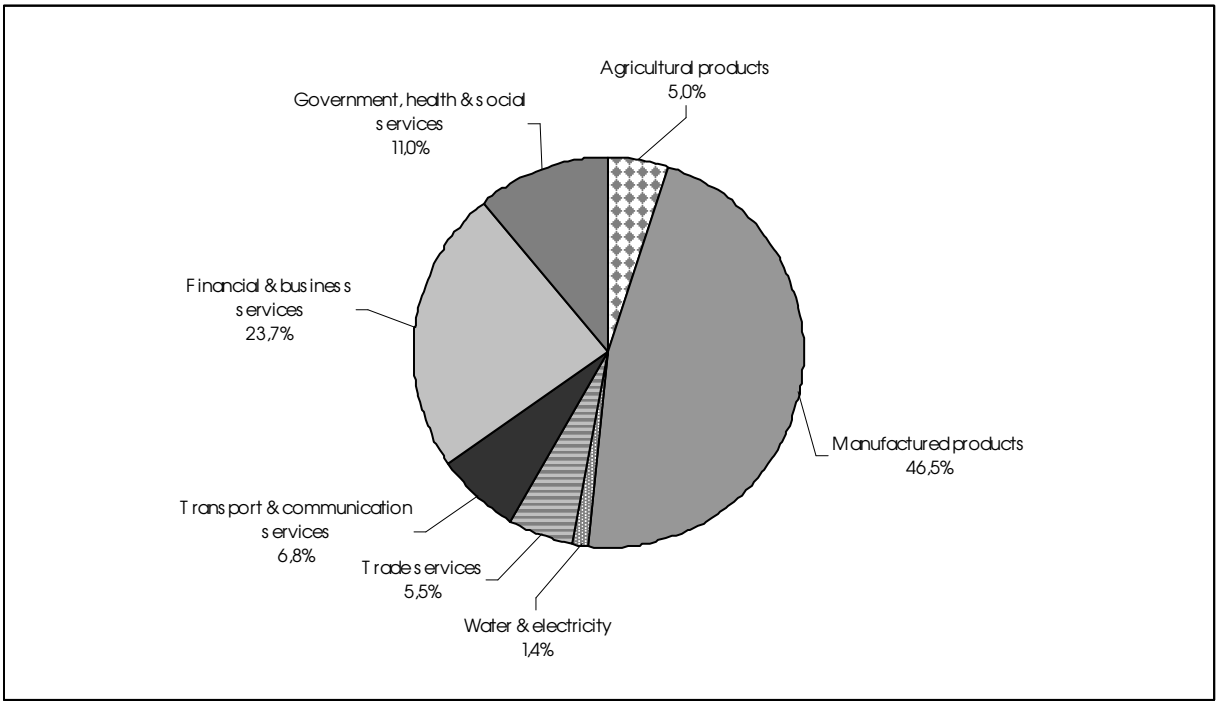
High expenditure group patterns

Figure 4.5 and Table 4.3 show the final household consumption expenditure patterns of the high expenditure group (E5) of South African households in 1998. During the 1996 census, there were 909 220 households in this group.

- In contrast to the other four expenditure groups, the high expenditure group spent less than half (46,5% or R104 694 million) of its final household consumption expenditure on manufactured products, of which about one-third (34,7%) was spent on manufactured food products.

- Financial and business services (23,7% or R53 385 million) and government, health and social services (11,0% or R24 717 million) were the next highest expenditure items for this group.

Figure 4.5: Final household consumption expenditure: High expenditure group (E5), 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)
Percentages compiled using the total expenditure from Table 4.3 excluding direct purchases abroad by residents and direct purchases in the domestic market by non-residents.

4.2 Final household consumption expenditure of South African households by expenditure group and population group

The low expenditure group

Figure 4.6 and Table 4.4 show the final household consumption expenditure patterns of the low expenditure group (E1) within the population groups in 1998.

- Among households in the low final household consumption expenditure group, all population groups spent the greatest proportion of their expenditure on manufactured products, with manufactured food products being the major expenditure item. Coloured-headed households spent 81,3% or R853 million of their final expenditure on manufactured products, followed by black African-headed households (80,6% or R14 791 million), Indian or Asian-headed households (72,9% or R27 million) and white-headed households (70,2% or R113 million).

- Water and electricity was the next most expensive item for white-headed households and Indian or Asian-headed households (11,2% or R18 million and 8,1% or R3 million respectively).

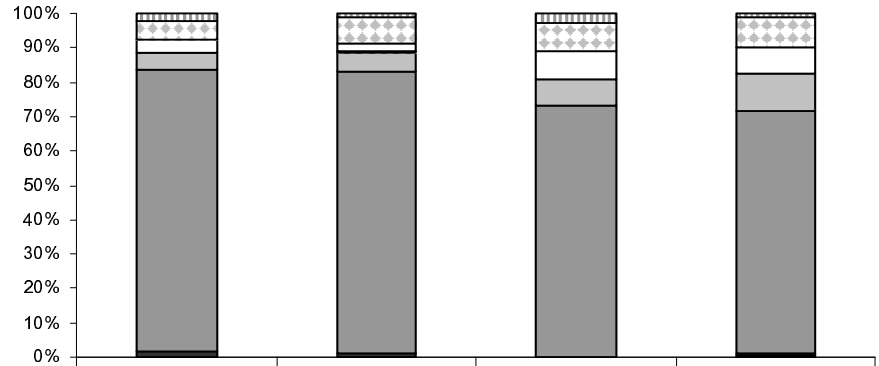
Expenditure for this group in 1988 was as follows:

- Black African-headed households (40,0%) spent the highest proportion of their final household consumption expenditure on manufactured products, followed by Indian or Asian-, coloured- and white-headed households (39,0%, 37,0% and 35,0% respectively). Black African- and Indian or Asian-headed households spent approximately 4,0% and 8,0% respectively of their final expenditure on financial and business services.

Table 4.4: Final household consumption expenditure by population group and product: Low expenditure group (E1), 1998 (R million)

Products and services	Population group (N = number of households)				
	Black African (N = 873 305)	**Coloured (N = 35 143)**	**Indian or Asians (N = 537)**	**White (N = 1 204)**	**Total (N = 910 189)**
Agricultural products	300	11	0	1	**312**
Mining products	26	1	0	0	**27**
Manufactured products	14 791	853	27	113	**15 783**
Water & electricity	892	60	3	18	**974**
Construction	0	0	0	0	**0**
Trade services	177	5	0	0	**182**
Transport & communication services	664	22	3	12	**701**
Financial & business services	1 000	80	14	3	**1 097**
Government, health & social services	402	11	1	2	**417**
Direct purchases abroad by residents	427	22	1	3	**452**
Direct purchases in domestic market by non-residents	-317	-16	-1	-2	**-336**
Total	**18 362**	**1 049**	**37**	**161**	**19 610**

Figure 4.6: Distribution of final household consumption expenditure of the low expenditure group (E1) by products within population groups, 1998



	Black African	Coloured	Indian or Asian	White
Gov, health & social services	2,2	1,0	2,7	1,2
Financial & business services	5,4	7,6	8,1	8,7
Transport & communication services	3,6	2,1	8,1	7,5
Trade services	0,0	0,5	0,0	0,0
Construction	0,0	0,0	0,0	0,0
Water & electricity	4,9	5,7	8,1	11,2
Manufactured products	80,6	81,3	72,9	70,2
Mining products	0,1	0,1	0,1	0,3

Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

The low middle expenditure group

Figure 4.7 and Table 4.5 show the final household consumption expenditure patterns of the low middle expenditure group (E2) within the population groups in 1998.

- In this expenditure category, all population groups spent the greatest proportion of their final household consumption expenditure on manufactured products, of which manufactured food products was the major expenditure item. Expenditure on manufactured products was 74,9% or R24 008 million for black African-headed households, 77,8% or R2 586 million for coloured-headed households, 72,9% or R156 million for Indian or Asian-headed households and 64,3% or R733 million for white-headed households.

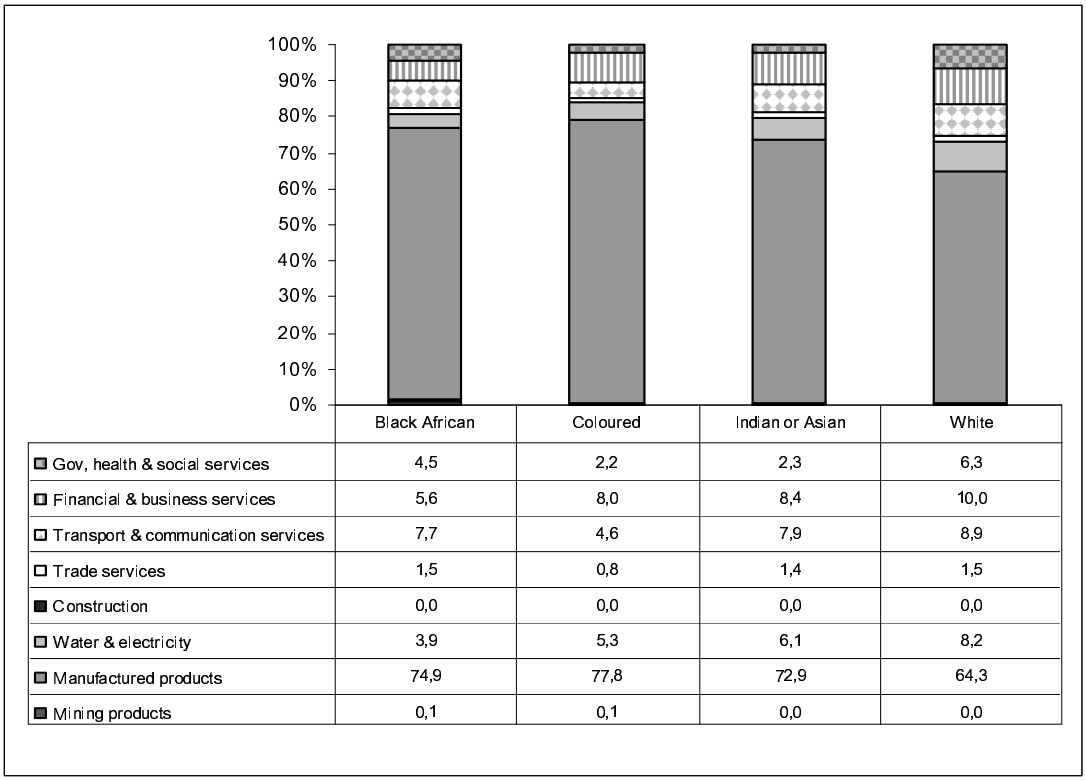
- Financial and business services and transport and communication services were the next highest expenditure items for black African-, Indian or Asian- and coloured-headed households (5,6% or R1 789 million, 8,4% or R18 million and 8,0% or R267 million, respectively and 7,7% or R2 453 million, 7,9% or R17 million and 4,6% or R153 million, respectively).

- In contrast, financial and business services (10,0% or R114 million) and water and electricity (8,2% or R93 million) were the next highest expenditure items for white-headed households.

Expenditure for this group in 1988 was as follows :

- Black African-headed households spent the highest proportion of their final household consumption expenditure (44,0%) on manufactured products, followed by coloured-headed, Indian or Asian-headed and white-headed households (40,0%, 38,0% and 34,0% respectively). White-headed households spent approximately 14,0% and 7,0% on financial and business services and government, health and social services respectively.

Figure 4.7: Distribution of final household consumption expenditure of the low middle expenditure group (E2) by products within population groups, 1998



	Black African	Coloured	Indian or Asian	White
Gov, health & social services	4,5	2,2	2,3	6,3
Financial & business services	5,6	8,0	8,4	10,0
Transport & communication services	7,7	4,6	7,9	8,9
Trade services	1,5	0,8	1,4	1,5
Construction	0,0	0,0	0,0	0,0
Water & electricity	3,9	5,3	6,1	8,2
Manufactured products	74,9	77,8	72,9	64,3
Mining products	0,1	0,1	0,0	0,0

Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Table 4.5: Final household consumption expenditure by population group and product: Low middle expenditure group (E2), 1998 (R million)

Products and services	Population group (N = number of households)				
	Black African (N = 2 570 084)	**Coloured (N = 124 290)**	**Indian or Asian (N = 4 752)**	**White (N = 21 725)**	**Total (N = 2 720 851)**
Agricultural products	397	23	1	5	**426**
Mining products	41	2	0	0	**43**
Manufactured products	24 008	2 586	156	733	**27 483**
Water & electricity	1 248	177	13	93	**1 531**
Construction	0	0	0	0	**0**
Trade services	484	27	3	17	**530**
Transport & communication services	2 453	153	17	101	**2 725**
Financial & business services	1 789	267	18	114	**2 188**
Government, health & social services	1 441	72	5	71	**1 589**
Direct purchases abroad by residents	689	65	4	21	**778**
Direct purchases in domestic market by non-residents	-512	-48	-3	-15	**-578**
Total	**32 038**	**3 324**	**214**	**1 140**	**36 715**

The middle expenditure group

Figure 4.8 and Table 4.6 show the household final consumption expenditure patterns of the middle expenditure group (E3) within the population groups in 1998.

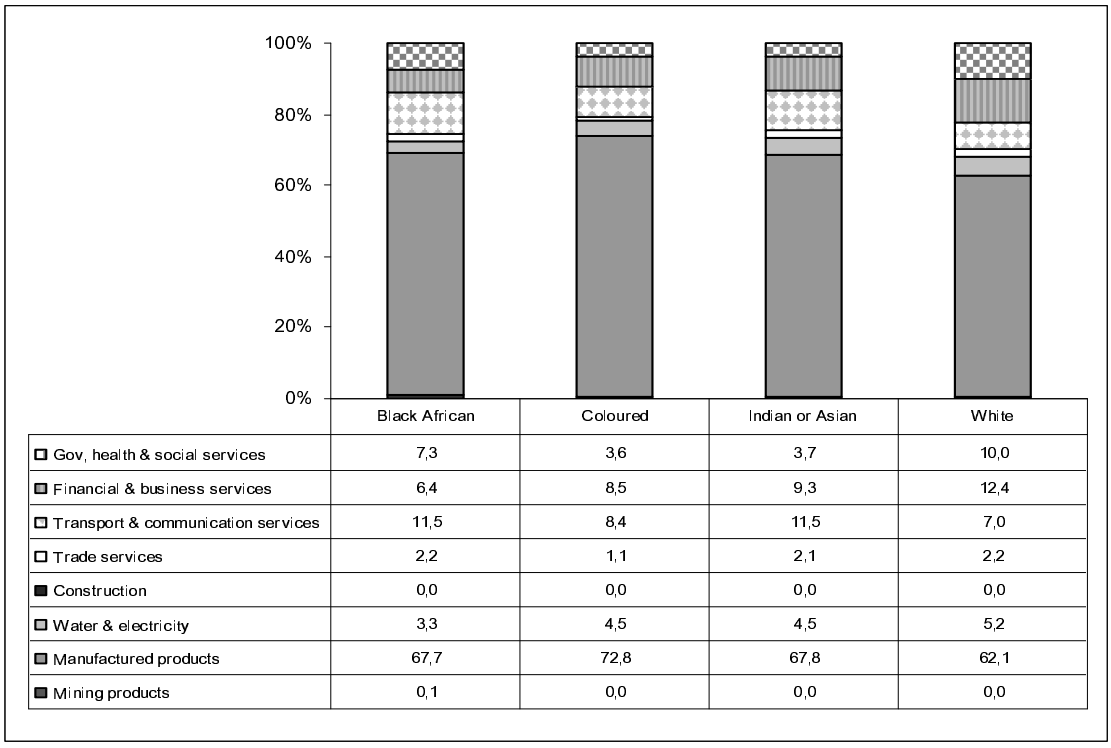
- In this category, all population groups again spent the greatest proportion of their final household consumption expenditure on manufactured products, of which manufactured food products was the major expenditure item. Expenditure on manufactured products was 67,7% or R34 147 million for black African-headed households, 72,8% or R5 433 million for coloured-headed households, 67,8% or R1 266 million for Indian or Asian-headed households and 62,1% or R4 152 million for white-headed households.

- Financial and business services (9,3% or R174 million and 8,5% or R632 million) and transport and communication services (11,5% or R215 million and 8,4% or R629 million) were the next highest expenditure items for Indian or Asian-headed households and coloured-headed households.

- Financial and business services (12,4% or R828 million) and government, health and social services (10,0% or R667 million) were the next highest expenditure items for white-headed households.

- Transport and communication (11,5% or R5 814 million) and government, health and social services (7,3% or R3 684 million) contributed significantly to the final expenditure for black African-headed households in this category.

