ADVISORY

ADEQUACY AND STRUCTURE OF FUNDING NEEDED TO COLLECT AND PROVIDE OFFICIAL STATISTICS

STATISTICS SOUTH AFRICA: BUDGET CHALLENGES SINCE 2012

6 JUNE 2025

1. BACKGROUND

When the third National Planning Commission (NPC) was appointed, the need for assertive policies that address the historical legacy of poverty, inequality, and economic shocks was discussed. The commission believed that, to respond effectively, its opinions would have to be based on evidence. To this end, a task team was formed to examine existing economic models and their distributional impacts in terms of various interventions.

As part of the enquiry, a scoping exercise was conducted to examine the parameters that inform economic models, involving various economic modellers and institutions. Trends on poverty and inequality derived from the national income dynamics survey were considered, and the characteristics of the poorest 40% and those involved in the informal economy were explored.

Based on the analysis, the task team concluded that existing models are inadequate in translating key interventions into a considerable impact for the poorest 40% in terms of the extent to which the economy is stimulated and in ensuring sustainable interventions.

The main challenge identified was the existence of an evidence gap. The concerns are:

- Traditional models, such as the standard general equilibrium models, do not consider important sectors, including the financial sector and its impact on redistribution.

- The dated nature of existing data, particularly poverty statistics, has been a significant concern. Over the years, there have been considerable gaps in the data series. Surveys such as the national panel and multi-dimensional poverty surveys are no longer in place. These factors have limited the effectiveness of South Africa's data. It was also identified that South Africa is not making sufficient use of other types of data, such as administrative, spatial reference, and image data.

- The precision of data estimates at a local level refers to the likelihood of the data being prone to error, its consequences, and how these can be addressed.

Following the enquiry, the task team issued three advisories. The first focused on understanding what is needed to ensure increased investment in data collection, analysis, and efficiency reforms to support informed decision-making and achieve the NDP targets.

On this basis, the interaction between the NPC and the Statistics Council was proposed. The engagement took place on 10 September 2024 to discuss the South African statistical system and how the collaboration between the two institutions can facilitate the development of a cost-effective system.

2. OBSERVATIONS: MEETING WITH THE STATISTICS COUNCIL

The meeting between the task team and the Stats council was structured to respond to the following questions:

- How can investment in the national statistical system be improved to ensure regular and accurate data collection on poverty, inequality, health, and economic performance?

- How can efficiency reforms be implemented in data collection and processing to ensure the timely availability of critical information?

- How can stakeholder efforts be coordinated?

In the Statistics South Africa's (Stats SA) response, a presentation was prepared and highlighted the following topics:

- The strategic overview of Stats SA
- The demand and supply of statistical information
- The strategic conversation on the Data Ecosystem

What was observed is that:
- There are significant shortcomings and gaps in data collection. These gaps undermine evidence-based planning.
- There is a downward trend in funding allocation for official statistics, as indicated by the Stats SA presentation.
- Therefore, a review of the resources and funding requirements for StatsSA is necessary for effective planning in South Africa.

3. STATISTICS SOUTH AFRICA BUDGET ALLOCATION AND RELATED CHALLENGES

Since adopting the National Development Plan (NDP) in 2012, Stats SA has faced fluctuating budget allocations, which have impacted its operational efficiency and ability to collect, analyse, and publish national statistics. These budgetary shifts have been largely influenced by fiscal constraints, government cost-cutting measures, and shifting national priorities.

On 23 October 2013, the Cabinet directed all government departments, constitutional institutions, and public entities listed under Schedules 2 and 3 of the Public Finance Management Act (PFMA) to implement measures to reduce operational costs and eliminate non-essential expenditure. In response, the National Treasury introduced amendments to the Treasury Regulations to limit the use of debit and credit cards and issued cost-saving guidelines[1], including:
- National Treasury Instruction 01 of 2013/2014 to enforce cost containment across PFMA-compliant institutions.
- Cost Containment Guidelines for the 2023/24 Financial Year, highlighting fiscal challenges due to declining government tax revenues and tighter borrowing conditions.

