



Safripol Sustainability Conference 2024

New era of socio-political & economic cooperation

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New era of socio- political & economic cooperation



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Optimum Investment Group*

Sustainability – three dimensions

Environmental

Objective:
To protect and
preserve the earth
and its natural resources

Economic

Objective:
Long-term generation
of profit without
depleting resources

Social

Objective:
Ensuring human dignity
& respect for human rights
across multiple
generations

Sustainability – origin and development of concept

The term “sustainability” was coined in 1713 by Hans Carl von Carlowitz

First defined as the principle of harvesting as much as can be regrown in nature

Objective: Ensuring the long-term preservation of ecosystems

Focus of non-renewable resources: Recycling; reducing consumption; and transition to renewable energy resources (decarbonisation)

Economic focus has shifted from short-term profit to long-term access to resources; promotion of free trade; & environmental protection

Focus of social sustainability: Combating of poverty; reducing unemployment; investing in human capital; and human rights guarantees

International interventions: UN Sustainable Development Goals (SDGs)

Targets: 169

Actions: 7,862

Progress with the SDGs – selected examples

Comprehensive social security programs

Biogas Plants in Rural Settings in India

Ceramic Purifiers for Clean Drinking Water in Laos

Efficient cook stoves save mountain gorilla habitat in Rwanda

Solar panels for education & 560 million trees planted in Ethiopia in as single day

Less deforestation of the rainforest in Kenya (efficient cook stoves)

Animal manure producing clean biogas in Indonesia

Rainforest protection in Solomon Islands

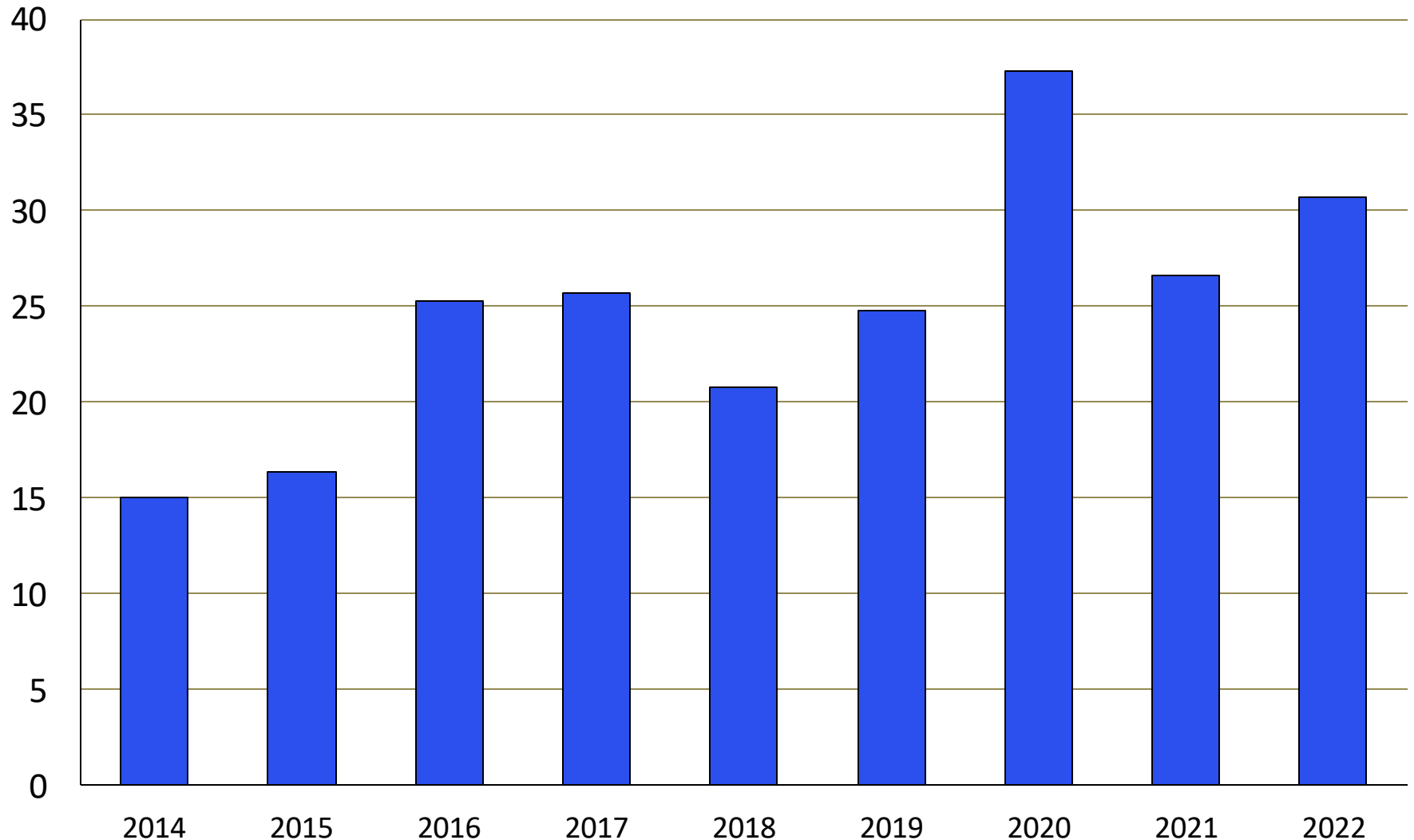
From Waste to Organic Fertiliser in Nepal

Community Reforestation in Nicaragua

Number of people demanding work under the NREGA scheme in the month of May (lean season for agriculture in India)

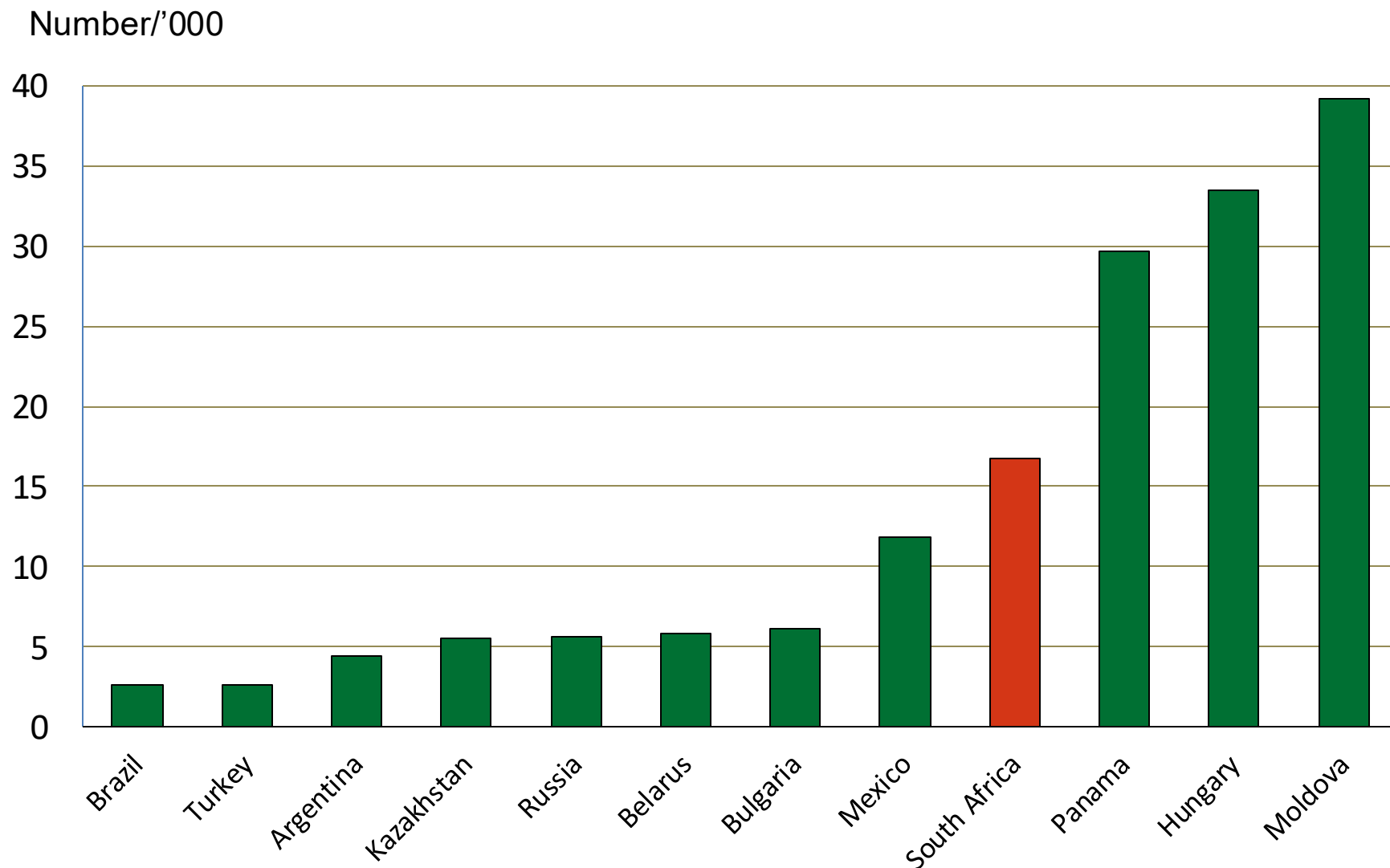
Million

(Source: NREGA data portal)



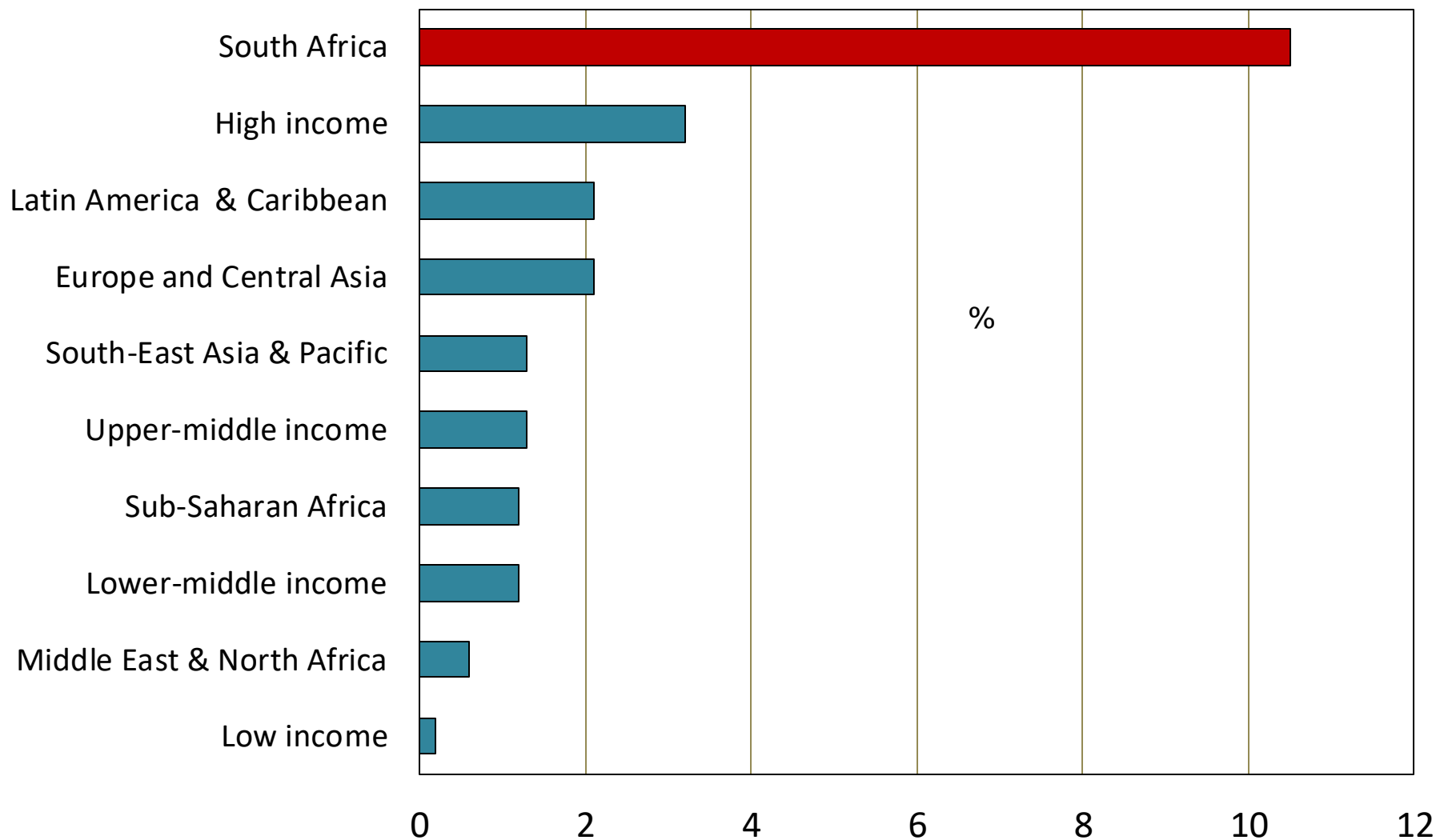
Public works programmes in emerging markets - number of beneficiaries per '000

(Sources: World Bank; Botha et al -2022)



Simulated inequality reduction associated with SSPs – developing country income groups & regions

(Sources: World Bank 2018 & 2022)



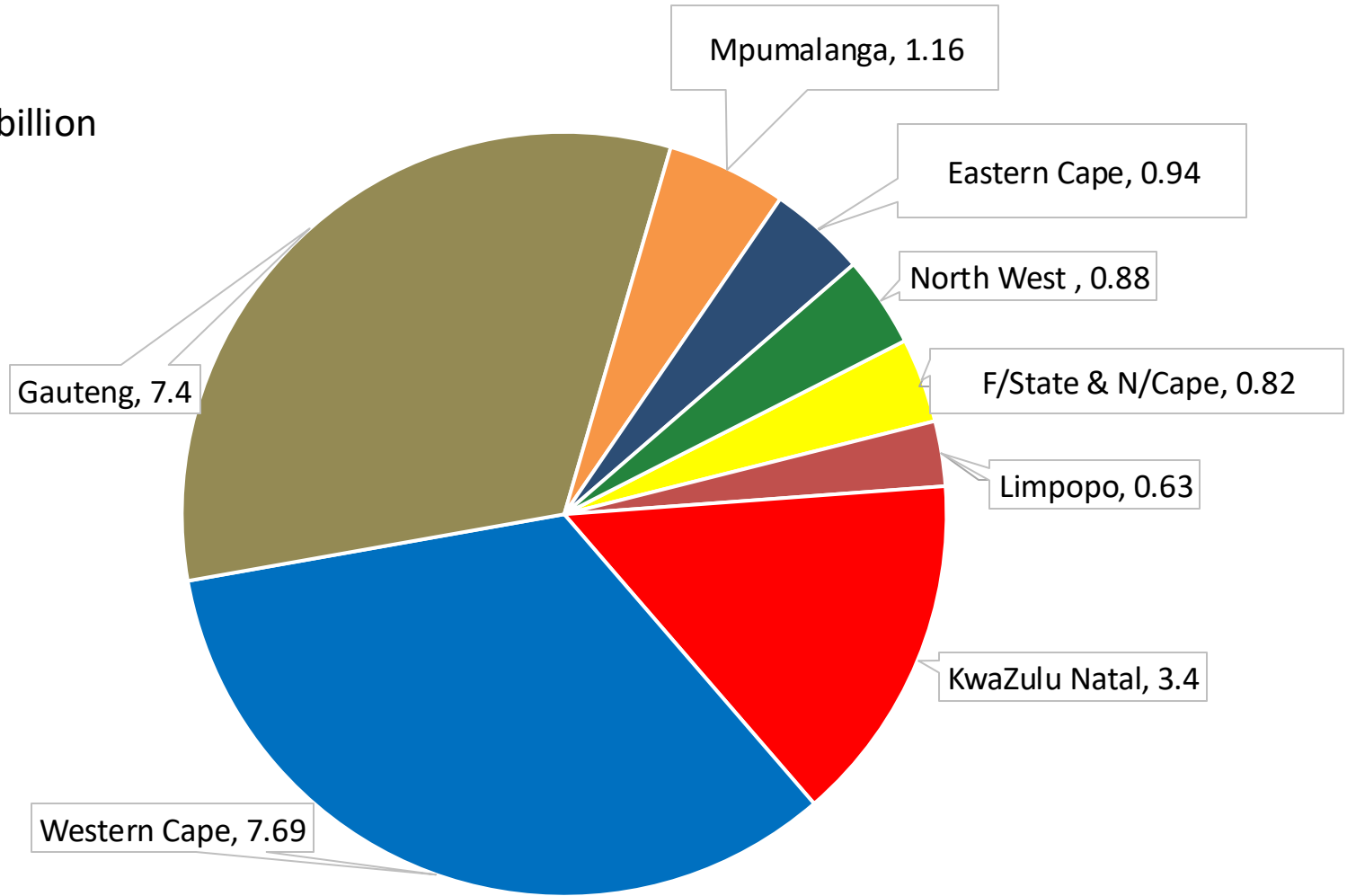
Real estate snapshot



Value of residential building plans passed by province – January to June 2024

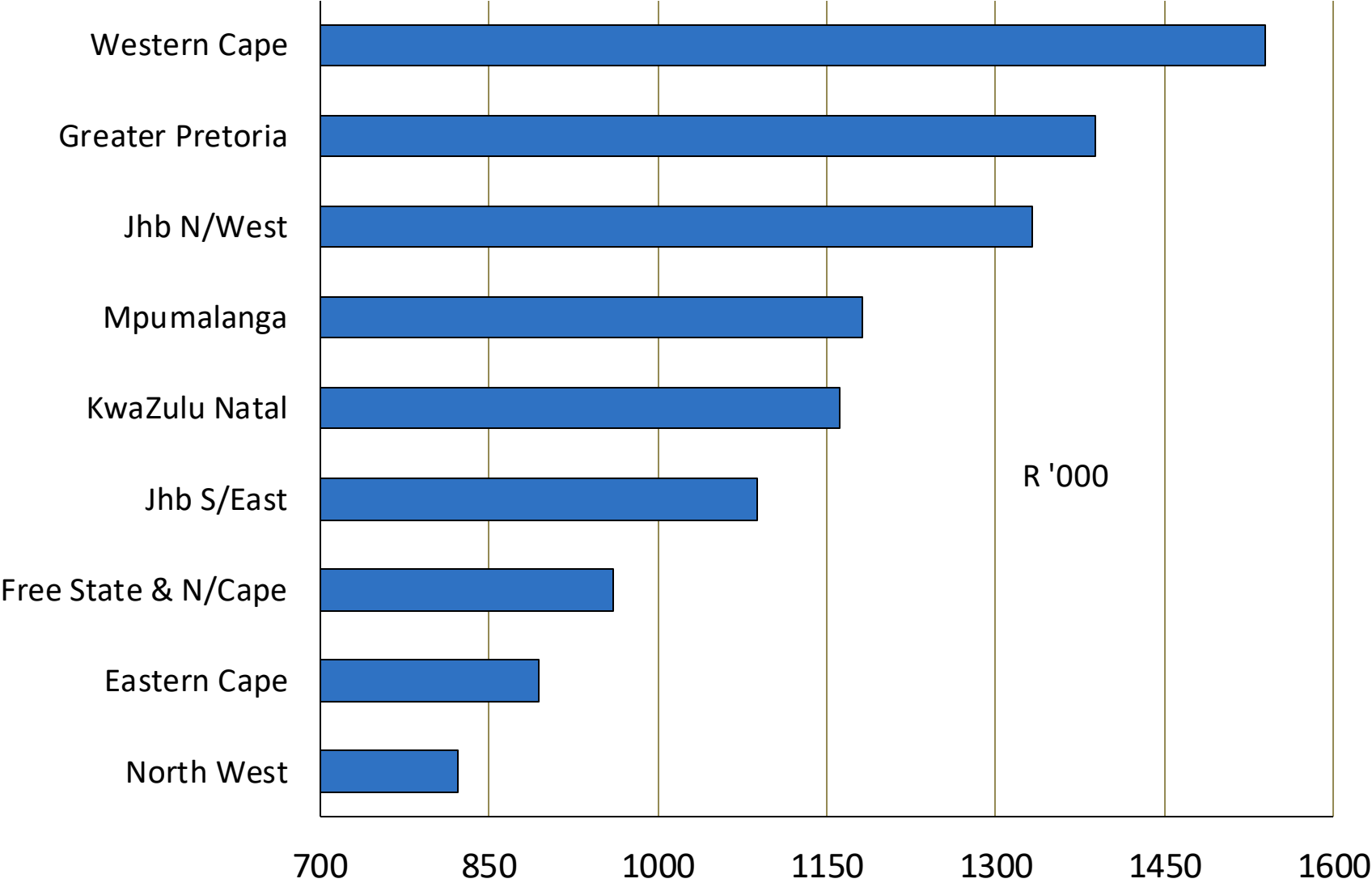
(Source: Stats SA)