Figure 4.8: Distribution of final household consumption expenditure of the middle expenditure group (E3) by products within population groups, 1998



	Black African	Coloured	Indian or Asian	White
Gov, health & social services	7,3	3,6	3,7	10,0
Financial & business services	6,4	8,5	9,3	12,4
Transport & communication services	11,5	8,4	11,5	7,0
Trade services	2,2	1,1	2,1	2,2
Construction	0,0	0,0	0,0	0,0
Water & electricity	3,3	4,5	4,5	5,2
Manufactured products	67,7	72,8	67,8	62,1
Mining products	0,1	0,0	0,0	0,0

Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Table 4.6: Final household consumption expenditure by population group and product: Middle expenditure group (E3), 1998 (R million)

Products and services	Population group (N = number of households)				
	Black African (N = 2 265 830)	**Coloured (N = 266 808)**	**Indian or Asian (N = 42 062)**	**White (N = 147 623)**	**Total (N = 2 722 323)**
Agricultural products	451	41	10	36	**538**
Mining products	54	1	0	2	**58**
Manufactured products	34 147	5 433	1 266	4 152	**44 998**
Water & electricity	1 643	337	84	347	**2 412**
Construction	0	0	0	0	**0**
Trade services	1 126	80	40	150	**1 396**
Transport & communication services	5 814	629	215	470	**7 127**
Financial & business services	3 252	632	174	828	**4 888**
Government, health & social services	3 684	272	70	667	**4 693**
Direct purchases abroad by residents	1 004	140	34	122	**1 300**
Direct purchases in domestic market by non-residents	-746	-104	-26	-90	**-966**
Total	**50 429**	**7 463**	**1 867**	**6 684**	**66 444**

The high middle expenditure group

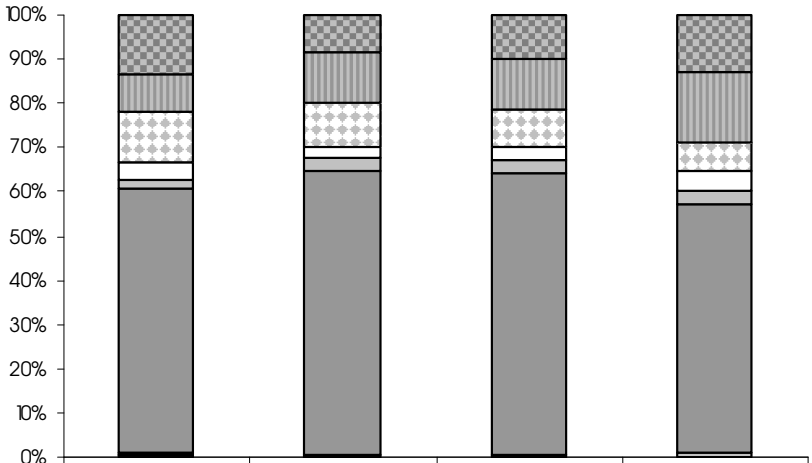
Figure 4.9 and Table 4.7 show the final household consumption expenditure patterns of the high middle expenditure group (E4) within the population groups in 1998.

- In this category, all population groups spent the greatest proportion of their final household consumption expenditure on manufactured products, of which manufactured food products was the major expenditure item. Expenditure on manufactured products was 59,5% or R36 290 million for black African-headed households, 64,0% or R7 744 million for coloured-headed households, 63,2% or R4 192 million for Indian or Asian-headed households and 55,9% or R20 728 million for white-headed households.

- Transport and communication and government, health and social services were the next highest expenditure items for black African-headed households (11,3% or R6 911 million and 13,5% or R8 246 million).

- In contrast, financial and business services (15,9% or R5 911 million, 11,4% or R1 384 million and 11,4% or R755 million) and government, health and social services (12,9% or R4 800 million, 8,2% or R997 million and 9,9% or R657 million) were the next highest expenditure items for white-, coloured- and Indian or Asian-headed households.

Figure 4.9: Distribution of final household consumption expenditure of the high middle expenditure group (E4) by products within population groups, 1998



	Black African	Coloured	Indian or Asian	White
Gov, health & social services	13,5	8,2	9,9	12,9
Financial & business services	8,5	11,4	11,4	15,9
Transport & communication services	11,3	10,2	8,3	6,5
Trade services	3,7	2,1	3,3	4,1
Construction	0,0	0,0	0,0	0,0
Water & electricity	2,2	3,0	2,8	3,0
Manufactured products	59,5	64,0	63,2	55,9
Mining products	0,1	0,0	0,0	0,0
Agricultural products	0,7	0,4	0,5	1,1

Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Table 4.7: Final household consumption expenditure by population group and product: High middle expenditure group (E4), 1998 (R million)

Products and services	Population group (N = number of households)				
	Black African (N = 801 315)	Coloured (N = 277 172)	Indian or Asian (N = 146 379)	White (N = 589 954)	Total (N = 1 814 820)
Agricultural products	430	51	36	414	**931**
Mining products	33	0	0	4	**37**
Manufactured products	36 290	7 744	4 192	20 728	**68 954**
Water & electricity	1 364	366	188	1 097	**3 015**
Construction	0	0	0	0	**0**
Trade services	2 233	258	219	1 534	**4 245**
Transport & communication services	6 911	1 239	550	2 414	**11 113**
Financial & business services	5 180	1 384	755	5 911	**13 231**
Government, health & social services	8 246	997	657	4 800	**14 699**
Direct purchases abroad by residents	1 149	218	121	746	**2 234**
Direct purchases in domestic market by non-residents	-854	-162	-90	-554	**-1 660**
Total	**60 982**	**12 095**	**6 628**	**37 094**	**116 799**

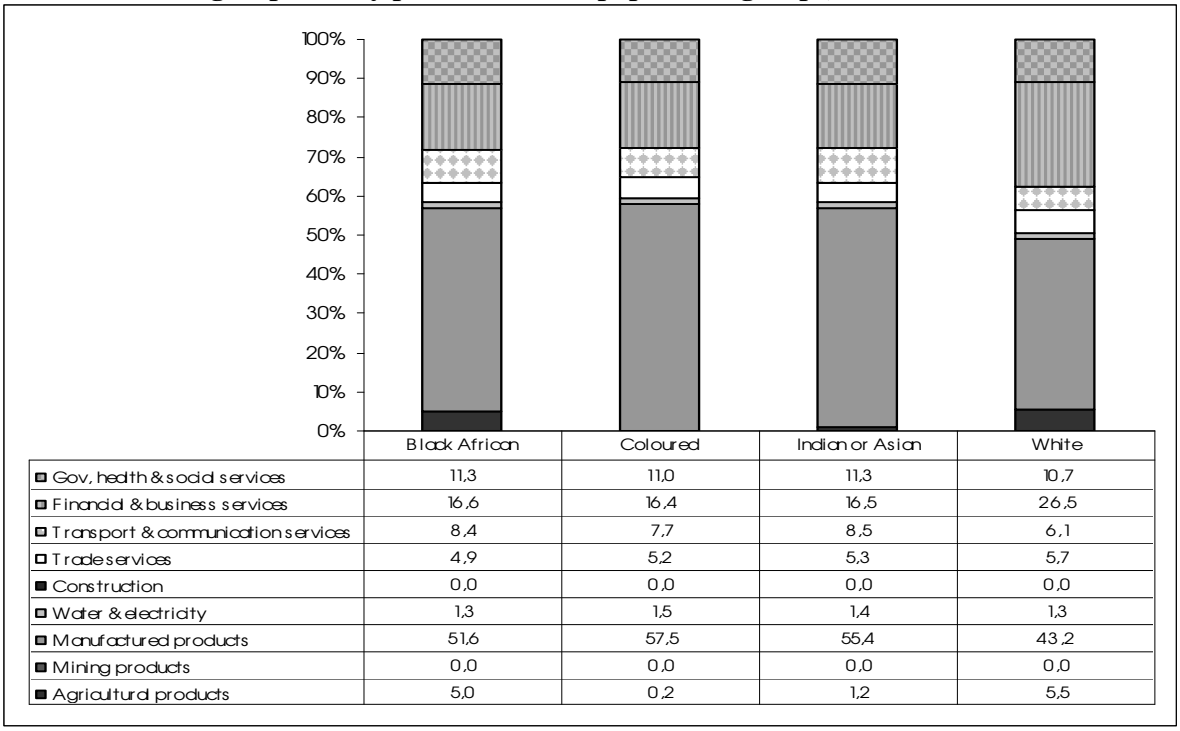
The high expenditure group

Figure 4.10 and Table 4.8 show the final household consumption expenditure patterns of the high expenditure group (E5) within the population groups in 1998.

- Again, all population groups spent the largest proportion of final household consumption expenditure on manufactured products, of which manufactured food products was the major expenditure item. However for white-headed households only, this amount was less than half of their total expenditure. Expenditure on manufactured products was 51,6% or R25 306 million for black African-headed households, 57,5% or R4 506 million for coloured-headed households, 55,4% or R6 361 million for Indian or Asian-headed households and 43,2% or R68 521 million for white-headed households.

- Financial and business services and government, health and social services were the next highest expenditure items for all population groups in this category.

Figure 4.10: Distribution of final household consumption expenditure of the high expenditure group (E5) by products within population groups, 1998



	Black African	Coloured	Indian or Asian	White
Gov, health & social services	11,3	11,0	11,3	10,7
Financial & business services	16,6	16,4	16,5	26,5
Transport & communication services	8,4	7,7	8,5	6,1
Trade services	4,9	5,2	5,3	5,7
Construction	0,0	0,0	0,0	0,0
Water & electricity	1,3	1,5	1,4	1,3
Manufactured products	51,6	57,5	55,4	43,2
Mining products	0,0	0,0	0,0	0,0
Agricultural products	5,0	0,2	1,2	5,5

Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Table 4.8: Final household consumption expenditure by population group and product: High expenditure group (E5), 1998 (R million)

Products and services	Population group (N = number of households)				
	Black African (N = 72 514)	**Coloured (N = 44 684)**	**Indian or Asian (N = 52 761)**	**White (N = 739 261)**	**Total (N = 909 220)**
Agricultural products	2 451	17	135	8 752	**11 355**
Mining products	6	1	0	6	**13**
Manufactured products	25 306	4 506	6 361	68 521	**104 694**
Water & electricity	636	118	156	2 134	**3 044**
Construction	0	0	0	0	**0**
Trade services	2 381	410	610	9 015	**12 416**
Transport & communication services	4 132	603	974	9 652	**15 361**
Financial & business services	8 132	1 286	1 895	42 072	**53 385**
Government, health & social services	5 555	858	1 301	17 003	**24 717**
Direct purchases abroad by residents	1 713	135	235	5 684	**7 768**
Direct purchases in domestic market by non-residents	-1 273	-100	-175	-4 225	**-5 773**
Total	**49 039**	**7 834**	**11 492**	**158 614**	**226 980**

4.3 Final household consumption expenditure of South African households on manufactured food products by population group

As mentioned in the preceding section, expenditure on manufactured food products constituted the greatest proportion of the total final household expenditure on manufactured products. Table 4.9 shows the amount in millions of rand spent by households on manufactured products in 1998, and the proportion of this spent on food products by population group of the head of the household.

Table 4.9 shows the following:

- Approximately 51,7% or R135 504 million of the final expenditure on manufactured products was spent on manufactured food products. (In 1988, expenditure on manufactured food products as a percentage of the total expenditure on manufactured products constituted 52,0%.)

- Coloured-headed households spent approximately 61,7% or R13 037, followed by black African headed-households (58,7% or R78 933), Indian or Asian-headed households (47,5% or R5 706 million) and white-headed households (40,1% or R37 828 million). (In 1988, those proportions were as follows: coloured-headed households 57,0%, Indian or Asian-headed 55,0%, black African-headed and white-headed households both 52,0%.)

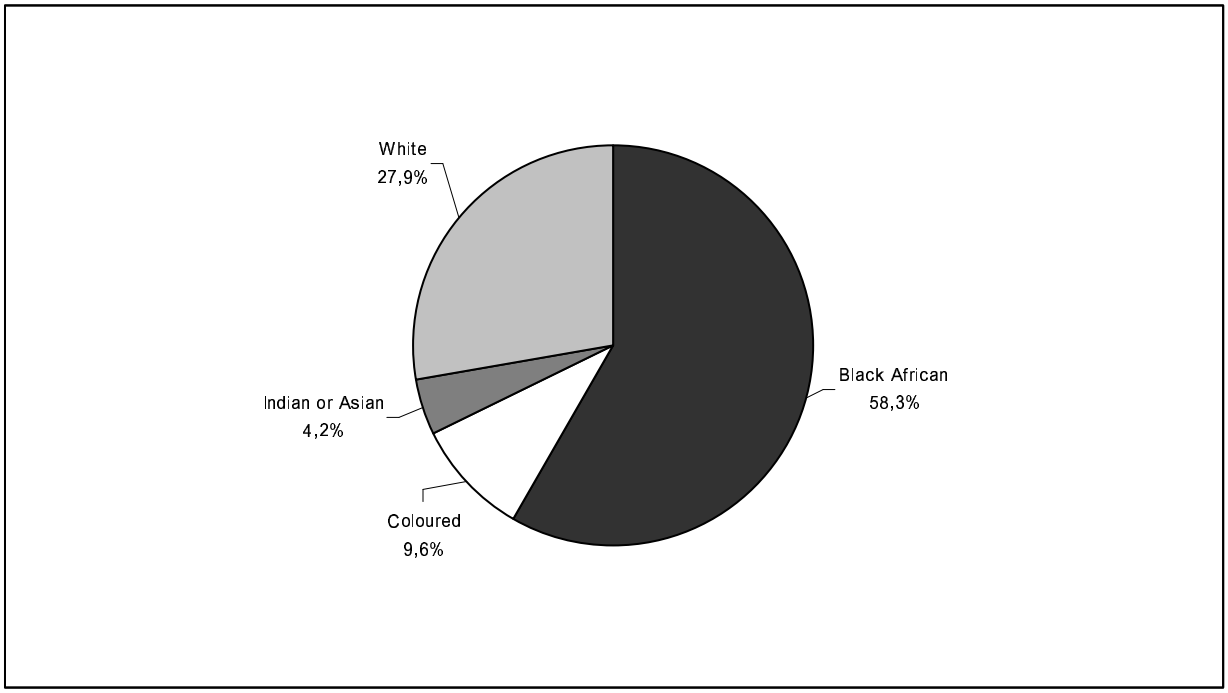
Table 4.9: Final household consumption expenditure on manufactured food products by population group, 1998 (R million)

Population group (N = number of households)	Manufactured products		
	Total manufactured products (R m)	Manufactured food products	
		(R m)	%
Black African (N = 6 583 048)	134 543	78 933	58,7
Coloured (N = 748 097)	21 122	13 037	61,7
Indian/Asian (N = 246 491)	12 001	5 706	47,5
White (N = 1 499 767)	94 247	37 828	40,1
Total (N = 9 077 403)	**261 913**	**135 504**	**51,7**

Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Figure 4.11 shows the distribution of expenditure on manufactured food products only, by population group. It shows that of the total expenditure on manufactured food products, 58,3% was spent by black African-headed and 27,9% by white-headed households. Since black African-headed households constituted 72,5% of all households, they spent proportionately less of their share on food than households headed by the other population groups.

Figure 4.11: Distribution of expenditure on manufactured food products by population group, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

4.4 Final household consumption expenditure on real estate by population group

In this and the next three sections, percentages given are for the breakdown of the total expenditure on the product or service under consideration. Figure 4.12 shows the percentage of the final household consumption expenditure spent on real estate by each population group in 1998. Expenditure on real estate indicates a household's access to financing and ownership of property. Table 4.10 shows the amounts in millions of rand.

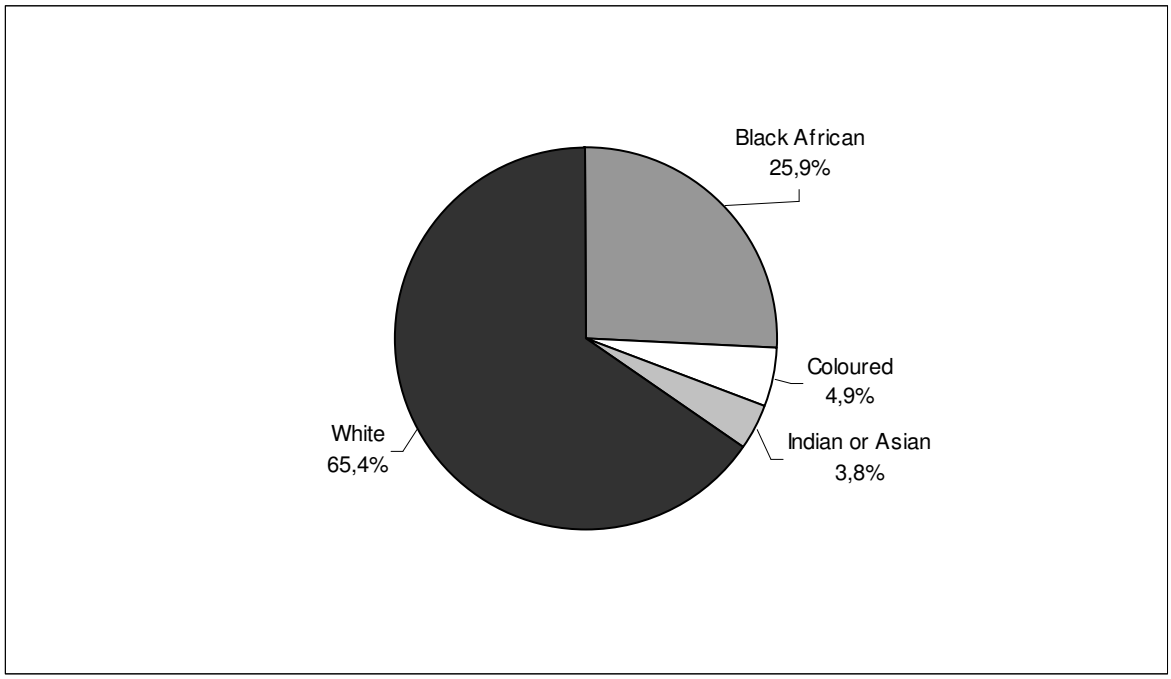
- White-headed households contributed the highest proportion (65,4% or R26 531 million) to final household consumption expenditure on real estate, followed by black African-headed (25,9% or R10 532 million), coloured-headed (4,9% or R1 977 million) and Indian or Asian-headed households (3,8% or R1 547 million).

