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*Report 2&3: January 2005*

***Quarter 3 & 4, 2004***

# QUARTERLY ECONOMIC AND BUSINESS REPORT- PIETERMARITZBURG and UMGUNGUNDLOVU DISTRICT

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## CONFIDENTIALLITY

Due to confidentiality agreements very few of the actual data of the variables will be displayed in the graphs, thus the X-axis may not always be clear or self-explanatory. An X-axis with e6 means six values after the prime before the comma, for example 5,5e6 implies 5 500 000.

## MYTHODOLOGY

**Section 1**: This section will focus on the presentation and analysis of the individual economic indicators (using secondary data). The individual indicators will be discussed in terms of the past, present and future economic and business environment of the region. The analysis will make use of the **Kernel smoothing technique** where necessary.

**Section 2**: The individual indicators will then be grouped into an economic performance index (EPI) (using secondary data). **The standard and best practice methodologies** will be employed in terms of weightings to construct the composite index. January 2003 will serve as the base year.

**Section 3**: A quarterly business or related survey will be conducted, via an electronic questionnaire. Such a survey will further contribute to the effectiveness of this report and will also generate new data.

## A BRIEF OVERVIEW OF THE KWAZULU-NATAL (KZN) ECONOMY

KwaZulu-Natal recorded an economic growth rate of 2.6% during 2002. This follows a growth rate of –0.1% in 2001. The growth in 2002 was mainly due to contributions from the agriculture, forestry and fishing, industry (0.7 of a percentage point) and the transport and communications industry (0.6 of a percentage point). In 2002, the largest industries in the economy were the manufacturing industry (23.4%) and the finance, real estate and business services industry (15%) in terms of their contribution to the GDP of KwaZulu-Natal at market prices. The mining and quarrying industry had the lowest contribution (1.1%) to the GDP of KwaZulu-Natal at market prices. The average real economic growth rate of KwaZulu-Natal over the period 1996 to 2002 was 2.6%. This is lower that the average real economic growth rate of South Africa over the same period of 2.8% (StatsSA, www.statssa.gov.za)

### KZN Socio-Economic Statistics (2000)

The population in KZN makes up about 20% of the total population in SA.

KZN has a population of approximately 9.2 million.

KZN contributes about 17 percent to South Africa’s GDP.

About 43% of KZN's population lives in urban areas.

The percentage of persons in poverty in KZN is about 53%.

KZN remains the leading tourist destination for domestic travelers.

(KZN Department of Economic Development, http://www.kzn-deat.gov.za/over_econ/indicators.html)

**Gross domestic product per region (GDPR) – KwaZulu-Natal**

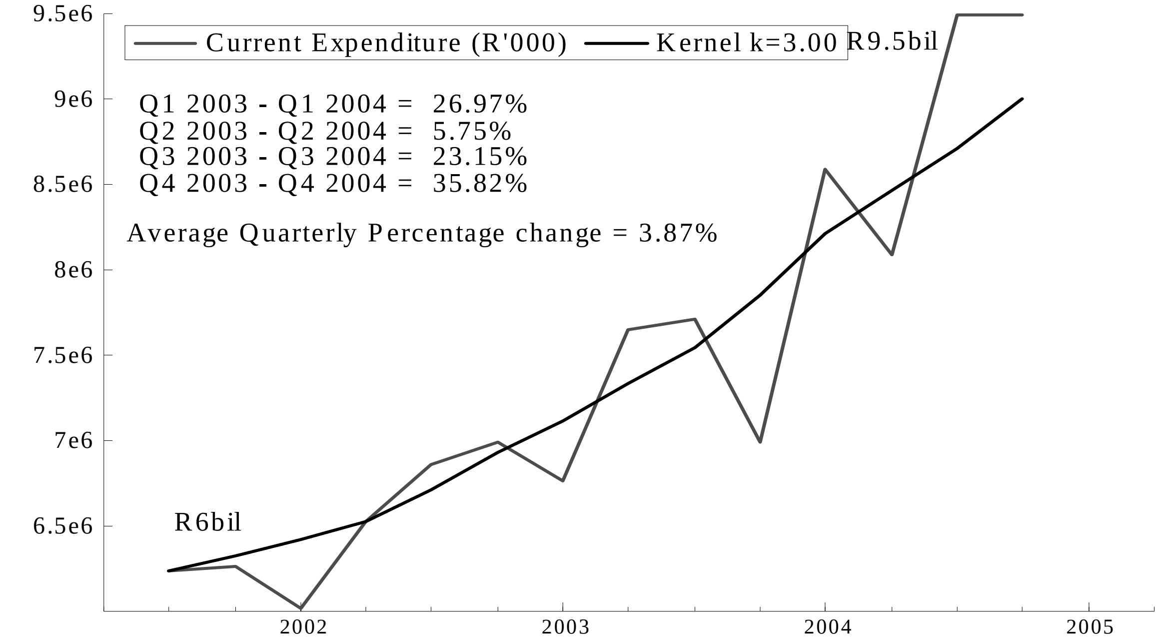
| Industry (Percentage contributions) | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|---|---|---|---|---|---|---|
| **Primary industries** | **7.6** | **7.3** | **6.3** | **6.2** | **6.4** | **6.7** |
| Agriculture, forestry & fishing | 5.9 | 5.7 | 5.2 | 5.1 | 5.3 | 5.6 |
| Mining & quarrying | 1.7 | 1.6 | 1.1 | 1.1 | 1.1 | 1.1 |
| **Secondary industries** | **29.3** | **28.3** | **27.8** | **27.7** | **27.8** | **28.0** |
| Manufacturing | 23.2 | 22.2 | 22.2 | 22.3 | 22.0 | 23.4 |
| Electricity & water | 3.0 | 3.1 | 2.9 | 2.8 | 2.6 | 2.5 |
| Construction | 3.1 | 2.9 | 2.7 | 2.6 | 3.1 | 2.2 |
| **Tertiary industries** | **54.8** | **55.8** | **57.1** | **57.2** | **56.9** | **56.6** |
| Wholesale, retail, hotels & restaurants | 12.0 | 11.7 | 11.6 | 11.8 | 12.3 | 12.4 |
| Transport & Communication | 11.6 | 11.7 | 11.9 | 12.2 | 12.1 | 12.1 |
| Finance, real estate & business services | 13.2 | 13.9 | 15.3 | 15.3 | 15.0 | 15.0 |
| Community, social and personal services | 5.1 | 5.3 | 5.6 | 5.6 | 5.6 | 5.5 |
| General government services | 12.8 | 13.2 | 12.7 | 12.3 | 11.9 | 11.5 |
| **All industries at basic prices** | **91.7** | **91.4** | **91.2** | **91.1** | **91.2** | **91.3** |
| Taxes less subsidies on products | 8.3 | 8.6 | 8.8 | 8.9 | 8.8 | 8.7 |
| **GDPR at market prices** | **100** | **100** | **100** | **100** | **100** | **100** |

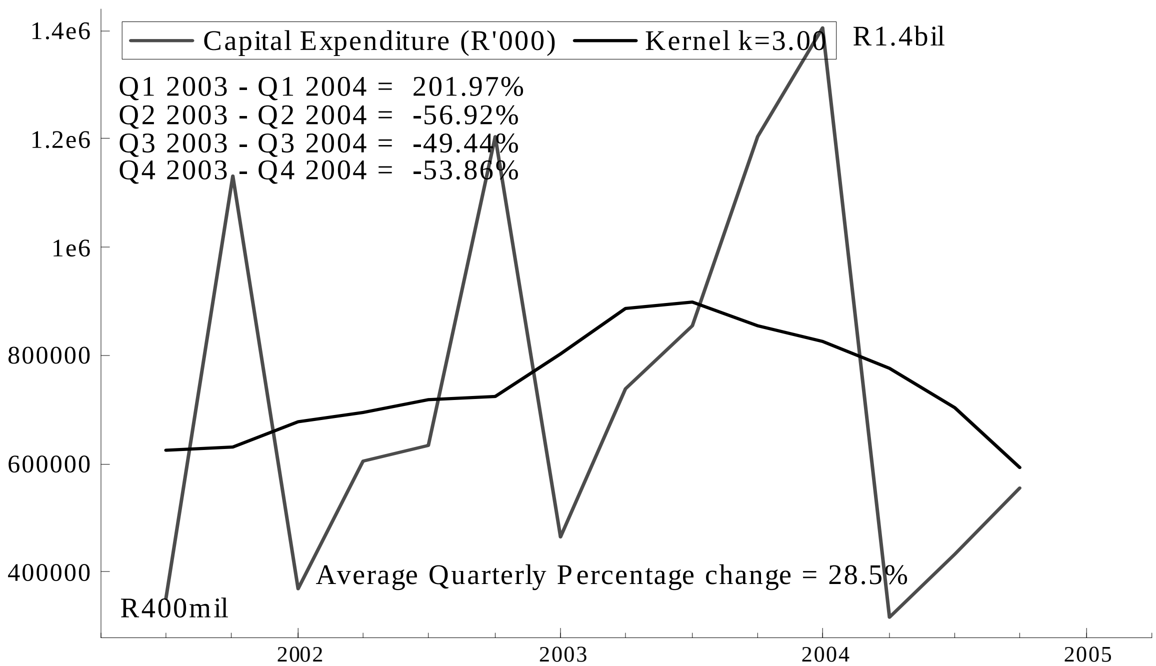
| Industry (1995 prices, percentage change) | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|---|---|---|---|---|---|---|
| **Primary industries** | **-0.4** | **0.3** | **-8.6** | **2.4** | **0.0** | **2.0** |
| Agriculture, forestry & fishing | -0.2 | 1.3 | -4.3 | 4.3 | 1.0 | 3.8 |
| Mining & quarrying | -1.6 | -3.5 | -26.2 | -7.6 | -6.0 | -9.4 |
| **Secondary industries** | **3.1** | **-2.2** | **0.3** | **4.5** | **6.0** | **1.8** |
| Manufacturing | 2.7 | -2.6 | 0.8 | 5.1 | 3.4 | 5.3 |
| Electricity & water | 3.5 | 1.4 | 2.7 | 3.1 | 4.2 | 1.9 |
| Construction | 5.8 | -3.3 | -6.7 | 1.0 | 32.0 | -23.4 |
| **Tertiary industries** | **1.7** | **2.6** | **2.0** | **3.3** | **4.5** | **3.3** |
| Wholesale, retail, hotels & restaurants | 0.5 | -1.2 | 0.3 | 4.6 | 9.2 | 3.5 |
| Transport & Communication | 5.6 | 4.9 | 2.3 | 5.5 | 5.2 | 7.5 |
| Finance, real estate & business services | 4.0 | 4.8 | 8.3 | 3.0 | 3.2 | 1.7 |
| Community, social and personal services | -0.1 | 1.6 | 2.1 | 3.2 | 2.8 | 2.9 |
| General government services | -2.4 | 2.5 | -3.4 | -0.1 | 0.9 | 0.3 |
| **All industries at basic prices** | **2.0** | **0.8** | **0.6** | **3.6** | **4.6** | **2.7** |
| Taxes less subsidies on products | 2.2 | 0.4 | -1.6 | 2.6 | 4.5 | 1.5 |
| **GDPR at market prices** | **2.0** | **0.8** | **0.4** | **3.5** | **4.6** | **2.6** |

(StatsSA, www.statssa.gov.za)

## SECTION 1: INDIVIDUAL ECONOMIC INDICATORS

### PROVINCIAL GOVERNMENT EXPENDITURE IN KWAZULU-NATAL




Current expenditure (remuneration of employees, spending on other goods and services, interest, subsidies and current transfer to households) increased from R6.5 bill in the 2nd quarter of 2001 to R8.5bil in the 1st quarter of 2004 and to R9.5 bill in the 4th quarter of 2004. The average current expenditure for 2003 and 2004 was R7.9 bill and R9 bill, respectively. Increasing levels of current expenditure will, via consumer spending, positively contribute to the performance of the local economy during 2005.

