



1 This note follows the 'Note on the benchmark revisions and rebasing of South Africa's national accounts statistics', published in the September 2021 edition of the *Quarterly Bulletin*.

2 The authors would like to thank the staff of the National Accounts Unit in the Economic Statistics Department of the SARB for their valuable contribution to the benchmarking and rebasing of South Africa's national accounts statistics.

3 Due to the proximity of the release of the September *Quarterly Bulletin* to the Stats SA releases and the extent of the further revisions required to the additional SARB national accounts statistics, some historical statistics as from the first quarter of 1993 were only published on the SARB website on 21 October 2021. The revised national accounts statistics from 1946 to the fourth quarter of 1992 will be available on the SARB website as from 15 December 2021.

4 For gross national income statistics, see pages S-114 and S-141 in this edition of the *Quarterly Bulletin*.

Note on the impact of the benchmark revisions and rebasing of South Africa's national accounts statistics on income, saving, capital formation and capital stock statistics¹

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Introduction

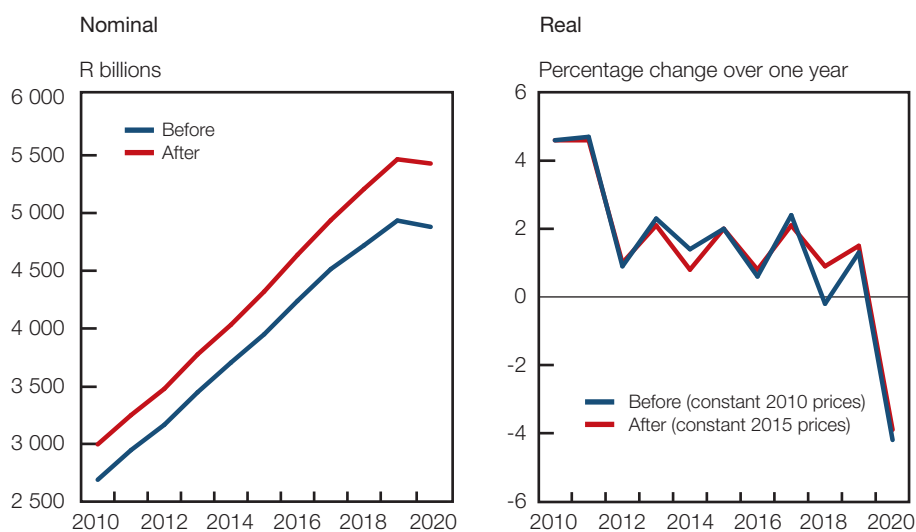
The revised income, savings, capital formation and capital stock statistics presented in this note follows the comprehensive benchmark revision and rebasing of South Africa's national accounts statistics, jointly undertaken by Statistics South Africa (Stats SA) and the South African Reserve Bank (SARB). These statistics were published by Stats SA on 25 August 2021 and were incorporated in the September 2021 edition of the *Quarterly Bulletin*.³ A supplement containing all the revised national accounts statistics as well as a discussion of the conceptual, methodological, classification and source data changes will be published by the SARB on 22 February 2022.

The main highlight of the outcome of the revision relates to the 16.3% upward adjustment of nominal disposable income of households in 2015. This mainly reflected an increase of almost similar magnitude in the compensation of employees. The increase in the level of nominal disposable income consequently led to a decrease in ratio values when income is used as the denominator in these calculations. Total gross saving as a percentage of gross domestic product was slightly lower in 2015, following the revisions due to the decrease in the gross saving ratio of the corporate sector, offsetting increases in both households and general government. The reduction in real capital stock in 2020 reflected the significant negative nominal net capital formation that occurred during the early period of the coronavirus disease 2019 (COVID-19) pandemic.