Table 4.10: Expenditure on real estate by each population group, 1998 (R million)

Population group (N = number of households)	**Real estate**
Black African (N = 6 583 048)	10 532
Coloured (N = 748 097)	1 977
Indian or Asian (N = 246 491)	1 547
White (N = 1 499 767)	26 531
Total (N = 9 077 403	**40 587**

White-headed households constituted 16,5% of the total households. They therefore had a disproportionately large share of the final household consumption expenditure on real estate compared to black African- and coloured-headed households.

Figure 4.12: Distribution of final household consumption expenditure on real estate by each population group, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

4.5 Final household consumption expenditure on government, health and social services by population group

Figure 4.13 shows the percentage of the final household consumption expenditure spent on government, health and social services by each population group in 1998. This indicates a household's access to health services as well as social infrastructure. Table 4.11 shows the amounts in millions of rand. The Income and Expenditure Survey of 1995 and 2000 as well as the 1998 SAM indicate that this sector contributed 4,0% to the final household consumption expenditure.

- White-headed households contributed approximately 57,0% or R11 802 million to the final household consumption expenditure on government, health and social services, followed by black African-headed (33,7% or R6 978 million), coloured-headed (5,2% or R1 076 million) and Indian or Asian-headed households (4,1% or R851 million).

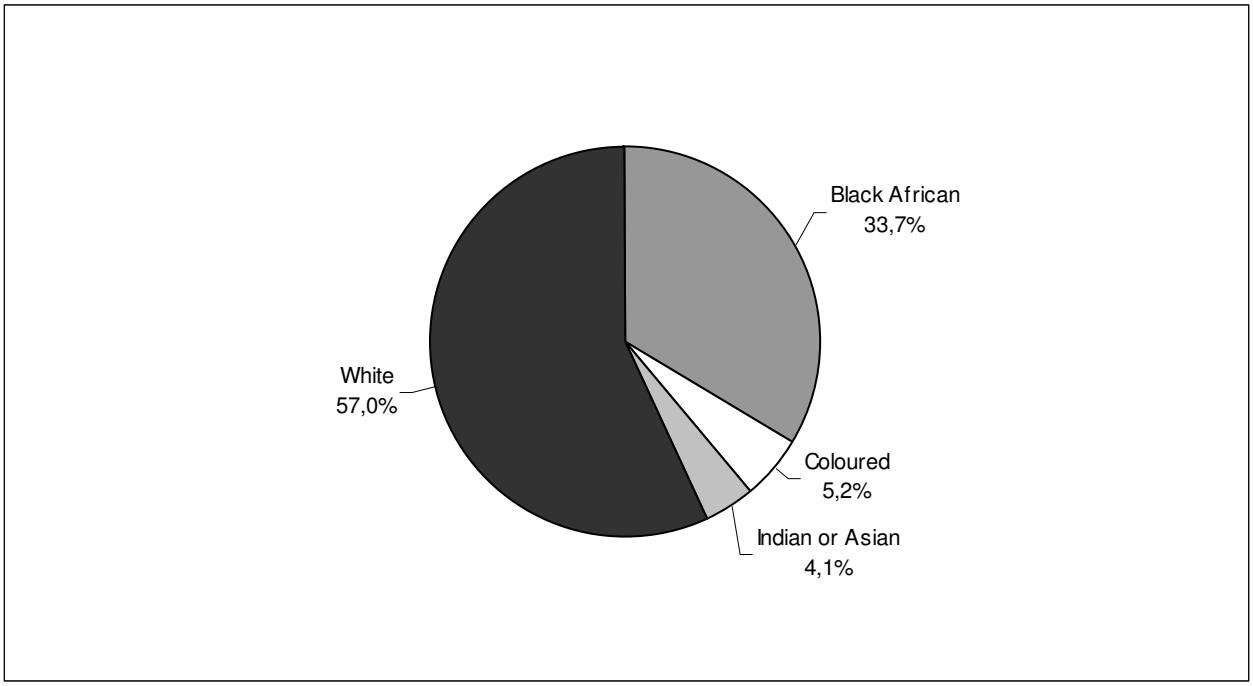
Expenditure on this service in 1988 was as follows:

- White-headed households contributed 53,0% to the final household consumption expenditure on government, health and social services, followed by black African- (38,0%), coloured- (6,0%) and Indian or Asian-headed households (3,0%).

Table 4.11: Expenditure on government, health and social services by each population group, 1998 (R million)

Population group (N = number of households)	Government, health and social services
African (N = 6 583 048)	6 978
Coloured (N = 748 097)	1 076
Indian or Asian (N = 246 491)	851
White (N = 1 499 767)	11 802
Total (N = 9 077 403	**20 707**

Figure 4.13: Distribution of expenditure on government, health and social services by each population group, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

This analysis again indicates that white-headed households had a disproportionate share of final consumption expenditure on government, health and social services, especially considering that only 16,5% of all households were headed by white people.

4.6 Final household consumption expenditure on electricity and water by population group

Figures 4.15 and 4.16 show the percentage of final household consumption expenditure spent on electricity and water by each population group in 1998. Table 4.12 shows the amounts in millions of rand.

- Black African-headed households contributed approximately 55,6% or R5 209 million to the final household consumption expenditure on electricity and 35,8% or R574 million on water,

followed by white-headed (31,2% or R2 929 million and 48,0% or R760 million), coloured-headed (9,0% or R891 million and 10,4% or R167 million) and Indian or Asian-headed households (3,7% or R344 million and 6,3% or R101 million).

- Considering the proportional expenditure on electricity and water, the breakdown for each population group is as follows. Of the total amount spent on electricity and water:
    - Black African-headed households spent 90,1% on electricity and 9,9% on water.
    - Coloured-headed households spent 84,2% on electricity and 15,8% on water.
    - Indian or Asian-headed households spent 77,3% on electricity and 22,7% on water.
    - White-headed households spent 79,4% on electricity and 20,6% on water.

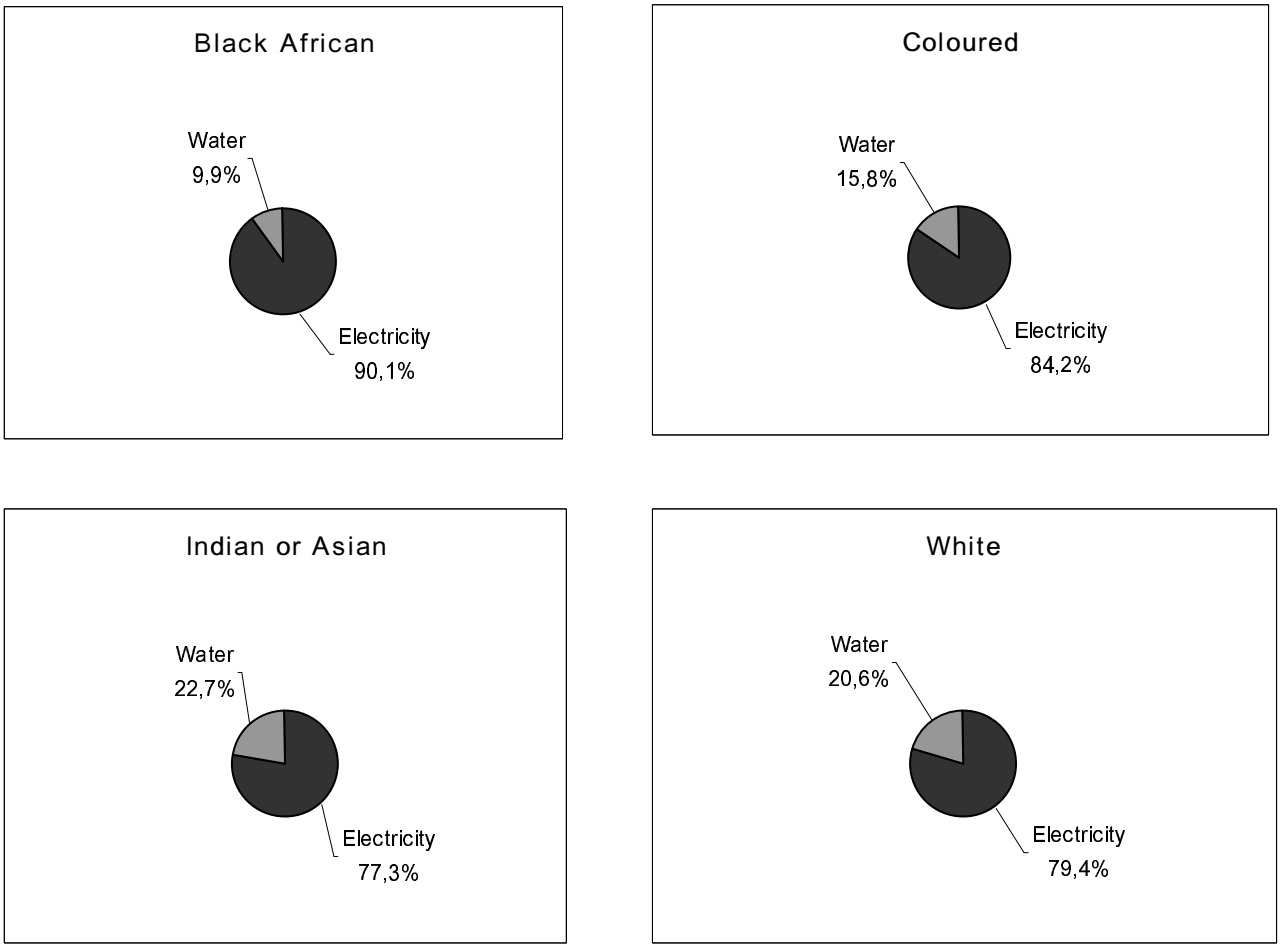
Expenditure on these services in 1988 was as follows.

- White-headed households contributed the greatest proportion (62,0%) to the total final household consumption expenditure on electricity and water, followed by black African- (27,0%), coloured- (7,0%) and Indian or Asian-headed households (4,0%).

Table 4.12: Expenditure on electricity and water by population group, 1998 (R million)

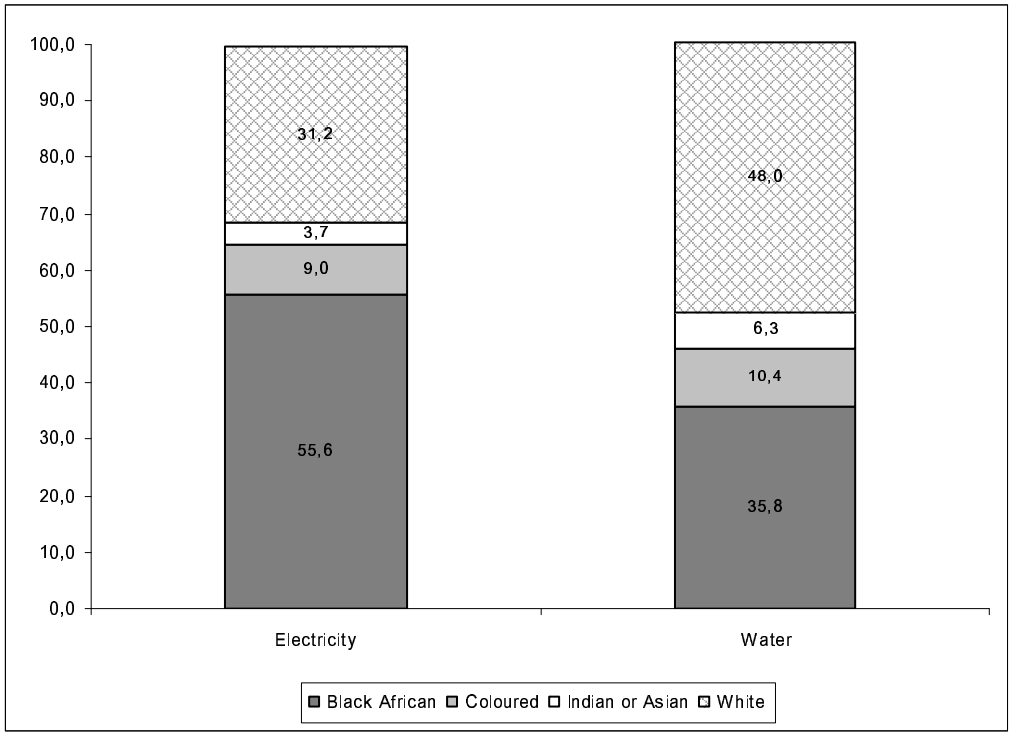
Population group (N = number of households)	**Electricity**	**Water**	**Total**
Black African (N = 6 583 048)	5 209	574	5 783
Coloured (N = 748 097)	891	167	1 058
Indian or Asian (N = 246 491)	344	101	445
White (N = 1 499 767)	2 929	760	3 689
Total (N = 9 077 403	**9 373**	**1 602**	**10 975**

Figure 4.15: Proportion of expenditure on water and electricity within population groups, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Figure 4.16: Distribution of expenditure on electricity and water by population group, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

4.7 Final household consumption expenditure on hotels and restaurants by population group

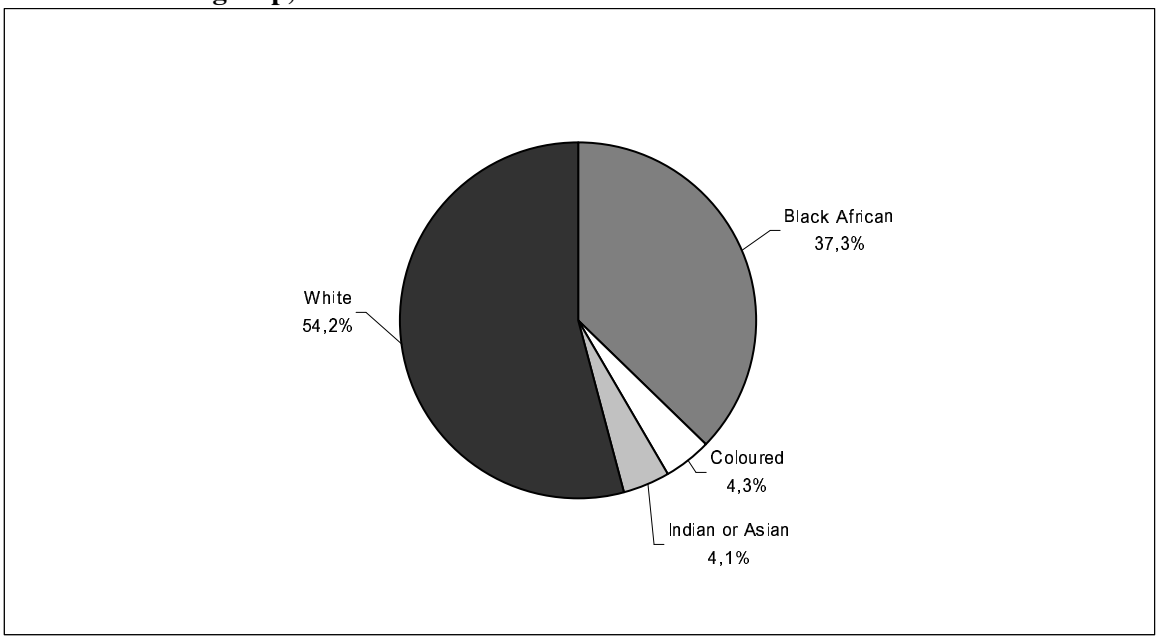
Figure 4.17 shows the percentage of the final household consumption expenditure spent on hotels and restaurants by each population group in 1998. Table 4.13 shows the amounts in millions of rand.

- White-headed households contributed approximately 54,2% or R6 843 million to this sector, followed by black African-headed (37,3% or R4 715 million), coloured-headed (4,3% or R546 million) and Indian or Asian-headed households (4,1% or R522 million).

Table 4.13: Expenditure on hotels and restaurants by population group, 1998 (R million)

Population group (N = number of households)	**Hotels and restaurants**
Black African (N = 6 583 048)	4 715
Coloured (N = 748 097)	546
Indian or Asian (N = 246 491)	522
White (N = 1 499 767)	6 843
Total (N = 9 077 403)	**12 626**

Figure 4.17: Final household consumption expenditure on hotels and restaurants by population group, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

4.8 Final household consumption expenditure on transport services and communication by population group and expenditure group

Low expenditure group

In this section analysis is done by expenditure group within population groups. Figure 4.18 shows the ratio of the final household consumption expenditure on transport and communication within population groups for the low expenditure group (E1) in 1998. Table 4.14 shows the amounts spent in millions of rand. The Income and Expenditure Survey for 1995 and 2000 as well as the 1998 SAM indicate that communication contributed 3,0% overall to final household consumption expenditure.