Capital Expenditure (expenditure on construction and expenditure incurred in the acquisition or improvement of land, buildings, engineering structures, machinery, etc), in contrast to current expenditure, has been decreasing consistently for the past two years (average of R0.82 bill in 2003 vs. R0.68 bill in 2004). Capital expenditure is normally associated with long-term sustainable economic growth and therefore, the lack of capital expenditure must be a point of concern. The medium term budget for KZN (table below) indicates a definite increase in government spending. It is especially social services (redistribution of income) that will benefit the most with capital spending only increasing very modestly. Again, there seems to be a lack of commitment to capital expenditure. A balance must be found so as to not restrict the future economic potential of the region because capital expenditure is normally seen as the catalyst of economic development and growth.

| **Classification of Payments (R'000)** | 2004/05 | 2005/06 | 2006/07 |
|---|---|---|---|
| Current Payments | 23 203 714 | 25 114 924 | 27 008 179 |
| Real % yoy change | | **2.4%** | **1.5%** |
| Transfer and Subsidies | 10 520 806 | 13 351 363 | 14 943 383 |
| Real % yoy change | | **21%** | **6%** |
| Payments of Capital Assets | 3 082 405 | 3 407 451 | 3 611 362 |
| Real % yoy change | | **5%** | **1%** |

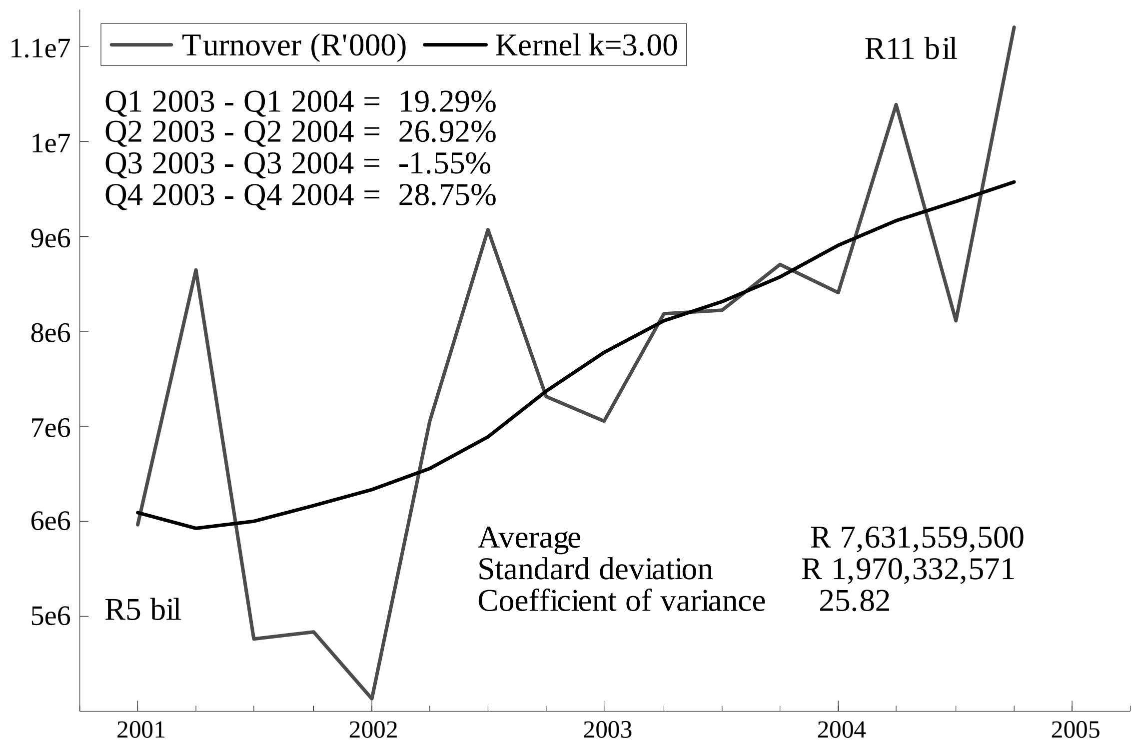
Inflation at **6%** pa; yoy = year on year

The following table gives a breakdown of the current and capital expenditure per provincial department for the 4th quarter of 2004. The last column indicates each department's total expenditure as a percentage of total provincial expenditure.

| **Expenditure per department (R'000)** | **September 2004 to December 2004** | | | |
|---|---|---|---|---|
| | Current | Transfers and Subsidies | Capital | % Of total spending |
| Education | 3148903 | 139381 | 81163 | **33.54** |
| Health | 2113499 | 70525 | 165853 | **23.39** |
| Social Development | 299724 | 2674687 | 13981 | **29.75** |
| Office Of The Premier | 36103 | 1454 | 449 | 0.38 |
| Provincial Parliament | 20311 | 2531 | 507 | 0.23 |
| Agriculture and Environmental Affairs | 170783 | 71839 | 11152 | 2.53 |
| Economic Development | 16899 | 29229 | 359 | 0.46 |
| Provincial Treasury | 31501 | 301 | 2952 | 0.35 |
| Housing | 52101 | 149168 | 1919 | 2.02 |
| Safety And Security | 4180 | 275 | 6 | 0.04 |
| The Royal Household | 6073 | 18 | 763 | 0.07 |
| Traditional and Local Government Affairs | 71904 | 42155 | 1839 | 1.15 |
| Transport | 226762 | 1693 | 269201 | 4.95 |
| Works | 86031 | 1014 | 5796 | 0.92 |
| Arts, Culture and Tourism | 8910 | 5701 | 84 | 0.15 |
| Sport And Recreation | 5122 | 610 | 36 | 0.06 |
| Total Spending | 6298806 | 3190581 | 556060 | 100.00 |
| Spending allocation as a % of total spending | **62.70** | **31.76** | **5.54** | |

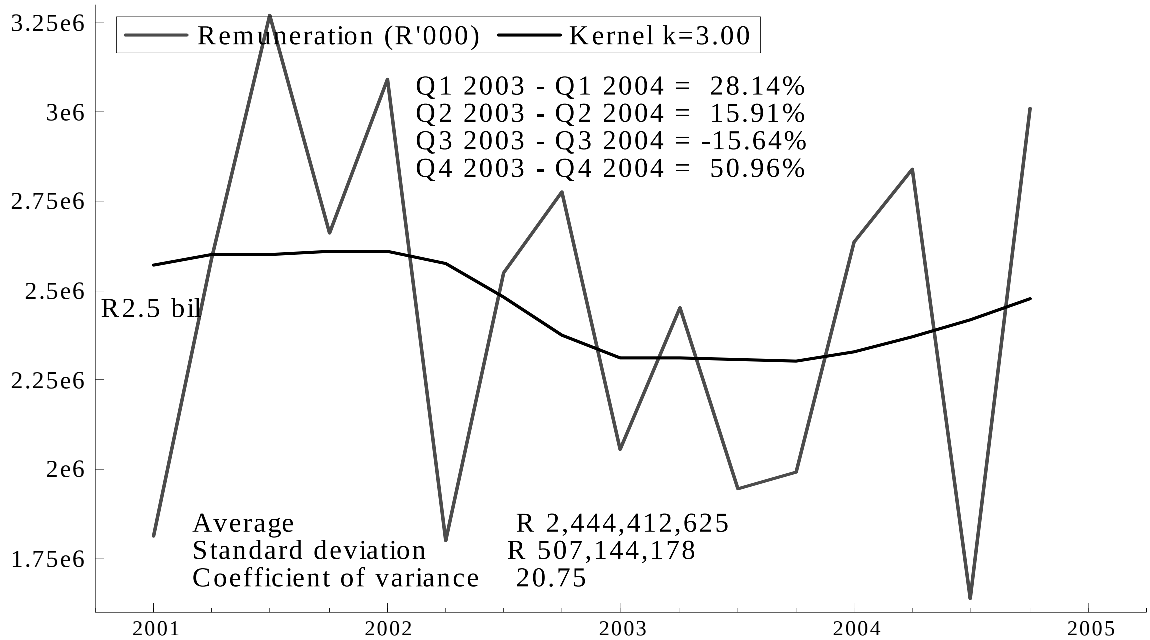
## TURNOVER AND REMUNERATION

According to Oldham and Hickson (Turnover and payroll levies: an unexploited source of regional economic data, Development Southern Africa, 2003) the best measure of regional economic activity is the gross geographic product (GGP), which is the value added at each stage of production and distribution within a region. They argue further that an important part of any regional or local economic plan should involve both sectoral and geographic distribution of economic activity. The district municipality provides a potential source of data that would enable us to compile the GGP of the district and the sectoral and geographic distribution of economic activity.