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[1] The National treasury. August 2014. Guideline on Cost Containment Measures National Treasury Instruction 01 of 2013/2014. Available at:
https://www.treasury.gov.za/legislation/pfma/guidelines/Guideline%20on%20Cost%20Containment%20Measures.pdf

The fiscal constraints were further compounded by the 2023 public sector wage agreement, which was not accounted for in the 2023 Budget Review and lacked effective mechanisms to mitigate its financial impact.

As a state institution, Stats SA has not been exempted from these austerity measures, with budget fluctuations significantly affecting its ability to conduct large-scale surveys, sustain its workforce, and maintain data credibility.

According to the guidelines on cost containment measures, fiscal challenges primarily stem from an exceptionally large year-to-date decline in government tax revenue collections and tighter financial conditions that have constrained the government's borrowing programme.

The table below summarises the budget allocations from 2012 to date:

Baseline Analysis Table

Classification	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
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Baseline Allocation	1,964,065	2,183,871	2,117,468	2,146,313	2,271,699	2,514,368	3,452,173	4,474,590	2,758,546	2,691,746	2,823,039	2,948,069	3,083,132	3,018,224
Budget Increase	282,173	89,353	381,436	-	-	-	-	-	-	-	-	-	-	-
COLA	-	8,643	9,075	-	-	-	-	44,090	46,909		-	-	-	-
Rollover	-	69,405		31,249	-	-	-	412,960	193,972		-	-	-	-
Budget cut	(3,724)	(28,016)	(18,877)	-	-	-	(320,600)	-	-	(48,744)	(176,879)	(193,546)	(195,487)	-
Revised Allocation	2,242,514	2,323,256	2,489,102	2,177,562	2,271,699	2,514,368	3,131,573	4,931,640	2,999,427	2,643,002	2,646,160	2,754,523	2,887,645	3,018,224
Actual Outcome	2,156,435	2,273,540	2,461,205	2,195,519	2,311,135	2,553,462	2,691,314	4,648,315	3,797,648	2,723,914	-	-	-	-
Revised Baseline	-	-	-	-	-	-	-	-	-	-	2,646,160	2,754,523	2,887,645	3,018,224
(Over) and Under Spending Total	86,079	49,716	27,897	(17,957)	(39,436)	(39,094)	440,259	283,325	(798,221)	(80,912)	-	-	-	-

[2]

The table is sourced from Stats SA's presentation on the efficacy of its budget allocation, which was delivered in parliament.

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[2] Parliamentary Monitoring Group. 18 September 2024. Presentation: Efficacy of Statistics South Africa Budget Allocation. Available at:
https://pmg.org.za/files/240918Presentation_to_the_Standing_Committee_on_Appropriations__An_introduction_to_Stats_SA_and_its_fund.pptx

Between 2012 and 2017, Stats SA experienced budget growth to support large-scale surveys, infrastructure projects, and census preparations. In 2016/17, the department received over R2 billion, primarily allocated for the Community Survey 2016 and system upgrades for upcoming censuses[3]. This investment enhanced data collection capabilities and statistical infrastructure.

From 2018 to 2021, government-wide fiscal consolidation efforts led to significant budget reductions for Stats SA. In 2018/19, the department's Compensation of Employees (CoE) budget was reduced by R179.548 million, resulting in an overspend of R48.865 million. Although the National Treasury approved the reallocation of R10.845 million from unspent Census 2021 funds, it was insufficient to cover the budget gap[4].

These financial constraints compelled Stats SA to scale back data collection activities, thereby affecting the quality and scope of its statistical outputs. The inability to fill critical vacancies due to funding restrictions led to a high vacancy rate, reaching 19.1% by 2023/24[5].