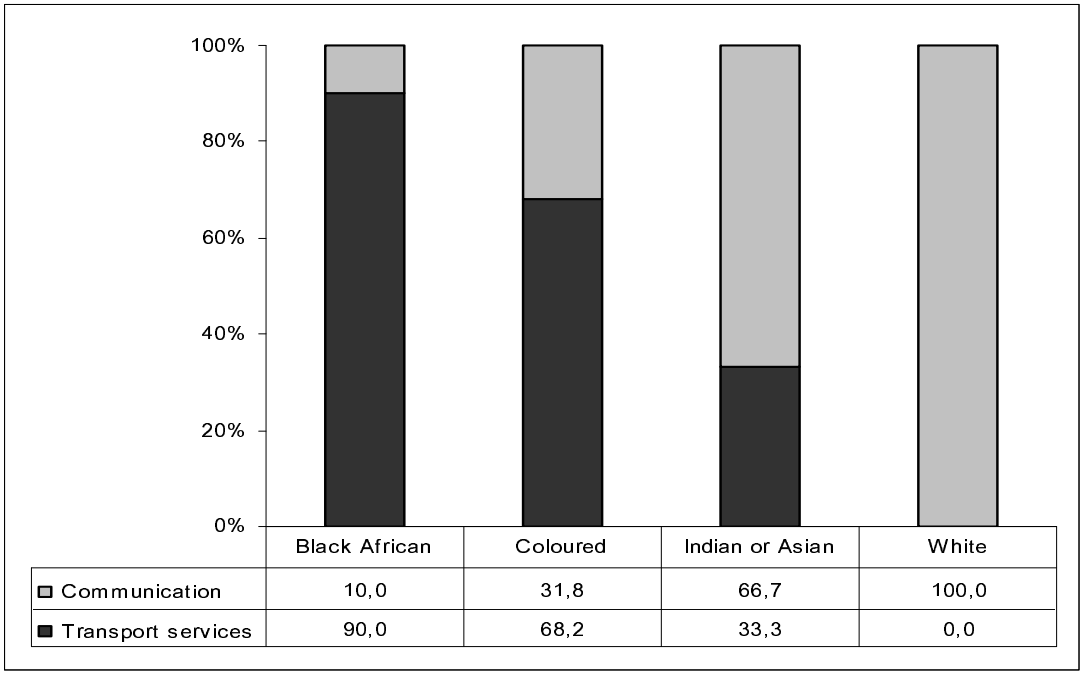
Of the final household consumption expenditure on transport and communication by the low expenditure group:

- Black African-headed households spent 90% or R597 million on transport and 10% or R66 million on communication.
- Coloured-headed households spent 68,2% or R15 million on transport and 31,8% or R7 million on communication.
- Indian or Asian-headed households spent 33,3% or R1 million on transport and 66,7% or R2 million on communication.
- White-headed households spent all R12 million on communication.

Table 4.14: Expenditure on transport and communication by population group: Low expenditure group (E1), 1998 (R million)

Service	Population group (N = number of households)				
	Black African (N = 873 305)	Coloured (N = 35 143)	Indian or Asian (N = 537)	White (N = 1 204)	Total (N = 910 189)
Transport	597	15	1	0	613
Communication	66	7	2	12	87
Total	**663**	**22**	**3**	**12**	**700**

Figure 4.18: Distribution of expenditure on transport and communication within population groups: Low expenditure group (E1), 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Low middle expenditure group

Figure 4.19 shows the percentage of the final household consumption expenditure spent on transport and communication within population groups for the low middle expenditure group (E2) in 1998. Table 4.15 shows the amounts spent in millions of rand.

Of the final household consumption expenditure on transport and communication by the low middle expenditure group (E2):

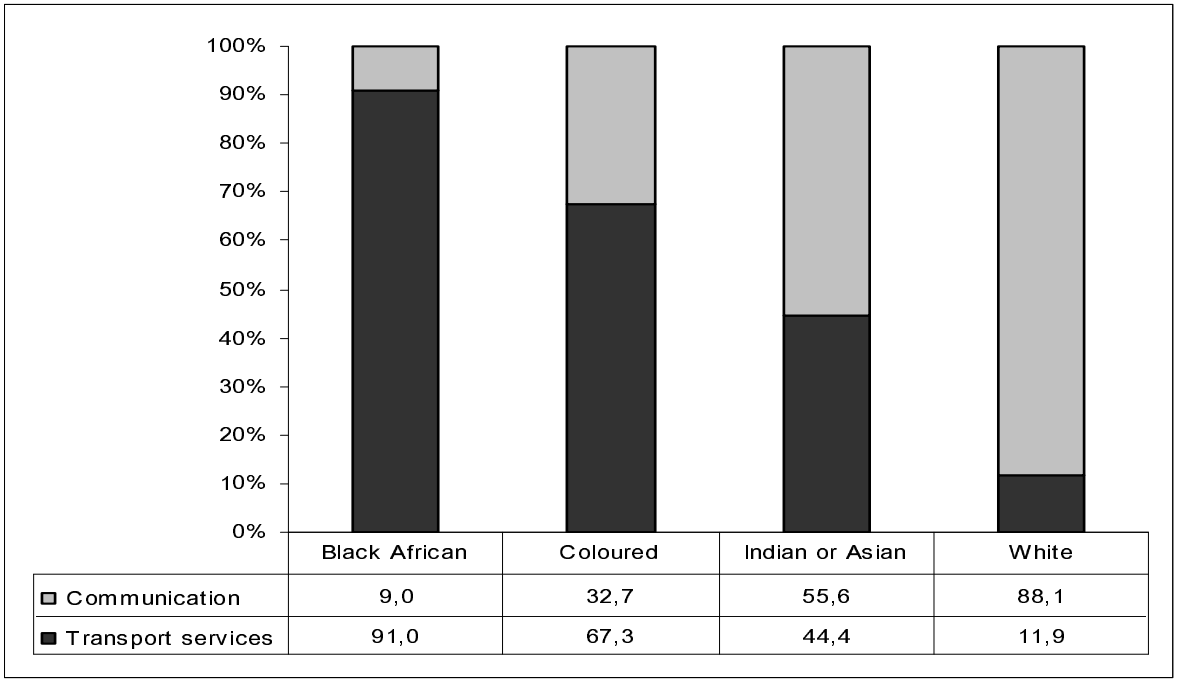
- Black African-headed households spent 91,0% or R898 million on transport and 9,0% or R89 million on communication.
- Coloured-headed households spent 67,3% or R103 million on transport and 32,7% or R50 million on communication.
- Indian or Asian-headed households spent 44,4% or R8 million on transport and 55,6% or R10 million on communication.

- White-headed households spent 11,9% or R12 million on transport and 88,1% or R89 million on communication.

Table 4.15: Expenditure on transport and communication by population group: Low middle expenditure group (E2), 1998 (R million)

Service	Population group (N = number of households)				
	Black African (N =2 570 084)	Coloured (N = 124 290)	Indian or Asian (N = 4 752)	White (N = 21 725)	Total (N = 2 720 851)
Transport	898	103	8	12	1 021
Communication	89	50	10	89	238
Total	**987**	**153**	**18**	**101**	**1 259**

Figure 4.19: Distribution of expenditure on transport and communication within population groups: Low middle expenditure group (E2), 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Middle expenditure group

Figure 4.20 shows the percentage of the final household consumption expenditure spent on transport and communication within population groups for the middle expenditure group (E3) in 1998. Table 4.16 shows the amounts spent in millions of rand.

Of the final household consumption expenditure on transport and communication by the middle expenditure group (E3):

- Black African-headed households spent 86,2% or R5 013 million on transport and 13,8% or R801 million on communication.

- Coloured-headed households spent 64,5% or R405 million on transport and 35,5% or R223 million on communication.

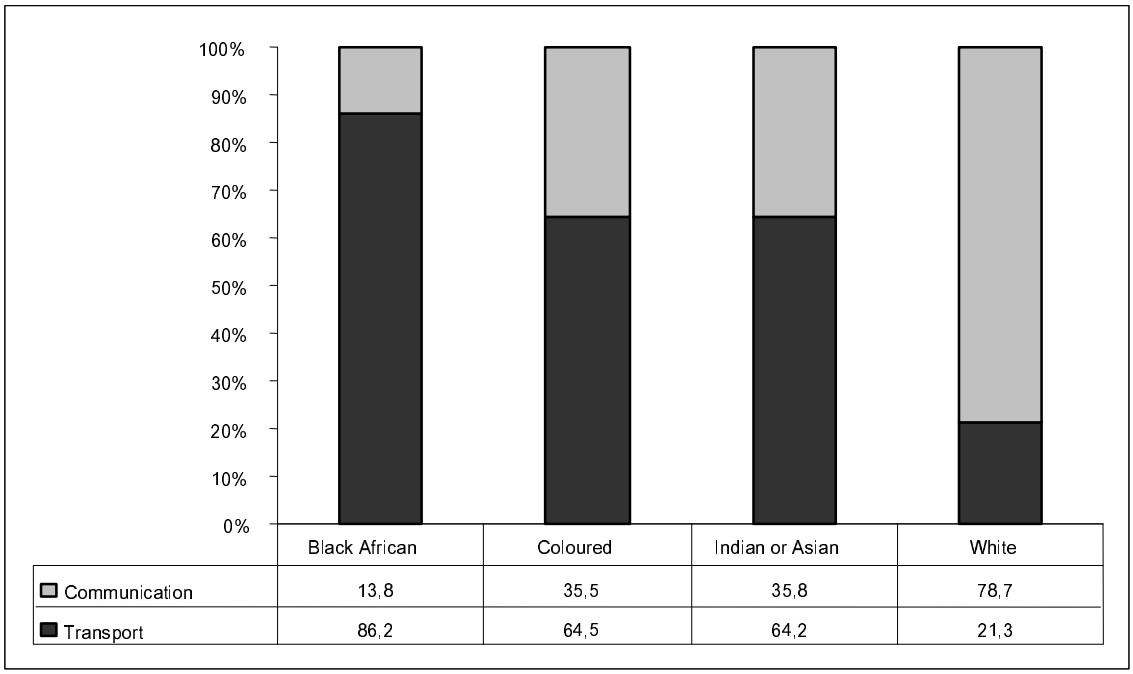
- Indian or Asian-headed households spent 64,2% or R138 million on transport and 35,8% or R77 million on communication.

- White-headed households spent 21,3% or R100 million on transport and 78,7% or R370 million on communication.

Table 4.16: Expenditure on transport and communication by population group: Middle expenditure group (E3), 1998 (R million)

	Population group (N = number of households)				
Service	**Black African (N = 2 265 830)**	**Coloured (N = 266 808)**	**Indian or Asian (N = 42 065)**	**White (N = 147 623)**	**Total (N = 2 722 323)**
Transport	5 013	405	138	100	5 656
Communication	801	223	77	370	1 471
Total	**5 814**	**628**	**215**	**470**	**7 127**

Figure 4.20: Distribution of expenditure on transport and communication within population groups: Middle expenditure group (E3), 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

High middle expenditure group

Figure 4.21 shows the percentage of the final household consumption expenditure spent on transport and communication within population groups for the high middle expenditure group (E4) in 1998. Table 4.17 shows the amounts spent in millions of rand.

Of the final household consumption expenditure on transport and communication by the high middle expenditure group (E4):

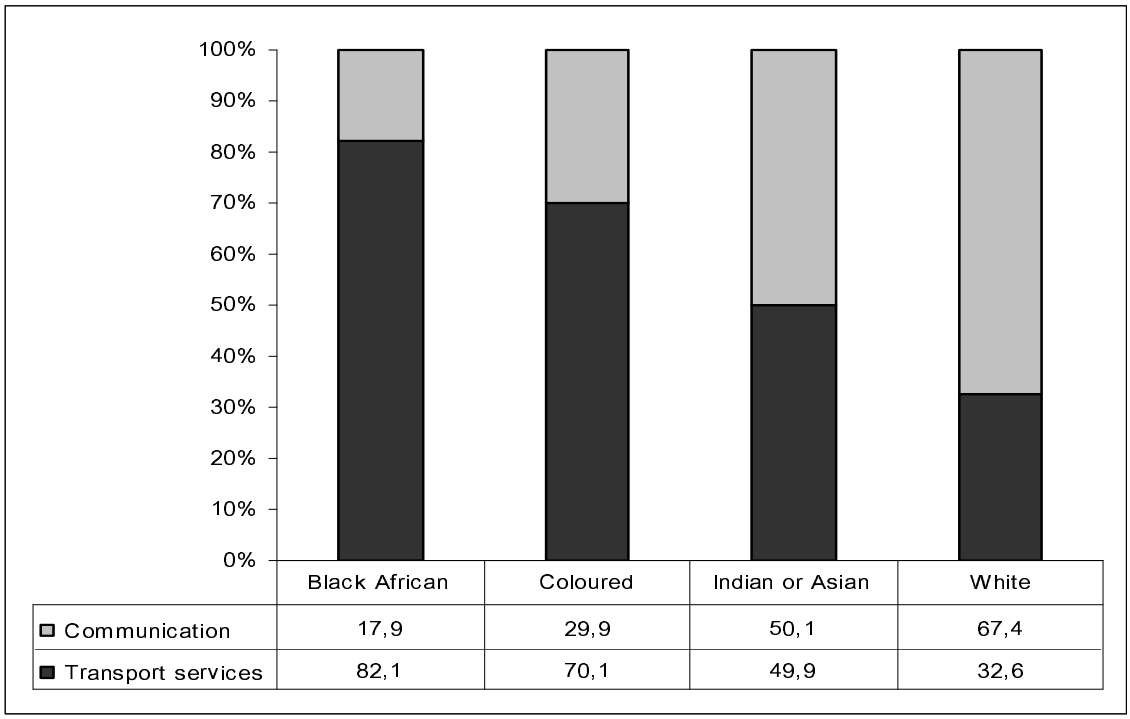
- Black African-headed households spent 82,1% or R5 674 million on transport and 17,9% or R1 237 million on communication.

- Coloured-headed households spent 70,1% or R868 million on transport and 29,9% or R371 million on communication.
- Indian or Asian-headed households spent 49,9% or R275 million on transport and 50,1% or R276 million on communication.
- White-headed households spent 32,6% or R786 million on transport and 67,4% or R1 627 million on communication.

Table 4.17: Expenditure on transport and communication by population group: High middle expenditure group (E4), 1998 (R million)

Service	Population group (N = number of households)				
	Black African (N = 801 315)	Coloured (N = 277 172)	Indian or Asian (N = 146 379	White (N = 589 954)	Total (N = 1 814 820)
Transport	5 674	868	275	786	7 603
Communication	1 237	371	276	1 627	3 511
Total	**6 911**	**1 239**	**551**	**2 413**	**11 114**

Figure 4.21: Distribution of expenditure on transport services and communication by population groups: High middle expenditure group (E4), 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

High expenditure group

Figure 4.22 shows the percentage of the final household consumption expenditure spent on transport and communication within population groups for the high expenditure group (E5) in 1998. Table 4.18 shows the amounts spent in millions of rand.

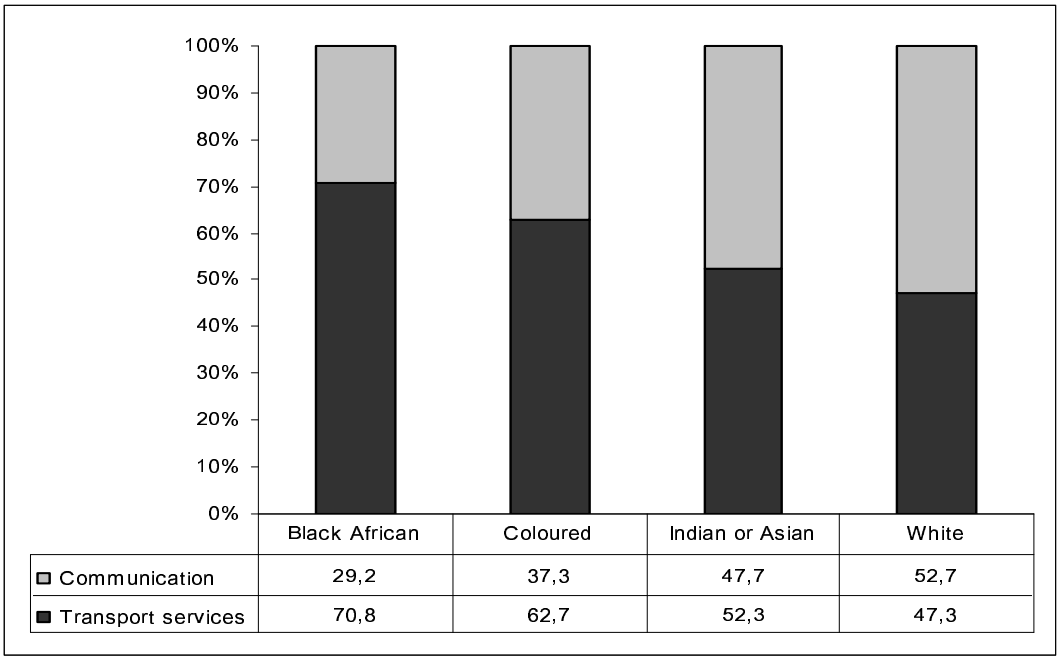
Of the final household consumption expenditure on transport and communication by the high expenditure group (E5):

- Black African-headed households spent 70,81% or R1 538 million on transport and 29,9% or R634 million on communication.
- Coloured-headed households spent 62,7% or R378 million on transport and 37,3% or R225 million on communication.
- Indian or Asian-headed households spent 52,3% or R509 million on transport and 47,7% or R465 million on communication.
- White-headed households spent 47,3% or R4 562 million on transport and 52,7% or R5 089 million on communication.

Table 4.18: Expenditure on transport and communication by population group: High expenditure group (E5), 1998 (R million)

	Population group (N = number of households)				
Service	**Black African (N =72 514)**	**Coloured (N = 44 684)**	**Indian or Asian (N = 52 761)**	**White (N = 739 261)**	**Total (N = 909 220)**
Transport services	1 538	378	509	4 562	6 987
Communication	634	225	465	5 089	6 413
Total	**2 172**	**603**	**974**	**9 651**	**13 400**

Figure 4.22: Distribution of expenditure on transport and communication within population groups: High expenditure group (E5), 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

CHAPTER 5: FURTHER ANALYSIS OF THE SAM

In the previous chapters, we focussed on the SAM from the point of view of households and their expenditure patterns. In this chapter, the focus is on financial intermediaries and institutional sectors.

5.1 Consumption of fixed capital by industry

For analysing the consumption of fixed capital, the sub-matrix M (8,2) is applicable. Table 5.1 shows fixed capital consumption by industry (in millions of rand). For example, in 1998 the consumption of fixed capital in the manufacturing and agricultural industries was R21 368 million and R4 159 million respectively. A total of R96 583 million was used for fixed capital consumption across industries.