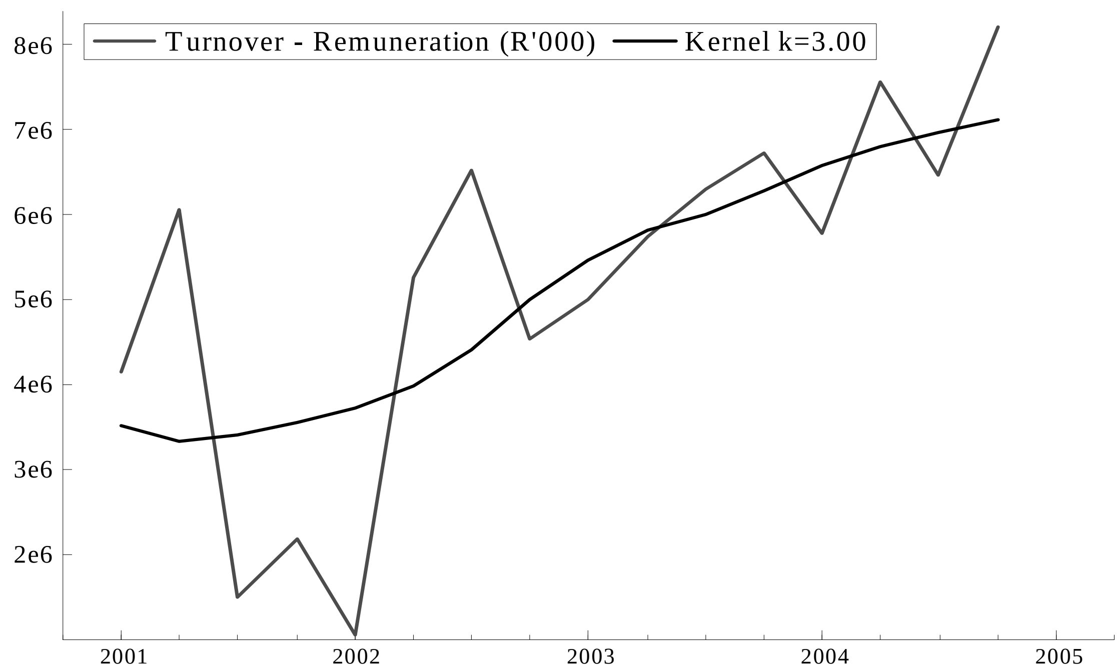

Turnover increased by almost R3bil from January 2004 to December 2004 and, more significantly, the upward trend has continued. Average turnover for 2003 and 2004 were R8 bill and R9.5 bill respectively. This is mostly due to the low inflation and interest rate environment and increased levels of current government expenditure.

It is encouraging to see that the wage bill of businesses is starting to increase. The average wage bill for 2003 and 2004 was R2.1 bill and R2.5 bill, respectively. This indicates that businesses are either employing more people or paying higher wages (or a combination). This will, no doubt, contribute to increasing consumer expenditure that will in return support business turnover during 2005. On average, for every one Rand sale that a business makes, 35 cents go to wages.

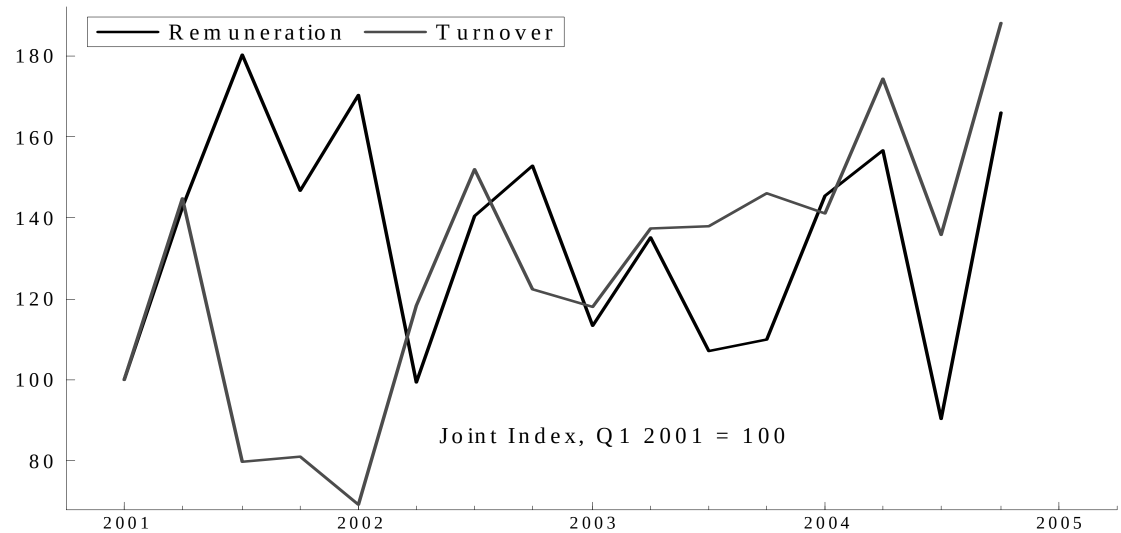



It is not surprising and somewhat logical that turnover is more volatile than the wage bill, but only just. The coefficients of variation (mean/standard deviation) for turnover and remuneration are 24 and 21, respectively. It is somewhat surprising that the wage bill is so volatile. It is therefore very important that one puts particular emphasis on the trends of the variables and not so much on the actual quarter-to-quarter changes.

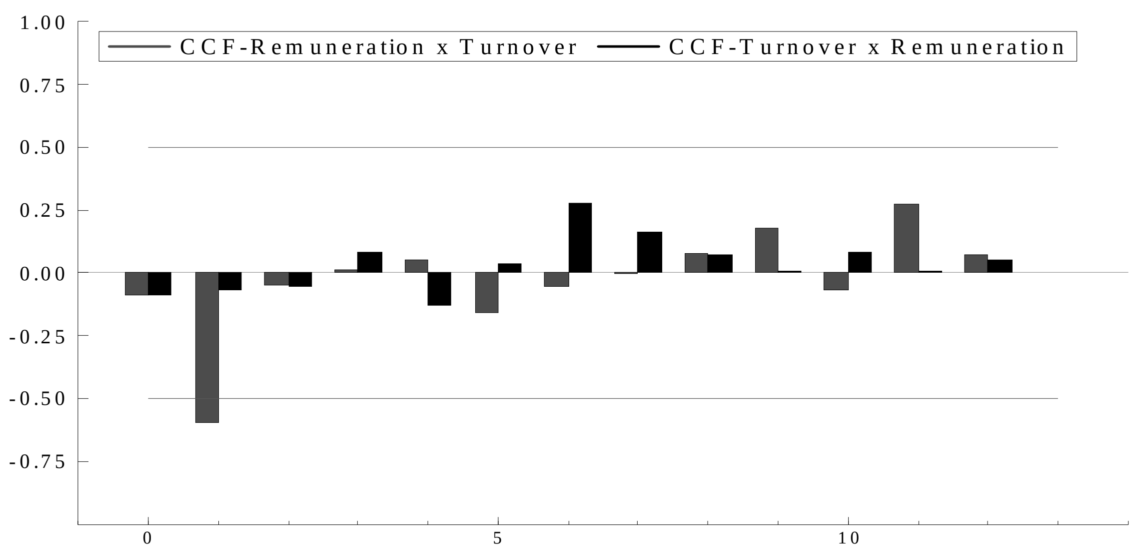
The gap between turnover and remuneration (graph below) decreased marginally from 37 to 36 percent, but volatility has increased by 2 percent



A correlation coefficient of 0.8, -0.01, -0.45 and –0.27 are obtained for 2004, 2003, 2002 and 2004 respectively indicating a strong positive relationship, a moderate inverse relationship and a fairly insignificant relationship between the two variables for 2004, 2002 and 2001 and 2003 respectively. The 2004 positive and 2002 inverse relationships become apparent in the following graph.




The following graph indicates the cross-correlation between turnover and the wage bill. It clearly indicates an inverse relationship for the first 6 quarters (18 months) and then a positive relationship thereafter. This confirms the view that employment decisions are not made according to current sales performance, but on sales performance over a period of time (12 – 18 months).




The following table indicates the structural changes that have taken place in the district since the first quarter of 2003. It is interesting to note that there was a decrease in the number of most businesses in the primary and secondary industries, but that the number of most businesses in the tertiary industry increased. There is a 7.5 percent decrease in the total number of business in the district.