Budget cuts also led to unauthorised expenditures, with R50.940 million reported in 2019/20 [6]and R128.307 million in 2023/24[7] primarily due to unfunded cost-of-living adjustments and operational expenses for major surveys, such as the 2022 Census.

In 2023/24, Stats SA's budget allocation stood at approximately R2.5 billion, marking a period of stabilisation after years of financial uncertainty. [8]However, despite this

[3] Statistics South Africa. 2017. Annual report 2016/2017 (Book 1). Available at: https://www.statssa.gov.za/publications/AnnualReport/Annual_Report_2017_Book1.pdf
[4] Statistics South Africa. 2019. Annual Report 2018/2019 (Book 1). Available at: https://www.statssa.gov.za/publications/AnnualReport/AR201819_Book_1.pdf
[5] Statistics South Africa. 2024. Annual Report 2023/24 (Book 1). Available at: https://www.statssa.gov.za/publications/AnnualReport/AR_Book1202324.pdf
[6] Statistics South Africa. 2022. Annual Report 2021/2022 (Book 1). Available at: https://www.statssa.gov.za/publications/AnnualReport/Stats_SA_Annual_Report_Book_1.pdf
[7] Statistics South Africa. 2024. Annual Report 2023/24 (Book 1). Available at: https://www.statssa.gov.za/publications/AnnualReport/AR_Book1202324.pdf
[8] The National Treasury. 2023. Estimates of National Expenditure 2023, Vote 14: Statistics South Africa. Available at: https://www.treasury.gov.za/documents/national%20budget/2023/ene/Vote%2014%20Statistics%20South%20Africa.pdf

allocation, the department continued to operate under financial strain, struggling to balance critical data production needs with funding constraints.

Concerns persisted about the sustainability of statistical outputs, particularly as demand for data-driven policymaking continued to increase. The high vacancy rate of 19.1% remained a pressing issue, affecting operational efficiency and raising questions about the credibility and accuracy of data.

On 18 September 2024, Stats SA presented a report on the efficacy of its budget allocation to the Standing Committee on Appropriations in Parliament. The Statistician-General reaffirmed the department's commitment to data integrity but emphasised the urgent need for an additional R295 million to stabilise operations.

Committee members expressed concerns about the impact of staff shortages on morale and data reliability, urging Stats SA to collaborate with academic institutions and the private sector to enhance efficiency and reliability. They also recommended leveraging social media and mobile technology to modernise data collection and public engagement strategies.

The Chairperson of the Committee warned that ongoing financial instability and staffing issues could push Stats SA toward operational collapse, jeopardising its ability to inform policy and budget decisions at all levels of government[9].

4. THE RISK OF A WEAKENED STATISTICAL SYSTEM AND ITS IMPACT ON NATIONAL PLANNING

Statistics South Africa (Stats SA) plays a crucial role in shaping the country's economic and social policies by providing accurate and reliable data. However, persistent budget constraints threaten the institution's ability to fulfil this mandate, posing serious risks to national planning, economic stability, and South Africa's global standing.

Without urgent intervention, Stats SA faces declining data quality, as financial limitations restrict the ability to conduct large-scale surveys, employ skilled personnel, and verify statistical accuracy. The department's high vacancy rate, which reached

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[9] Parliamentary Monitoring Group. 18 September 2024. Presentation: Efficacy of Statistics South Africa Budget Allocation. Available at: https://pmg.org.za/committee-meeting/39514/

19.1% by 2023/24, has already reduced its capacity to maintain the credibility of key economic and demographic indicators. Insufficient staffing and resources could lead to increased errors in reporting, diminishing trust in national statistics and weakening South Africa's ability to make informed policy decisions.