Table 5.1: Consumption of fixed capital by industry, 1998

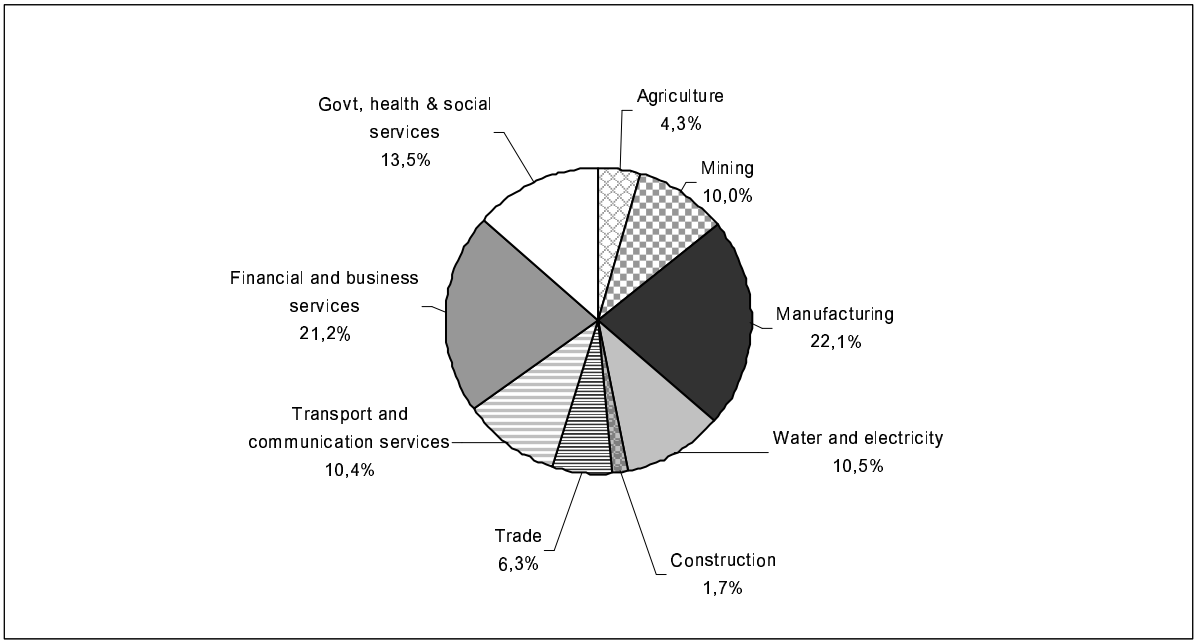
Industry	Total consumption of fixed capital (R million)
Agriculture	4 159
Mining	9 652
Manufacturing	21 368
Water and electricity	10 162
Construction	1 659
Trade	6 039
Transport and communication	10 047
Financial and business services	20 473
Government, health and social services	13 024
Total	**96 583**

Figure 5.1 shows the percentage consumption of fixed capital by industry for the South African economy.

- The manufacturing industry made the highest contribution to the consumption of fixed capital (22,1% or R21 368 million), followed by financial and business services (21,2% or R20 473 million) and government, health and social services (13,5% or R13 024 million).

- The mining industry and transport and communication services both contributed approximately 10,0% to the consumption of fixed capital.

Figure 5.1: Consumption of fixed capital by industry, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

5.2 Net acquisitions of financial assets by institution

For the net acquisitions of financial assets, the sub-matrix M (9,7) is analysed. The financial account (Account III.2, Table 1.3) records transactions in financial instruments such as securities, bank deposits, or accounts receivable, and net incurrence of liabilities, such as mortgages, securities, or accounts payable. The balancing item is net lending (+) or net borrowing (-).

5.2.1 Financial intermediaries

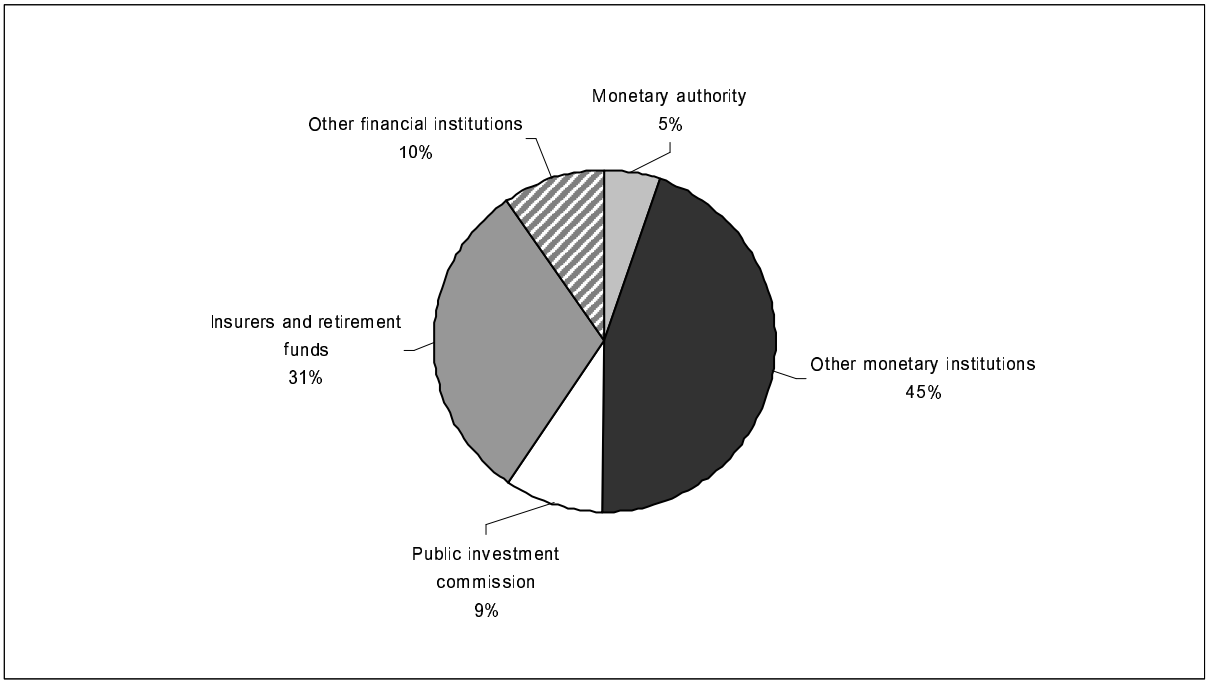
Table 5.2 shows the net acquisitions of financial assets in millions of rand by financial intermediaries. In total, net acquisitions of R197 867 million were acquired by financial intermediaries. Figure 5.2 illustrates these net acquisitions in percentages.

- Monetary institutions other than the monetary authority contributed 45,2% or R89 361 million, followed by insurers and retirement funds (30,7% or R60 688 million) and other financial institutions (9,8% or R19 406 million).

Table 5.2: Net acquisitions of financial assets of financial intermediaries, 1998

Financial intermediary	Acquisitions (R million)
Monetary authority	10 256
Other monetary institutions	89 361
Public investment commission	18 150
Insurers and retirement funds	60 688
Other financial institutions	19 406
Total	**197 867**

Figure 5.2: Net acquisitions of financial assets of financial intermediaries, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

5.2.2 General government

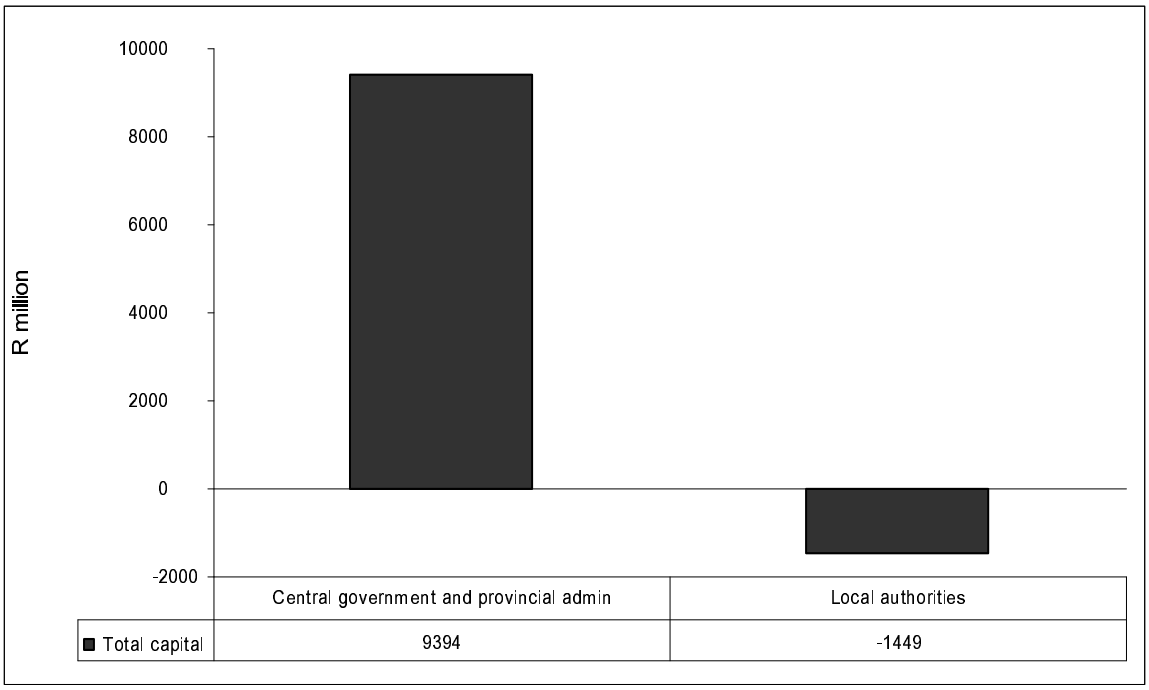
Table 5.3 and Figure 5.3 show the net acquisitions of financial assets of central government, provincial administrations and local authorities in millions of rand.

- Local authorities incurred net financial liabilities of R1 449 million and central government and provincial administration had a net acquisition of financial assets of R9 394 million.

Table 5.3: Net acquisitions of financial assets of general government, 1998

Government level	Acquisitions (R million)
Central government and provincial admin	9 394
Local authorities	-1 449
Total	**7 945**

Figure 5.3: Net acquisitions of financial assets of general government, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

5.2.3 Corporate business enterprises

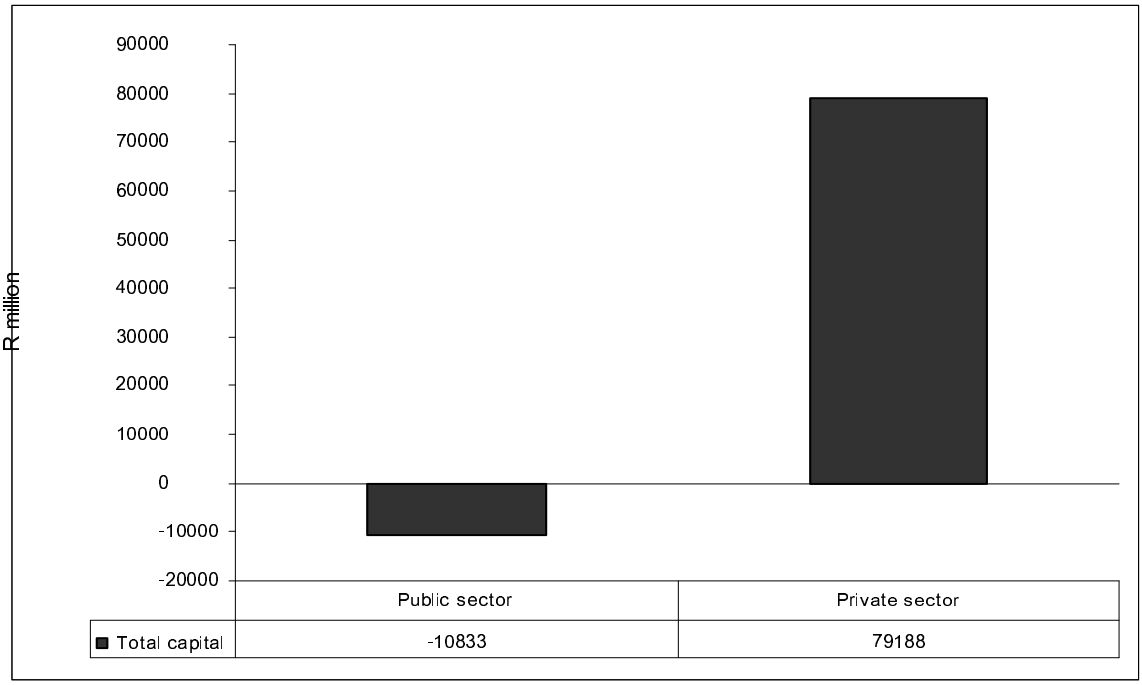
Table 5.4 and Figure 5.4 show the net acquisitions of financial assets of corporate business enterprises in millions of rand.

- The public sector incurred net liabilities of R10 833 million and the private sector had a net acquisition of financial assets of R79 188 million.

Table 5.4: Net acquisitions of financial assets of corporate business enterprises, 1998

Corporate business enterprises	Acquisitions (R million)
Public sector	-10 833
Private sector	79 188
Total	**68 355**

Figure 5.4: Net acquisitions of financial assets of corporate business enterprises, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

5.2.4 Overall acquisitions of financial assets

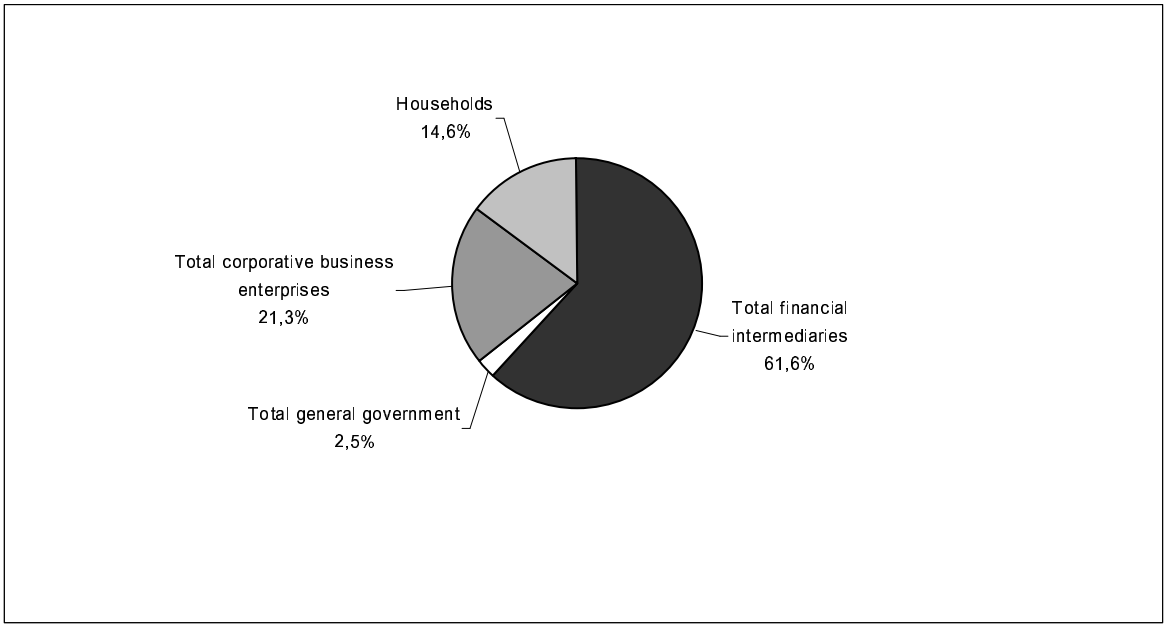
Table 5.5 shows the net acquisitions of financial assets by the different types of institutions in millions of rand. It shows, for example, that financial intermediaries contributed R197 867 million to the net acquisitions of financial assets. Figure 5.5 shows the percentage of net acquisitions of financial assets by type of institution.

- Financial intermediaries contributed 61,6% to net acquisitions of financial assets, followed by corporate business enterprises (21,3%), households (14,6%) and general government (2,5%).

Table 5.5: Net acquisitions of financial assets by type of institution, 1998

Financial institution	Acquisitions (R million)
Financial intermediaries	197 867
General government	7 945
Corporative business enterprises	68 355
Households	46 972
Total	**321 139**

Figure 5.5: Net acquisitions of financial assets per type of institution, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

5.3 Current transfers: Resident sector

5.3.1 Introduction and definitions

This section includes current taxes on income, wealth, etc. (D.5), social contributions and benefits (D.6) and other current transfers (D.7).

Current taxes on income, wealth, etc. (D.5)

The main component of current taxes on income and wealth are taxes levied on incomes, capital gains and profits of households and corporations. Pay-as-you-earn taxes deducted by the employer are included. The following are two examples of other current taxes:

- taxes payable periodically on net wealth. Taxes on assets used in production are excluded; they are classified as taxes on production (primary incomes); and
- payments by households to obtain certain licences, namely licences to own or use vehicles, boats and aircrafts, and licences to shoot, hunt or fish. Such licences payable by producers, on the other hand, are classified as taxes on production (primary incomes).

Social contributions and benefits (D.6)

Social benefits are current transfers received by households to provide for the needs that may arise, for tain events or , for for example, sickness, unemployment, retirement, housing, education or needs due to family circumstances.

Social contributions (D.61)

There are four kinds of social contributions recorded in national accounts.