Total: R23 billion



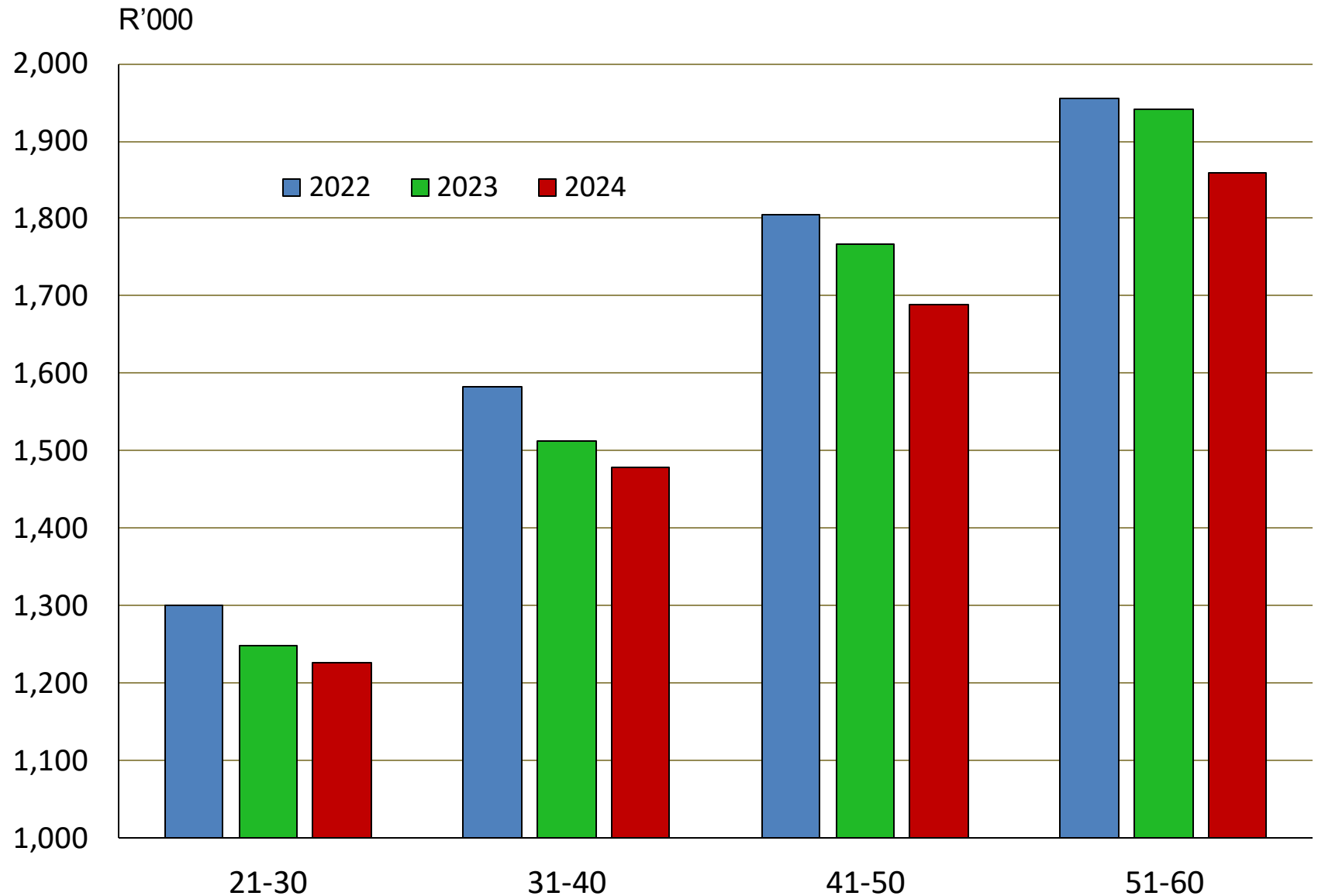
Regional composition of average bond value - Q2 2024

(Source: BetterBond)



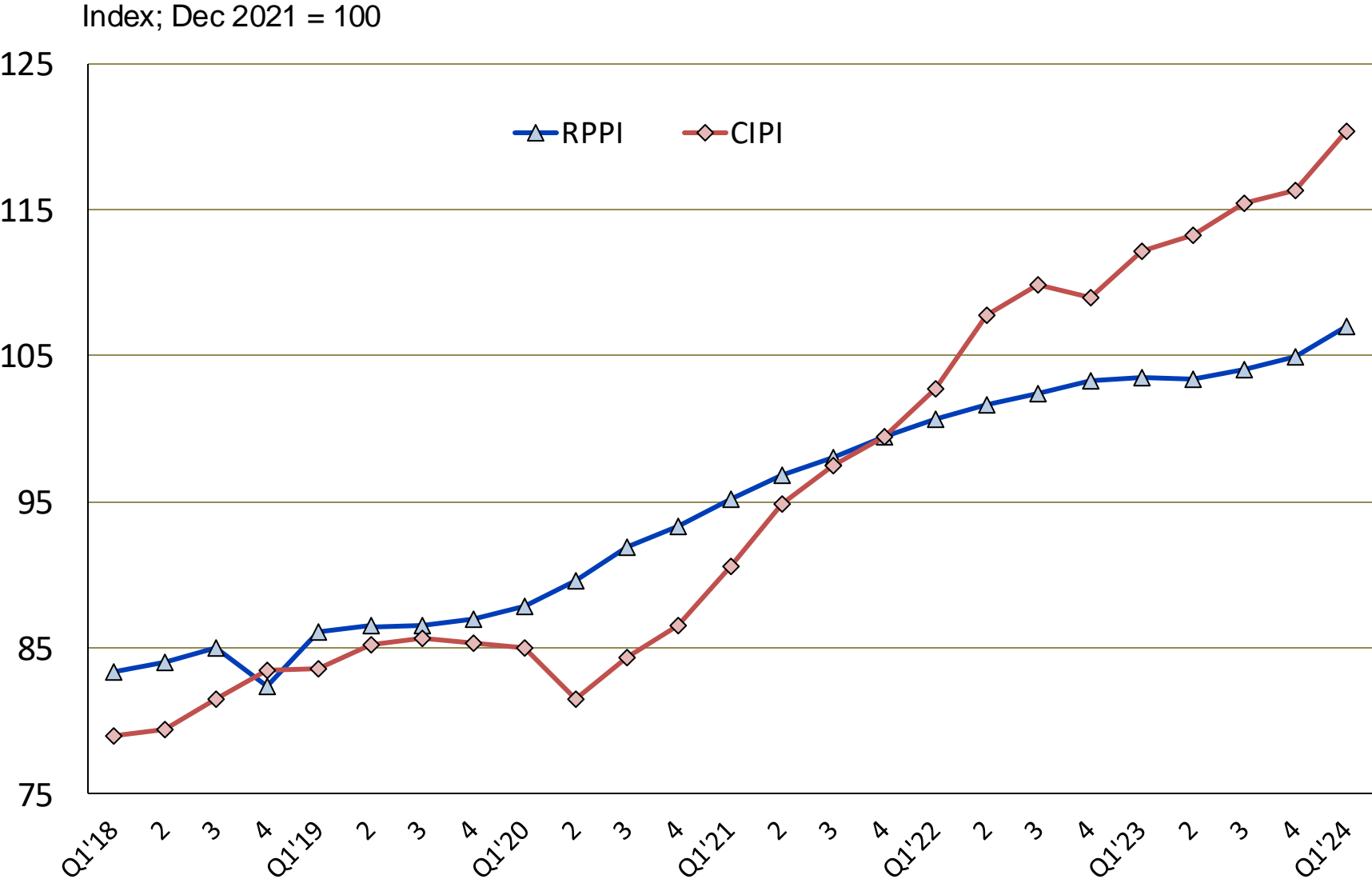
Average home purchase price by age group at constant 2024 prices (12 months to July)

(Source: BetterBond)



Residential property price index (RPPI) & construction input price index (CIPI)

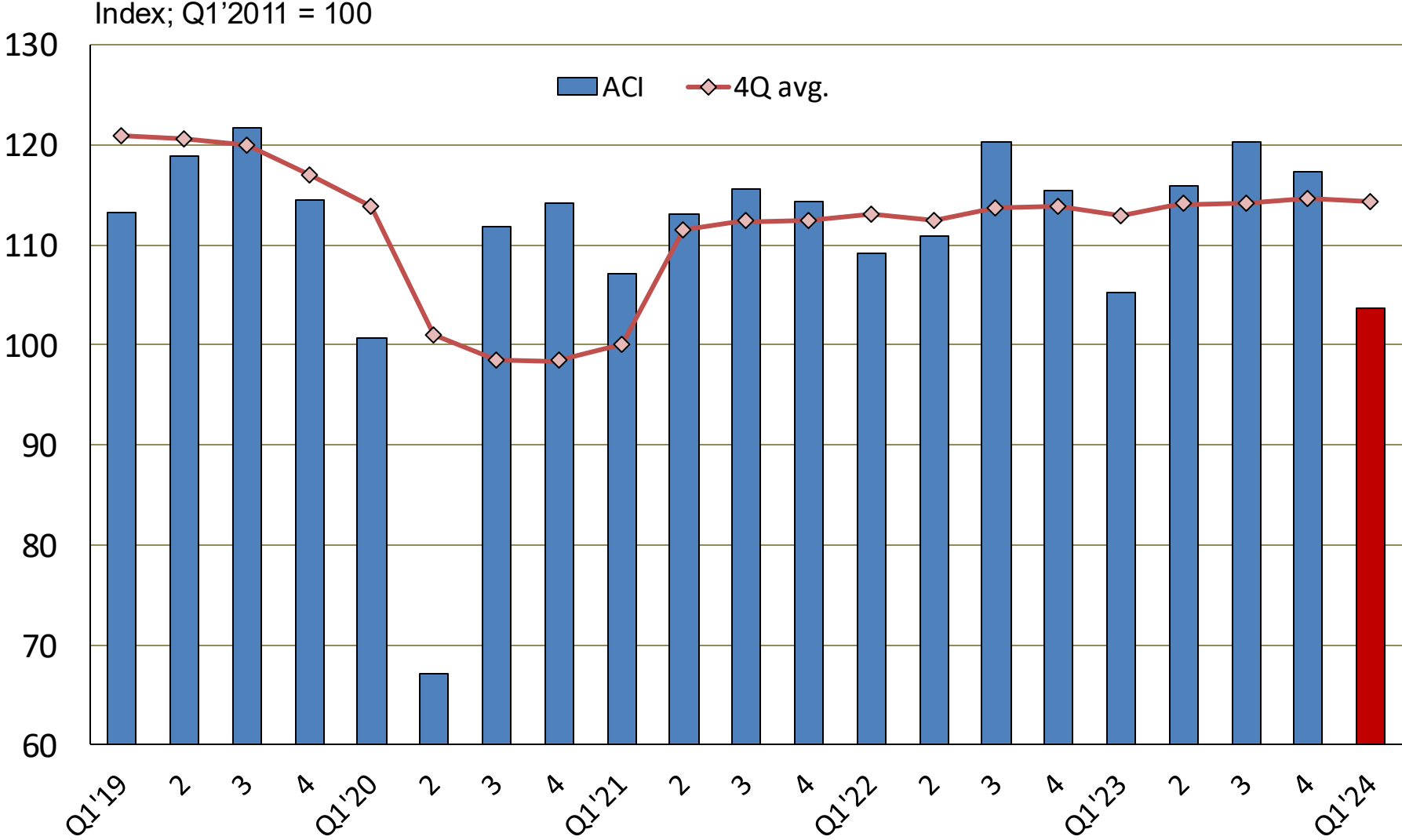
(Sources: Stats SA; own calculations)



Daunting challenges
lie ahead

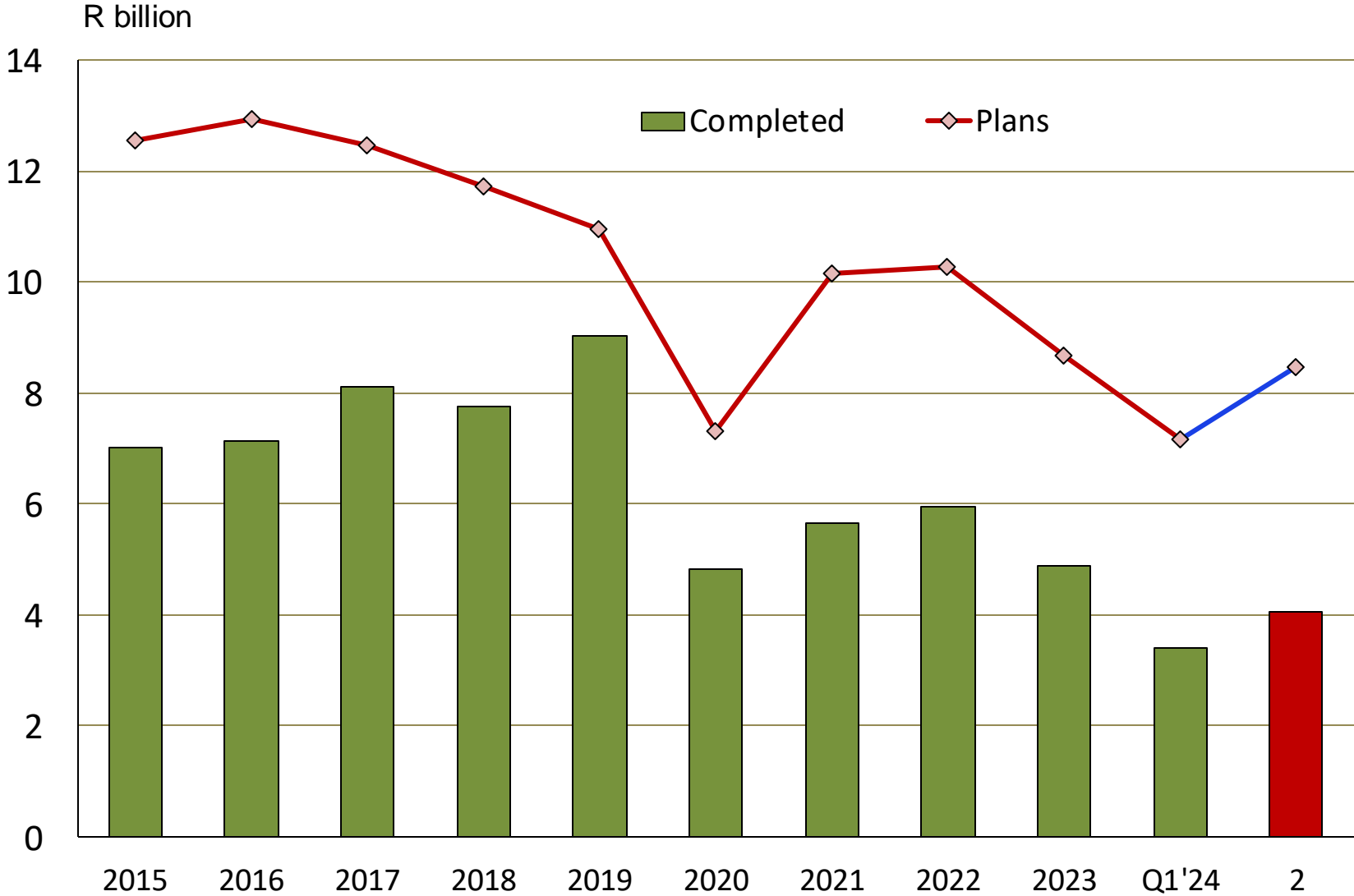


Afrimat Construction Index (ACI) – 1st quarter 2024

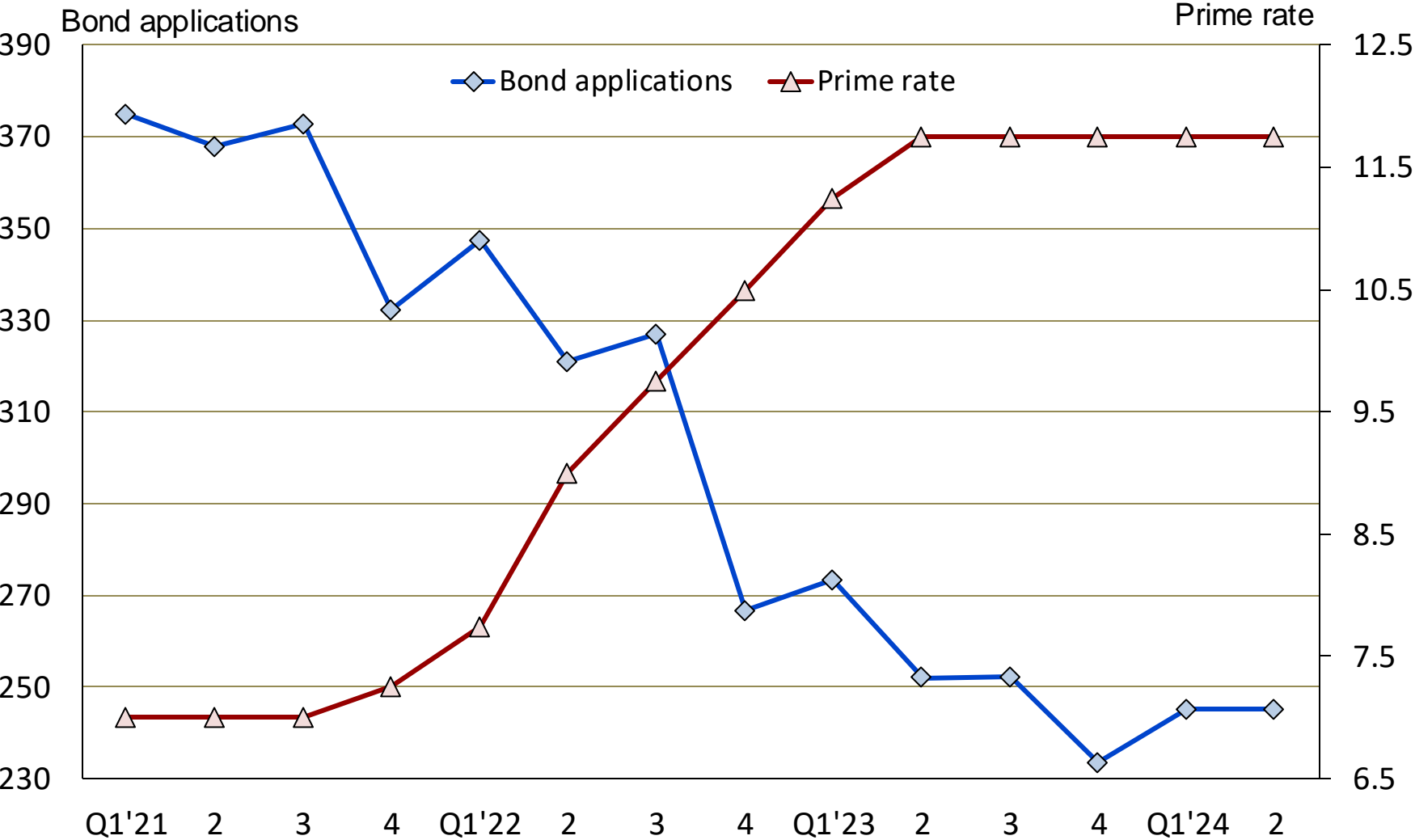


Average monthly value of building plans passed & buildings completed at constant 2024 prices

(Sources: Stats SA; own calculations)

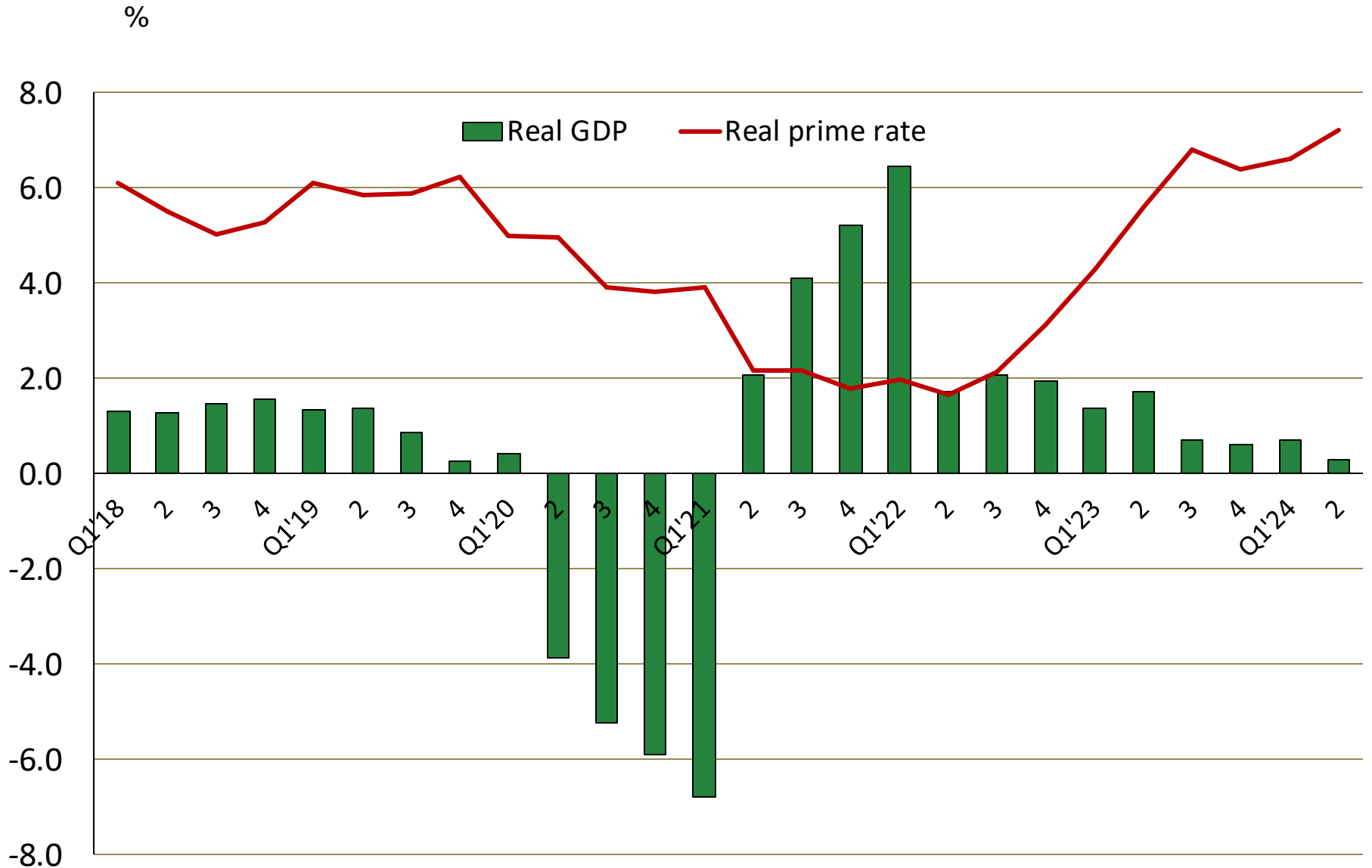


Number of mortgage bond applications administered by *Betterbond* (indexed) & the prime rate