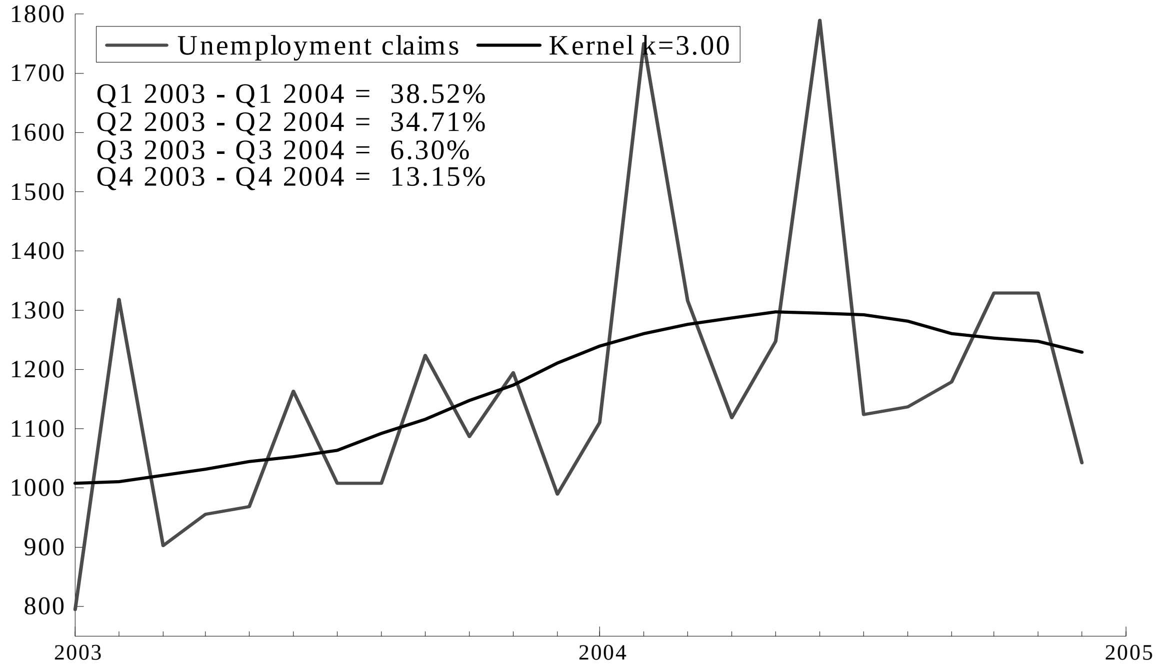
| Number of Businesses<br>Sector | Total 1Q2003 | Total 4Q2004 | Sector Total as Percentage of Overall Total (1Q2003) | Sector Total as Percentage of Overall Total (4Q2004) | %Change over Period |
|---|---|---|---|---|---|
| Agriculture, Forestry& Hunting | 208 | 172 | 1.60 | 1.43 | -17.31 |
| Farming | 923 | 908 | 7.12 | 7.57 | -1.63 |
| Mining | 7 | 4 | 0.05 | 0.03 | -42.86 |
| Quarrying | 20 | 19 | 0.15 | 0.16 | -5.00 |
| Manufacturing | 858 | 812 | 6.62 | 6.77 | -5.36 |
| Electricity, Gas & Water | 125 | 97 | 0.96 | 0.81 | -22.40 |
| Construction | 1188 | 1092 | 9.16 | 9.10 | -8.08 |
| Educational Institutions | 187 | 192 | 1.44 | 1.60 | 2.67 |
| Catering & Accommodation | 1438 | 1135 | 11.09 | 9.46 | -21.07 |
| Wholesale & Retail | 2246 | 2292 | 17.32 | 19.10 | 2.05 |
| Transport, Storage & Communication | 272 | 311 | 2.10 | 2.59 | 14.34 |
| Banks | 11 | 9 | 0.08 | 0.08 | -18.18 |
| Insurance | 40 | 53 | 0.31 | 0.44 | 32.50 |
| Pension & Medical Aid Funds | 14 | 12 | 0.11 | 0.10 | -14.29 |
| Real Estate & Business Service | 3896 | 3521 | 30.04 | 29.34 | -9.63 |
| Building Societies | 2 | 2 | 0.02 | 0.02 | 0.00 |
| Central Government | 15 | 14 | 0.12 | 0.12 | -6.67 |
| Local Government | 17 | 27 | 0.13 | 0.23 | 58.82 |
| Provincial Government | 9 | 8 | 0.07 | 0.07 | -11.11 |
| Social & Personal Services | 1475 | 1308 | 11.37 | 10.90 | -11.32 |
| Taxis | 17 | 11 | 0.13 | 0.09 | -35.29 |
| Total | **12968** | **11999** | **100.00** | **100.00** | **-7.47** |
| **Area** | **Total 1Q2003** | **Total 3Q2004** | **Area Total as Percentage of Overall Total (1Q2003)** | **Area Total as Percentage of Overall Total (4Q2004)** | **%Change over Period** |
| Kz225 Ashburton | 43 | 41 | 0.33 | 0.34 | -4.65 |
| Kz225 Ashdown | 32 | 27 | 0.25 | 0.23 | -15.63 |
| Kz221 Cool Air | 5 | 6 | 0.04 | 0.05 | 20.00 |
| Kz226 Camperdown | 318 | 296 | 2.45 | 2.47 | -6.92 |
| Kz221 Dalton | 120 | 113 | 0.93 | 0.94 | -5.83 |
| Kz225 Edendale | 251 | 196 | 1.94 | 1.63 | -21.91 |
| Kz222 Hilton | 211 | 211 | 1.63 | 1.76 | 0.00 |
| Kz222 Howick | 870 | 860 | 6.71 | 7.17 | -1.15 |
| Kz225 Imbali | 258 | 189 | 1.99 | 1.58 | -26.74 |
| Kz224 Impendle | 214 | 232 | 1.65 | 1.93 | 8.41 |
| Kz222 Mount Michal | 8 | 7 | 0.06 | 0.06 | -12.50 |
| Kz223 Mooi River | 360 | 328 | 2.78 | 2.73 | -8.89 |
| Kz221 Mpolweni | 7 | 3 | 0.05 | 0.03 | -57.14 |
| Kz221 New Hanover | 218 | 222 | 1.68 | 1.85 | 1.83 |
| Kz222 Nottingham Road | 132 | 124 | 1.02 | 1.03 | -6.06 |
| Kz 225 Pietermaritzburg | 9253 | 8542 | 71.35 | 71.19 | -7.68 |
| Kz226 Richmond | 327 | 333 | 2.52 | 2.78 | 1.83 |
| Kz225 Sobantu | 44 | 44 | 0.34 | 0.37 | 0.00 |
| Kz225 Vulindlela | 80 | 55 | 0.62 | 0.46 | -31.25 |
| Kz221 Wartburg | 198 | 170 | 1.53 | 1.42 | -14.14 |

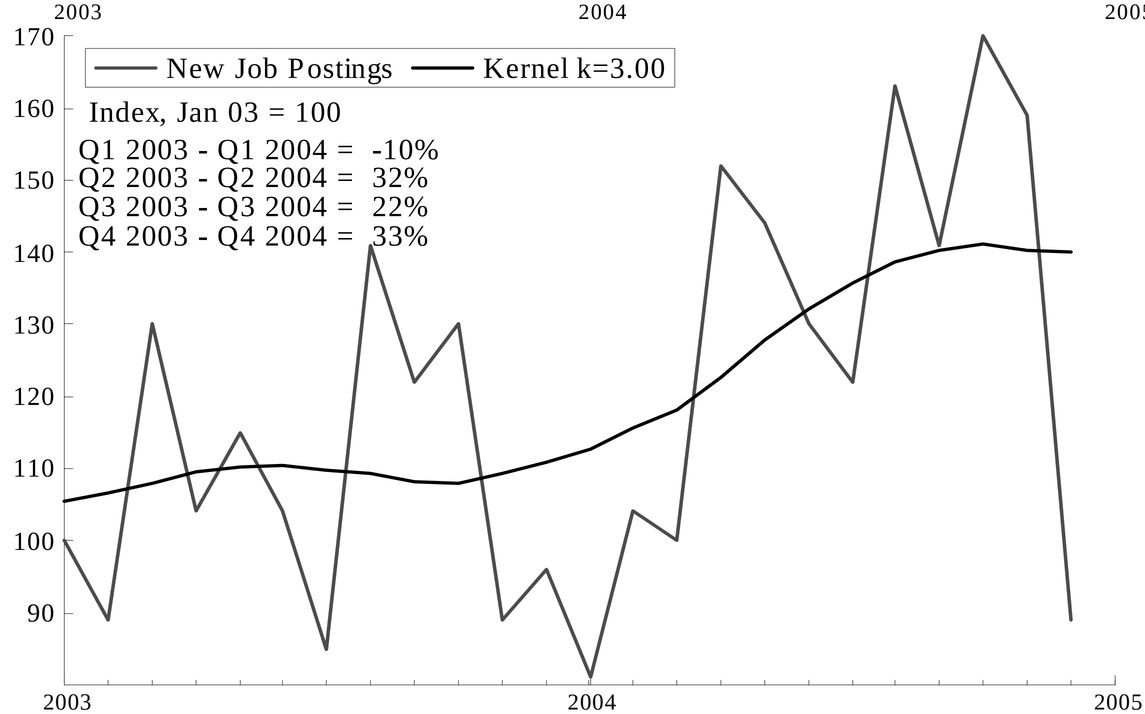
| Percentage changes (2003 – 2004) Sector and Area | Average Quarterly Nominal Percentage Change in Turnover | Average Quarterly Nominal Percentage Change in Remuneration |
|---|---|---|
| Agriculture, Forestry & Hunting | 14.07 | 160.93 |
| Farming | 4.10 | 6.67 |
| Mining | -96.73 | -86.49 |
| Quarrying | 38.59 | 100.36 |
| Manufacturing | 13.47 | 19.04 |
| Electricity, Gas & Water | 10.14 | 18.69 |
| Construction | 5.72 | 6.67 |
| Educational Institutions | 52.47 | 8.96 |
| Catering & Accommodation | 6.40 | 6.99 |
| Wholesale & Retail | 5.42 | 8.45 |
| Transport, Storage & Communication | 13.66 | 16.68 |
| Banks | 21.75 | 72.23 |
| Insurance | 79.33 | 12.16 |
| Pension & Medical Aid Funds | 35.19 | 14.46 |
| Real Estate & Business Service | 6.86 | 8.10 |
| Building Societies | 35.20 | 4865.66 |
| Central Government | 261.45 | 36.56 |
| Local Government | 44.73 | 101.49 |
| Provincial Government | - | 35.87 |
| Social & Personal Services | 9.76 | 6.65 |
| Taxis | -55.95 | -9.30 |
| **Total** | **8.44** | **11.75** |
| Kz225 Ashburton | 2.42 | 0.38 |
| Kz225 Ashdown | - | - |
| Kz221 Cool Air | -98.53 | -96.82 |
| Kz226 Camperdown | 13.57 | 16.82 |
| Kz221 Dalton | 22.96 | 15.65 |
| Kz225 Edendale | 18.01 | 24.31 |
| Kz222 Hilton | -1.97 | -0.20 |
| Kz222 Howick | 11.26 | 8.56 |
| Kz225 Imbali | 528.42 | 297.35 |
| Kz224 Impendle | 104.52 | 71.37 |
| Kz222 Mount Michal | -38.29 | 11.04 |
| Kz223 Mooi River | 7.83 | 12.99 |
| Kz221 Mpolweni | 53.60 | 109.39 |
| Kz221 New Hanover | 5.37 | 23.10 |
| Kz222 Nottingham Road | 9.92 | 109.90 |
| Kz 225 Pietermaritzburg | 8.69 | 12.64 |
| Kz226 Richmond | 5.05 | 14.43 |
| Kz225 Sobantu | -52.24 | 182.78 |
| Kz225 Vulindlela | 62.66 | 336.72 |
| Kz221 Wartburg | 8.17 | 11.27 |

The average quarterly nominal increase in turnover and remuneration was **7.10 and 4.81 percent** during Q1 2003 to Q2 2004, compared with **8.44 and 11.75 percent** during Q1 2003 to Q4 2004. It is evident (table below) that manufacturing accounts for 37% of the total district turnover and that Pietermaritzburg is the power in the district.