As the country moves toward implementing key development strategies, including the National Development Plan (NDP), the Medium-Term Development Plan (MTDP), and the Sustainable Development Goals (SDGs), incomplete or inaccurate data could derail progress. Effective governance relies on sound evidence to guide resource allocation, monitor employment trends, assess poverty levels, and measure economic performance. However, budget shortfalls at Stats SA may force the institution to scale down or discontinue essential surveys, leaving policymakers to rely on outdated or insufficient data. This could result in misdirected interventions, inefficient government spending, and ineffective service delivery.

The financial instability at Stats SA also has broader economic consequences. Investors, financial institutions, and international agencies depend on official statistics to assess South Africa's economic health. If key indicators, such as GDP growth, inflation rates, employment figures, and census data, become unreliable or are not published regularly, investor confidence may decline, making it harder for the country to attract foreign direct investment. The private sector also relies on statistical insights for business expansion and informed market strategies. A weakened StatsSA could introduce uncertainty in economic forecasting, discouraging investment and slowing economic growth.

The Standing Committee on Appropriations has already raised concerns about Stats SA's financial challenges, warning that the institution is at risk of operational collapse if funding shortages persist. On 18 September 2024, Stats SA presented its case to Parliament, emphasising the need for an additional R295 million to stabilise operations and sustain data integrity. The committee echoed concerns over the impact of staff shortages on morale and data credibility, urging greater collaboration with academic institutions and the private sector to enhance efficiency.

The long-term consequences could be severe if these financial challenges are not addressed. Unreliable data will hinder national development planning, and economic

policies may be based on flawed information, compromising South Africa's ability to measure and achieve its strategic goals. To prevent this, urgent measures must be taken to secure sustainable funding for Stats SA, ensuring its role as the backbone of evidence-based policymaking remains intact. Without a well-funded and operationally efficient statistical system, the country risks making decisions in the dark, ultimately jeopardising its social and economic future.

Advisory Recommendations to the Minister of Planning, Monitoring, and Evaluation

5. ADVISORY RECOMMENDATIONS TO THE MINISTER OF PLANNING

In light of persistent fiscal constraints, the challenges encountered during Census 2022, and the opportunities presented by the recent enactment of the Statistics Amendment Act (2024), the National Planning Commission offers the following detailed recommendations to support the revitalisation and resilience of Statistics South Africa (StatsSA) and the broader National Statistics System (NSS). These recommendations are guided by the principles of evidence-informed planning and the need for a coordinated and trusted data system to underpin development in South Africa.

1. Prioritise Sustainable and Predictable Funding

Stats SA has experienced years of budget reductions, with an estimated cumulative cut of R750 million since 2010. This erosion of funding has led to the discontinuation of surveys, delays in census execution, and a high vacancy rate (over 19%), undermining the institution's capacity. A secure and predictable budget allocation, including the R295 million requested in the current cycle, is essential to ensure Stats SA fulfils its constitutional and developmental mandates. Multi-year budgeting will enable continuity in planning, particularly for long-lead-time projects, such as the next population census.

2. Reinforce Core Data Collection Activities

Key statistical instruments, such as the National Income Dynamics Survey (NIDS), multidimensional poverty surveys, and panel data collections, have been disrupted or terminated due to funding constraints. These tools are crucial for tracking poverty

dynamics, assessing the impacts of social policies, and designing targeted interventions. Reinstating or replacing these surveys will improve the evidence base for planning. Additionally, continued investment in Community Surveys and the Labour Market Dynamics series is necessary to maintain trend comparability over time.

3. Address Human Resource Constraints

The capacity to design, implement, analyse, and disseminate high-quality statistics is dependent on retaining skilled professionals. With many senior staff approaching retirement and recruitment frozen, institutional memory and technical capacity are at risk. We recommend filling critical posts, protecting core staff from attrition due to austerity, and creating incentives to attract young statisticians and data scientists. This should include graduate internship pipelines, postdoctoral fellowships, and targeted recruitment into provincial offices. Partnering with universities that offer degrees in demographic science, population studies, statistics, data science, and public sector accounting will assist in the development of the pipeline.