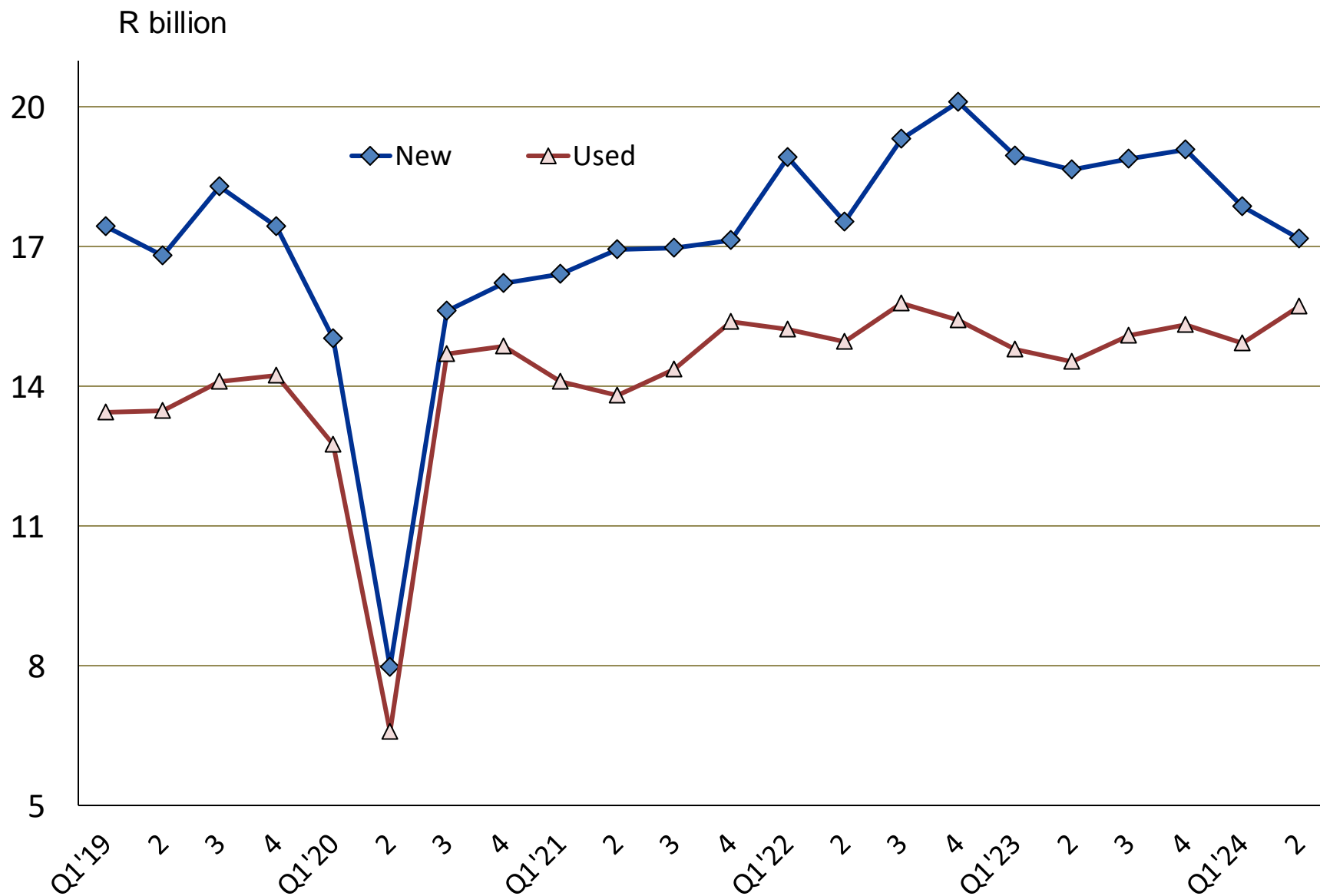
Year-on-year real GDP growth and the real prime rate

(Note: GDP = 4Q average; Sources: Stats SA; own calculations)



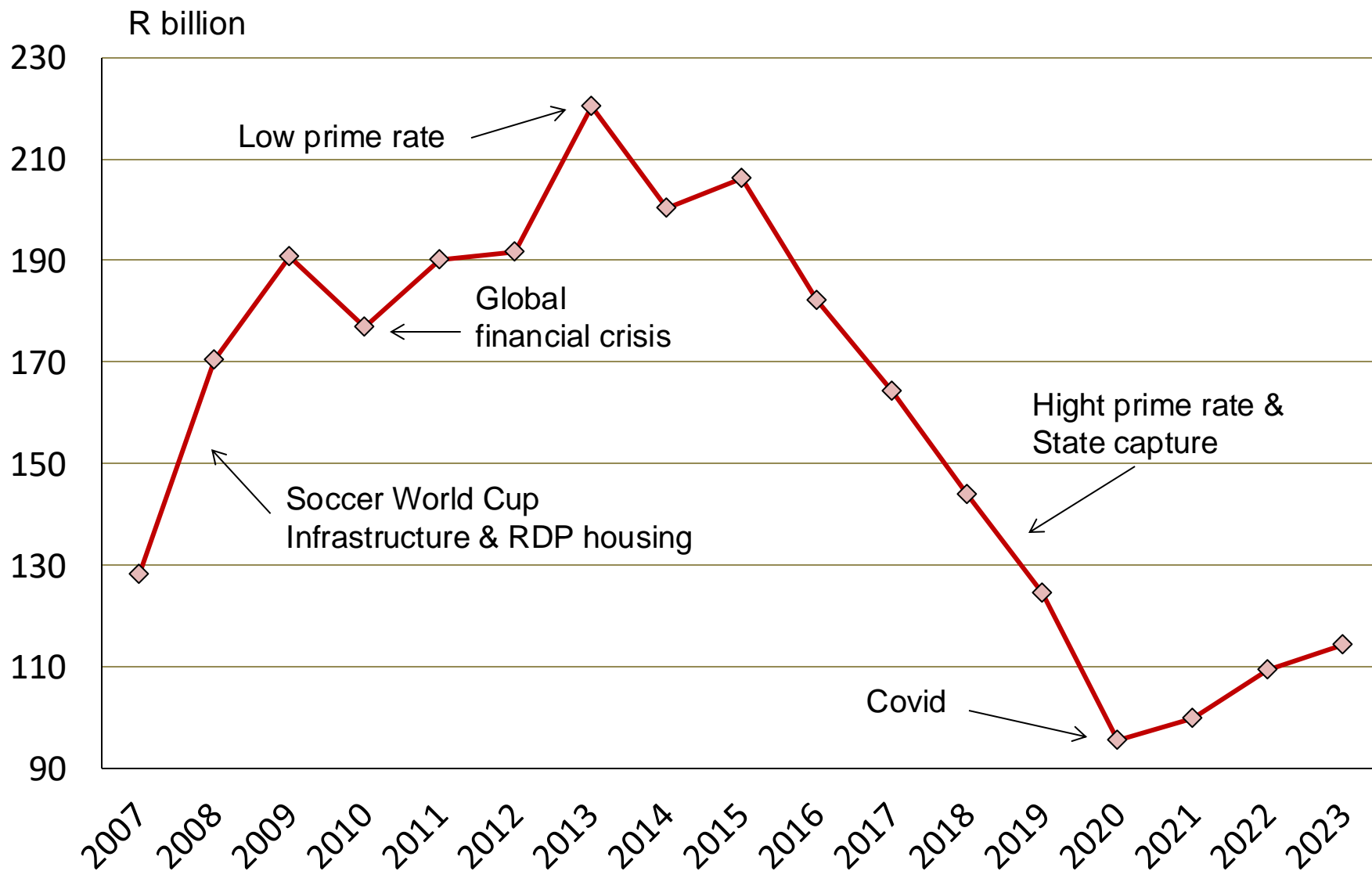
Real value of new and used motor vehicle sales - monthly average

(Source: Stats SA; own calculations)



Gross fixed capital formation by public corporations at constant 2023 prices

(Source: Stats SA)



Economic woes mainly caused by the disastrous Zupta-era

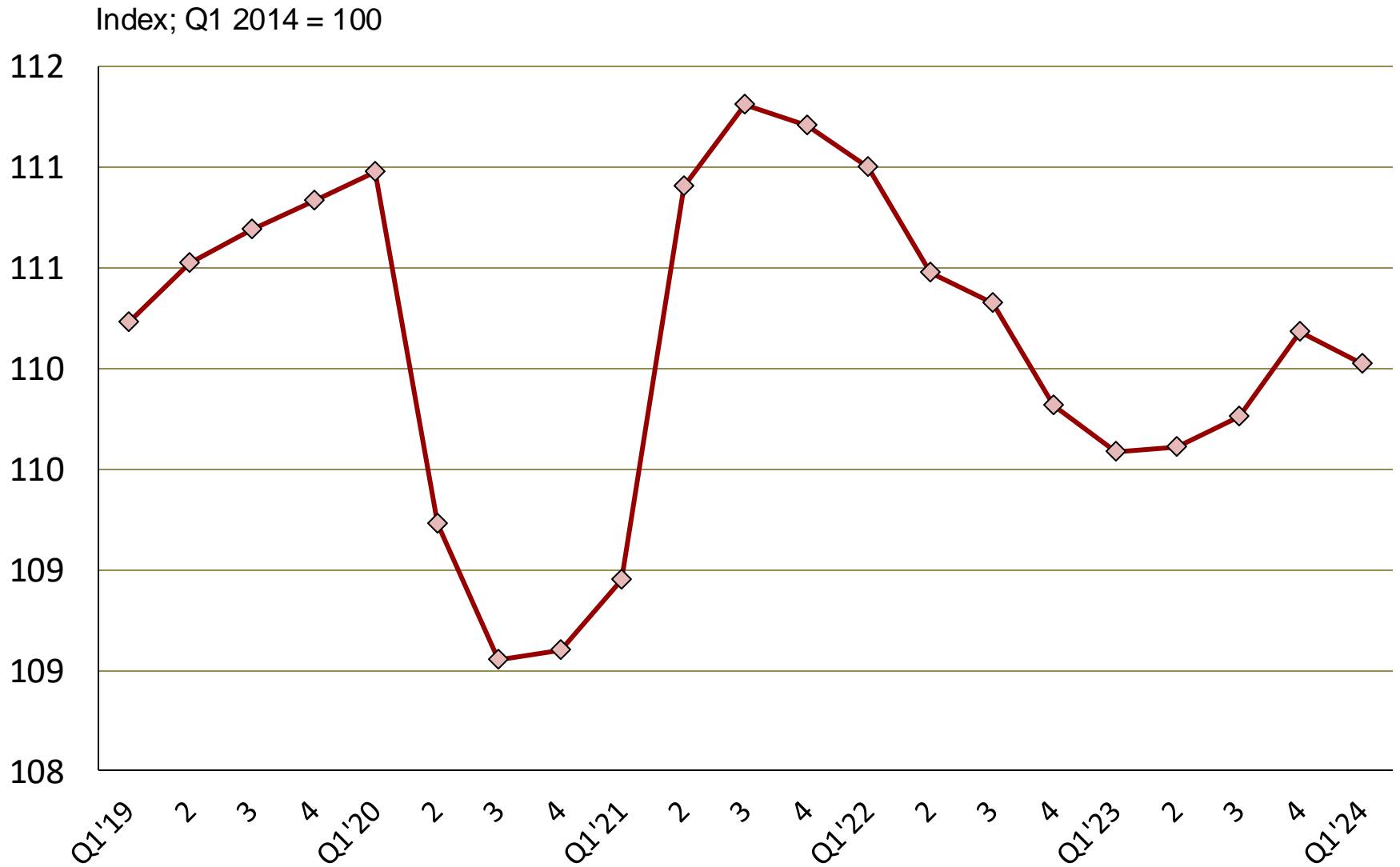
Poor economic leadership during the Zuma years resulted in losses in GDP of at least **R2.5 trillion, tax revenue foregone of **R635 billion** and cost each South African an average of **R48k**. An average of **1.2 million** more jobs could have been supported with better leadership and a more competent state!**

- Sassa grant debacle (Minister found guilty of fraud in 2006)
- Energy policy fiasco (100% increase in electricity tariffs in 3 years; electricity blackouts)
- PetroSA loss in 2015 = R14.5 billion (due to incompetence)*
- SAA loss in 2017/18 = R5.7 billion*
- Irregular municipal expenditure increases to R32 billion*
- High Court of SA exposes DMR as “irrational & incompetent”
- 3,600 public servants found guilty of corruption (& counting)
- Hawks’ attack on Finance Minister Gordhan nonsensical
- Reckless cabinet reshuffle; clearly influenced by Guptas
- 80 ANC-run municipalities dysfunctional due to nepotism/incompetence/fraud/corruption/theft
- Contingent liabilities of government increased from R200bn to R900bn between 2008 and 2017
- ANC admits it may be destroyed by corruption & fraud

***Note:** Could have paid for 650k houses and supported 2 10k jobs

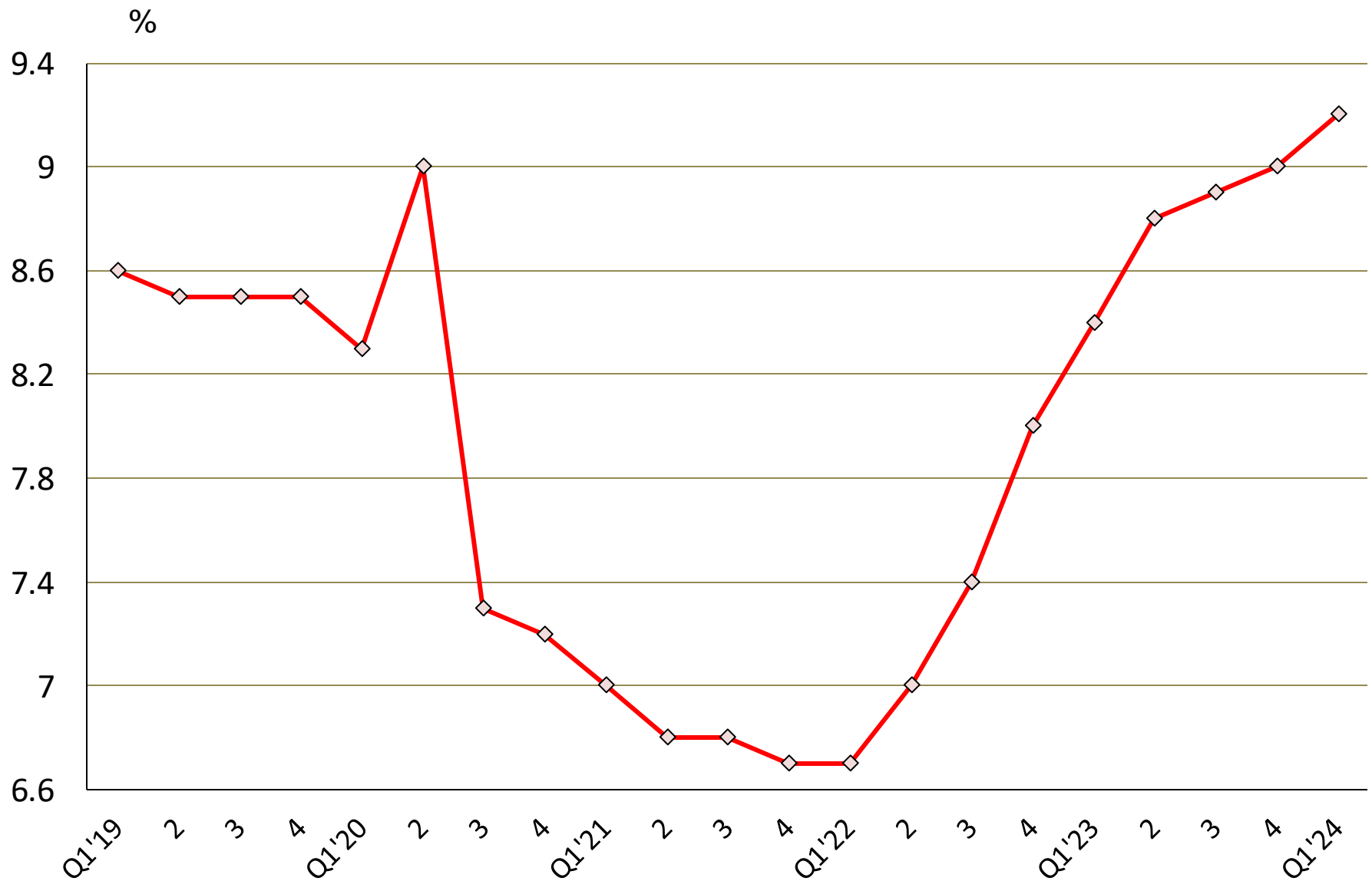
Altron Fintech Household Resilience Index (AFHRI) Q1 2024

(Note: 4 quarter average)



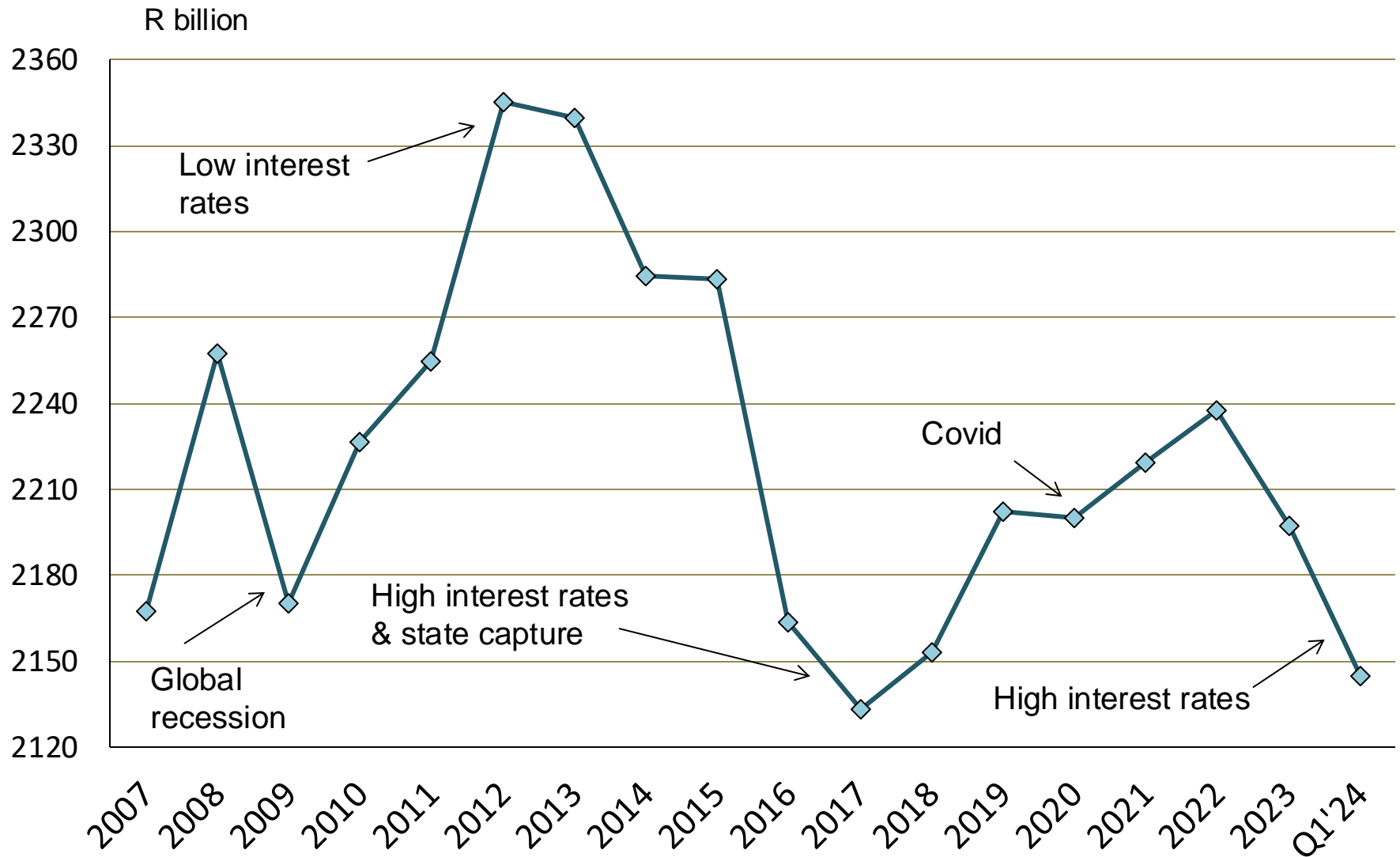
Household debt costs as % of income

(Source: SARB)



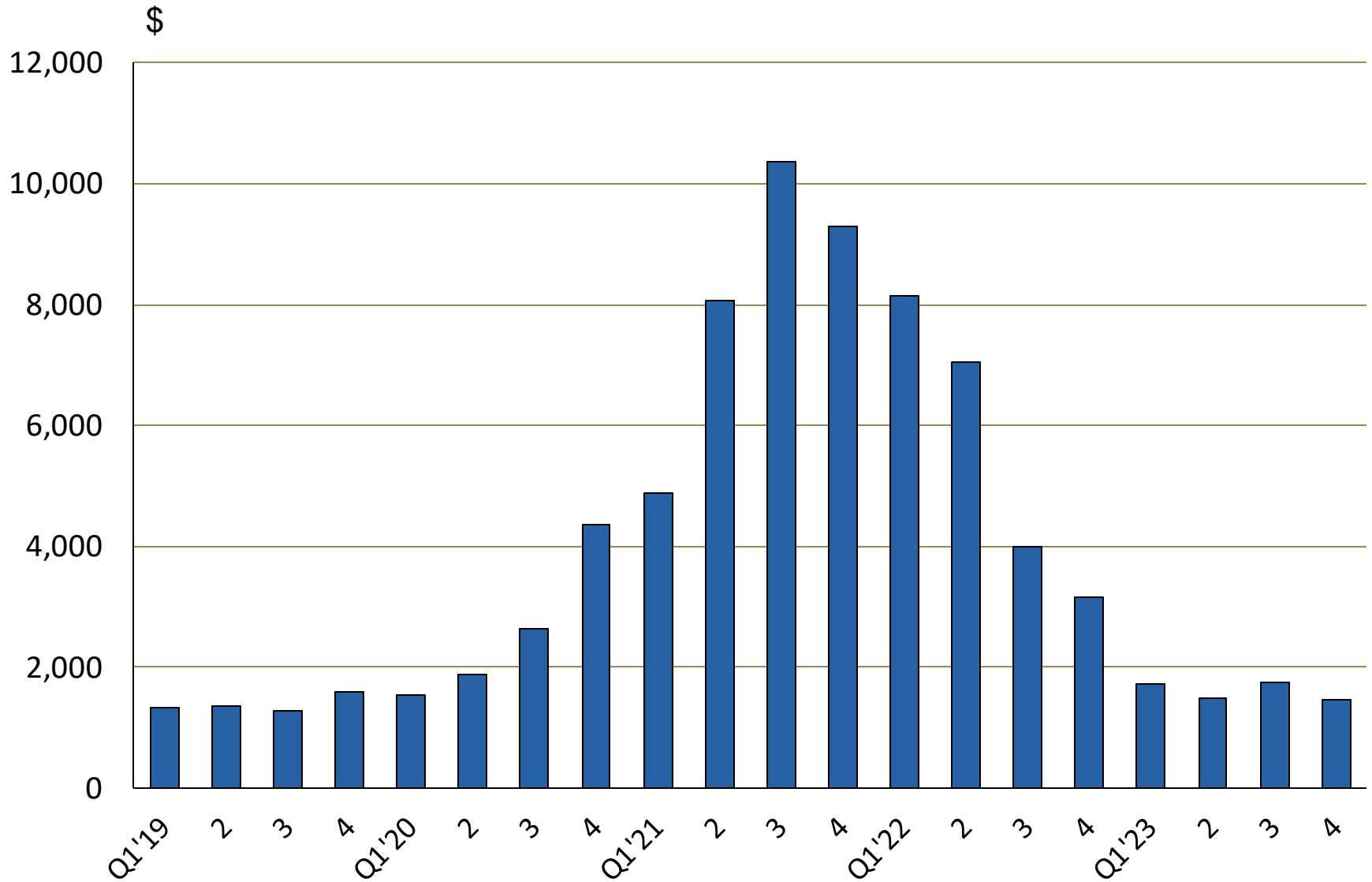
Household credit extension at constant 2024 prices