- Employers' actual social contributions (D.6111) are payable by employers on behalf of their employees to social insurance schemes. Although they are payable by the employers, they are recorded as a component of compensation of employees and, hence, as an income from households, who are then recorded as paying the social contributions to social security schemes. Thus, in the secondary distribution of income account, this type of social

contribution is recorded as payable by the household sector and receivable by the institutional sectors that administer the schemes, most commonly the financial corporations or general government sectors.

- Employees' social contributions (D.6112) that are payable directly by employees.
- Social contributions by self-employed or non-employed persons (D.6113) are payable by the said categories of persons for their own benefits.
- Employers' imputed social contributions (D.612) are recorded when employers provide social benefits, such as pensions, to their employees or former employees out of their own resources without engaging any insurance company or creating funds or reserves. In this case a social contribution has to be imputed; in practice this value is often equal to what is actually paid during the accounting period. This imputed contribution is recorded in a way similar to actual contributions, but is always recorded as receivable by the institutional sector of the employer.

Social benefits (D.62)

Social benefits consist of all social benefits except transfers in kind.

- all social benefits in cash – both social insurance and social assistance benefits – provided by government units, including social security funds and non-profit institutions serving households (NPISHs); and
- all social insurance benefits provided under private funded and unfunded social insurance schemes, whether in cash or in kind.

There are two kinds of social benefits in cash:

- Social security benefits in cash (D.621) which are payable to households by social security funds. Examples are sickness benefits, maternity allowances, unemployment benefits, and retirement and survivors' pensions.
- Social assistance benefits in cash (D.624) are current transfers payable to households by government units or NPISHs to meet the same needs as social insurance benefits but which are not made under a social insurance scheme incorporating social contributions and social insurance benefits. They therefore exclude all benefits paid by social security funds. They may be payable in cash and in kind. Those in kind are part of social transfers in kind, entered in the redistribution of income in kind account. Social assistance benefits may be payable, for example, when no social insurance scheme exists to cover the circumstances in question. Social assistance benefits, however, do not cover transfers in cash or in kind made in response to natural disasters such as drought, floods or earthquakes. Such transfers are recorded separately under 'other current transfers'.

Social insurance benefits are divided into:

- **Privately funded social insurance benefits** (D.622): These are social insurance benefits payable to households by insurance enterprises or other institutional units administering privately funded social insurance schemes. Examples are sickness benefits, maternity allowances, unemployment benefits, and retirement and survivors' pensions. No distinction is made between benefits in cash and in kind as privately funded benefits cannot be social transfers in kind. Both types of benefits are recorded in the secondary distribution of income account; and
- **Unfunded employee social insurance benefits** (D.623): These are social benefits payable to employees, their dependants or survivors by employers administering unfunded social insurance schemes. All unfunded benefits are recorded in the secondary distribution of income account, whether in cash or in kind. Examples are the continued payment of normal or reduced wages during periods of absence from work as a result of ill health, accidents, maternity needs, and the payment of family, education or other allowances in respect of dependants.

Social benefits in kind provided by general government and NPISHs are not recorded in the secondary distribution of income account. They form part of social transfers in kind and are recorded in the redistribution of income in kind account.

Other current transfers (D.7)

Other current transfers consist of all current transfers between resident institutional units, or between residents and non-residents, except for current taxes on income, wealth, etc., and social contributions and benefits. Other current transfers include a number of different kinds of transfers serving different purposes. The most important categories are described below.

Non-life insurance premiums (D.71)
Non-life insurance premiums (short term) consist of two elements, together making up the total premiums:

- Actual premiums earned. These refer to those parts of the premiums payable in the current or previous periods, which cover the risks incurred during the accounting period in question.
- Premium supplements. These refer to the income from investment of the technical reserves of the insurance institutions. The 1993 SNA treats the reserves as assets of the policyholders. Therefore, the investment income from the reserves is attributed to the policyholders. The income is recorded as receivable by the policyholders who pay it all back again as premium supplements.

Part of non-life insurance premiums constitutes a service charge, a payment for the services provided by the insurance institutions in arranging the insurance. The remainder is described as net non-life insurance premiums and classified as a current transfer. This is what is available to cover for the various events specified in the insurance scheme. Because of the way the service charge is calculated, net premiums are equal to total claims.

Non-life insurance claims (D.72)
Non-life insurance claims (short term) comprise the amounts payable in settlement for events that qualify the insurance policyholder for a valid claim against the insurance company. As for non-life insurance premiums, part of the account constitutes a service charge. The remainder, after deduction of the service charge, is included in saving and recorded in the financial account as an increase in a financial asset. Consequently, life insurance claims are recorded as decreases in financial assets.

Current transfers within general government (D.73)
Current transfers within general government consist of current transfers between different government units or different sub-sectors of general government. They include transfers between different levels of government, such as which frequently occur between central and local government units, and between government units and social security funds. They do not include transfers of funds committed to finance gross fixed capital formation, such transfers being treated as capital transfers.

Current international co-operation (D.74)
Current international co-operation includes transfers between governments of different countries or between governments and international organisations. Examples are foreign aid to governments, used to finance current expenditure, and regular contributions by member countries to international organisations. Regarding foreign aid, it is important to distinguish between current and capital transfers. Donor funds earmarked for acquisitions of capital assets, for example purchases of machinery or erection of buildings and structures, should be classified as capital transfers. In practice, it is not always easy to make that distinction and the major part of foreign aid tends to be recorded as current transfers.

Miscellaneous current transfers (D.75)
Miscellaneous current transfers consist of all other transfers not discussed above. Examples are current transfers to non-profit institutions serving households (membership fees, donations, etc.),

current transfers between households, and fines and penalties. The latter are compulsory transfers imposed by courts of law or by other judicial bodies (e.g. parking tickets).

5.3.2 Non-financial corporations

Table 5.6 shows that R15 798 million was transferred from financial corporations to non-financial corporations, whereas R24 151 million was transferred from government to these corporations. Table 5.7 shows the transfers from non-financial corporations to other institutions. It shows, for example, that R6 088 million was transferred from non-financial corporations to households and non-profit institutions serving households (NPISHs). Figure 5.6 shows the percentage of current transfers to non-financial corporations from other institutions and Figure 5.7 shows the percentage of current transfers from non-financial corporations to other institutions.

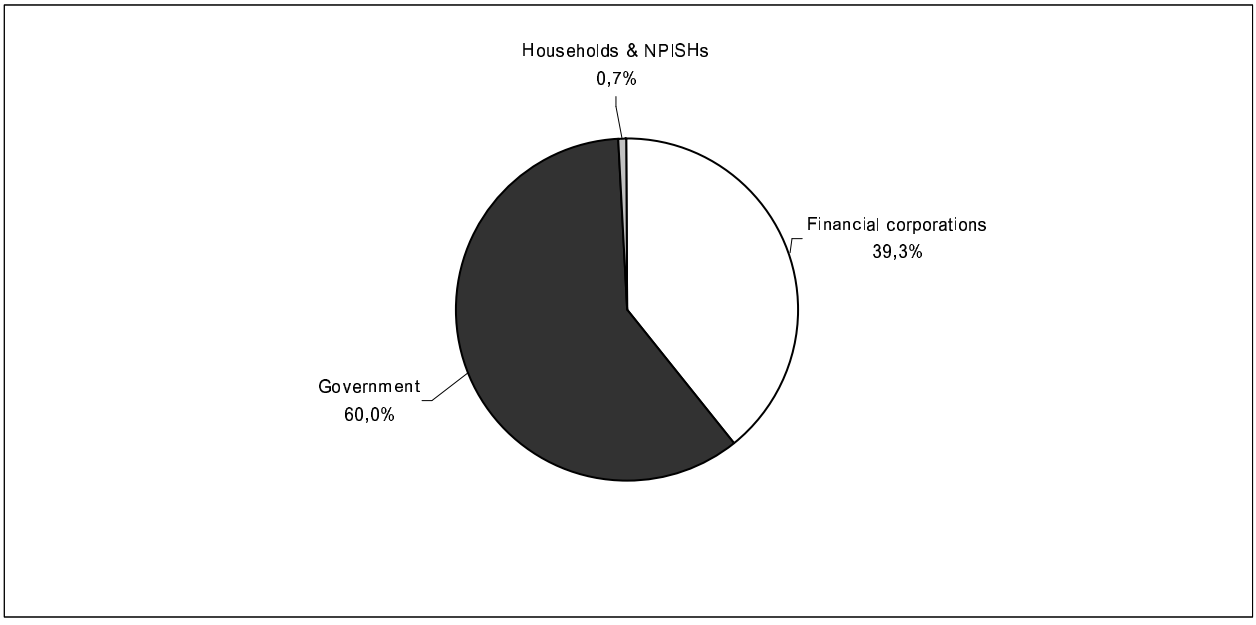
- Non-financial corporations received current transfers primarily from government (60,0% or R24 151 million), followed by financial corporations (39,3% or R15 798 million) and households and non-profit institutions serving households (NPISHs) (0,7% or R294 million).

- Non-financial corporations were a source of current transfers primarily for households and NPISHs (66,2% or R6 088 million) and financial corporations (33,8% or R3 105 million).

Table 5.6: Current transfers to non-financial corporations from other institutions, 1998

Institutions	Current transfers (R million)
Financial corporations	15 798
Government	24 151
Households and NPISHs	294
Total	**40 243**

Figure 5.6: Distribution of current transfers to non-financial corporations from other institutions, 1998

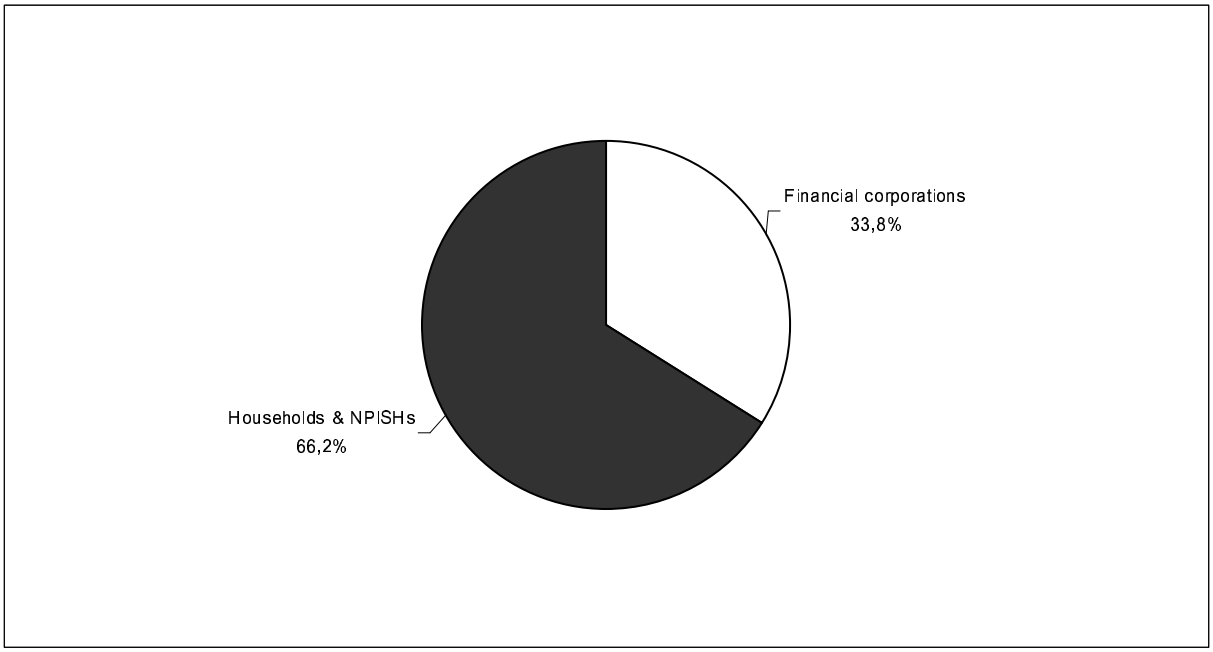


Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Table 5.7: Current transfers of income from non-financial corporations to other institutions, 1998

Institutions	Current transfers (R million)
Financial corporations	3 105
Households and NPISHs	6 088
Total	**9 193**

Figure 5.7: Distribution of current transfers of income from non-financial corporations to other institutions, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

5.3.3 Financial corporations

Figure 5.8 shows the percentage of current transfers to financial corporations from other institutions and Figure 5.9 shows the percentage of current transfers from financial corporations to other institutions. Table 5.8 shows that R72 192 million was transferred from households and NPISHs to financial corporations, whereas R15 693 million was transferred from government to these corporations. Table 5.9 shows the transfers from financial corporations to other institutions. It shows, for example, that R92 521 million was transferred from financial corporations to households and non-profit institutions serving households.

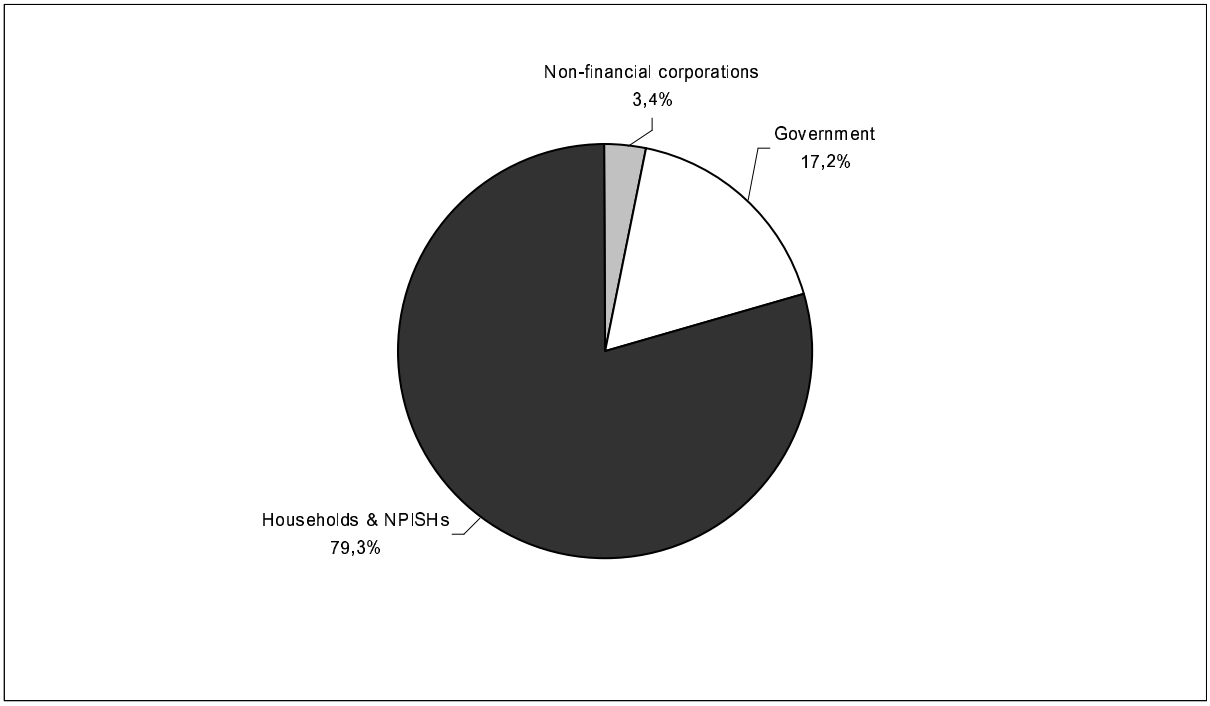
- Financial corporations received current transfers primarily from households and NPISHs (79,3% or R72 192 million), followed by government (17,2% or R15 693 million) and non-financial corporations (3,4% or R3 105 million).

- Financial corporations were a source of current transfers primarily for households and NPISHs (86,4% or R92 521 million) and non-financial corporations (14,6% or R15 798 million).

Table 5.8: Current transfers to financial corporations from other institutions, 1998

Institutions	Current transfers (R million)
Non-financial corporations	3 105
Government	15 693
Households and NPISHs	72 192
Total	**90 990**

Figure 5.8: Distribution of current transfers to financial corporations from other institutions, 1998

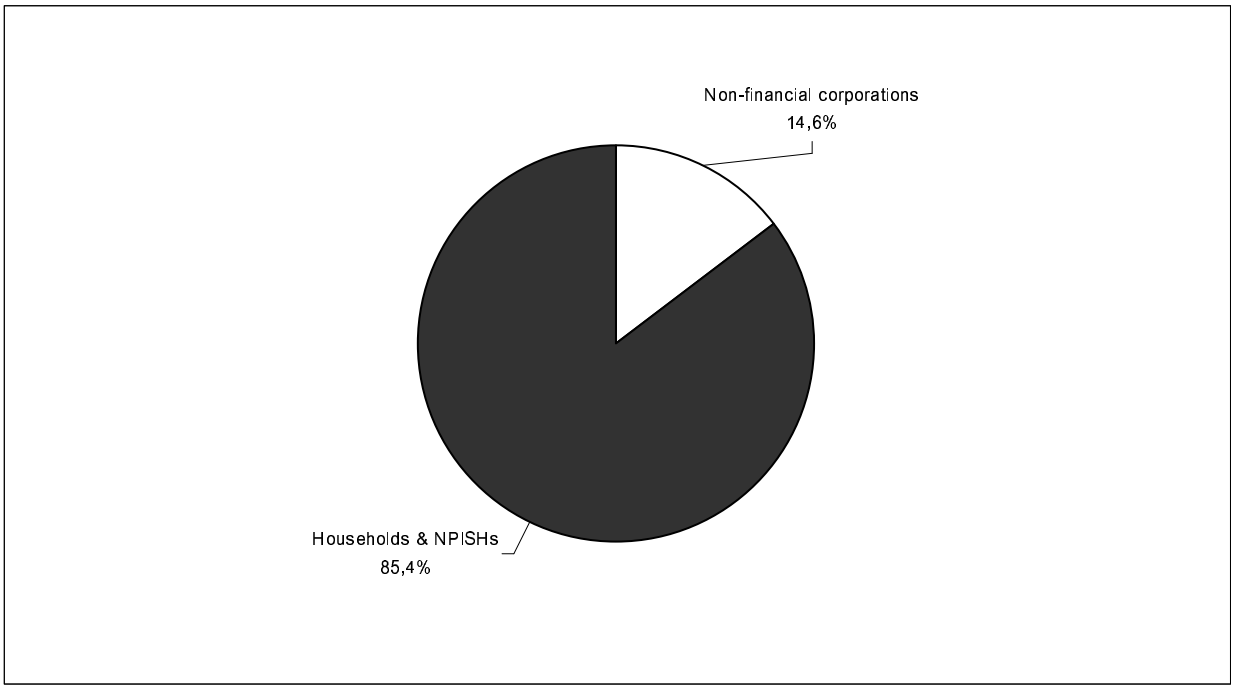


Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Table 5.9: Current transfers from financial corporations to other institutions, 1998

Institutions	Current transfers (R million)
Non-financial corporations	15 798
Households and NPISHs	92 521
Total	**108 319**

Figure 5.9: Distribution of current transfers from financial corporations to other institutions, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

5.3.4 Government

Figure 5.10 and Table 5.10 show the current transfers from government to other institutions.