Revision to gross national income⁴

The level of gross national income (GNI) at current prices increased by 9.4% in 2015, following the revisions. The difference between the revised and previous level of nominal GNI averaged 10% between 2010 and 2020. The annual growth rates in real GNI before and after the revisions are similar, both in magnitude and progression, with the average growth rate between 2010 and 2020 edging slightly higher from 1.1% before the revisions to 1.2% thereafter.

Figure 1 Gross national income



Source: SARB

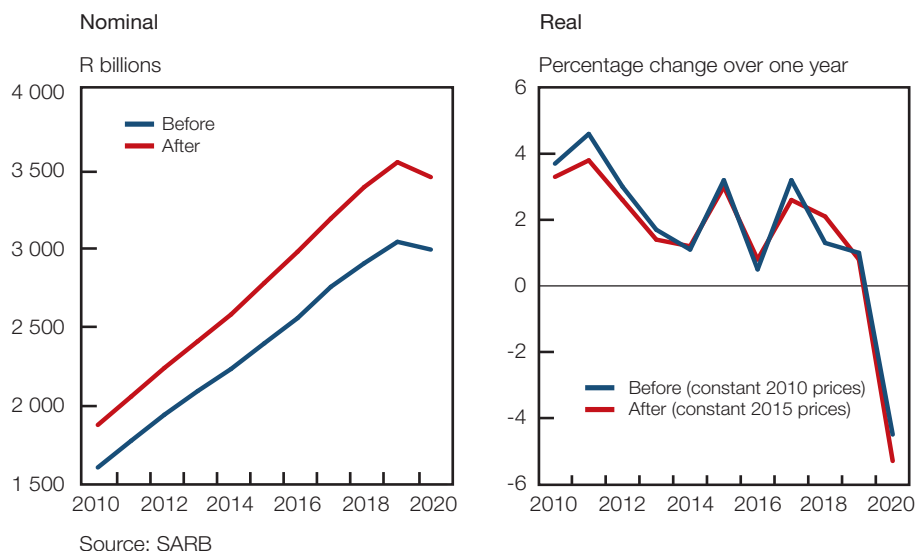


Revision to the disposable income of households⁵

The level of the nominal disposable income of households increased by 16.3%, from before to after the revisions in 2015, with the average increase between 2010 and 2020 being of similar magnitude. This is more or less similar to the increase in household final consumption expenditure over the same period. Compensation of employees, with an average increase of 13.1%, contributed most to the higher level of nominal disposable income of households. The annual growth rates in the real disposable income of households before and after revisions are similar both in magnitude and progression, with the average rate between 2010 and 2020 edging up slightly from 1.3% before the revisions to 1.5% thereafter.

5 Statistics for disposable income of households are published on page S-141 in this edition of the *Quarterly Bulletin*.