(Source: SARB – deflated by the CPI)



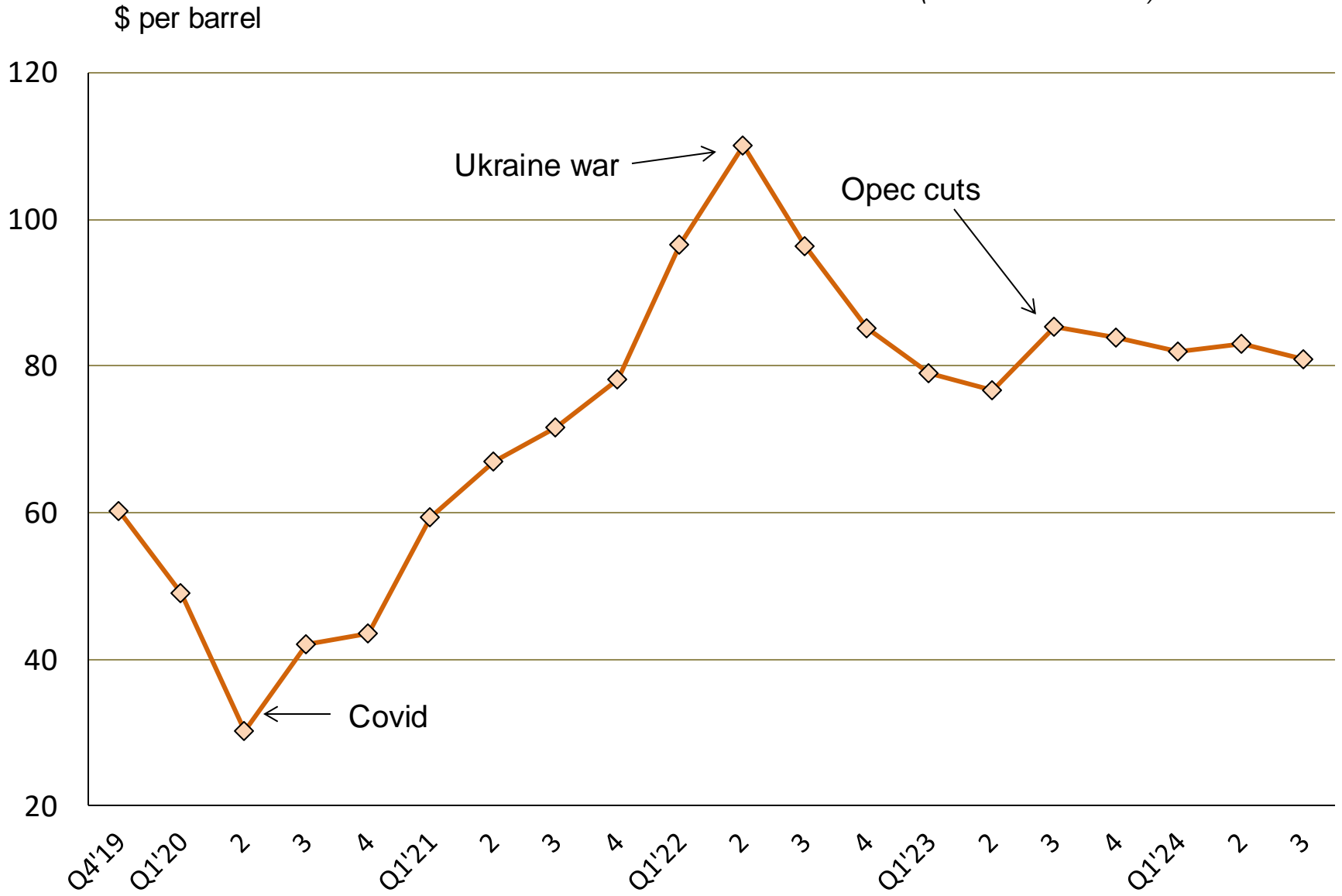
Global container freight rate index (\$ per 40 ft container)

(Sources: Statista; Drewry)



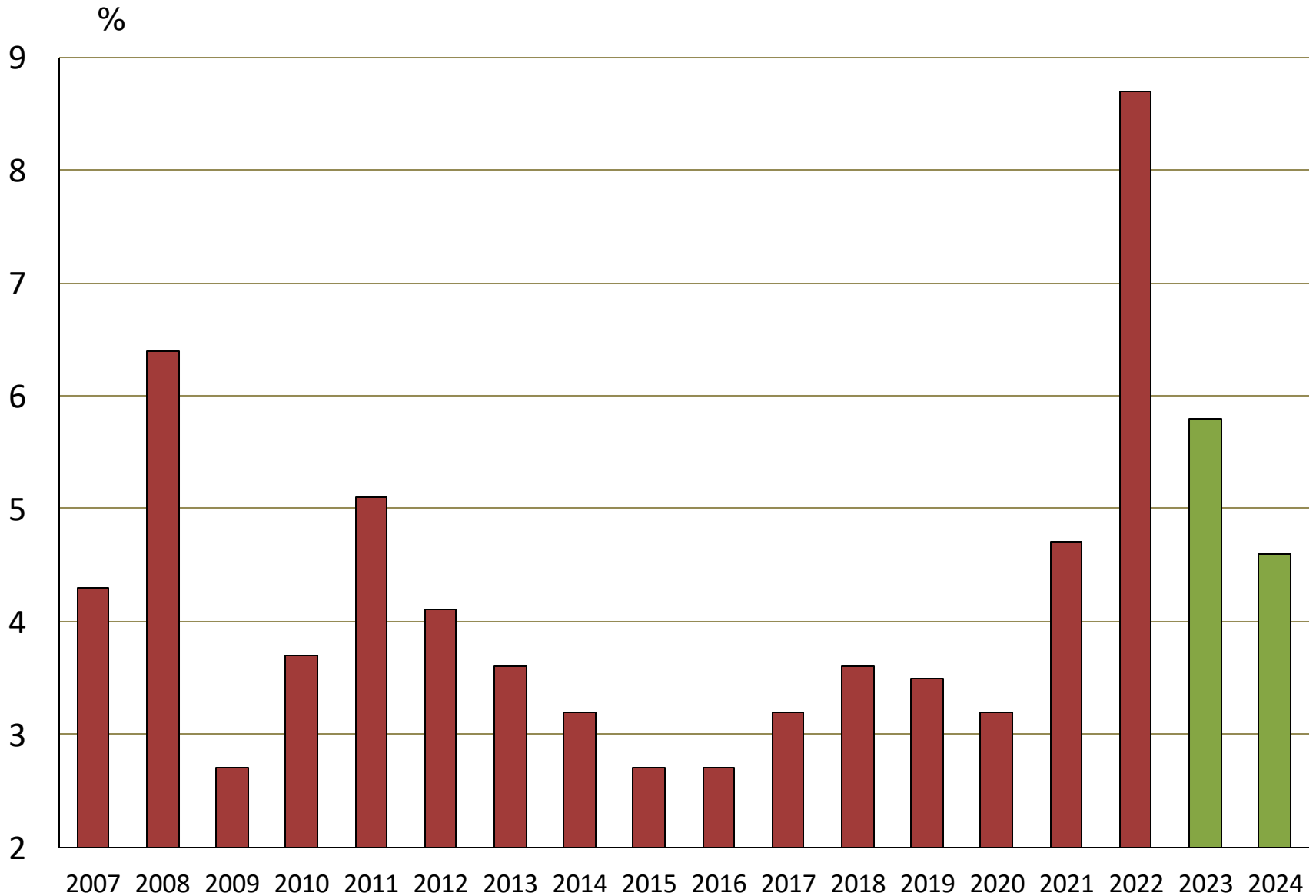
Brent crude oil price

(Source: World Bank)



Median global inflation (forecasts for 2023 & 2024)

(Source: IMF)

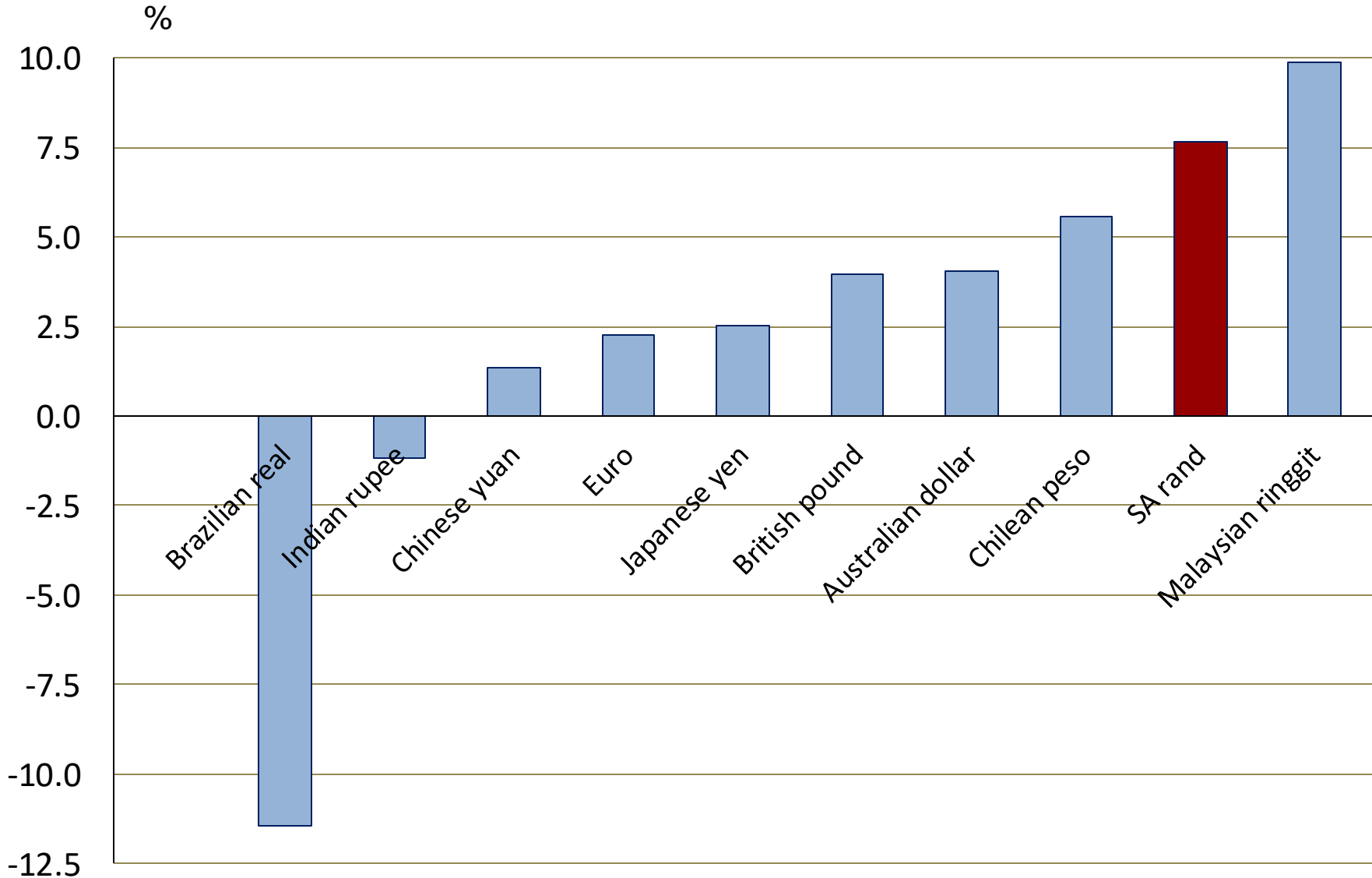




Post-Covid
recovery of business
confidence

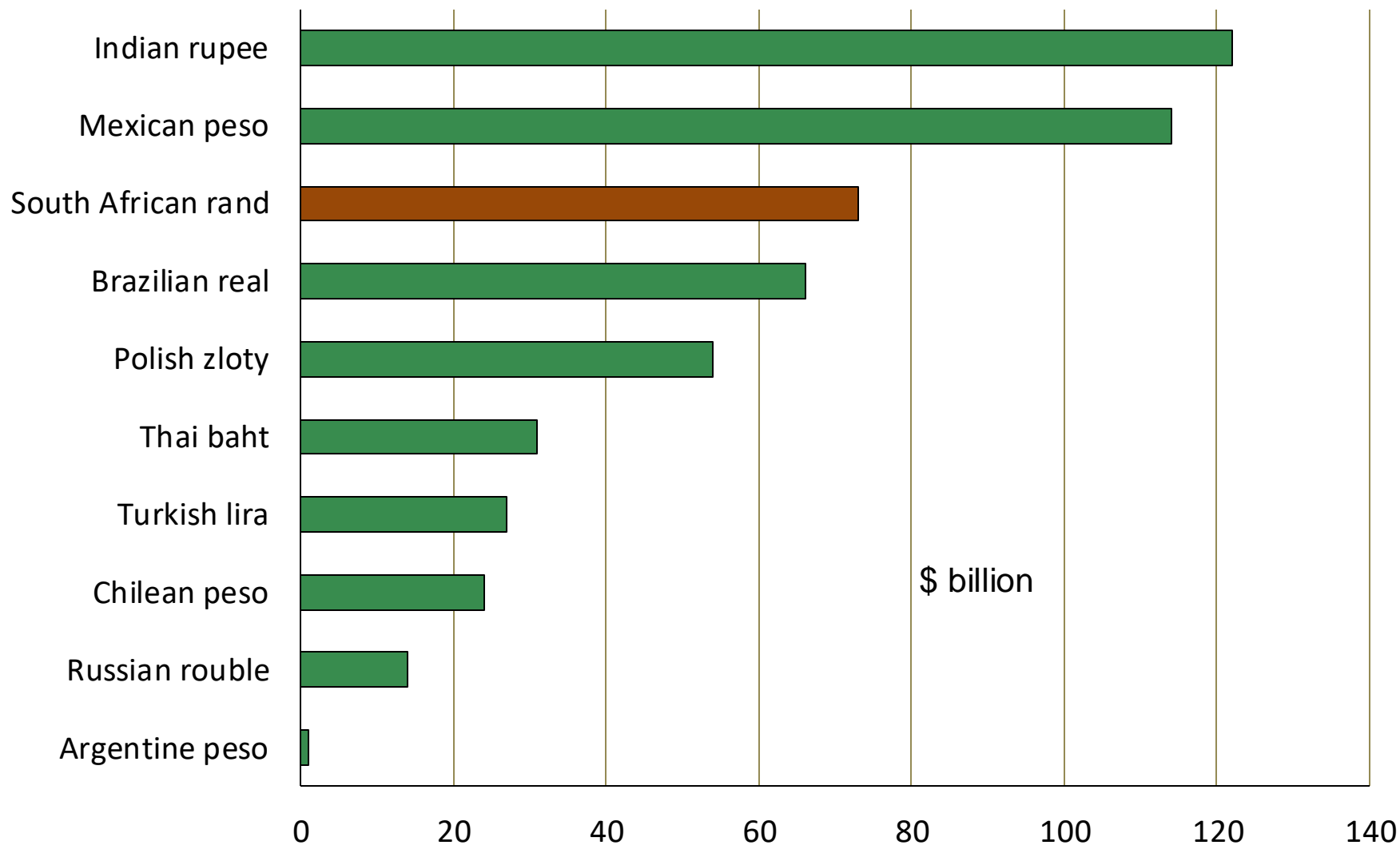
% Change in values against the US dollar 1 March to 31 August – selected key currencies

(Sources: X-rates; own calculations)



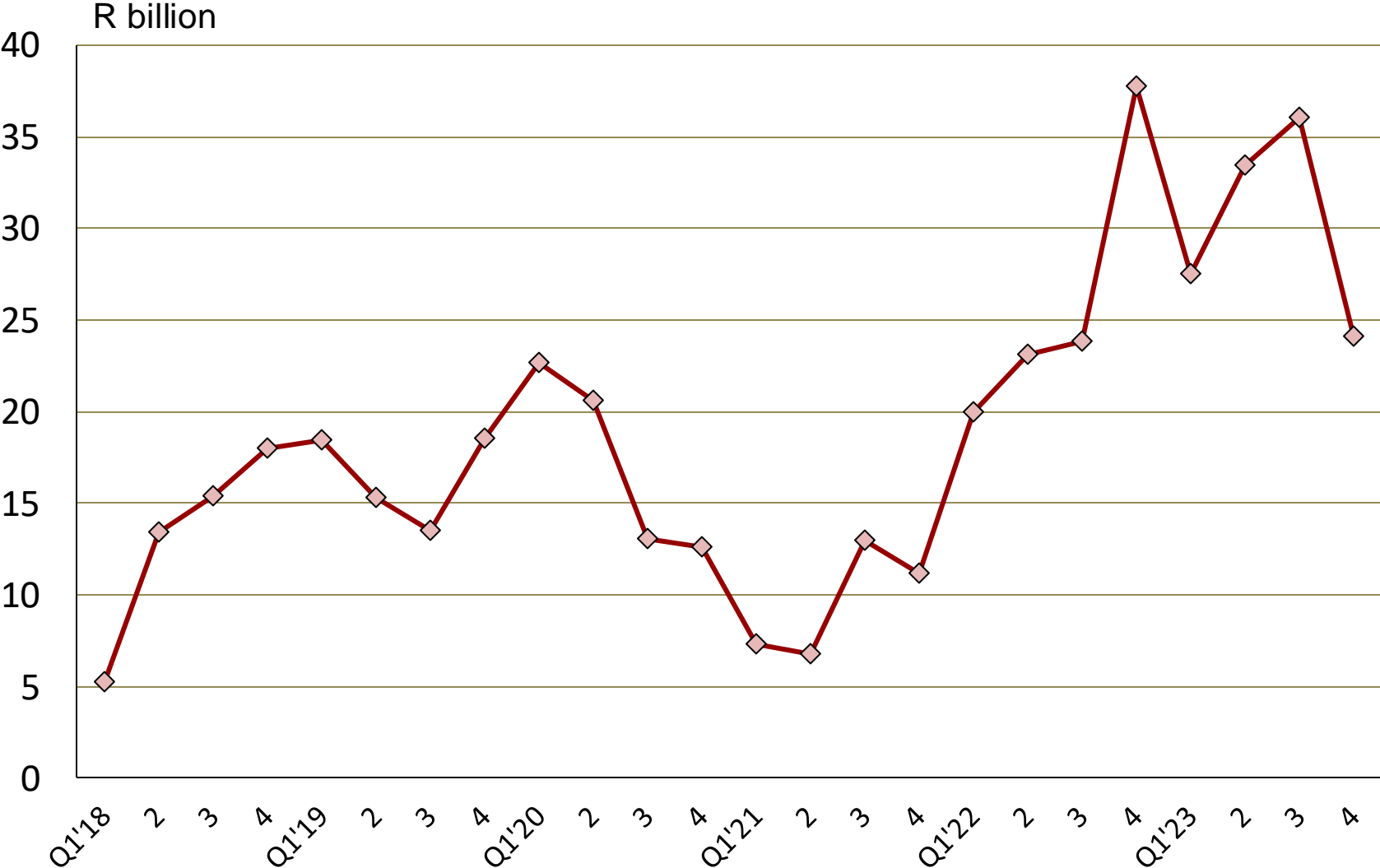
Average daily foreign exchange turnover in 2022 – selected emerging market currencies

(Source: Bank for International Settlements)



