

# SHOCKING INEQUALITY IN SOUTH AFRICA

## Cause for concern

South Africa is the most unequal society on the globe. Opulence exists alongside poverty; decadence is but a stone's throw from deprivation. The *Sunday Times* Rich List (7 December 2014) highlighted the widening income and wealth gap in South Africa. There is simply no justification for such disparity.

*There is a growing literature supporting the notion that inequality has a negative relationship to growth and prosperity. In South Africa, where the rate of return on capital and executive pay continues to outstrip the growth rate by a large margin, squeezing the middle class and lower classes, policymakers need to develop and implement appropriate legislative instruments and policy frameworks to close the income and wealth gap.*

*Outside of purely economic terms, inequality is also a moral and socio-political issue. The proper functioning of our democratic institutions depends on the creation of an inclusive growth path that ensures equitable participation in our economy. Instead of entertaining sterile and useless conspicuous consumption, policymakers need to ensure that our economy works to provide for basic needs first.*

*New Agenda expresses its concern at the statistics released in the Rich List, and believes that tackling inequality should be a government priority.*

*The following are excerpts from the Sunday Times article.*

*The editor.*

### WEALTH AND INCOME OF THE RICH

The country's 10 richest people have a combined wealth of R205 billion, an 81.4 percent increase on the R113 billion they held in March last year. This occurred in a year when GDP growth was expected to be 1.5 percent.

The top 10 executives in South Africa collectively took home R625 million last year. On average, the top 10 salary packages have increased 74.8 percent from 2012.

Ivan Glasenberg, the South African-born boss of Swiss-based mining company Glencore, has a fortune worth R61.3 billion as of November 2014.

Anglo American CEO Mark Cuitifani is South Africa's highest paid executive. His cheque of R106.8 million included a salary of R17.3 million, benefits of R46.7 million, a performance bonus of R18.6 million, and share gains of R19.3 million.

### CEO SALARIES UNAFFECTED BY MINING STRIKES

Last year, strikes bought the mining industry to a standstill as the Association of Mineworkers and Construction Union (AMCU) demanded a minimum wage for mineworkers of R12 500 a month.

The Rich List shows that 31 of 214 South African CEOs earned more than 100 times that coveted R12 500 monthly salary.

### ESKOM EQUATION: NO POWER = HIGH SALARIES

Eskom lavished R52 million on 11 individuals last year, with five of the top 11 best-paid parastatal bosses coming from the embattled power company.

Brian Dames, former CEO, took home R8.5 million and former finance chief Paul Flaherty and former customer service head Erica Johnson took home R5.9 million each.

### THE CURSE OF CONSPICUOUS CONSUMPTION

The *nouveaux riches* spend their wealth on "label heavy" fashion and accessories and luxury cars; South Africa is now Porsche's biggest market in its Middle East and Africa region. The most popular way of showing off, however, is to "buy" tables at South Africa's top clubs in Johannesburg and Cape Town, where the cost of one bottle of alcohol can exceed R10 000. The most expensive bottle in South Africa is Remy Martin's deluxe Louis XIII Rare Cask 42.6 Cognac at R300 000 a bottle. [NA](#)