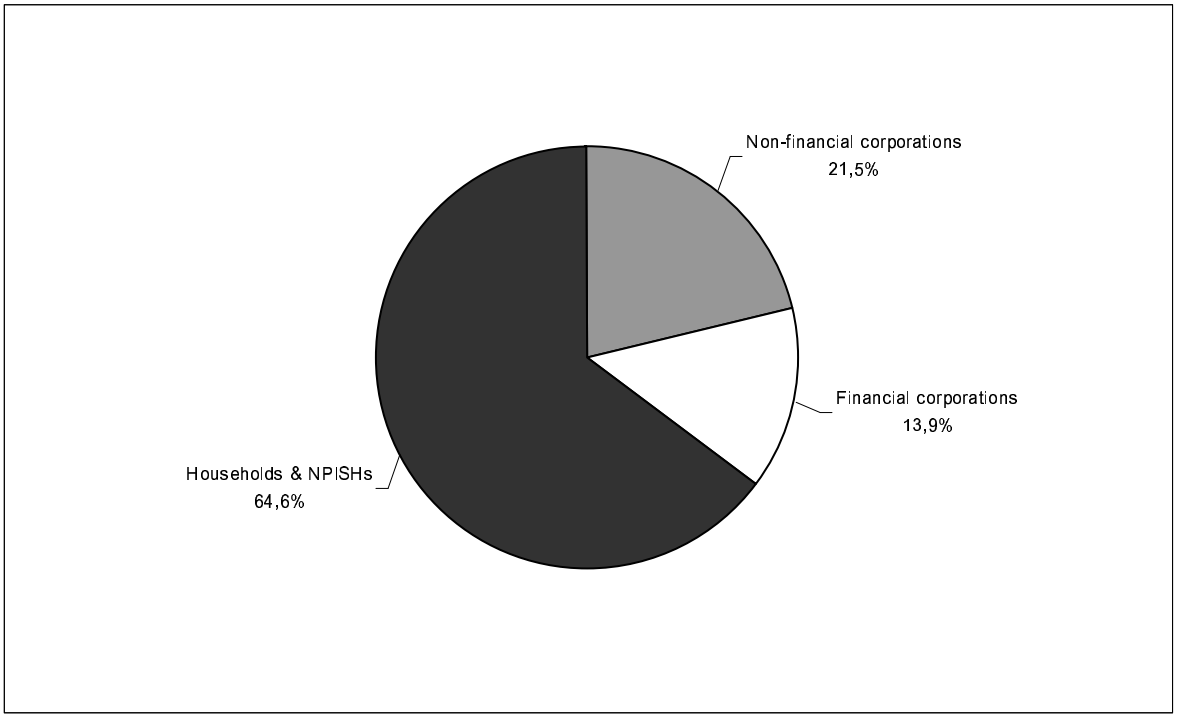
- Government was a source of current transfers to households and NPISHs (R72 715 million or 64,6%), financial corporations (R24 151 million or 21,5%) and non-financial corporations (R15 693 or 13,9%).

Government received all current transfers from households and NPISHs (100%).

Table 5.10: Current transfers from government to other institutions, 1998

Institutions	Current transfers R million
Non-financial corporations	24 151
Financial corporations	15 693
Households and NPISHs	72 715
Total	**112 559**

Figure 5.10: Distribution of current transfers from government to other institutions, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

5.3.5 Households and NPISHs

Table 5.11 and Figure 5.11 show current transfers **to** households and NPISHs. Table 5.12 and Figure 5.12 shows transfers **from** households and NPISHs to other institutions.

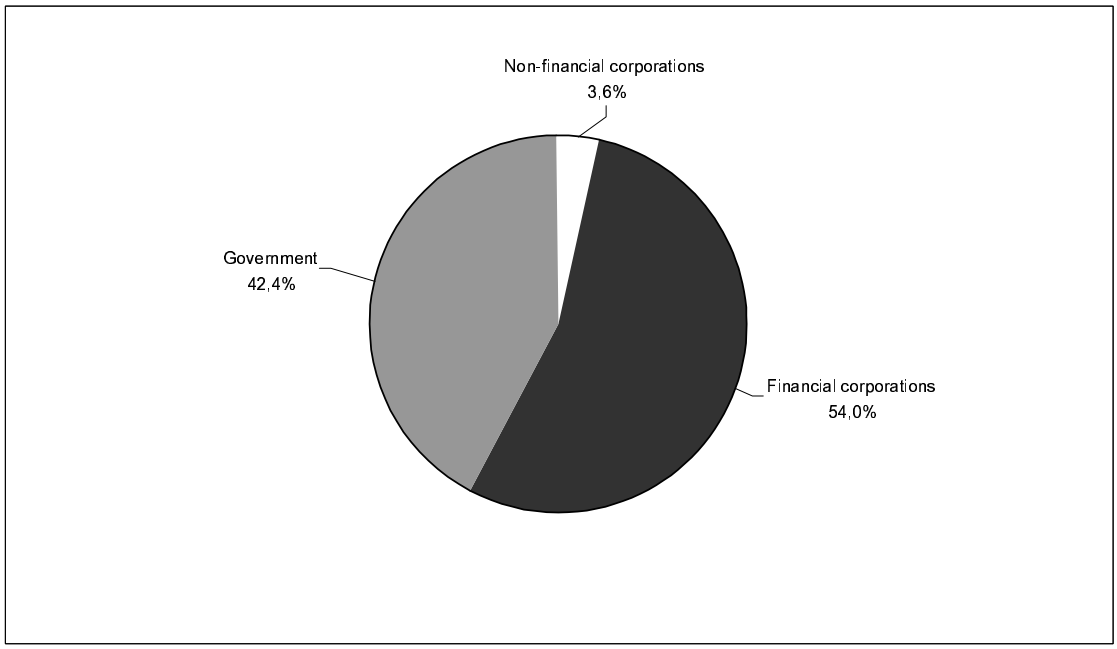
- Households and NPISHs received current transfers primarily from financial corporations (R92 521 million or 54,0%), followed by government (R72 715 million or 42,4%) and non-financial corporations (R6 088 million or 3,6%).

- Households and NPISHs were a source of current transfers primarily for financial corporations (R72 192 million or 71,1%), government (R29 032 million or 28,6%) and non-financial corporations (R294 million or 0,3%).

Table 5.11: Current transfers to households and NPISHs from other institutions, 1998

Institutions	Current transfers (R million)
Non-financial corporations	6 088
Financial corporations	92 521
Government	72 715
Total	**171 324**

Figure 5.11: Distribution of current transfers to households and NPISHs from other institutions, 1998

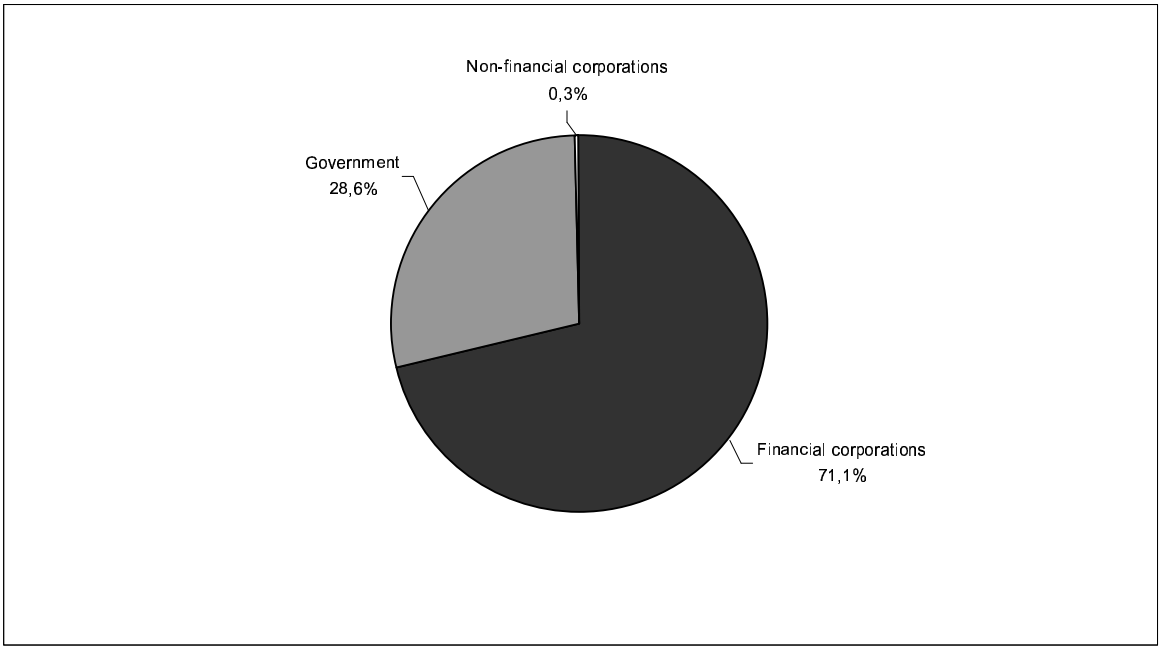


Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

Table 5.12: Current transfers from households and NPISHs to other institutions, 1998

Institutions	Current transfers (R million)
Non-financial corporations	294
Financial corporations	72 192
Government	29 032
Total	**101 518**

Figure 5.12: Distribution of current transfers from households and NPISHs to other institutions, 1998



Source: Stats SA, *SAM 1998*, Report No. 04-03-02 (1998)

CHAPTER 6: CONCLUSION

6.1 Future analysis

A Social Accounting Matrix represents the link between two, often distinct, fields of statistics, namely economic and social statistics. The integration of these fields of statistics enables a wider range of policy issues to be monitored and analysed. Even linking labour market and economic distribution issues to macro-economic policy objectives such as economic growth, low inflation, and government fiscal balance becomes a real possibility. Labour markets are covered only sketchily in national accounts. The lack of information, for example, on labour and pay by educational level and by gender is a serious omission. A SAM framework increases the opportunities for a more complete analysis, either directly by including the breakdown by labour categories in the relevant accounts, or indirectly by presenting and quantifying the link with underlying micro and meso data. The following sections indicate future analysis possibilities for the SAM.

Extension of the SAM towards a system of economic and social accounting matrices and extensions (SESAME)

Section C of Chapter 20 of the 1993 SNA outlines a system of economic and social accounting matrices and extensions (SESAME). The starting point for a SESAME is the SAM, where the economic information is complemented by other important aspects of human life. One area where such a system can be valuable is sustainable development, which focuses on the interaction between social and environmental issues and the economy.

The SESAME is a detailed statistical information system in matrix format. It extends the framework beyond conventional national accounts, which, despite their wealth of information, do not cover social and environmental aspects. The analysis of a number of important fields such as social protection, health or the environment may benefit from building a framework to accommodate elements which are included in the central accounts of the 1993 SNA, explicitly or implicitly, plus complementary elements and possible alternative concepts and presentations. Those special constructs, which are semi-integrated with the central framework, are called satellite accounts. The SESAME shows the relationship between monetary and non-monetary data at a meso-level, allowing additional plausibility checks on the results.

A meso-level information system such as a SESAME can be flexibly designed in terms of which breakdowns and related non-monetary variables are included. Therefore, the derivation of a set of core economic, social and environmental macro-indicators can go hand in hand with designing such a system.

Trade-revealed knowledge intensity

A clear analytical use of the SAM, together with data on capital stock, is the understanding of the role of the factors of production, labour and capital, in the economy. An important development in the world economy in recent years has been the increased economic integration reflected in increasing trade and economic dependence between countries.

Trade-revealed comparative advantages

Comparative advantage in the use of factors of production is reflected in the relatively high intensities of these factors in net exports. With the aid of the SAM or SESAME, the table can compare the total factor use in the production of one rand of net exports, with total factor use in the production of one Rand of domestic consumption for a series of production factors. A ratio of greater than one indicates an above average factor input in net exports. The ratios reflect differences in commodity composition and specific characteristics of the production structure of a country.

Modelling

SAMs can be used as a conceptual framework to explore the impact of exogenous changes in variables such as exports, government expenditure, and investment on the socio-economic system. For example, they can look at the effect of shocks on the structure of production, and factor and household distributions. In this way, SAMs can be the basis for simple multiplier analysis, and/or the building and calibration of a variety of applied general equilibrium models. The strength of a multiplier analysis is that it can provide a systematic sensitivity analysis. It allows effective comparisons to be made for the impact of demand between all sectors for a range of economic variables such as total output, value added, remuneration and imports. It is different from a modelling approach, which allows detailed numerical values of all elements of the SAM as well as of related economic variables to be computed. The chosen structure and level of disaggregation are determined by the questions the SAM is expected to address. SAMs can be used in a range of modelling applications.

6.2 Summary

There still remain significant disparities between households, in both income distributions and expenditure patterns. The disparities within population groups is a trend that has come to the fore in this analysis and it would be prudent to monitor them over time.

The one-dimensional monetary approach to measuring poverty has its limitations, but income and expenditure are building blocks onto which other blocks can be added to measure various other aspects of the concept, e.g. education and employment. Monetary poverty is highly correlated with these other aspects of poverty.

The main focus of the 1998 SAM was to describe the role of the household sector relative to the other sectors of the economy. This was achieved by detailing their final consumption expenditure according to four population and twelve expenditure groups. This information can therefore be useful in the analysis of poverty and income distribution. In many countries SAMs have been applied to analyse the interrelationships between the structural features of an economy and the distribution of income and expenditure between household groups.

To date, builders of SAMs have exploited the available flexibility to highlight special interests and concerns, display the various interconnections, disaggregate the household sector, show the link between income generation and consumption, etc. In addition to a flexible application and the inclusion of various components, a SAM may incorporate more extensive adjustments, which are of a satellite accounting nature, in order to satisfy specific analytical purposes.

From an analytical point of view, the SAM offers various new perspectives, particularly regarding the relationship between the distribution of income and economic development. The accounting structure of the SAM can be used for various kinds of analyses, ranging from simple analyses of income level and distribution changes and Keynesian multiplier analysis, through a somewhat more realistic “fixed price” analysis with income and expenditure elasticities deviating from one, to comprehensive, price endogenous Computable General Equilibrium models (CGE–models). In comparison with the standard T-account, a SAM also records which (sub) sectors pay what to which (sub) sectors. This feature allows a more thorough analysis of transmission mechanisms in the economy.

The SAM system is thus invaluable as a basic data source, an aid to structural analysis, a planning aid and as an interface between social, demographic, employment and national account statistics. The South African SAM thus affords a most interesting overview of the South African economy.

EXPLANATORY NOTES

Symbols and abbreviations

c.i.f.	Cost, insurance and freight price
f.o.b.	Free on board price
FSIM	Financial services indirectly measured
GDP	Gross Domestic Product
NAM	National Accounts Martix
NPISH	Non-profit institution serving households
SAM	Social Accounting Matrix
SESAME	System of economic and social accounting matrices and extensions
SIC	Standard Industrial Classification of all Economic Activities, fifth edition
SNA	System of National Accounts
Stats SA	Statistics South Africa
SUT	Supply and use tables

Rounding-off of figures

The figures have been rounded off to the nearest million. There may therefore be slight discrepancies between the sums of the constituent industries and the totals shown.

GLOSSARY

Capital transfer in kind — A capital transfer in kind consists of the transfer of ownership of an asset (other than inventories or cash) or the cancellation of a liability by a creditor.

Cash transfer — A cash transfer consists of the payment of cash or the equivalent of cash.

Commodity flow method — The commodity flow method is used to track the flow of goods and services from the supply (domestic production or imports) to the use (intermediate consumption, final consumption or exports) thereof.

Compensation of employees — Compensation of employees is defined as the total remuneration, in cash or kind, payable by an employer to an employee in return for work done by the latter during the accounting period. It is recorded on a gross basis, i.e. before any deduction for income taxes, pensions, unemployment insurance and other social insurance schemes. It also includes other forms of compensation, namely commissions, tips, bonuses, directors' fees and allowances such as those for holidays and sick leave, as well as military pay and allowances. It excludes employers' social contributions.

Cost, insurance and freight price — The cost, insurance and freight price (c.i.f.) is the price of goods delivered at the frontier of the importing country, or the price of a service delivered to a resident, before payment of any import duties or other taxes on imports or trade and transport margins within the country.