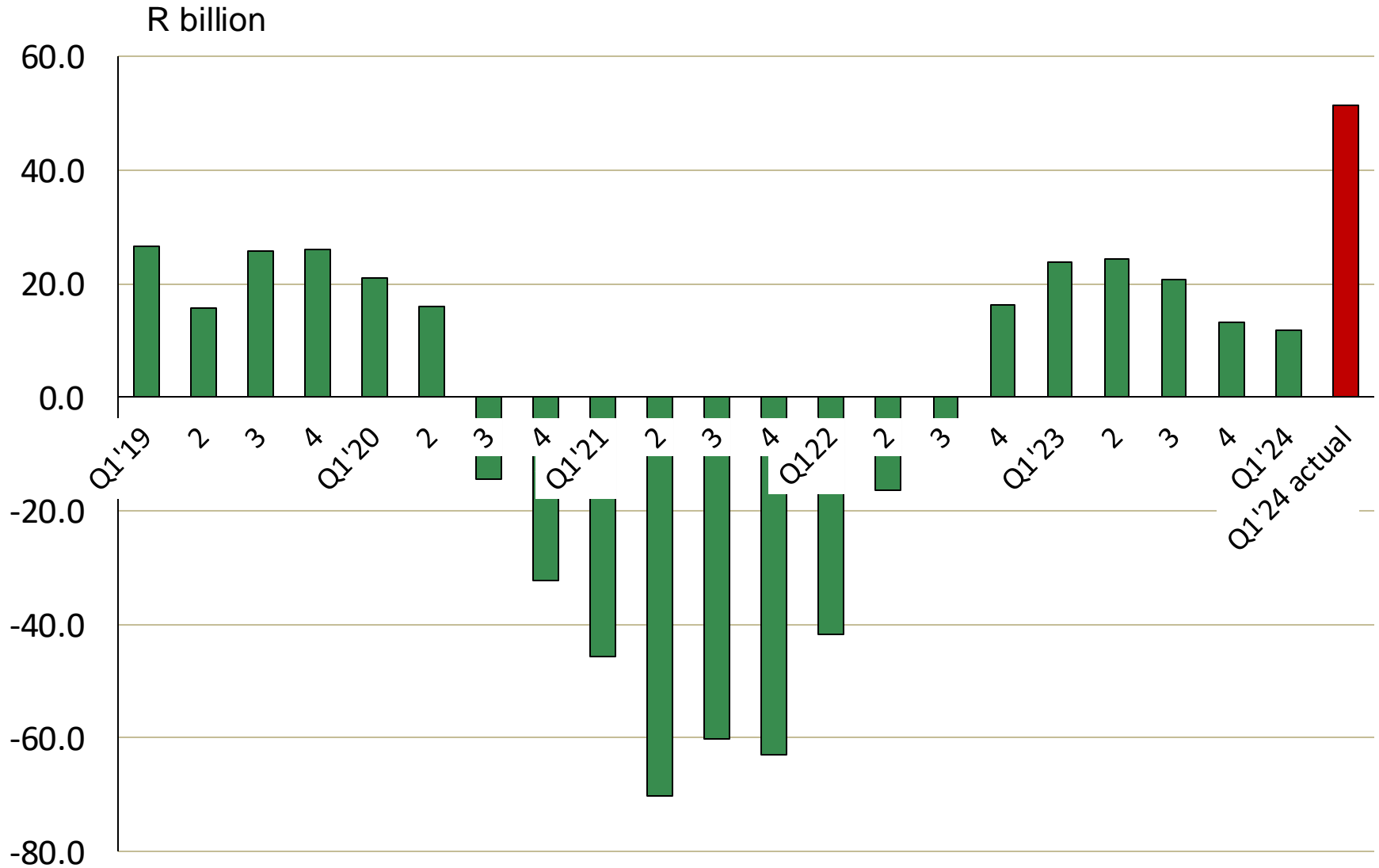
Inflow of gross foreign direct investment (FDI)

(Notes: 4-quarter avg; excluding Naspers share swap; source: SARB)



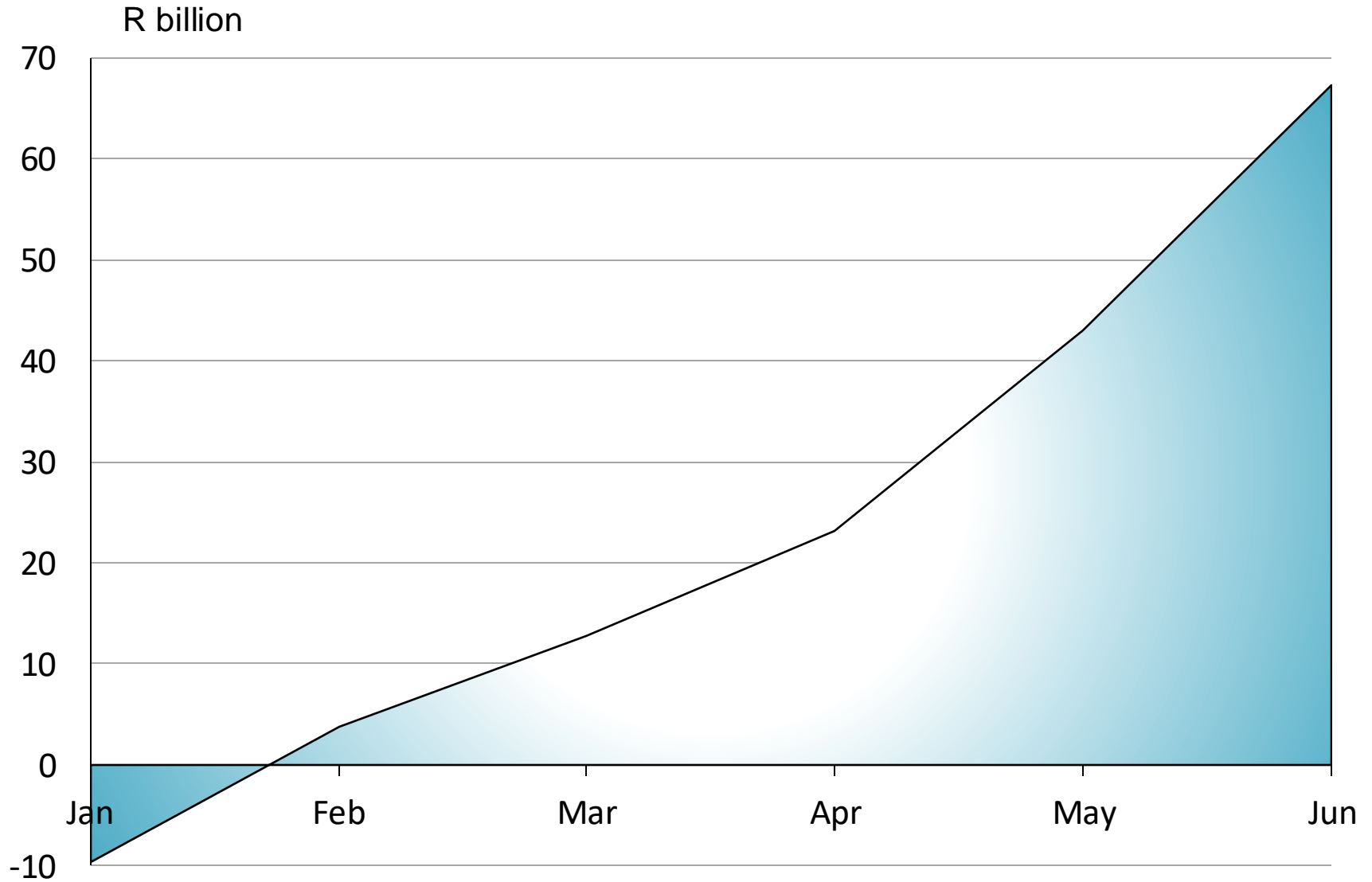
Financial account of the balance of payments

(Note: 4-quarter avg; source: SARB)



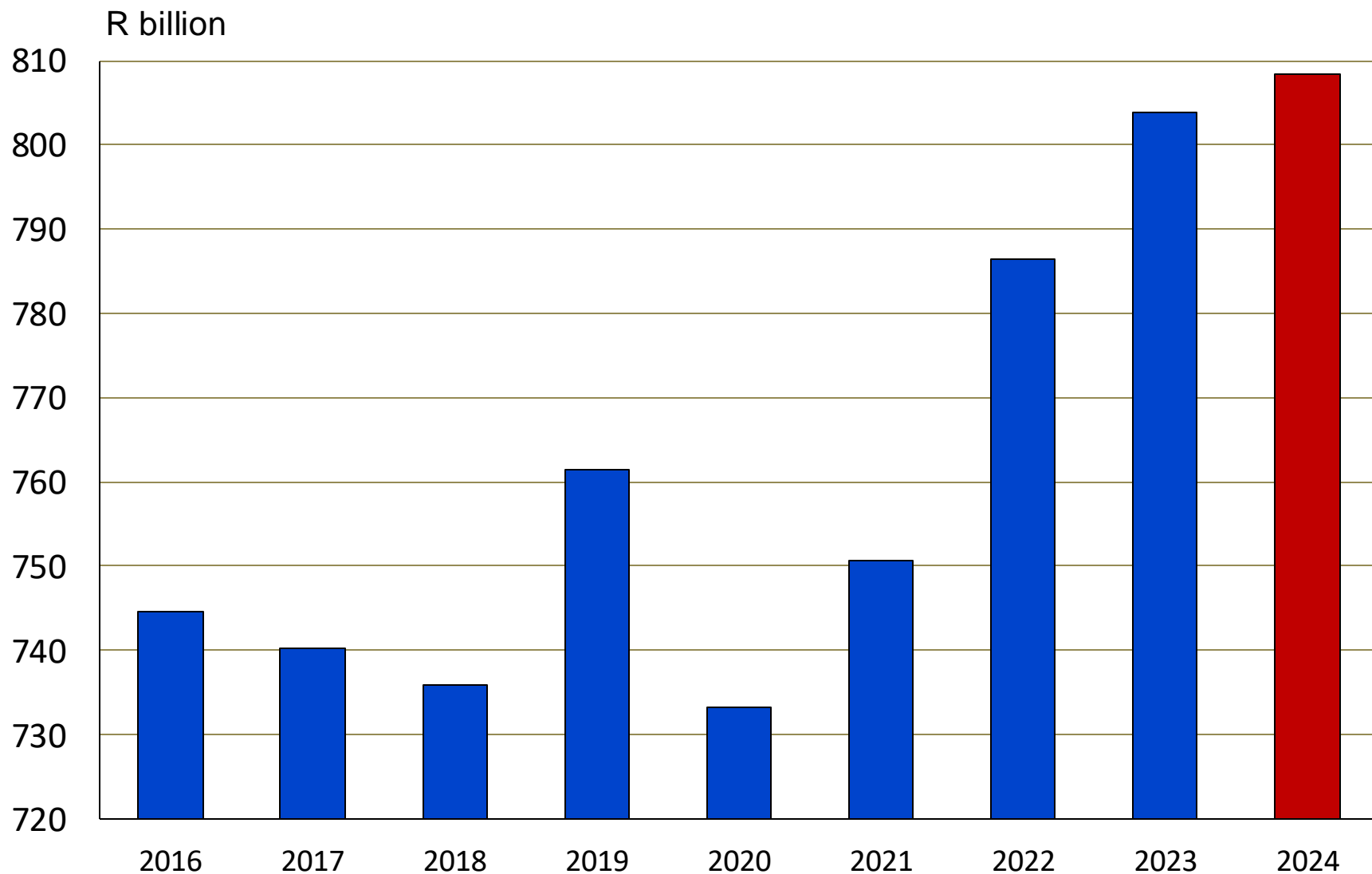
South Africa's cumulative trade balance in 2024

(Source: SARS)



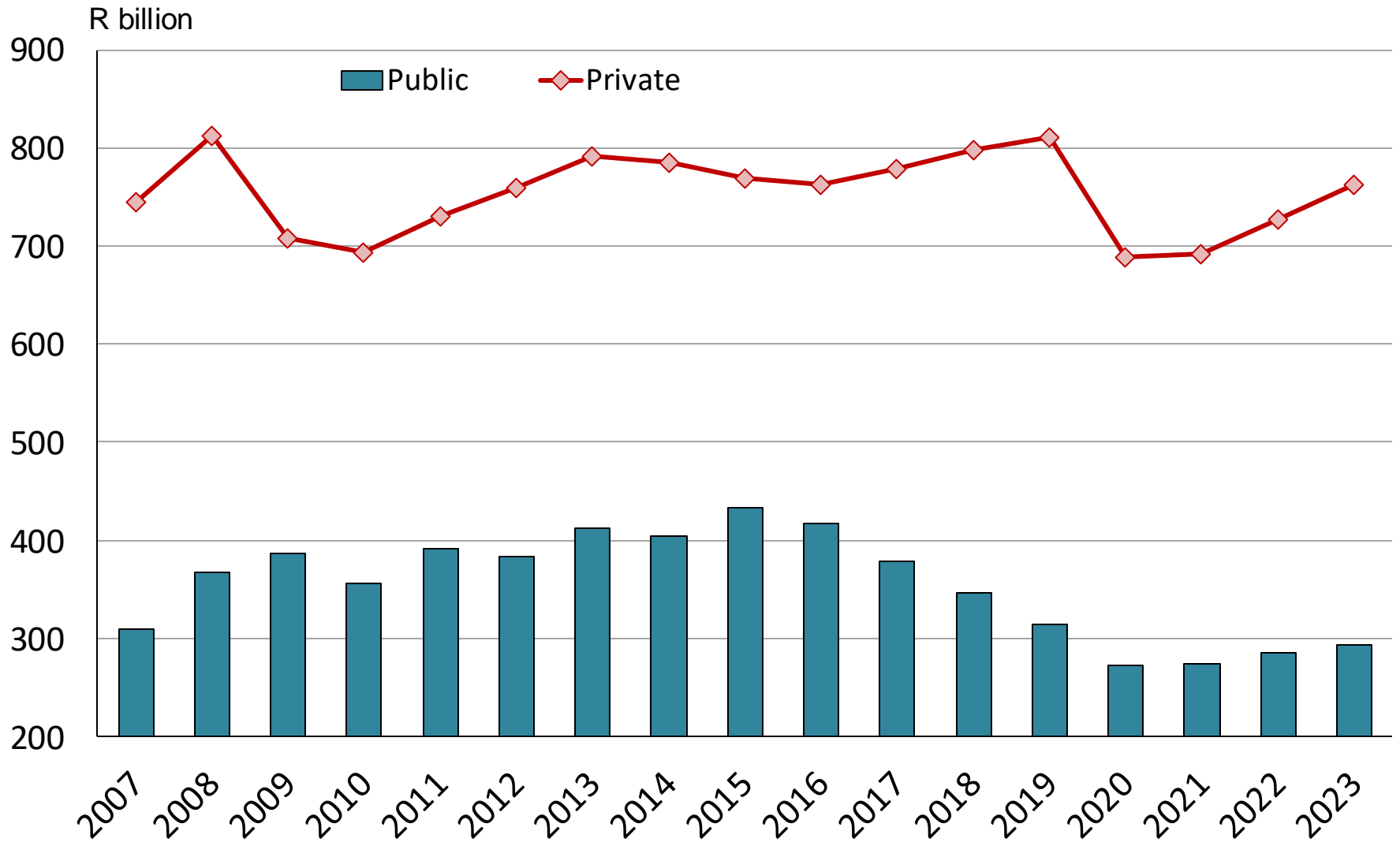
1st quarter manufacturing sales at constant 2024 prices

(Sources: Stats SA; own calculations)



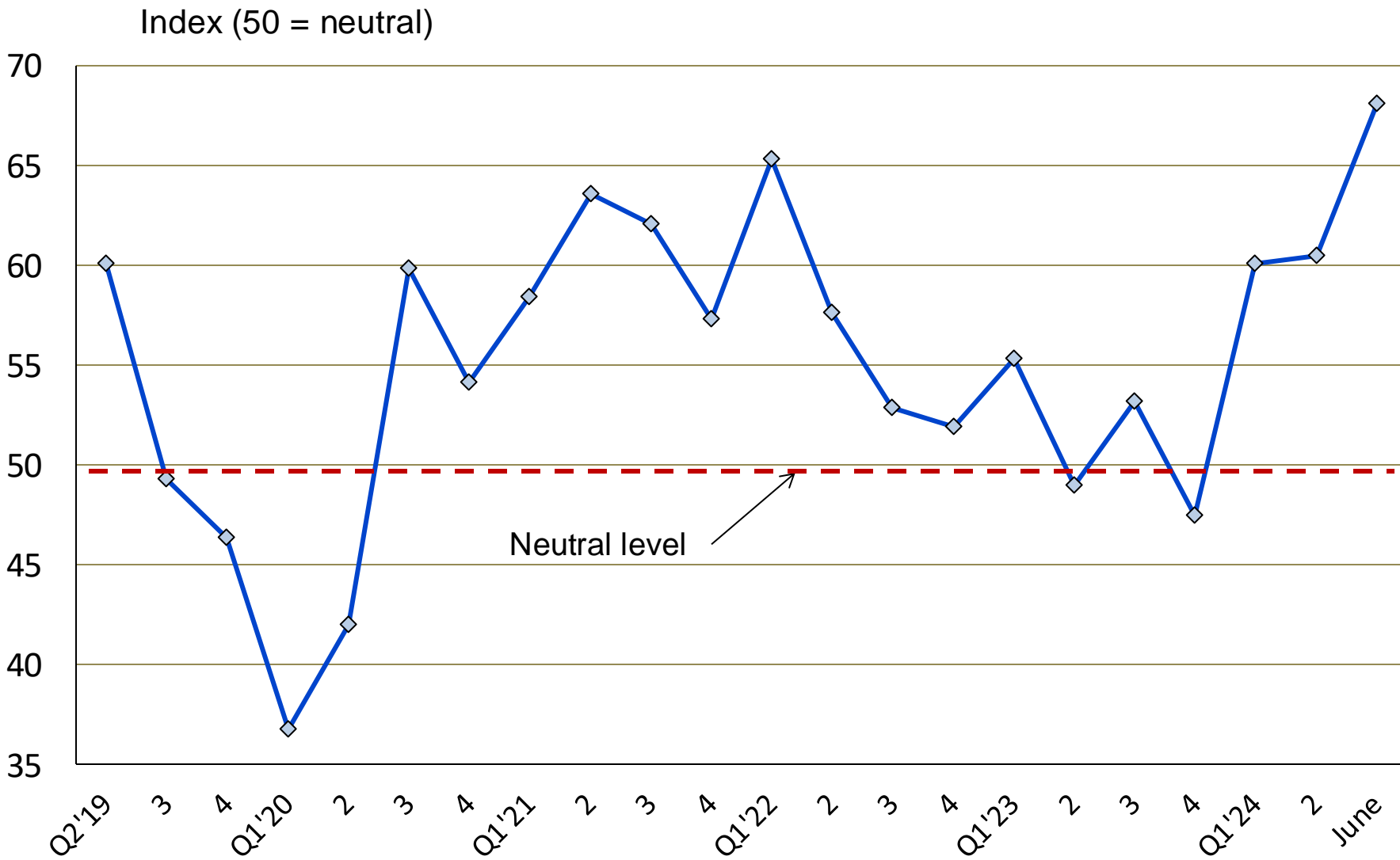
Public & private sector capital formation at constant 2023 prices

(Sources: Stats SA; own calculations)



Absa/BER 6-month forward purchasing managers' index (PMI) for business expectations

(Note: Quarterly avg; Source: Absa/BER)