| Structural change (2003 – 2004)<br>Sector and Area | Turnover as a % of total Turnover 1Q2003 | Turnover as a % of total Turnover 4Q2004 | Remuneration as a % of total Remuneration 1Q2003 | Remuneration as a % of total Remuneration 4Q2004 |
|---|---|---|---|---|
| Agriculture, Forestry & Hunting | 5.04 | 3.42 | 5.58 | 4.81 |
| Farming | 7.73 | 6.02 | 4.25 | 3.77 |
| Mining | 0.00 | 0.00 | 0.00 | 0.00 |
| Quarrying | 0.08 | 0.08 | 0.04 | 0.10 |
| Manufacturing | 29.65 | 37.04 | 17.88 | 18.08 |
| Electricity, Gas & Water | 1.01 | 0.72 | 2.03 | 2.89 |
| Construction | 1.90 | 1.43 | 1.43 | 0.96 |
| Educational Institutions | 0.09 | 0.13 | 3.41 | 3.54 |
| Catering & Accommodation | 3.71 | 3.22 | 1.93 | 1.84 |
| Wholesale & Retail | 26.10 | 22.50 | 9.16 | 10.28 |
| Transport, Storage & Communication | 1.66 | 2.26 | 2.06 | 2.66 |
| Banks | 1.38 | 1.76 | 0.40 | 1.87 |
| Insurance | 0.14 | 0.50 | 0.58 | 0.75 |
| Pension & Medical Aid Funds | 1.04 | 0.75 | 0.06 | 0.08 |
| Real Estate & Business Service | 16.05 | 15.27 | 15.67 | 15.62 |
| Building Societies | 0.00 | 0.00 | 0.20 | 0.15 |
| Central Government | 0.10 | 0.01 | 6.18 | 6.23 |
| Local Government | 2.26 | 2.78 | 1.99 | 4.32 |
| Provincial Government | 0.03 | 0.00 | 24.46 | 19.31 |
| Social & Personal Services | 2.01 | 2.10 | 2.68 | 2.74 |
| Taxis | 0.01 | 0.00 | 0.01 | 0.00 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 |
| | | | | |
| Kz225 Ashburton | 0.16 | 0.14 | 0.12 | 0.10 |
| Kz225 Ashdown | 0.00 | 0.00 | 0.00 | 0.00 |
| Kz221 Cool Air | 0.01 | 0.00 | 0.01 | 0.00 |
| Kz226 Camperdown | 4.14 | 3.12 | 0.90 | 1.80 |
| Kz221 Dalton | 1.39 | 1.41 | 0.61 | 0.79 |
| Kz225 Edendale | 0.91 | 0.66 | 0.76 | -0.93 |
| Kz222 Hilton | 1.45 | 0.70 | 1.39 | 0.96 |
| Kz222 Howick | 3.85 | 3.71 | 3.58 | 5.78 |
| Kz225 Imbali | 0.02 | 0.00 | 0.03 | 0.05 |
| Kz224 Impendle | 0.04 | 0.02 | 0.07 | 0.05 |
| Kz222 Mount Michal | 0.00 | 0.00 | 0.03 | 0.03 |
| Kz223 Mooi River | 1.51 | 1.47 | 0.94 | 1.01 |
| Kz221 Mpolweni | 0.01 | 0.01 | 0.00 | 0.01 |
| Kz221 New Hanover | 2.25 | 2.54 | 3.68 | 2.38 |
| Kz222 Nottingham Road | 0.78 | 0.95 | 0.58 | 0.08 |
| Kz 225 Pietermaritzburg | 80.50 | 82.50 | 85.71 | 86.05 |
| Kz226 Richmond | 1.66 | 1.51 | 1.02 | 1.27 |
| Kz225 Sobantu | 0.03 | 0.00 | 0.01 | 0.01 |
| Kz225 Vulindlela | 0.02 | 0.00 | 0.01 | 0.00 |
| Kz221 Wartburg | 1.28 | 1.24 | 0.54 | 0.57 |

## LABOUR MARKET




The number of claims for unemployment benefits decreased very modestly during the 4th quarter of 2004, which is a very encouraging sign. It is also very encouraging to note that employment increased significantly (60%) during 2004 and by 40% since January 2003. The trend also suggests that further job creation is likely. The benefits of the past 12 to 15 months of positive economic performance seems to be the major cause of this robust labour demand. Consequently we can argue that unemployment is decreasing, albeit at a very slow pace, but the structural problems in the labour market still exist, i.e. there is a miss match between the skills and experience supplied and demanded.

The following two tables suggest that Pietermaritzburg has a competitive cost advantage in terms of labour remuneration in that remuneration levels are fairly low in comparison with most of the other major urban regions of South Africa. Remuneration levels in Pietermaritzburg compare to those of the Eastern Cape and the Free Sate.

| Area, per month | Average (Accounting Clark) | Average (Call Centre Agent) | Average (Executive Secretary) | Average (Receptionist) | Average (Sales Rep) |
|---|---|---|---|---|---|
| East Rand | R6552 | R5920 | R8793 | R4894 | R6743 |
| Eastern Cape | R5092 | R4857 | R8410 | R3846 | R5043 |
| Free State | R4928 | R4953 | R7019 | R3999 | R5108 |
| Jhb Central | R6312 | R5998 | R10829 | R4940 | R8358 |
| Jhb North | R6872 | R7038 | R10808 | R5503 | R9011 |
| **KwaZulu Natal** | **R4990** | **R5140** | **R7893** | **R4481** | **R6100** |
| Mpumalanga | R5369 | - | R8405 | R4528 | R6159 |
| Pretoria | R6323 | R6900 | R11025 | R4923 | R6556 |
| Vaal | R5442 | - | R8534 | R3804 | R7631 |
| West Rand | R6120 | R6237 | R10458 | R5136 | R7646 |
| Western Cape | R5610 | R5070 | R8046 | R4649 | R7338 |

(http://www.kelly.co.za/)

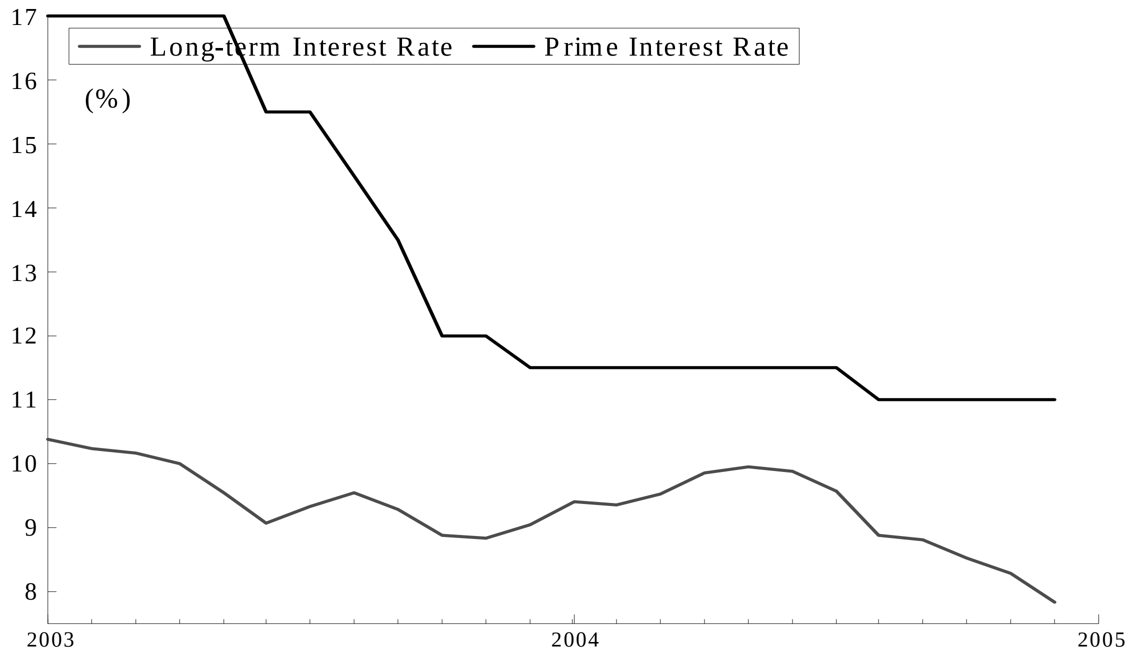
| Area | Average KZN Salary as a % of Average Area Salary | Area | Average KZN Salary as a % of Average Area Salary |
|---|---|---|---|
| East Rand | 86.94 | Mpumalanga | 93.55 |
| Eastern Cape | 104.98 | Pretoria | 80.06 |
| Free State | 109.99 | Vaal | 90.05 |
| Jhb Central | 78.50 | West Rand | 80.36 |
| Jhb North | 72.91 | Western Cape | 93.13 |

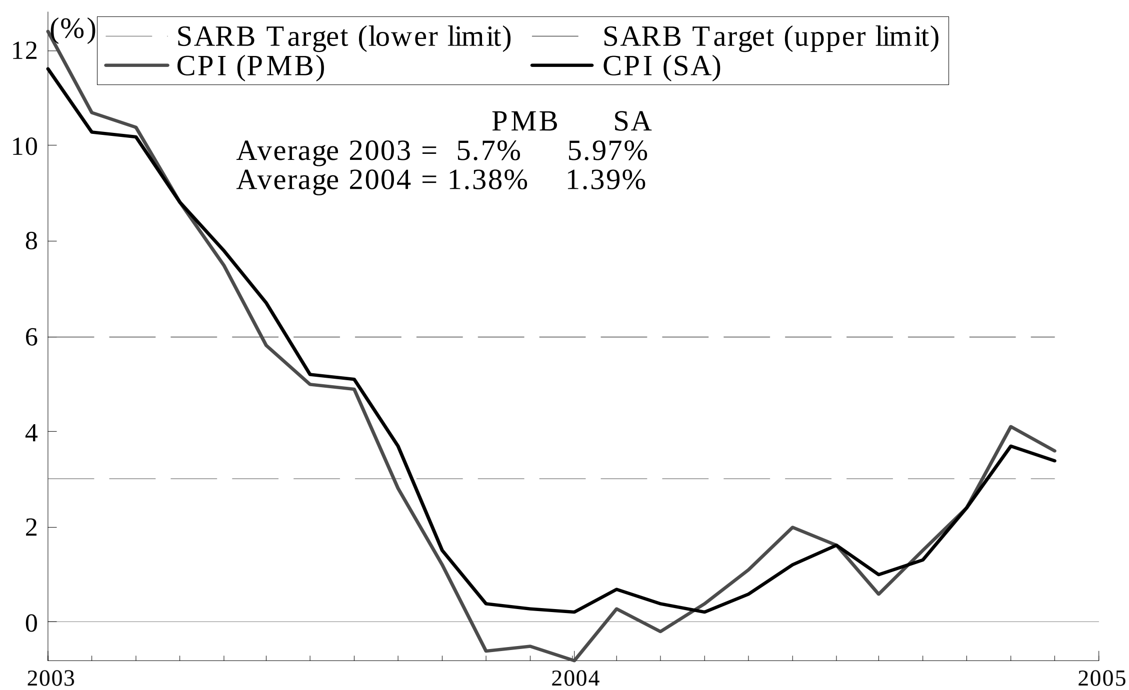
Salary increases have behaved as expected since 1999 but it is important that the emphasis is placed on real wages and not on nominal wages. Real wages (nominal wages minus the inflation rate) indicate the rate at which living standards change. The table below suggests an improvement in living standards, albeit a very modest improvement. Nominal wage increases for 2005 will mostly be between 4 and 6 percent i.e. a real increase of between 1 and 3 percent.