Figure 2 Disposable income of households

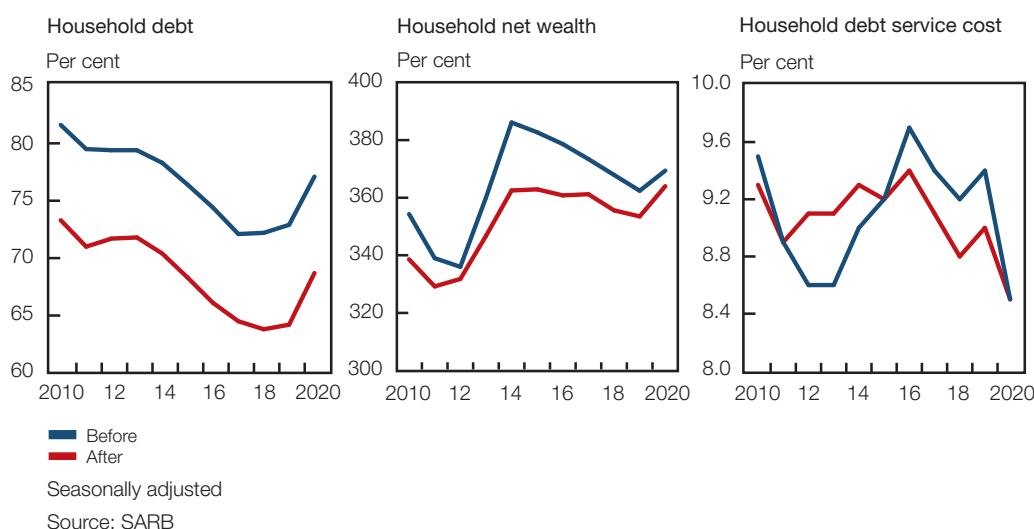


Revisions of selected ratios to disposable income of households⁶

Household debt as a percentage of nominal disposable income in 2015 decreased from 76.4% before the revisions to 68.3% thereafter and, on average, from 76.7% to 68.7% between 2010 and 2020, due to the increase in the level of nominal disposable income exceeding that in debt. Households' debt service cost as a percentage of nominal disposable income in 2015 remained unchanged at 9.2% before and after the revisions.

6 For selected ratios to disposable income of household statistics, see page S-160 in this edition of the *Quarterly Bulletin*.

Figure 3 Selected ratios to disposable income of households





The level of households' net wealth increased in 2015 after the benchmark revision, as the increase in the value of assets exceeded that in liabilities. The higher level of household financial assets reflected new counterparty data and changes in the methodology to estimate financial assets. However, households' net wealth as a percentage of nominal disposable income in 2015 still decreased from 383% before the revisions to 363% thereafter, as the increase in nominal disposable income exceeded that in wealth. Similarly, the average ratio over the period 2010 to 2020 decreased from 365% before the revisions to 352% thereafter.

7 For the saving statistics, see page S-141 in this edition of the *Quarterly Bulletin*.

Revisions to saving⁷

The level of gross saving changed due to the combined effect of the benchmark revisions and rebased statistics of output, intermediate consumption and the compensation of employees. In addition, property income, social contributions and benefits, current taxes on income and wealth as well as current transfers for all institutional sectors were also revised, incorporating more complete data sources.

Total gross saving as a percentage of nominal GDP decreased slightly in 2015, from 16.3% before the revisions to 14.3% thereafter. The lower rate in 2015 reflected a decrease in the gross saving of the corporate sector, from 14.6% before the revisions to 11.9% thereafter. Households' gross saving as a percentage of nominal GDP increased marginally in 2015, from 1.0% before the revisions to 1.5% thereafter, while the saving of general government as a percentage of nominal GDP also increased marginally in 2015, from 0.8% before the revisions to 0.9% thereafter.

Gross saving as a percentage of nominal gross domestic product before and after revisions

Per cent

| Sector | 2015 | |
|---------------------------|-------------|-------------|
| | Before | After |
| Household..... | 1.0 | 1.5 |
| Corporate..... | 14.6 | 11.9 |
| General government..... | 0.8 | 0.9 |
| Total saving | 16.3 | 14.3 |

Source: SARB

The average gross saving rate of the total domestic economy as a percentage of nominal GDP for the period 2010 to 2020 declined to 14.5% after the revisions, from 15.8% before the revisions.