Current transfers — Current transfers comprise all transfers that are not classified as capital transfers. They directly affect the level of disposable income and should influence the consumption of goods and services.

Enterprise — An enterprise may be a corporation (a quasi-corporate enterprise is treated as a corporation in the 1993 SNA), a non-profit institution or an unincorporated enterprise. Corporate enterprises and non-profit institutions are complete institutional units. An unincorporated enterprise, however, refers to an institutional unit – a household or government unit – only in its capacity as a producer of goods and services. It covers only those activities of the unit which are directed towards the production of goods and services.

Establishment — An establishment is defined as an enterprise or part of an enterprise, that is situated at a single location and in which only a single (non-ancillary) productive activity is carried out or in which the principal productive activity accounts for most of the value added.

Factor cost	Factor cost is a valuation concept reflecting the cost of the factors of production (labour and capital). It corresponds to the value remaining after all applicable taxes and subsidies have been deducted from market prices.
Final demand	Different components of final demand are distinguished in the SU-tables. The supply tables show imports and the use tables show final consumption expenditure by households and the general government as well as gross capital formation (gross fixed capital formation and changes in inventories) and exports.
Financial services indirectly measured	Financial services indirectly measured (FSIM) are measured in the SNA as the total property income receivable by financial intermediaries minus their total interest payable, excluding the value of any property income receivable from the investment of their own funds. Therefore, income does not arise from financial intermediation.
Free on board price	The free on board price (f.o.b.) is the purchaser's price paid by an importer taking delivery of goods at the exporter's frontier after loading on to a carrier and after payment of any export taxes or the receipt of any tax rebates.
GDP at market prices	GDP at market prices equals total gross value added at basic prices *plus* taxes on products *minus* subsidies on products.
GDP for the economy	GDP for the entire economy is equal to GDP at market prices. It is essentially a production measure as it is obtained through the sum of the gross values added of all resident institutional units, in their capacity as producers, *plus* the values of any taxes, *less* subsidies, on production or imports not already included in the values of the outputs and values added by resident producers.
Generation of income account	The generation of income account provides for the distribution of primary incomes to the various institutional sectors. Primary incomes are incomes that accrue to institutional sectors and industries as a consequence of their involvement in processes of production or ownership of assets that may be needed for purposes of production.
Goods and services account	The goods and services account shows the total resources (output and imports) and uses of goods and services (intermediate consumption, final consumption, gross capital formation and exports). Taxes on products (less subsidies) are also included on the resource side of the accounts.
Gross value added at basic prices	Gross value added at basic prices is defined as output valued at basic prices less intermediate consumption valued at purchasers' prices.
Gross value added at producers' prices	Gross value added at producers' prices is defined as output valued at producers' prices less intermediate consumption valued at purchasers' prices.

Homogeneous production	A unit of homogeneous production is defined as a producer unit in which only a single (non-ancillary) productive activity is carried out.
Industries	Industries consist of groups of establishments engaged in the same or similar kinds of activities. The definition of industries is based on the 1993 SNA and is in line with that contained in the fifth edition of the Standard Industrial Classification of all Economic Activities, Report No. 09-90-02 of January 1993 (SIC).
Institutional unit	An institutional unit is an economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and transactions with other entities.
Intermediate consumption	Intermediate consumption consists of the value of the goods and services consumed as inputs by a process of production, excluding fixed assets. Consumption of fixed assets is recorded as consumption of fixed capital.
Other taxes on production	Other taxes on production consist of taxes on the ownership of land, buildings or other assets used in production or on labour employed, etc. Important examples of other taxes on production are taxes on payroll or work force, business or professional licences.
Output	Output consists of those goods or services that are produced within an establishment that then become available for use outside the establishment, plus any goods and services produced for own final use.
Primary industries	Primary industries include agriculture, forestry and fishing, mining and quarrying.
Principal activity	The principal activity of an establishment is the activity whose gross value added exceeds that of any other activity carried out within the same unit.
Producers' price	The producer's price is the amount receivable by the producer from the purchaser for a unit of a good or service produced as output minus any VAT, or similar deductible tax, invoiced to the purchaser. It excludes any transport charges invoiced separately by the producer.
Production account for the total economy	The production account is the first in the sequence of accounts compiled for institutional sectors, industries and the total economy. The production account contains three items apart from the balancing item, namely, output, intermediate consumption and taxes less subsidies on products. The output is recorded under resources on the right-hand side of the account. Intermediate consumption and taxes less subsidies on products is recorded under uses on the left-hand side of the account.

Production boundary	The general production boundary is defined as an economic activity (or production) carried out under the control and responsibility of an institutional unit that uses inputs of labour, capital, and goods and services to produce output of goods and services. The production boundary in the 1993 SNA is more restricted than the general production boundary due to the production accounts not being compiled for household activities that produce domestic or personal services for own final consumption within the same household, except for services produced by paid domestic staff.
Purchasers' price	The purchaser's price is the amount paid by the purchaser, excluding any deductible VAT or similar deductible tax, in order to take delivery of a unit of goods or services at the time and place required by the purchaser. The purchaser's price of goods includes any transport charges paid separately by the purchaser to take delivery at the required time and place.
Secondary activity	A secondary activity is an activity carried out within a single establishment in addition to the principal activity.
Secondary industries	Secondary industries include manufacturing, electricity, gas, water and construction.
Square	A matrix is square when it has an equal number of columns and rows.
Other subsidies on production	Subsidies are transfers from the government to the business sector toward current cost of production. These transfers represent additions to the income of producers from current production.
Subsidies on products	Subsidies on products are payable per unit of goods or services.
Supply and use tables	The SU-tables are sometimes referred to as rectangular input–output tables, make-and-use tables, supply-and-disposition-of commodities tables.
Supply table	The supply table gives information about the resources of goods and services.
Symmetric	Symmetric tables use similar classifications or units, i.e. the same groups of products for both the rows and the columns.
System of National Accounts	System of National Accounts refers to an internationally agreed standard system for macro-economic accounts. The latest version is described in the 1993 System of National Accounts (1993 SNA).
Taxes on income	Taxes on income consist of taxes on incomes, profits and capital gains. They are assessed on the actual or presumed incomes of individuals, households, non-profit institutions serving households (NPISHs) or corporations. They include taxes assessed on holdings of property, land or real estate when these holdings are used as a basis for estimating the income of their owners.

Taxes on production and imports	Taxes on production and imports are taxes which add to the cost of production and are likely to be reflected in market prices paid by the purchaser, such as sales and excise taxes, import duties and property taxes. Taxes on production and imports include taxes on products and other taxes on production.
Taxes on products	Taxes on products consist of taxes payable on goods and services when they are produced, delivered, sold or otherwise disposed of by their producers. Furthermore, they are payable per unit of goods or services produced. Important examples of taxes on products are excise and import duties and VAT.
Tertiary industries	Tertiary industries include wholesale and retail trade and motor trade; catering and accommodation; transport and communication; finance, real estate and business services; community, social and personal services; general government services; and other producers.
Transfer	A transfer is defined as a transaction in which one institutional unit provides goods, services or assets to another unit without receiving from the latter any good, service or asset in return as counterpart.
Transfer in kind	A transfer in kind consists of the transfer of ownership of goods or assets, other than cash, or the provision of a service.
Use table	The use table gives information on the uses of goods and services, and also on cost structures of the industries.
Value added components	The use table distinguishes three different components of value added, i.e. compensation of employees, other taxes less subsidies on production and gross operating surplus/mixed income.
Value added by industry	Value added measures the value created by production and may be calculated either before or after deducting the consumption of fixed capital on the fixed assets used. Gross value added is defined as the value of output less the value of intermediate consumption. Value added is the balancing item in the production account for an institutional unit or sector, or establishment or industry.

ANNEXURES

Annexure 1 provides a link between the description of the 27 products used in the SAM and the description of the 95 products used in the SU-tables.

Annexure 1: Description of products used in the SAM

Product code	Product category in SAM	SU-tables product description
P1100	Agriculture	Agricultural, forestry and fishing products
P2100	Coal	Coal and lignite products
P2300	Gold	Gold and uranium ore products
P2500	Other mining	Other mining products
P301-6	Food	Meat products; Fish products; Fruit and vegetables products; Oils and fats products; Dairy products; Grain mill products; Animal feeds; Bakery products; Sugar products; Sugar confectionery; Other food products; Beverages and tobacco products.
P311-316	Textiles	Textile products; Made-up textile products; Carpets and rugs; Other textiles products; Wearing apparel; Leather products; Handbags.
P317	Footwear	Footwear
P331-338	Petroleum	Fuel products; Basic chemical products; Fertilizers; Primary plastic products; Pesticides; Paints; Pharmaceutical products; Soap products; other rubber products; Plastic products
P341-342	Other non-metallic mineral products	Glass products; Non-structural ceramics; Structural ceramic products; Cement; Other non-metallic
P351-359	Basic iron/steel	Iron and steel products; Non-ferrous metals; Structural metal products; Treated metal products; General hardware products; Other fabricated metal products; Engines; Pumps; Gears; Lifting equipment; General machinery; Agricultural machinery; Machine tools; Mining machinery; Other special machinery; Household appliances; Office machinery
P36	Electrical machinery	Electric motors; Electricity apparatus; Wire and cable products; Accumulators; Lighting equipment; Other electrical products
P371-376	Radio	Radio and television products; Optical instrument

Annexure 1: Description of products used in the SAM (concluded)

Product code	Product category in SAM	SU-tables product description
P381-387	Transport equipment	Motor vehicles; Motor vehicle parts; Other transport products
P321-6, 391-5	Other manufacturing	Wood products; Paper products; Containers of paper; Other paper products; Published and printed products; Recorded media products; Furniture; Jewellery; Manufactured products n.e.c.
P4100	Electricity	Electricity
P4200	Water	Water
P5	Construction	Building construction; Other construction
P6100	Trade	Trade services
P64	Hotels and restaurants	Hotel and restaurant services
P7100	Transport services	Transport services
P7500	Communications	Communications
P81-83	Financial intermediation	FSIM; Insurance services
P84	Real estate	Real estate services
P85-88	Business activities	Other business services
P91&94	General government	General government services
P9300	Health and social work	Health and social work
P92/5/6/9	Other activities/ services	Other activities/ services

The abbreviated description of occupations used in the SAM and the corresponding SASCO-group codes are shown in Annexure 2.

Annexure 2: Key between occupation descriptions and SASCO groups

SAM description (Skill level)	Corresponding South African Standard Classification of Occupation (SASCO) groups
Legislators (4)	Legislators; senior government officials; traditional chiefs and heads of villages; senior officers of special-interest organisations; legislators and senior officers not elsewhere classified; corporate managers, directors and chief executives; production and operation managers/ department managers; other managers/ department managers; corporate managers not elsewhere classified and general managers; general managers not elsewhere classified.
Professionals (4)	Physicists, chemist and related professionals; mathematicians, statisticians and related professionals; computing professionals; architects, engineers and related professionals; physical sciences technologists; physical, mathematical and engineering science professionals not elsewhere classified; life science professionals; health professionals; nursing and midwifery professionals; life science and health professionals not elsewhere classified; college, university and higher education institutions teaching professionals; secondary education institutions teaching professionals; primary and pre-primary education teaching professionals; special education institutions teaching professionals; other teaching institutions teaching professionals; other education professionals not elsewhere classified; business professionals; legal professionals; archivists, librarians and related information professionals; social science and related professionals; writers and creative or performing artists; religious professionals and other professionals not elsewhere classified.

Annexure 2: Key between occupation descriptions and SASCO - groups (continued)

SAM description (Skill level)	Corresponding SASCO groups
Technicians (3)	Natural and engineering science technicians; optical and electronic equipment operators, ship and aircraft controllers and technicians; physical engineering science associate professionals not elsewhere classified; life science technicians and related associate professionals; modern health associate professionals (except nursing); nursing and midwifery associate professionals; traditional medicine practitioners and faith healers; life science and health professionals not elsewhere classified; primary education teaching associated professionals; pre-primary education teaching associate professionals; special education teaching associate professionals; other teaching associate professionals; teaching associate professionals not elsewhere classified; finance and sales associate professionals; business services agents and trade brokers; administrative associate professionals; customs; tax and related government associate professionals; police inspectors and detectives; social work associate professionals; artistic, entertainment and sports associate professionals; religious associate professionals and other associate professionals not elsewhere classified.
Clerks (2)	Secretaries and keyboard operating clerks; numerical clerks; material-recording and transport clerks; library, mail and related clerks; other office clerks and clerks not elsewhere classified (except customer services clerks); cashiers, tellers and related clerks; client information clerks and customer services clerks not elsewhere classified.
Service workers (2)	Travel attendants and related workers; housekeeping and restaurant services workers; personal care and related workers; other personal services workers; astrologers, fortune tellers and related workers; protective services workers; personal and protective service workers not elsewhere classified; fashion and other models; shop salesperson and demonstrators; stall and market salesperson; models and salesperson and demonstrators not elsewhere classified.

Annexure 2: Key between occupation descriptions and SASCO - groups (continued)

SAM description (Skill level)	Corresponding SASCO groups
Skilled agricultural workers (2)	Market gardeners and crop growers; market-oriented animal producers and related workers; market-oriented crop and animal producers; forestry and related workers; fishery workers, hunters and trappers; market-oriented skilled agricultural and fishery workers not elsewhere classified and subsistence agricultural and fishery workers.
Craft workers (2)	Miners, shot-firers, stone cutters and carvers; building frame and related trades workers; building finishers and related trades workers; painters, building structure cleaners and related trades workers; extraction and building trades workers not elsewhere classified; metal moulders, welders, sheet-metal workers, structural metal preparers and related trades workers; blacksmiths, tool-makers and related trades workers (excluding apprentices/trainees); machinery mechanics and fitters; electrical and electronic equipment mechanics and fitters; metal, machinery and related trades workers not elsewhere classified; precision workers in metal and related trades workers; potters, glass-makers and related trades workers; handicraft workers in wood, textile, leather and related materials; printing and related trades workers; precision, handicraft, printing and related trades workers not elsewhere classified; food processing and related trades workers; wood treaters, cabinetmakers and related trades workers; textile, garment and related trades workers; pelt, leather and shoemaking trades workers and other craft and related trades workers not elsewhere classified.

Annexure 2: Key between occupation descriptions and SASCO - groups (concluded)

SAM description (Skill level)	Corresponding SASCO groups
Plant and machine operators (2)	Mining and mineral processing plant operators; metal processing plant operators; glass, ceramics and related plant operators; wood-processing and papermaking plant operators; chemical processing plant operators; power-production and related plant operators; automated assembly-line and industrial-robot operators; stationary-plant and related operators not elsewhere classified; metal and mineral-products machine operators; chemical-products machine operators; rubber and plastic products machine operators; rubber and plastic products machine operators; wood products machine operators; printing, binding and paper products machine operators; textile, fur and leather products machine operator; food and related products machine operators; assemblers; other machine operators and assemblers not elsewhere classified; locomotive engine drivers and related workers; motor vehicle drivers and related workers; agricultural and other mobile plant operators; ships' deck crews and related workers and drivers and mobile plant operators not elsewhere classified.
Elementary occupations (1)	Street vendors and related workers; shoe-cleaning and other elementary street services occupations; cleaners and launderers; building caretakers and window and related cleaners; messengers, porters, doorkeepers and related workers; garbage collectors and related workers; elementary sales and services occupations not elsewhere classified; agricultural, fishery and related labourers; agricultural, fishery and related labourers not elsewhere classified; mining and construction labourers; manufacturing labourers; transport labourers and freight handlers; labourers in mining, construction and manufacturing and transport not elsewhere classified.
Domestic workers (1)	Domestic and related helpers
Occupation unspecified (1)	Armed forces, occupations unspecified; unemployed persons, occupations unspecified; occupations in the informal sector not elsewhere classified; occupations not elsewhere classified; occupations not adequately defined; homemakers; children, not scholars or students (less than 15 years old); scholars, students; pensioners and other not economically active (65 years and older) and labour-disabled (15 to 64 years old) persons; not economically active persons not elsewhere classified and foreign visitors.

The abbreviated description of the final household consumption expenditure range used in the SAM are shown in Annexure 3.

Annexure 3: Key between percentiles and annual household expenditure

Percentile	Annual household expenditure R	% of population
P1	1 – 540	0 – 5
P2	541 – 5 700	6 – 10
P3	5 701 – 8 496	11 – 20
P4	8 497 – 10 716	21 – 30
P5	10 717 – 12 996	31 – 40
P6	12 997 – 15 828	41 – 50
P7	15 829 – 19 992	51 – 60
P8	19 993 – 26 556	61 – 70
P9	26 557 – 37 884	71 – 80
P10	37 885 – 57 816	81 – 90
P11	57 817 – 75 840	91 – 95
P12	75 841 +	96 – 100

The skill levels used in the SAM are shown in Annexure 4.

Annexure 4: Major occupational groups and skill levels

Major group	Skill level	Educational level
Legislators	4	Education which begins at the age of 18 or 19, lasts three, four or more years, and leads to a university or post-graduate university degree.
Professionals	4	
Technicians	3	Education which begins at the age of 17 or 18, lasts one to four years, and leads to an award not equivalent to a first university degree.
Clerks	2	Secondary education which begins at the age of 13 or 14 and last about five years. A period of on-the-job-training and experience may be necessary.
Service workers	2	
Skilled agricultural workers	2	
Craft workers	2	
Plant and machine operators	2	
Elementary occupations	1	Primary education which generally begins at the age of 6 or 7 and lasts about 7 years. Including persons without any formal primary education, or with incomplete primary education.
Domestic workers	1	