| Year | CPIX | General Wage Increases | Differential |
|---|---|---|---|
| 1999 | 6.9 | 8.6 | +1.7 |
| 2000 | 7.8 | 8.0 | +0.2 |
| 2001 | 6.6 | 8.0 | +1.4 |
| 2002 | 9.3 | 8.0 | -1.3 |
| 2003 | 6.8 | 8.5 | +1.7 |
| 2004 | 5.5* | 5-7^ | 0 to +2^ |

*=Forecast by Economists
^=Forecast by Renwick Reward
(http://www.reward.co.za/)

## MONETARY SECTOR




There is very little difference between the national and the local inflation rate. Inflation, both national and local, is on the increase (mostly due to higher energy costs), but fortunately very modestly. This trend will not dampen consumer confidence yet, but will definitely have a negative impact if inflation exceeds the targeted maximum 6% level. Interest rates are, fortunately, still very low in comparison with the past 10 to 15 years and the forecast is for interest rates to stay at current levels for 2005 or decline modestly (by 0.5 to 1 percent). The above two variables suggest further "good news" for consumers and therefore for the local economy.

The following table gives a breakdown of the contributions of different groups to the annual percentage change in the CPI for Pietermaritzburg. It suggests that transport, medical care and health expenses and education are the major contributors to inflation in Pietermaritzburg.

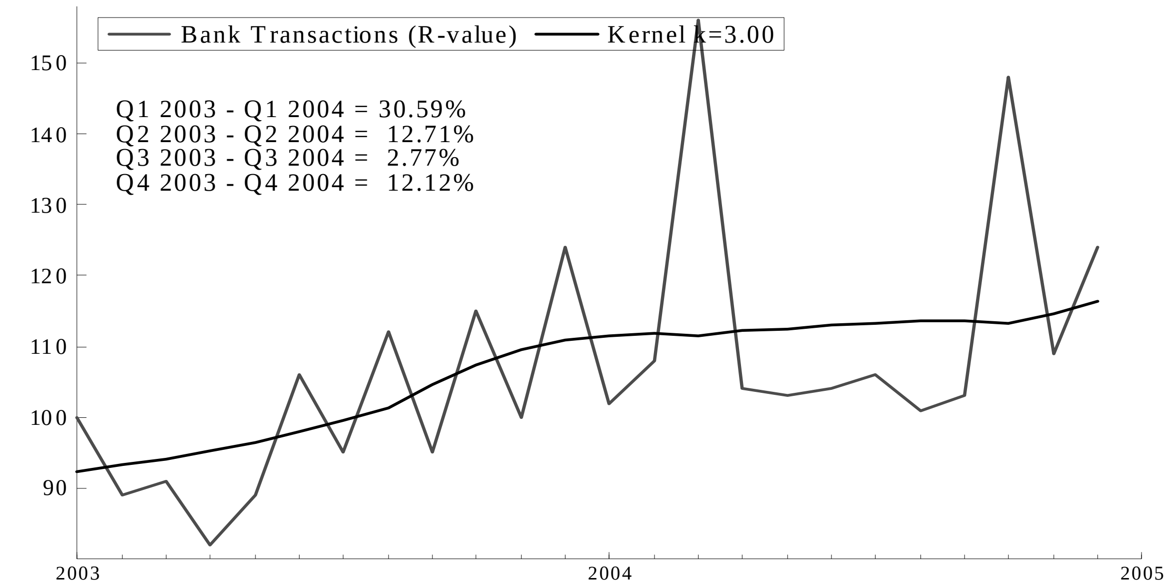
| Group | Contribution at September 2004 | Contribution at December 2004 |
|---|---|---|
| Food | 0.3 | 0.3 |
| Non-alcoholic beverages | 0.1 | 0.1 |
| Alcoholic beverages | 0.2 | 0.1 |
| Cigarettes, cigars and tobacco | 0.1 | 0.1 |
| Clothing and footwear | -0.1 | -0.1 |
| Housing | -1.2 | 0.3 |
| Fuel and power | 0.2 | 0.2 |
| Household operation | 0.4 | 0.3 |
| Medical care and health expenses | 0.7 | **0.6** |
| Transport | 0.5 | **1.0** |
| Communication | 0.1 | 0.1 |
| Recreation and entertainment | -0.1 | -0.1 |
| Education | 0.3 | **0.5** |
| Personal care | 0.1 | 0.1 |
| Other | -0.1 | 0.1 |
| All groups | 1.5 | 3.6 |

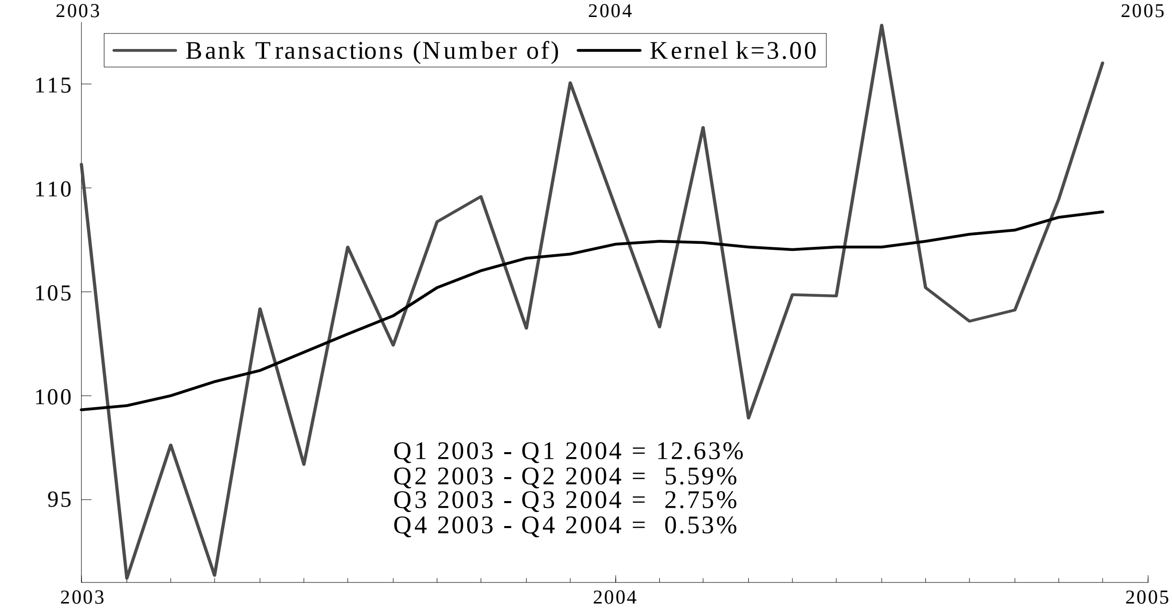
The table also indicates the existence of some price pressures in the housing market.

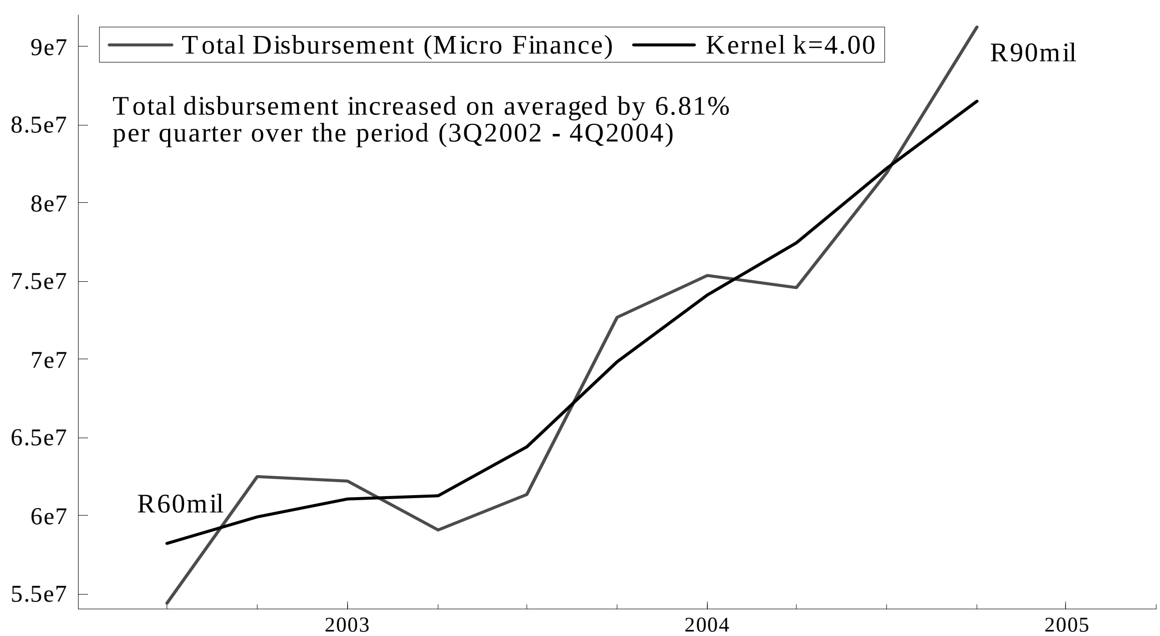
The effects of a low inflation and interest rate environment, together with increasing real wage rates, can be clearly seen in the demand for money in both the formal banking sector (Rand value and number of transactions, index graphs, January 2003 = 100)) and the informal micro lending sector (total disbursements). A theoretical formal money demand function for the local economy can be derived from the following equation:

Money demand = function of [inflation, interest rates and income]