4. Foster Collaboration Across the Data Ecosystem

The Statistics Amendment Act (2024) has affirmed Stats SA's role in coordinating all producers of statistics in the country. Strengthened partnerships with universities, civil society, and private data producers will improve coverage, innovation, and responsiveness. Formal data-sharing agreements, particularly with departments producing administrative data, should be prioritised. A collaborative framework must also be designed to facilitate the integration of non-survey sources, including geospatial and sensor-based data, into national statistics.

Data sharing with the private sector should also be encouraged. This is to expand the collection of data into areas of the economy and society where the private sector interfaces with various data sources, across different sectors. For example, credit providers (Financial Services), wholesalers and distributors (Retail), owners and developers of digital systems (Technology), investors, incubators and other ecosystem players that support businesses in formal and informal economies (Entrepreneurship). Collaboration with the private data ecosystem will also expand Stats SA's reach, where resources are limited.

Whilst collaborating with the private sector can be costly, mutually beneficial cost-sharing partnerships should be explored.

5. Continue Modernising Data Collection and Dissemination Methods

The adoption of mobile platforms, real-time dashboards, and automated validation systems can reduce costs and expedite data cycles. The use of digital tools for field operations during Census 2022 was an important step forward, though challenges remain in data validation and coverage. Greater investment in post-enumeration assessments, real-time error checking, and web-based dissemination portals will enhance the utility of data. Public access must also be enhanced to enable civil society and the media to use official statistics for transparency and accountability.

6. Protect the Credibility and Independence of Official Statistics

Stats SA's credibility is foundational to the trust placed in official statistics. Political neutrality, scientific rigour, and protection from undue influence are essential. We recommend that the institutional autonomy of the Statistician-General be explicitly protected and that amendments to the Public Finance Management Act consider recognising official statistics as a public good akin to infrastructure. Ensuring operational independence within provincial offices and survey design is also vital.

7. Implement and Operationalise the Statistics Amendment Act (2024)

The revised Act provides a legal foundation for enhanced coordination across the NSS. Its provisions include the requirement for all organs of state to submit annual statistics plans, establish internal statistics units, and develop mechanisms for data quality assurance using the South African Statistical Quality Assessment Framework (SASQAF). Operationalising these provisions will require the Statistician-General to offer technical support, develop guidelines for statistical reporting, and coordinate stakeholder forums. Structures such as the Statistical Clearing House and a state-wide statistics service should be prioritised in implementation planning.

8. Conduct an Independent Review of Census 2022

The 31% undercount in the 2022 Census, the highest in democratic South Africa, raises concerns about the enumeration methodology, respondent engagement, and

field logistics. An independent technical review, guided by international best practices, should be commissioned to assess challenges and propose corrective actions. This review should include an assessment of how new technologies performed, the reasons for underrepresentation in specific geographies (e.g., the Western Cape), and strategies to enhance enumeration in informal settlements.

9. Develop the National Strategy for the Development of Statistics (NSDS)

The Statistics Amendment Act mandates the creation of a National Strategy for the Development of Statistics (NSDS), which should serve as the roadmap for statistical capacity building, investment planning, and governance reform. The NSDS should align with the SDGs, AU Agenda 2063, and NDP 2030, and should include a mechanism for monitoring statistical capacity within each entity of the NSS. Dedicated technical working groups and capacity-building partnerships with higher education institutions are recommended.

10. Embed Statistics Within Planning and Budgeting Frameworks

To strengthen evidence-based policy, planning documents—including MTDP, MTSF, IDPs, and sector strategies—should explicitly reference official statistics. Treasury budget guidelines could require departments to align expenditure frameworks with statistical evidence. Stats SA outputs should be embedded within the government's performance monitoring architecture and linked to SDG and African Charter reporting obligations. Departments should be supported to align their statistical plans with reporting frameworks.