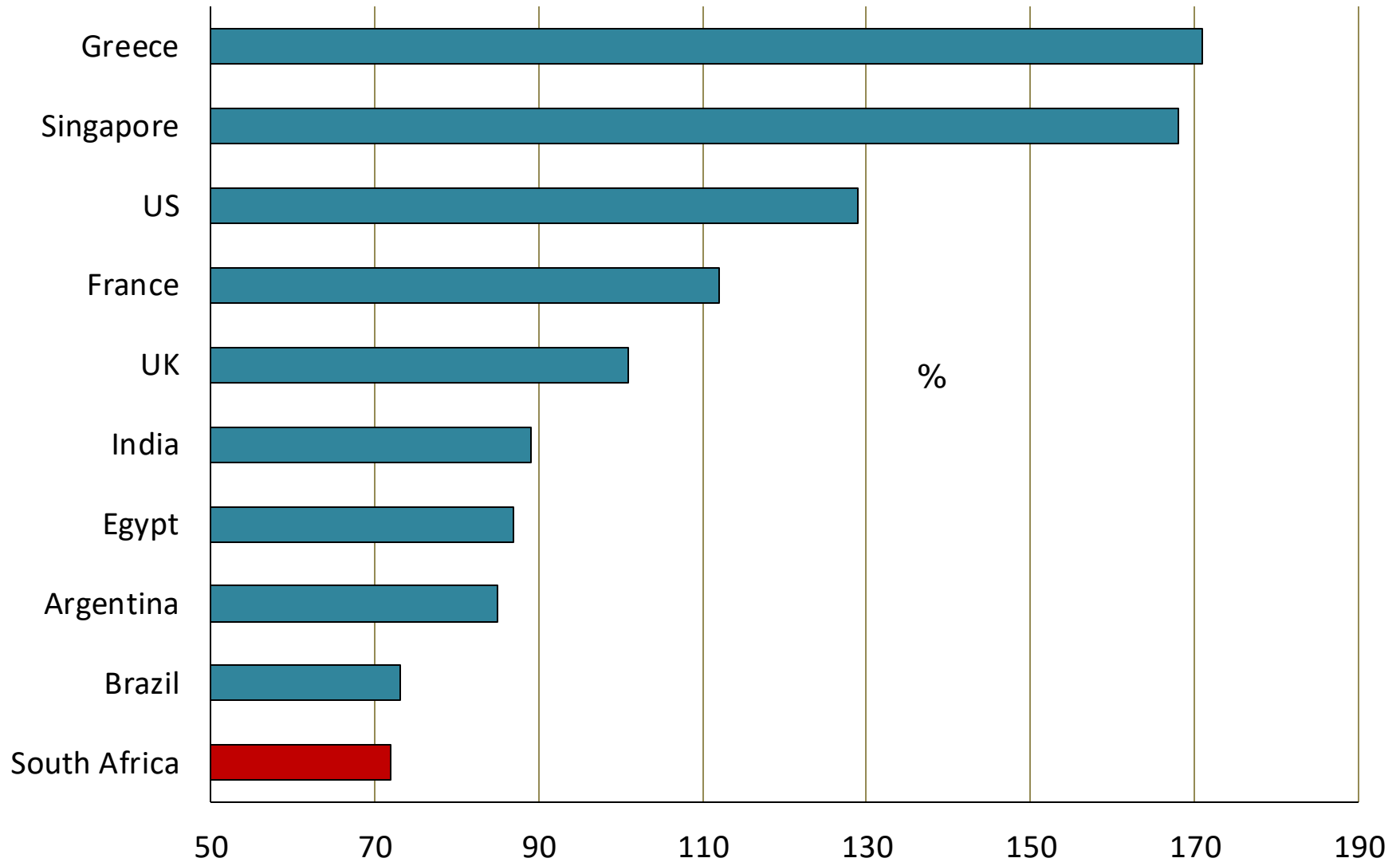




Macro-economy remains
in fairly good shape

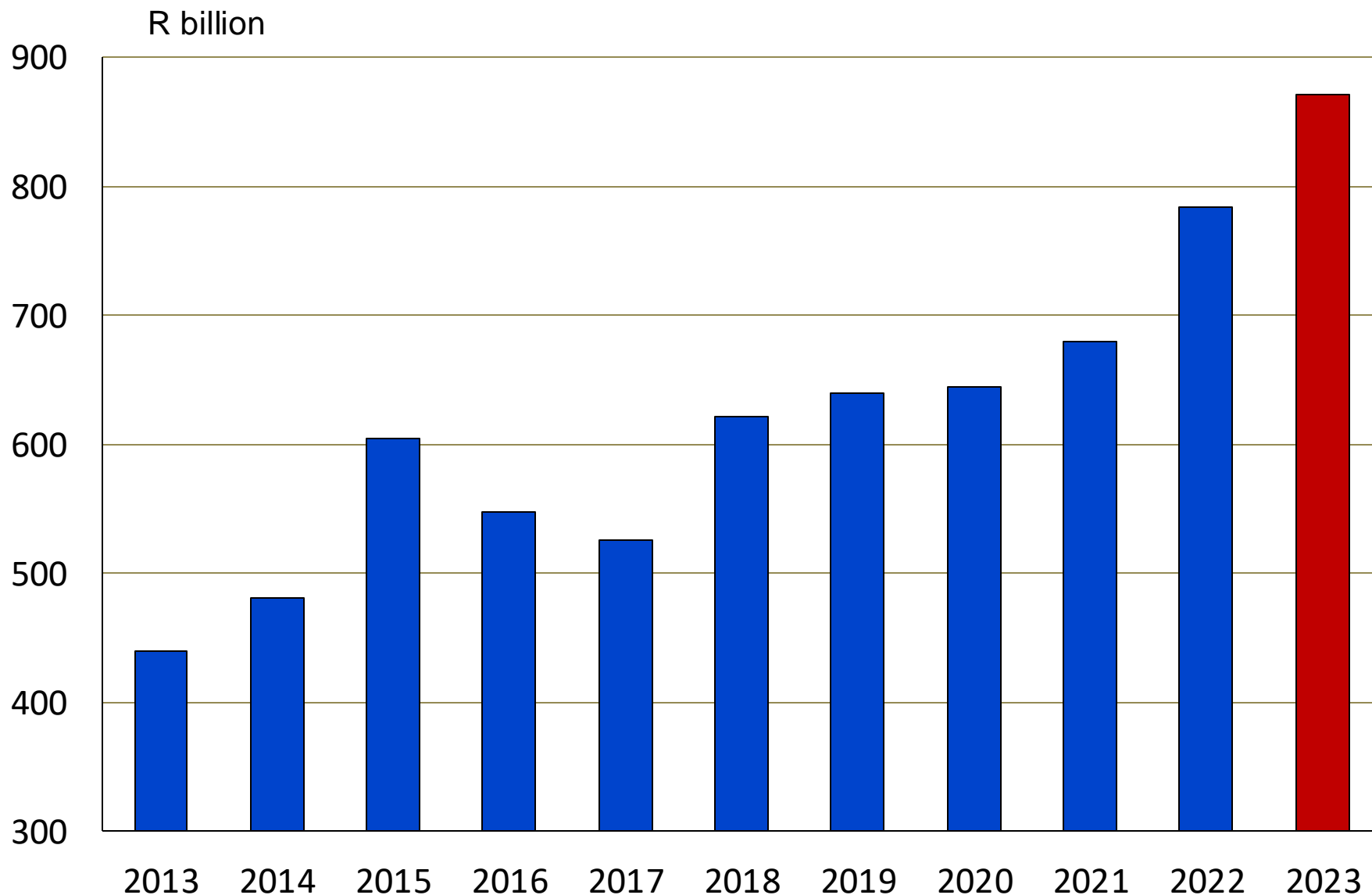
Public debt/GDP ratios – selected emerging markets and advanced economies

(Source: Trading Economics)



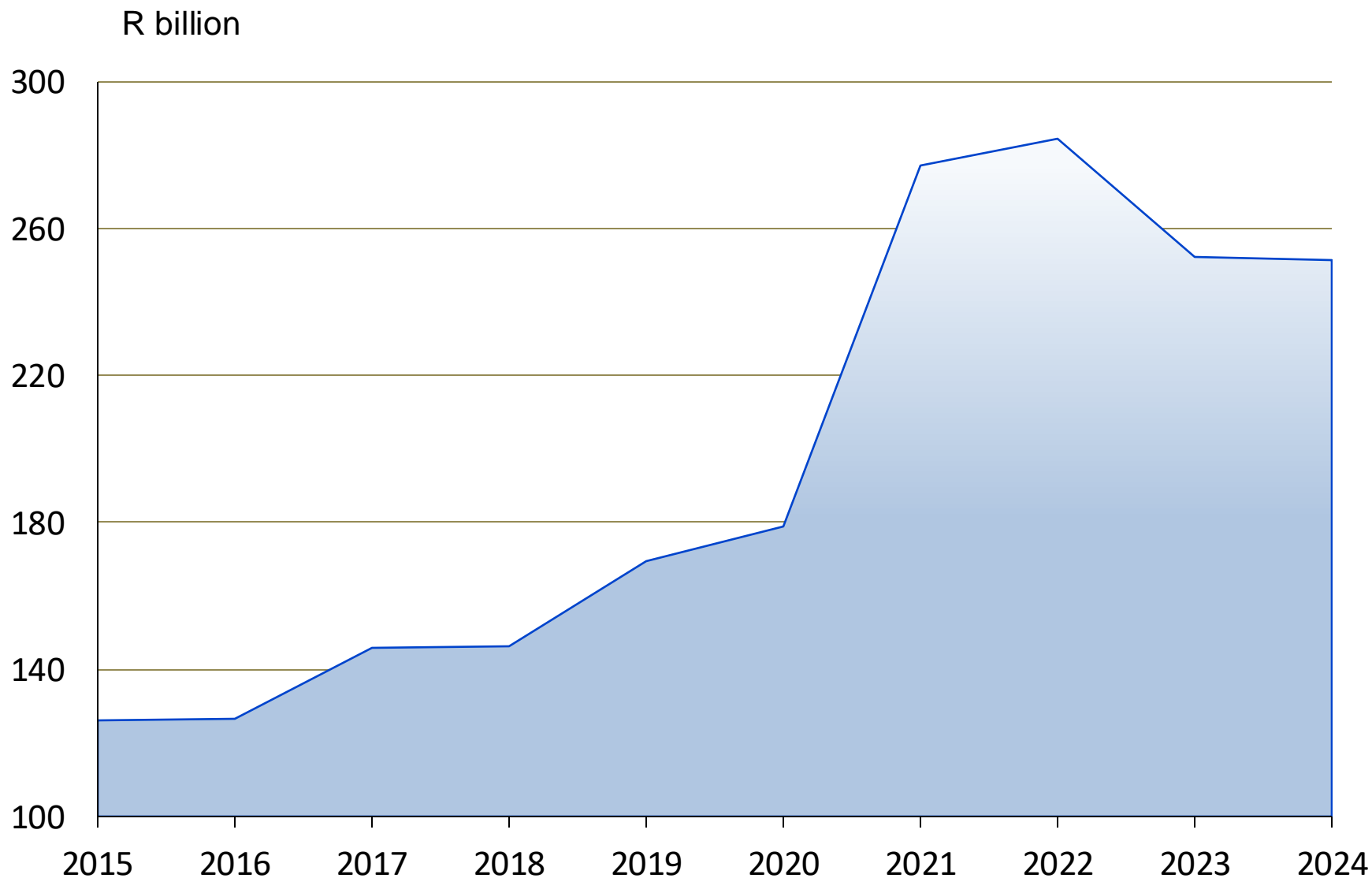
South Africa's foreign exchange reserves

(Note: Excluding IMF Special Drawing Rights; Source: SARB)



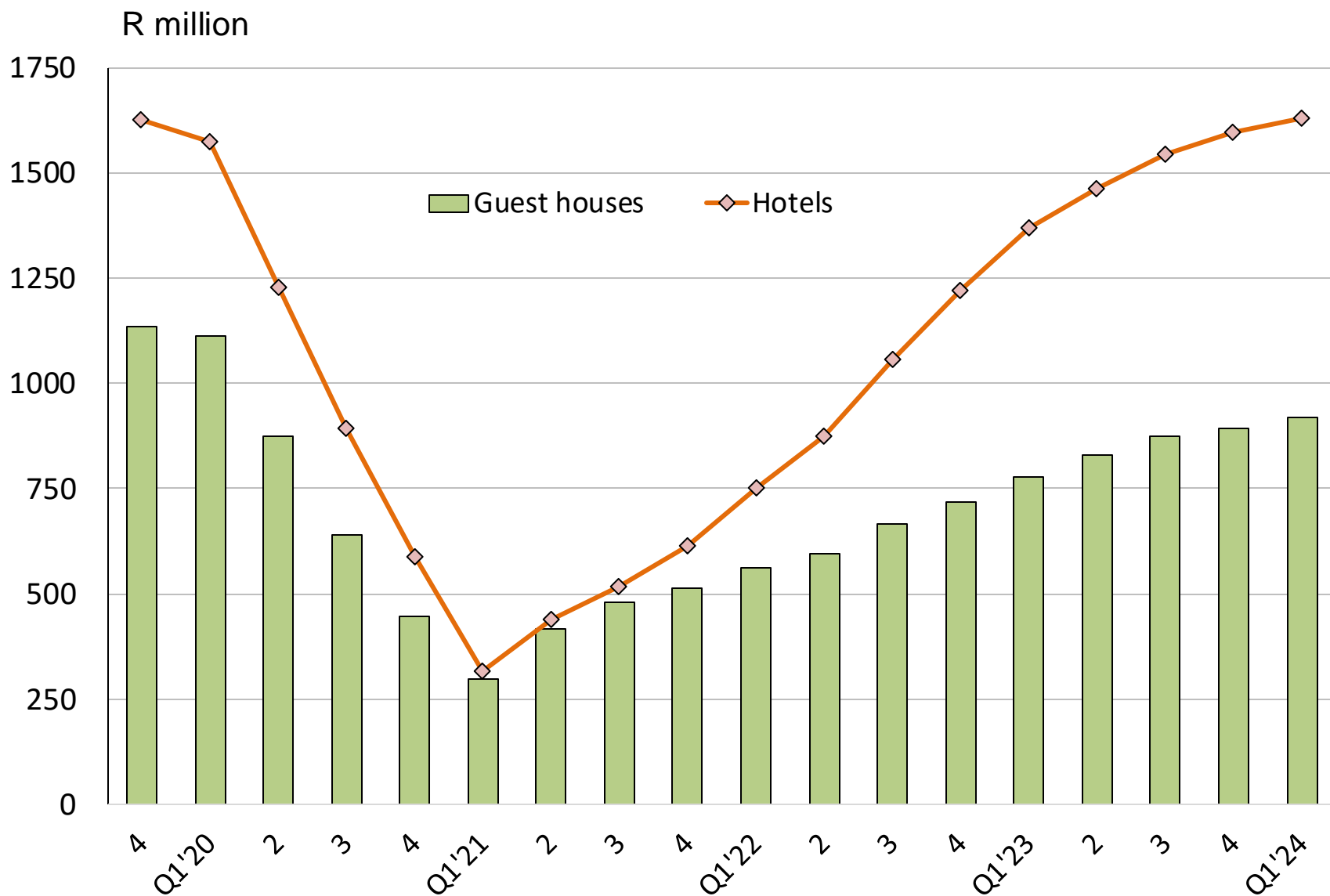
Total mineral sales at current prices for January to April

(Source: Stats SA)



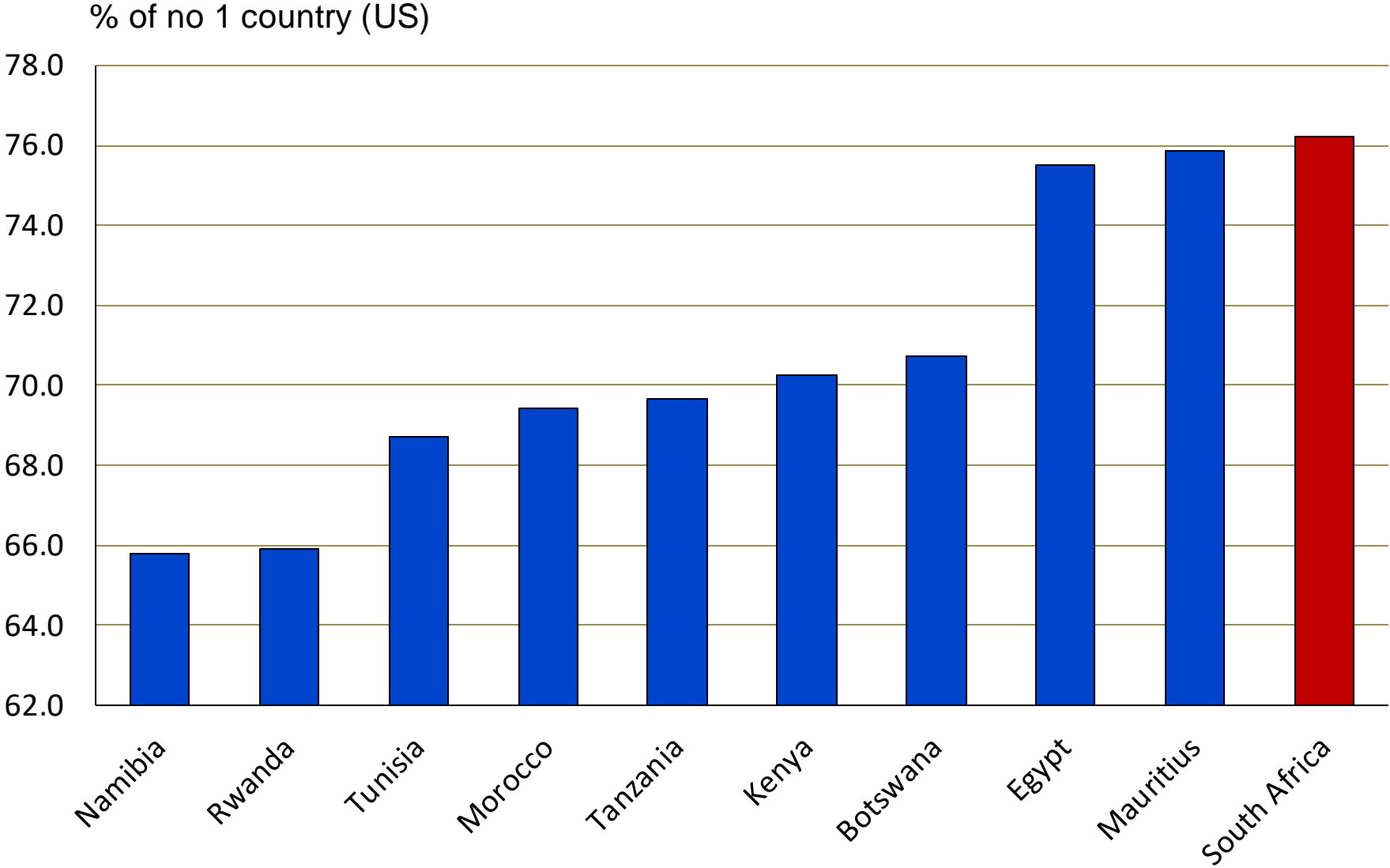
Income from tourism accommodation

(Note: 4-quarter avg; Source: Stats SA)



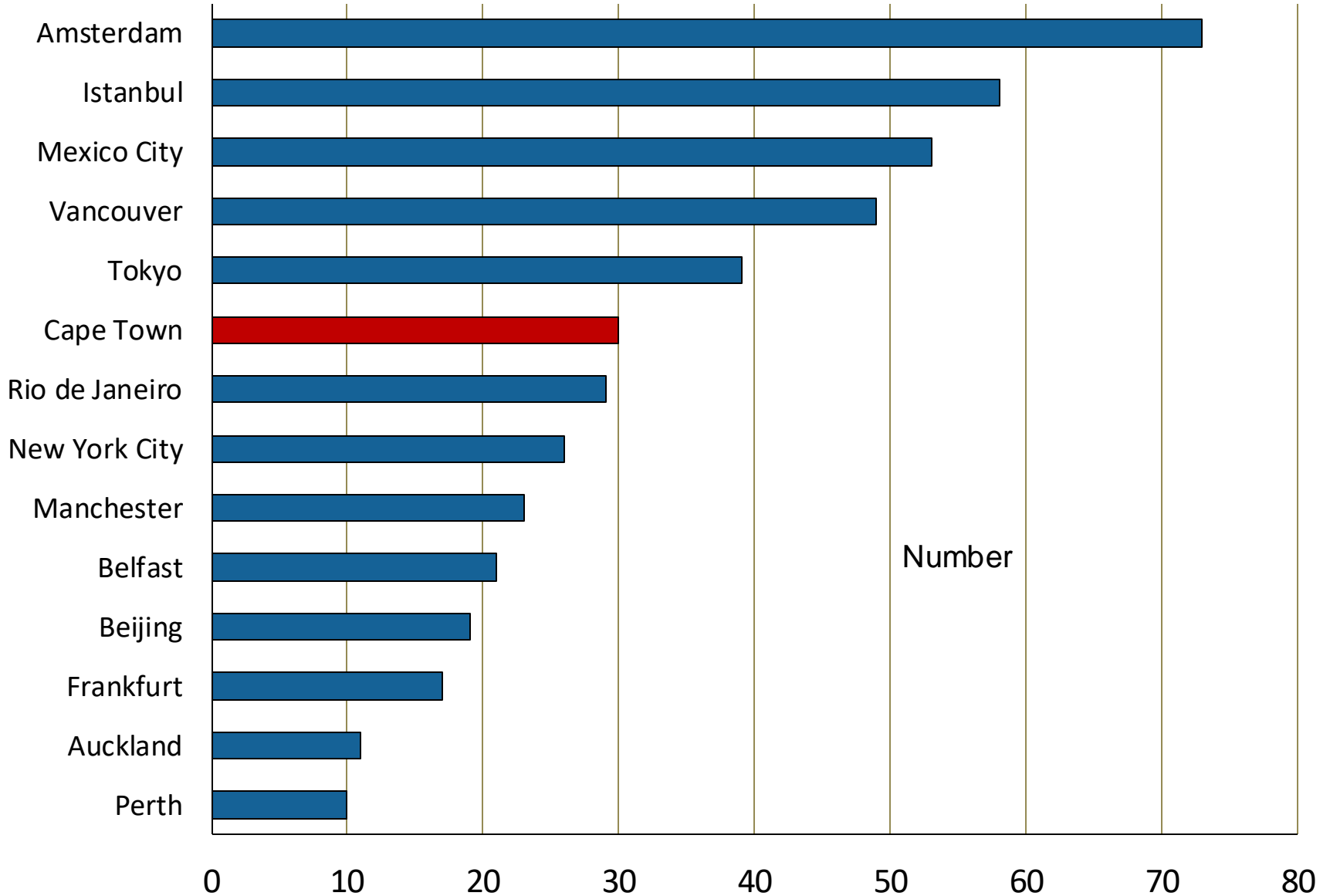
The 2024 *Travel & Tourism Development Index* - top-ten ranked countries in Africa

(Source: World Economic Forum)



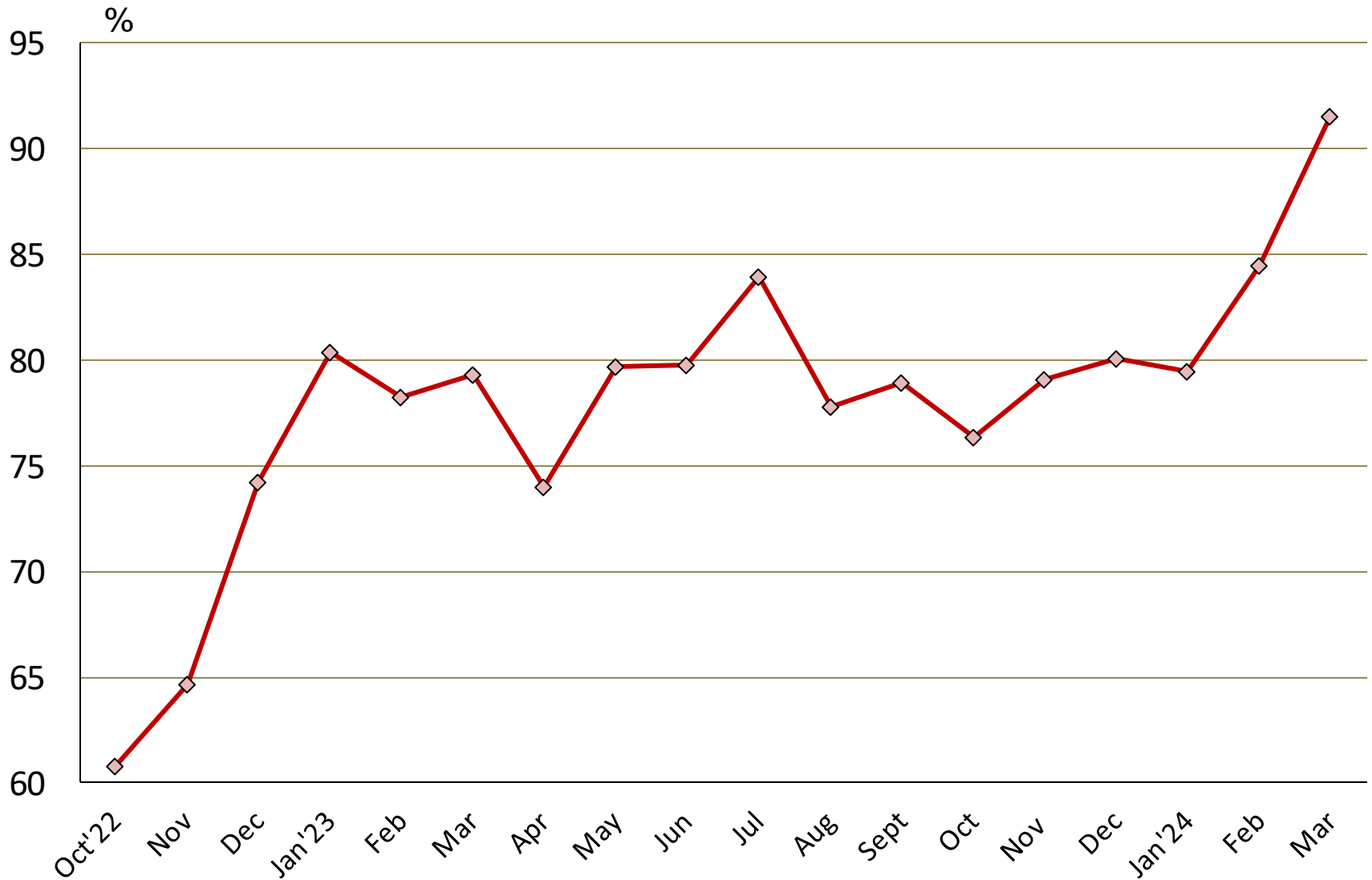
In-person conferences by international associations – selected cities (2022)