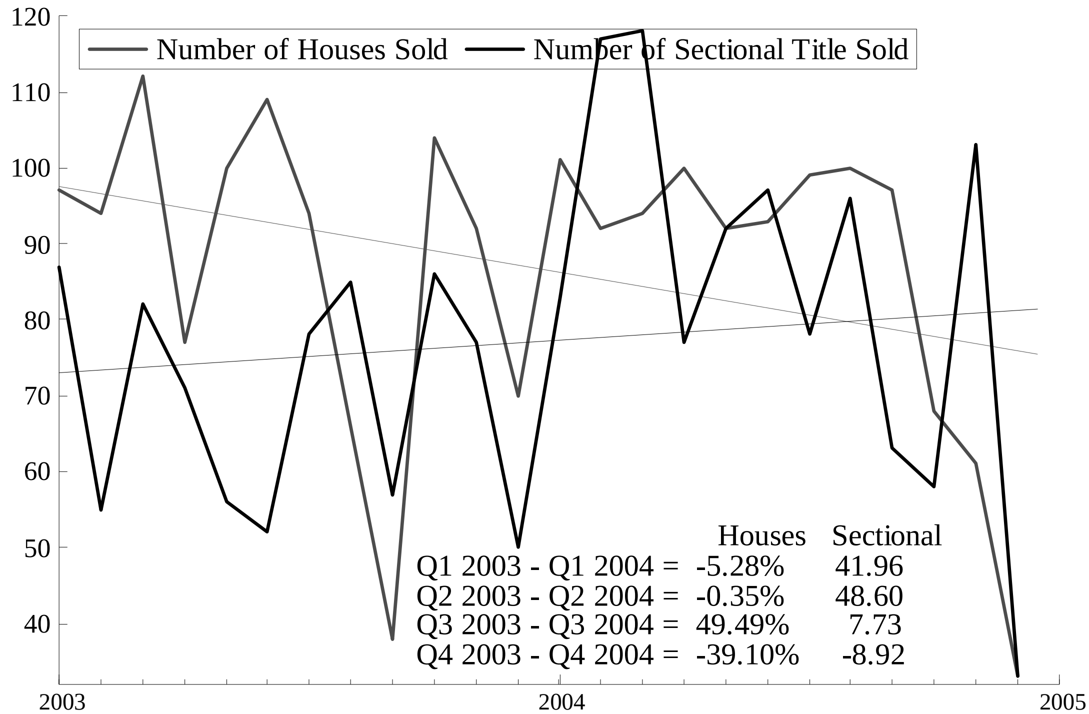
The increasing demand for money implies increasing levels of consumer spending, which is very evident in the retail market. The increasing demand for money in the informal finance market can be either positive or negative. If the demand is as a result of productive activities than it is positive, but if the demand is due to higher debt levels than it is negative. The decreasing number of civil cases for debt seems to suggest that the latter theory is not true and that the increasing lending activities of the micro lending institutions are indeed being used productively.

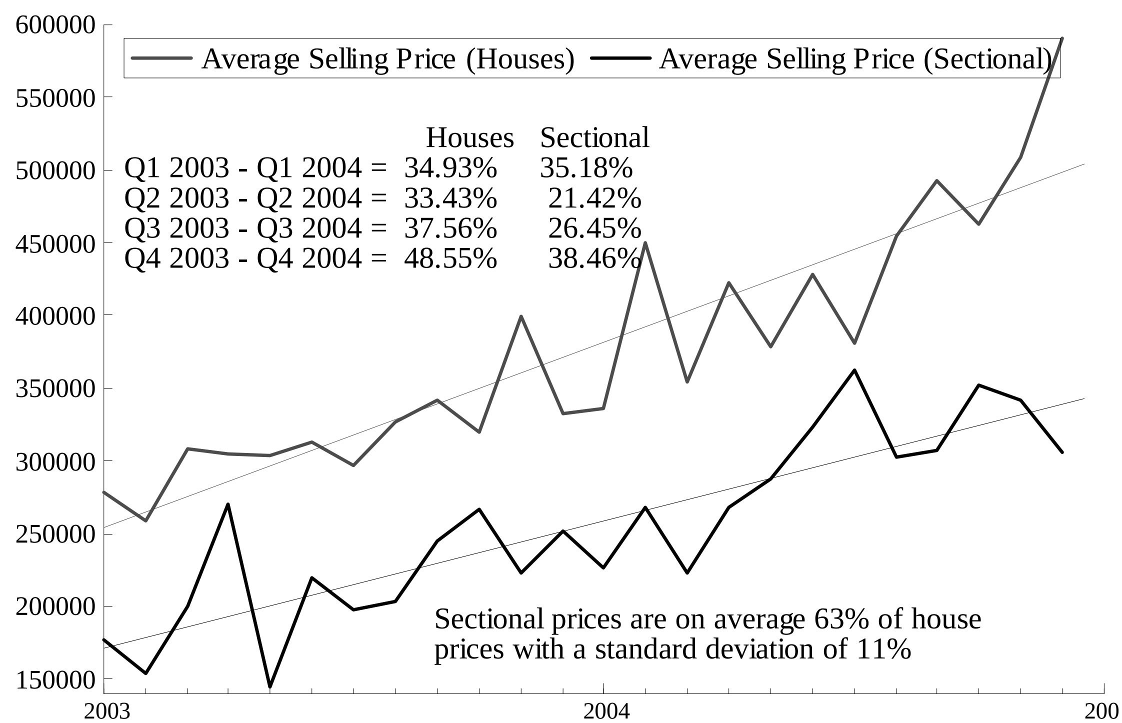

Bank Transactions (R-value)
Kernel k=3.00
Q1 2003 - Q1 2004 = 30.59%
Q2 2003 - Q2 2004 = 12.71%
Q3 2003 - Q3 2004 = 2.77%
Q4 2003 - Q4 2004 = 12.12%
150
140
130
120
110
100
90
2003
2004
2005


Bank Transactions (Number of)
Kernel k=3.00
115
110
105
100
95
Q1 2003 - Q1 2004 = 12.63%
Q2 2003 - Q2 2004 = 5.59%
Q3 2003 - Q3 2004 = 2.75%
Q4 2003 - Q4 2004 = 0.53%
2003
2004
2005


Total Disbursement (Micro Finance)
Kernel k=4.00
R90mil
Total disbursement increased on averaged by 6.81%
per quarter over the period (3Q2002 - 4Q2004)
9e7
8.5e7
8e7
7.5e7
7e7
6.5e7
6e7
5.5e7
R60mil
2003
2004
2005

## RESIDENTIAL PROPERTY MARKET



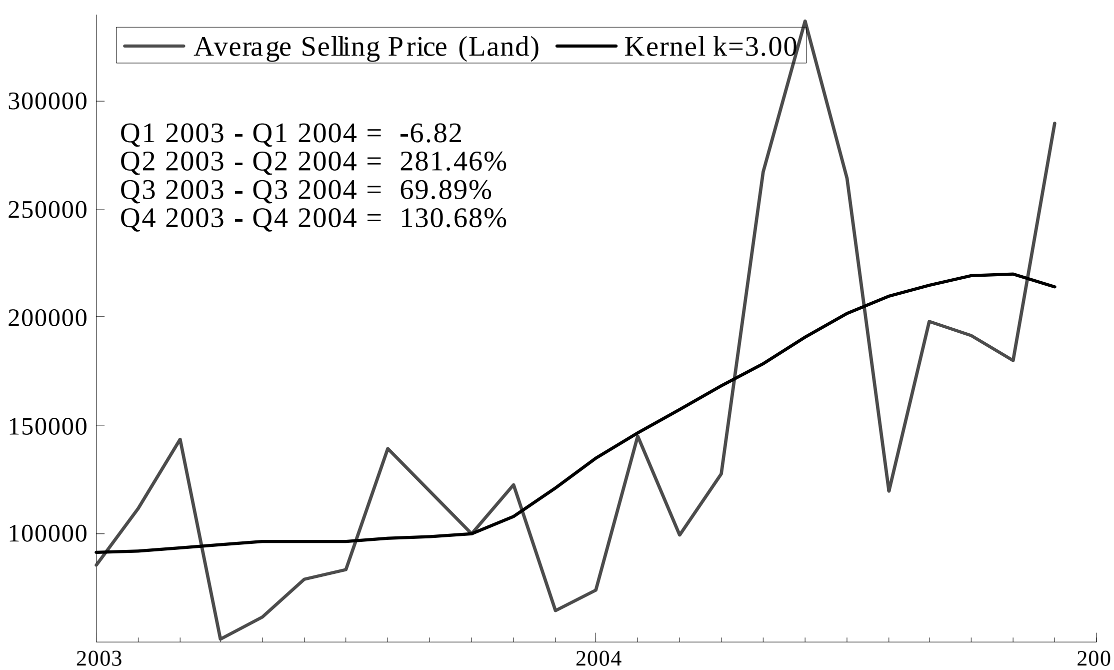




The local property market has experienced another bumper year in 2004. The average selling price of a house increased from R315 000 in 2003 to R438 000 in 2004, but the number of houses sold decreased slightly from 88 in 2003 to 86 in 2004. It is especially in the higher priced property market where the demand has been decreasing. There is a possibility that houses (especially in the higher end of the market) are becoming over-priced. This will have a positive spillover effect on lower priced properties and the sectional title market. The average selling price of a sectional title unit increased from R212 000 in 2003 to R300 000 in 2004, and the number of sectional title units sold increased form 70 in 2003 to 85 in 2004.