Average gross saving as a percentage of nominal gross domestic product

Per cent

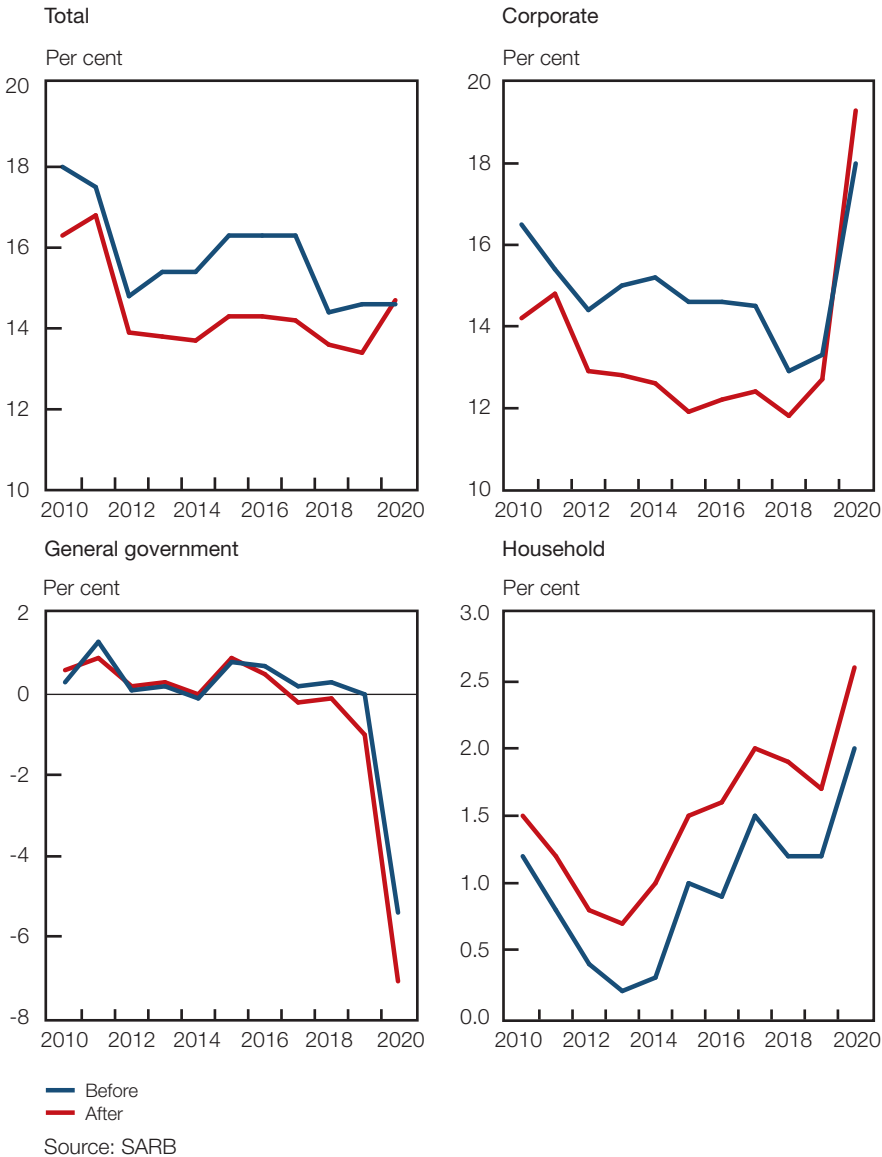
| Sector | 2010–2020 | |
|---------------------------|-------------|-------------|
| | Before | After |
| Households..... | 1.0 | 1.5 |
| Corporates | 14.9 | 13.4 |
| General government..... | -0.1 | -0.5 |
| Total saving | 15.8 | 14.5 |

Source: SARB



The average household saving rate as a percentage of nominal GDP between 2010 and 2020 increased from 1.0% to 1.5%, with the revised rate increasing from a low of 0.7% in 2013 to a recent high of 2.6% in 2020. By contrast, the average gross saving of the corporate sector as a percentage of nominal GDP for the period 2010 to 2020 decreased from 14.9% before the revisions to 13.4% thereafter, although increasing in recent years from a low of 11.8% in 2018 to 19.3% in 2020. The gross dissaving of general government as a percentage of nominal GDP for the period 2010 to 2020 decreased marginally from an average of 0.1% before the revisions to 0.5% thereafter, while recording a gross saving of 0.9% of nominal GDP in both 2011 and 2015 and a dissaving of 7.1% in 2020 when expenditure related to the COVID-19 pandemic was quite strong.