(Source: ICCA)



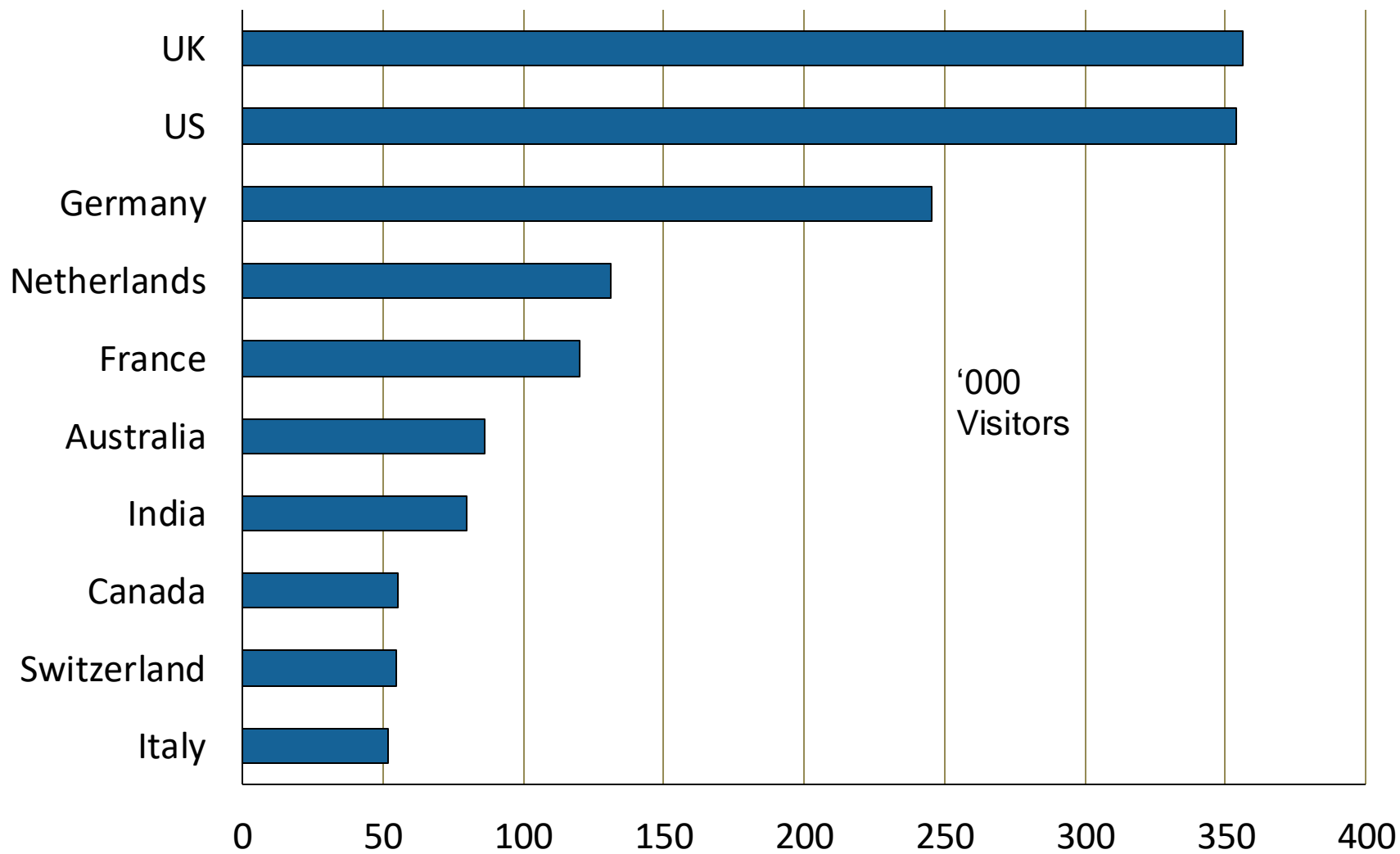
Post-Covid recovery rate for overseas tourist arrivals

(Sources: Stats SA; own calculations)



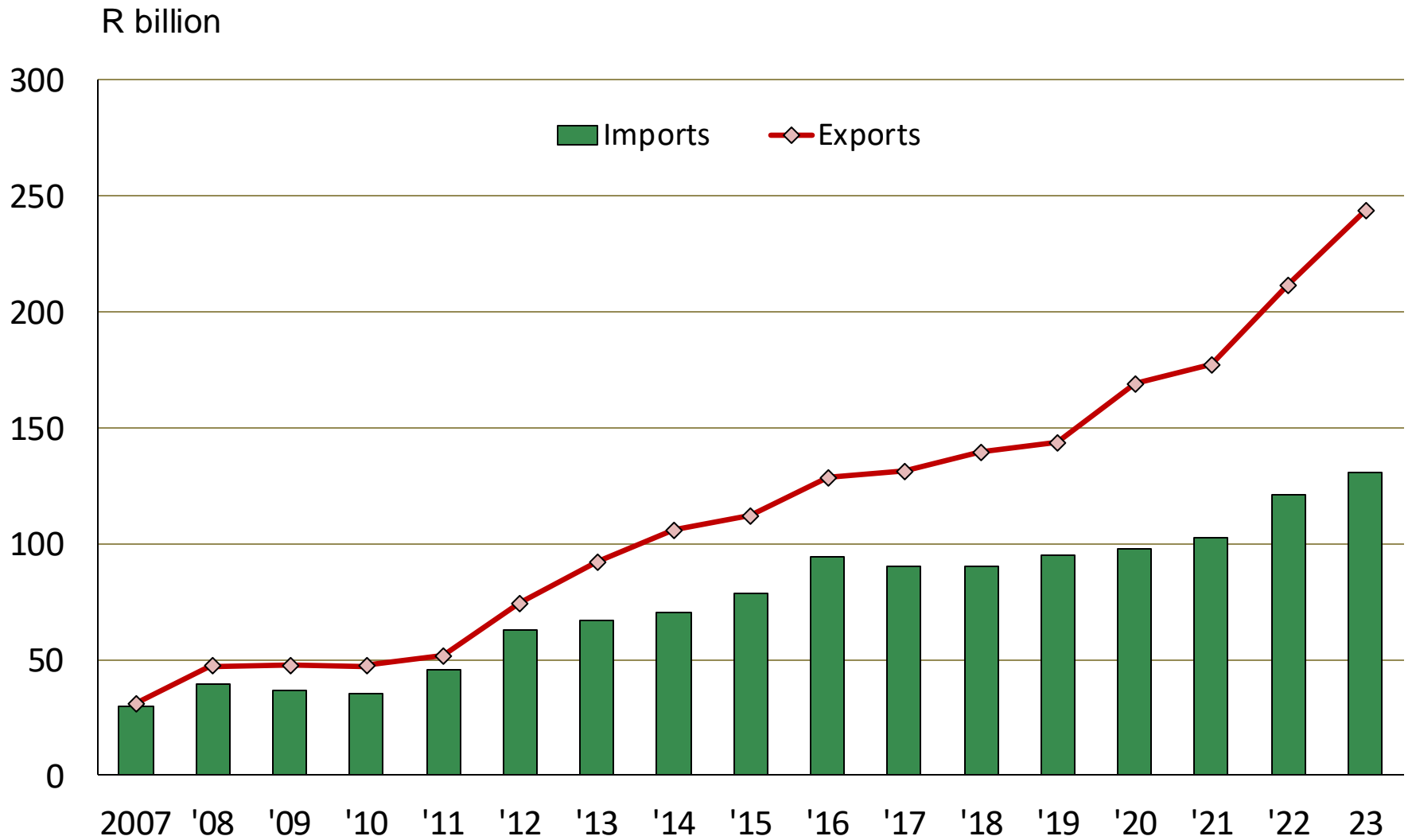
Tourist arrivals from South Africa's top-ten overseas source countries - 2023

(Source: Stats SA)

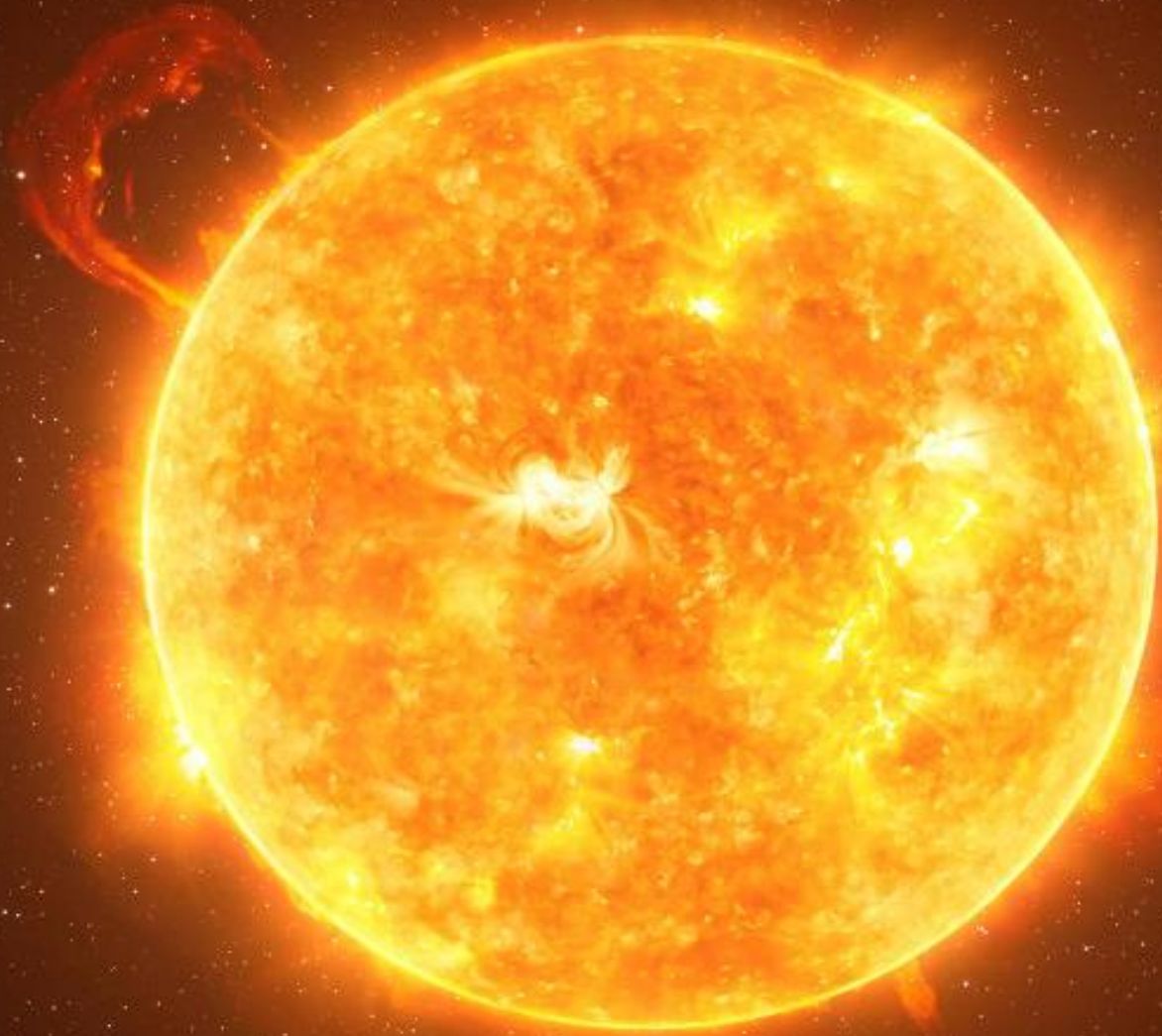


Exports & imports of agriculture and food

(Source: SARS)

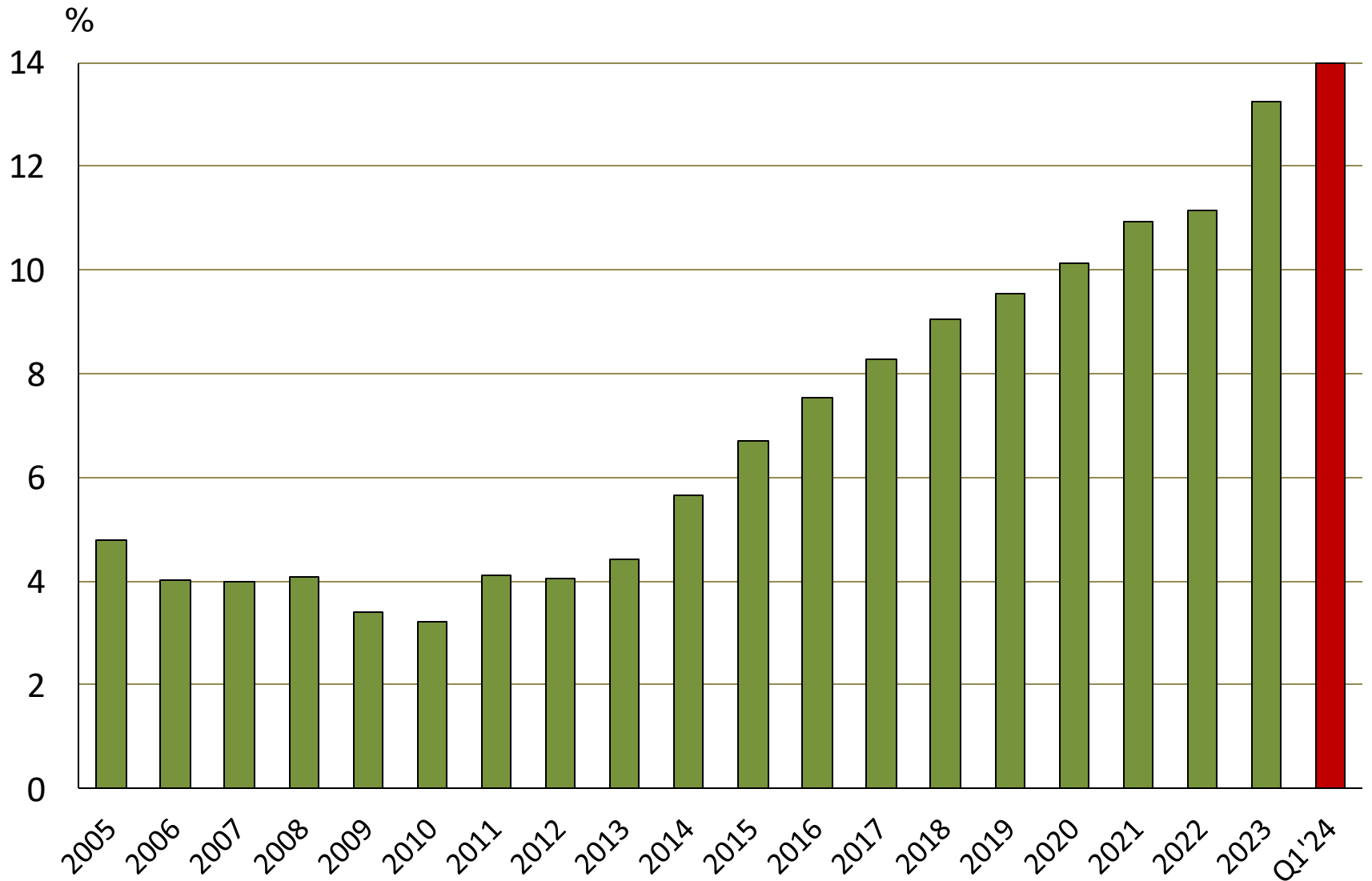


Solar power
to the
rescue!



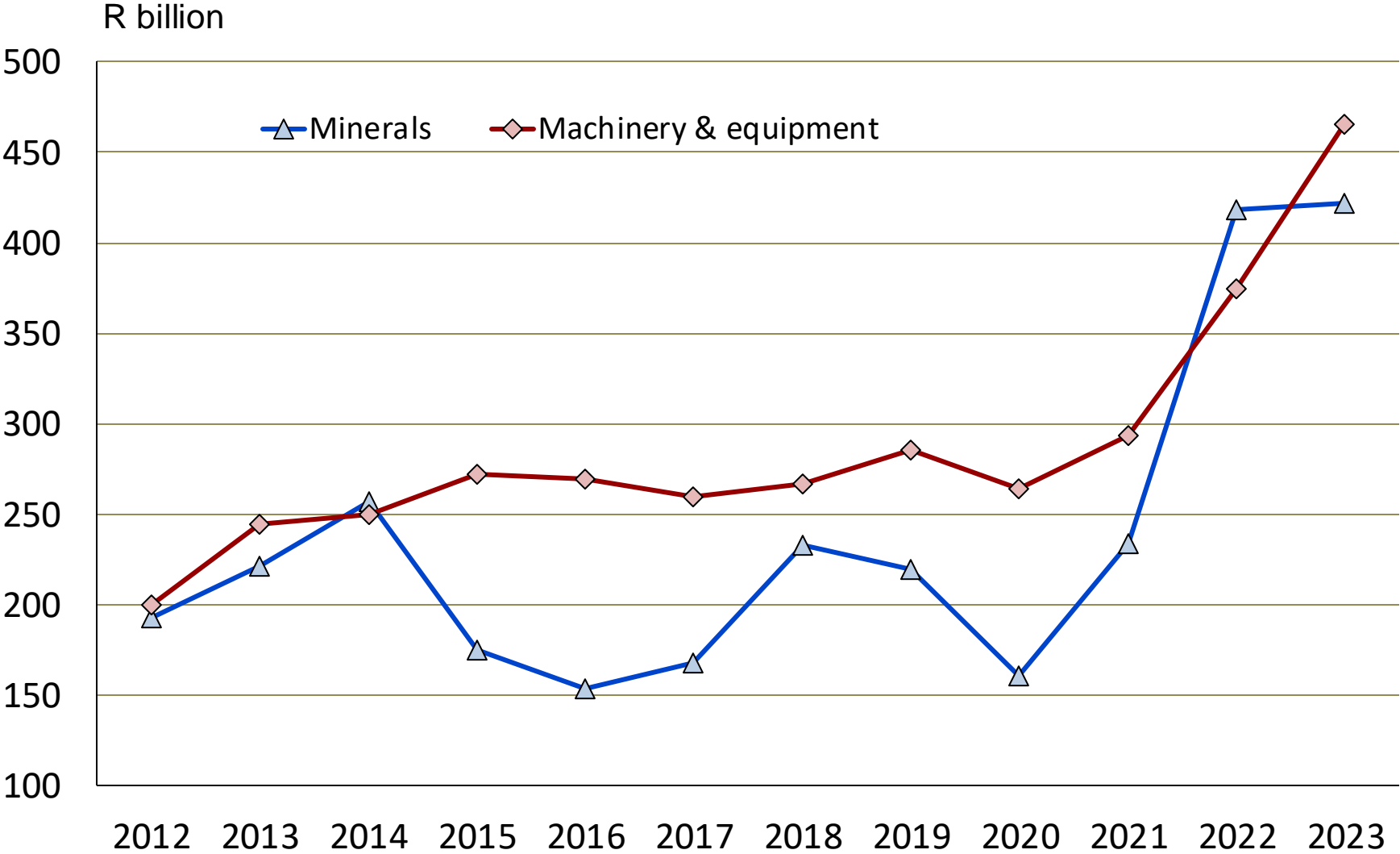
Share of electricity produced by the private sector

(Source: Stats SA)



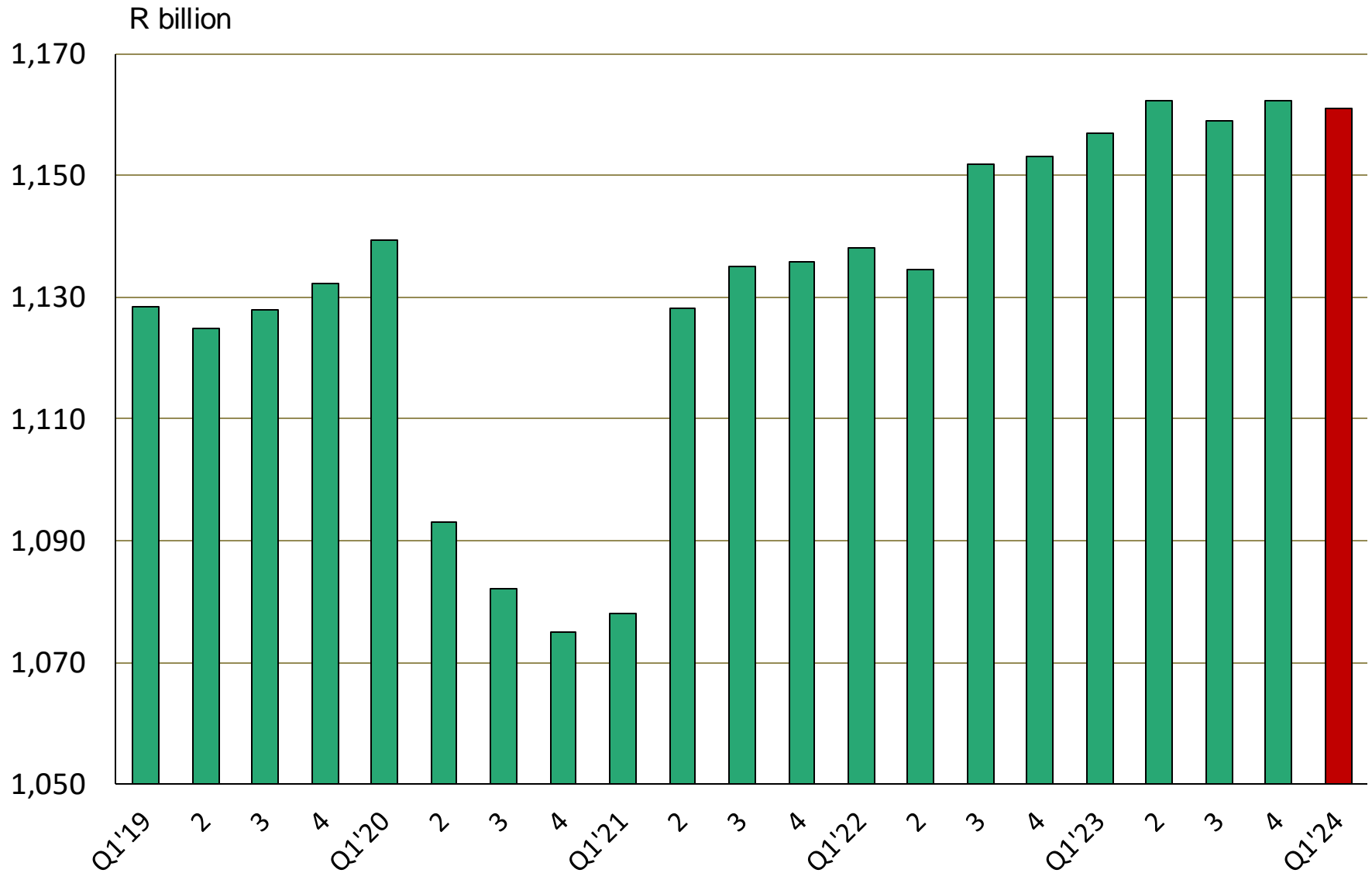
Imports of minerals and machinery & equipment

(Source: SARS)



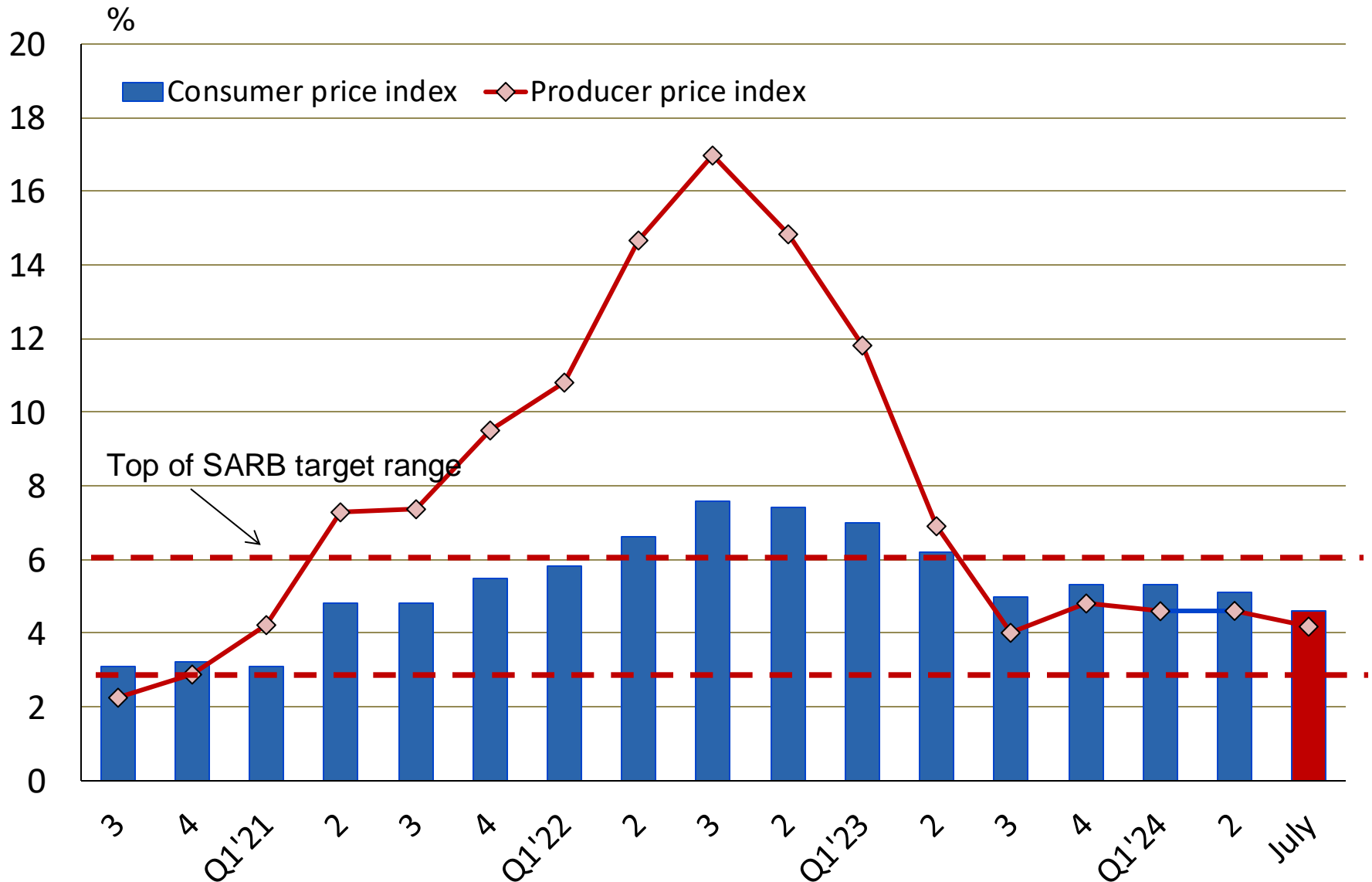
Total household disposable income at constant 2024 prices

(Note: 4-quarter average; Source: SARB)



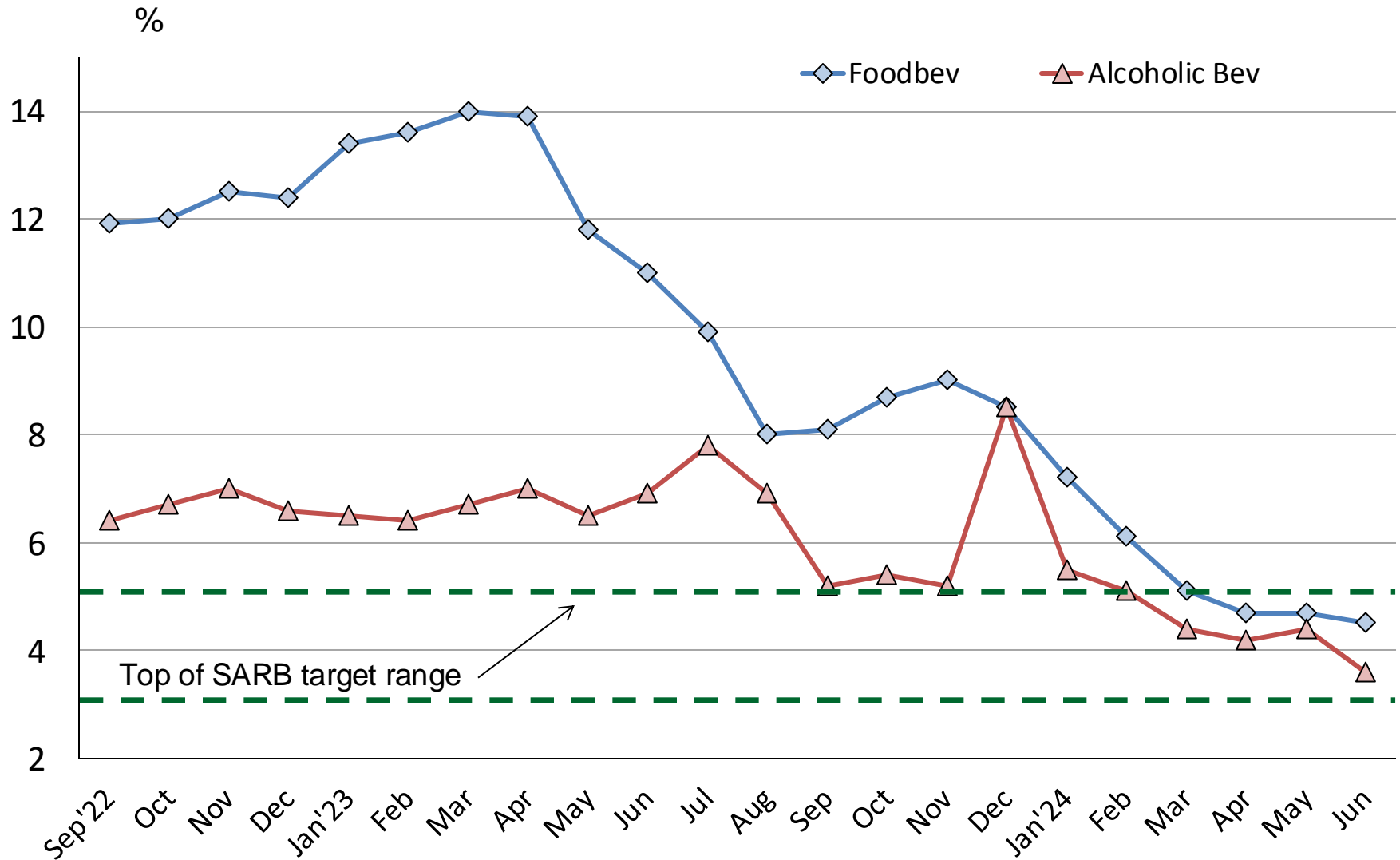
Consumer & producer inflation remain within SARB's target range

(Source: Stats SA)



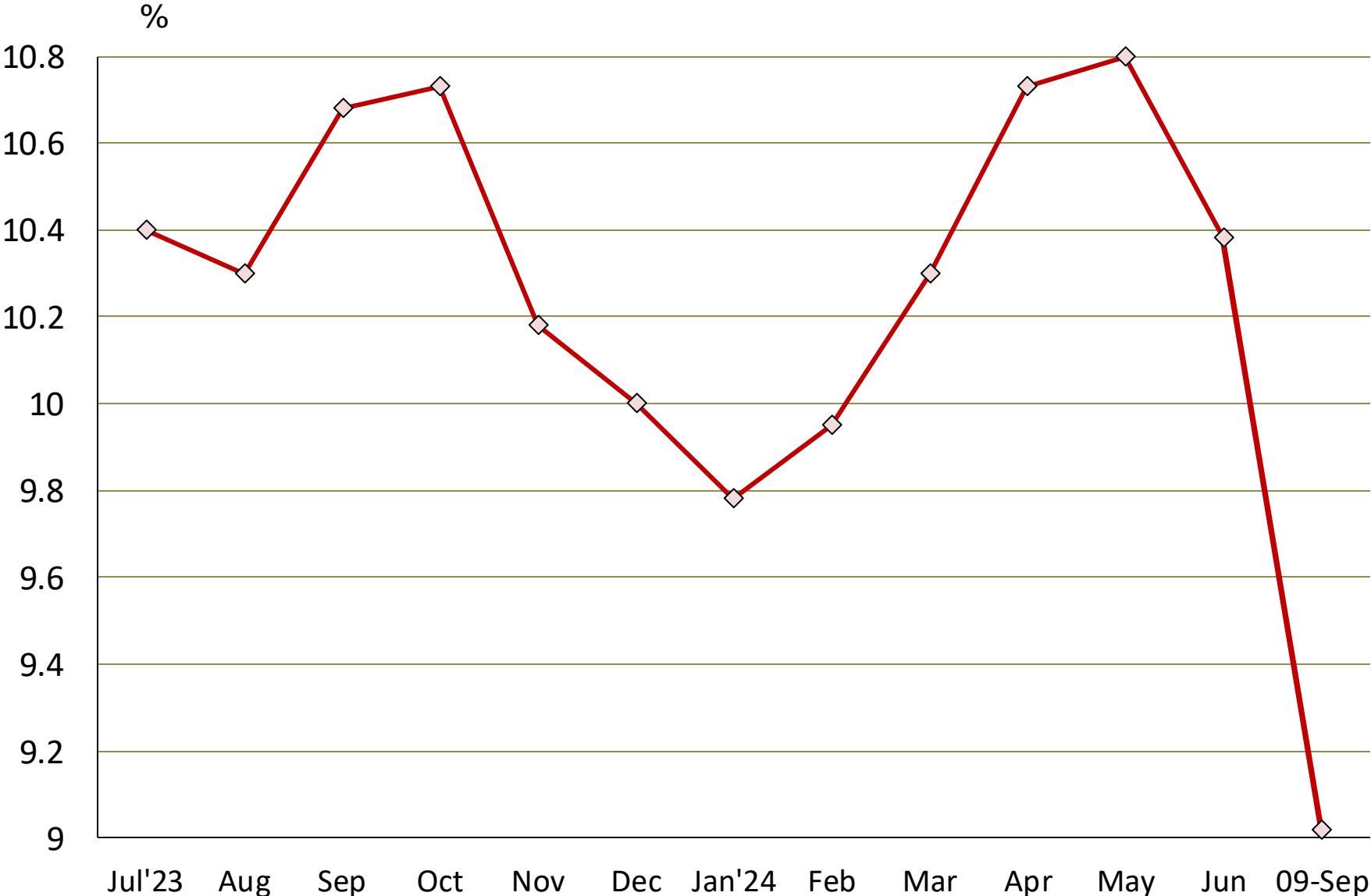
Year-on-year price level increases for food (including non-alcoholic beverages) and alcoholic beverages

(Source: Stats SA)



South Africa's 10-year government bond yield

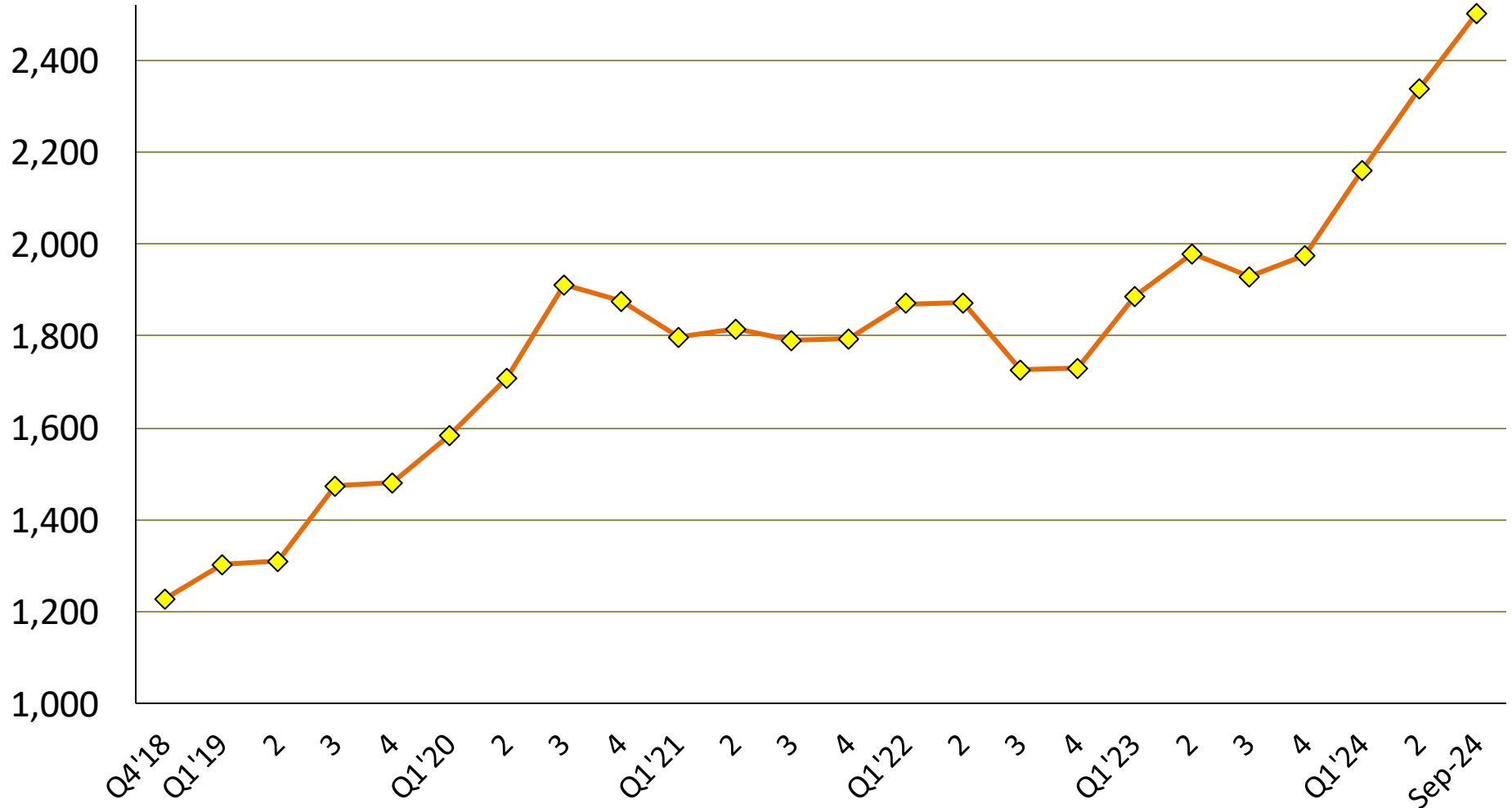
(Note: Monthly avg; Source: Trading Economics)



Relentless rise in the gold price (quarterly average)

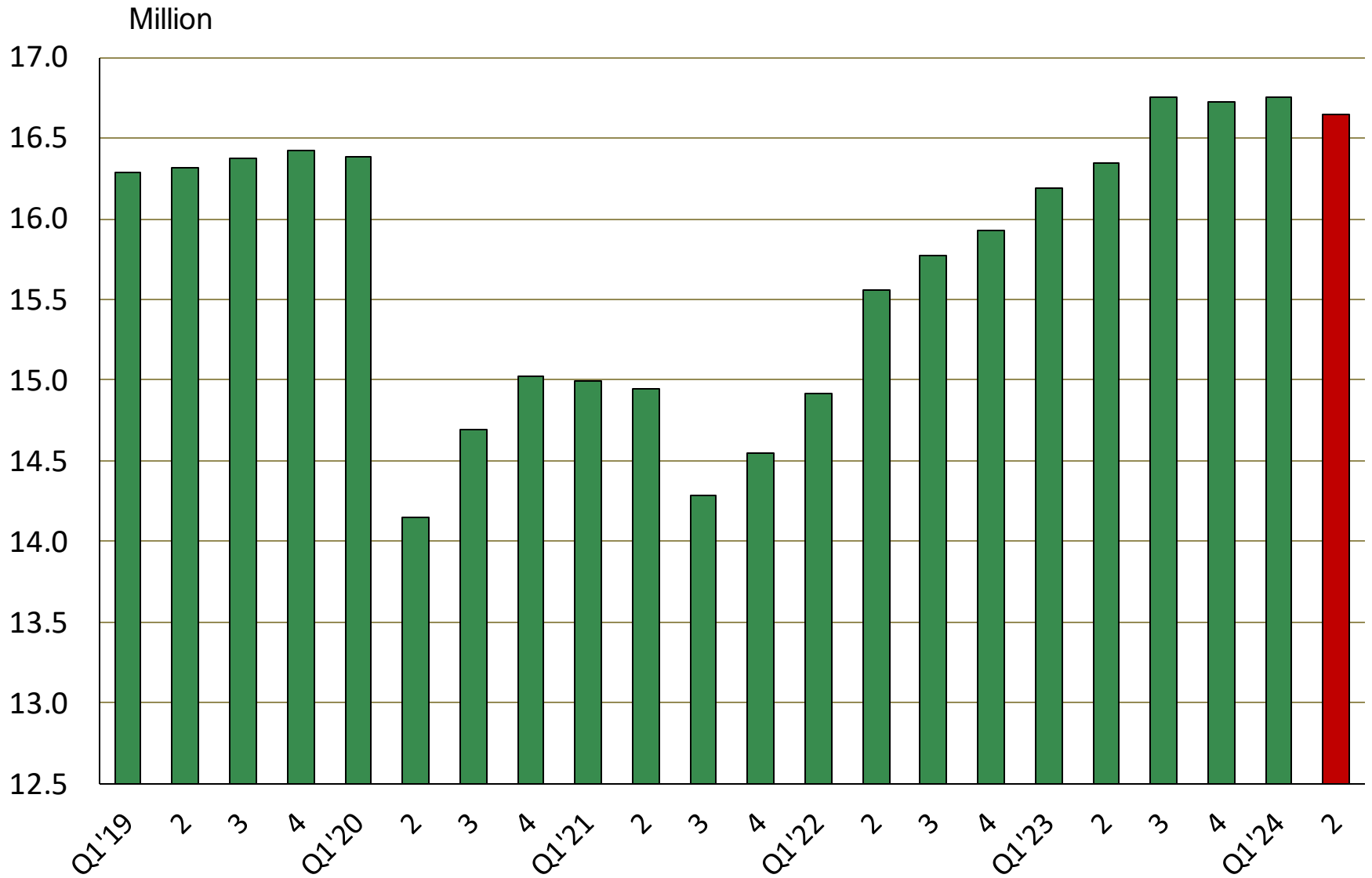
(Sources: World Bank; Trading Economics)

\$ per fine ounce



Total employment

(Source: Stats SA - QLFS)



Key potential drivers of economic growth under the GNU

Fundamental macroeconomic stability

Higher levels of capacity & efficiency in transport logistics

Imminent lowering of interest rates & lower cost of capital

Private sector assistance with public works programmes

Assistance from employer organisations to identify obstacles to business

Land Reform & agricultural development agency

Further subsidisation of renewable energy

Permanent basic income grant

Specialised SAPS unit to eliminate construction mafia

Private sector participation (PSP) units at government agencies