Figure 4 Gross saving as a ratio of gross domestic product



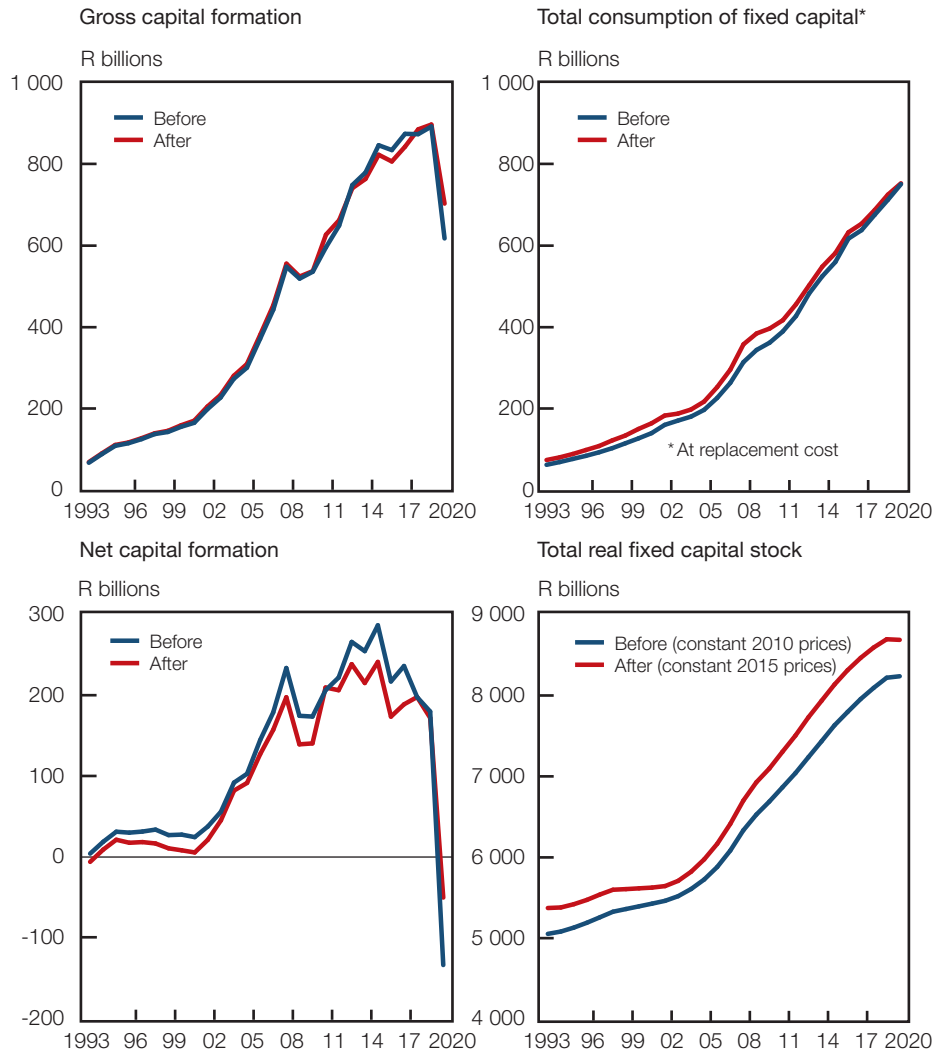
Revisions to capital formation and capital stock⁸

The revised real fixed capital stock estimates reflect a changed methodology to calculate the consumption of fixed capital from a straight line to a geometric approach, revisions of nominal gross fixed capital formation estimates, revised asset life assumptions and the new reference (base) year. While the impact on total consumption of fixed capital and total real fixed capital stock seems marginal, the components were affected to varying degrees as a result

⁸ For gross and net capital formation statistics, see page S-134 and S-131 in this edition of the *Quarterly Bulletin*.

of sector-specific factors. Although smaller after the revisions, the significant contraction in nominal net capital formation in 2020 indicates that capital investment during the early period of the COVID-19 pandemic was insufficient to maintain fixed capital stock levels, resulting in a reduction in real capital stock.

Figure 5 Capital formation



Sources: Stats SA and SARB