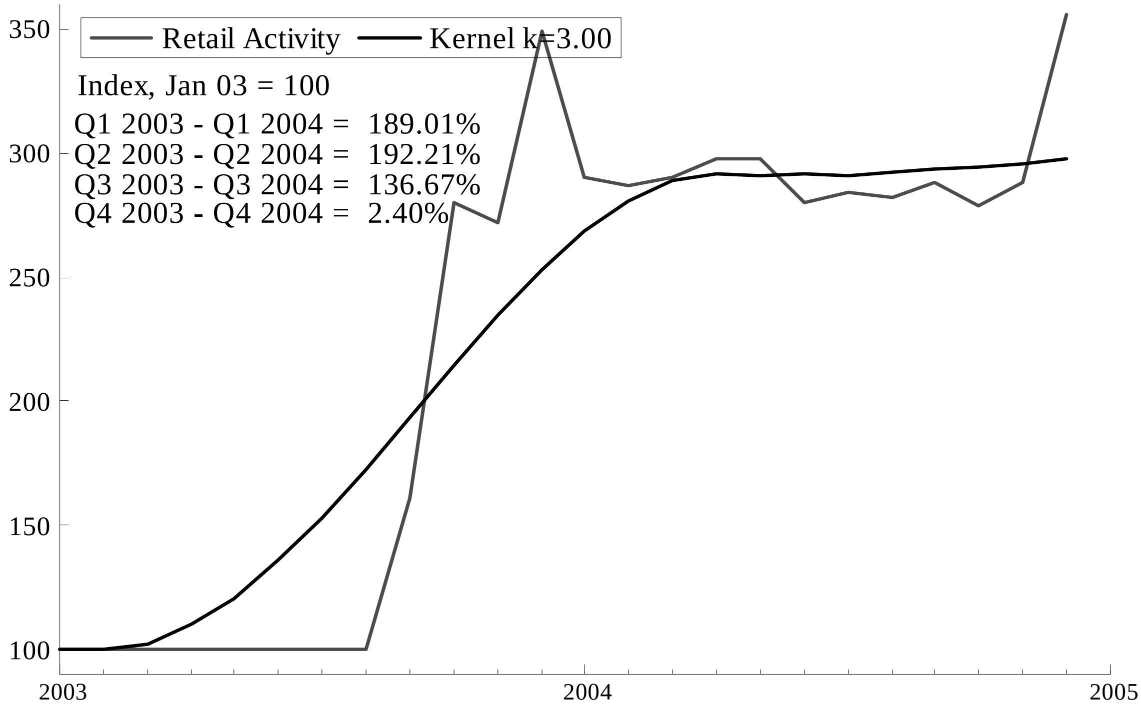
| | Rand | % | m² | Small 80 - 140 | Medium 141 - 220 | Big 221 -400 | |
|---|---|---|---|---|---|---|---|
| 2002 Q4 | 308883 | | | 193301 | 280447 | 465264 | |
| 2003 Q1 | 338280 | 9.52 | Average quarterly % change | 198546 | 307737 | 518408 | |
| 2003 Q2 | 341419 | 0.93 | | 208351 | 351146 | 606327 | |
| 2003 Q3 | 361257 | 5.81 | | 280406 | 400089 | 599496 | |
| 2003 Q4 | 395909 | 9.59 | **7%** | 286946 | 434350 | 627888 | **Rands** |
| 2004 Q1 | 422541 | 6.73 | | 293485 | 468610 | 656279 | |
| 2004 Q2 | 442503 | 4.72 | | 312920 | 512805 | 636565 | |
| 2004 Q3 | 448895 | 1.44 | | 347168 | 520453 | 640689 | |
| 2004 Q4 | 523009 | 16.51 | | 408505 | 472661 | 697187 | |
| % Change for period | **69.32%** | | Average quarterly % change | **10.26** | **7.00** | **5.37** | |

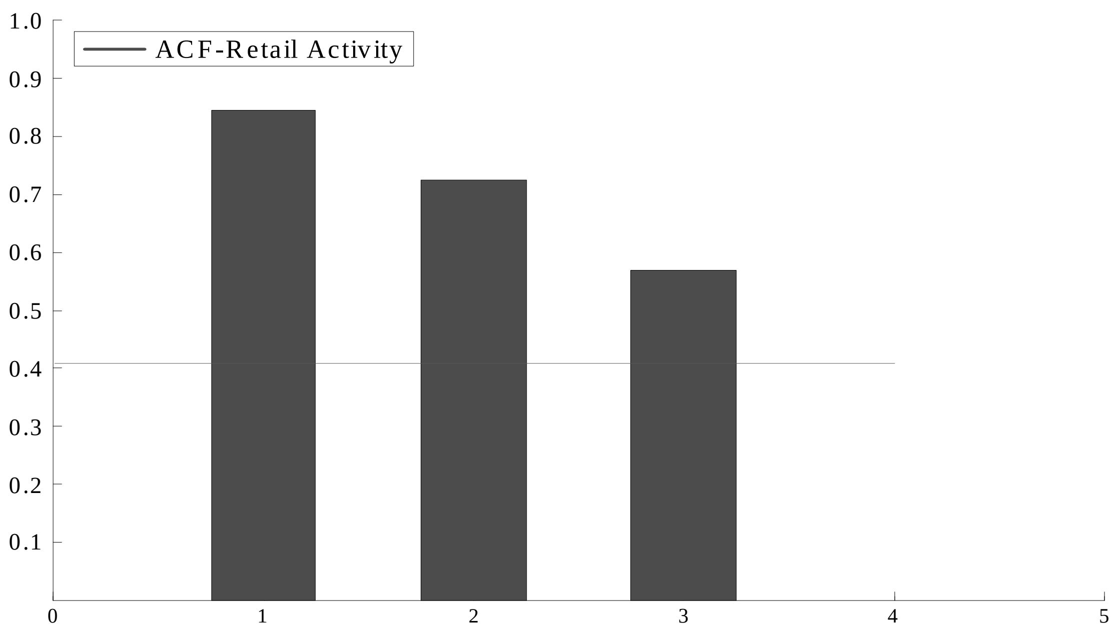
The average quarterly nominal increase of an average house in Pietermaritzburg was 7 percent from September 2002 to December 2004. The total nominal cumulative increase for the same period was 70 percent (about 30 to 40 percent in real terms).

The average selling price of a vacant land (average size) increased from R97 000 in 2003 to R191 000 in 2004.



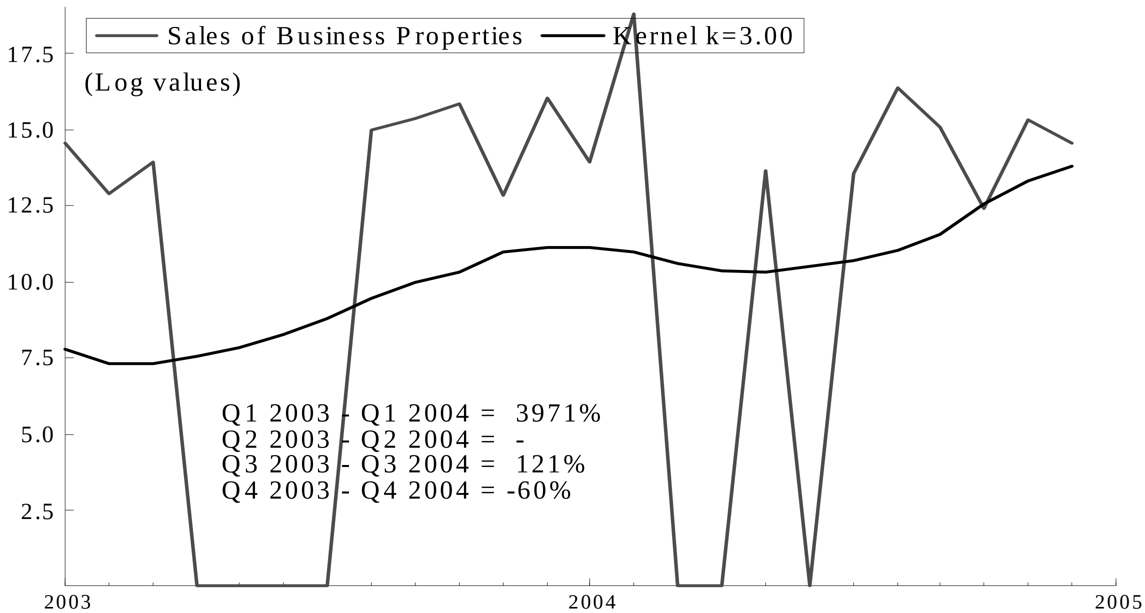
## RETAIL ACTIVITY

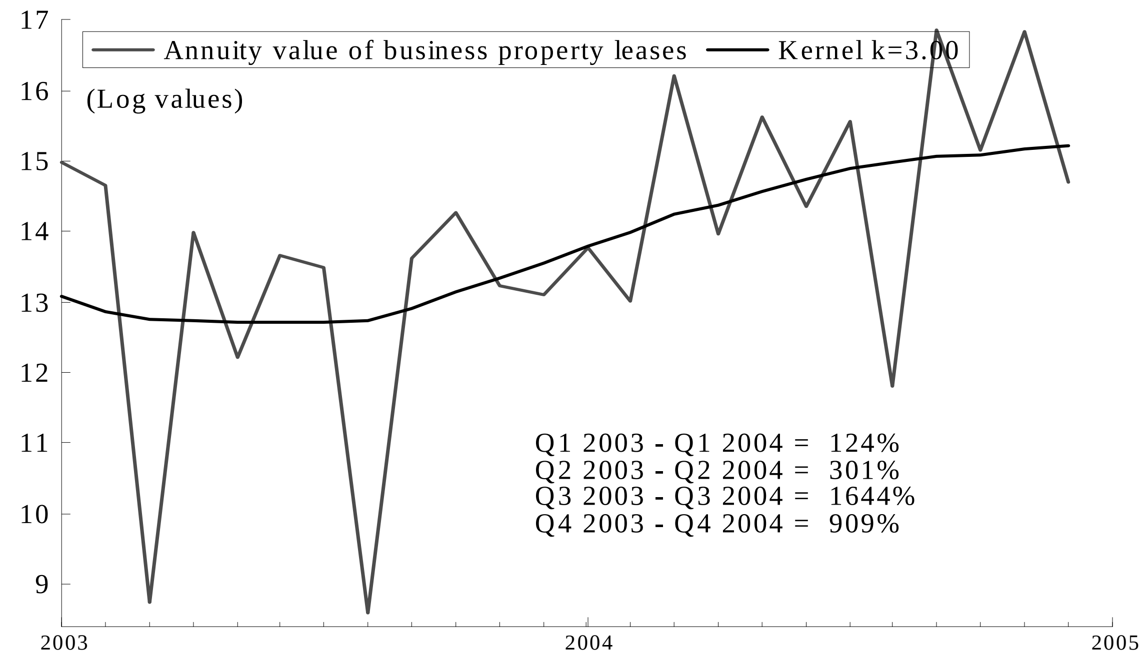



There has been a sharp increase in retail activity in Pietermaritzburg as measured by the head counts in the major shopping complexes. Retail activity stayed fairly constant through 2004, but at higher levels than 2003. The usual November and December shopping extravaganza (50% increase in retail activity over the two months) are clearly visible in the graph. The autocorrelation graph indicates that shopping is not a one-time activity, but a repeat activity. There is a high correlation (relationship) between present and past consumer behaviour. It is therefore possible to argue that the present trend will continue through 2005.

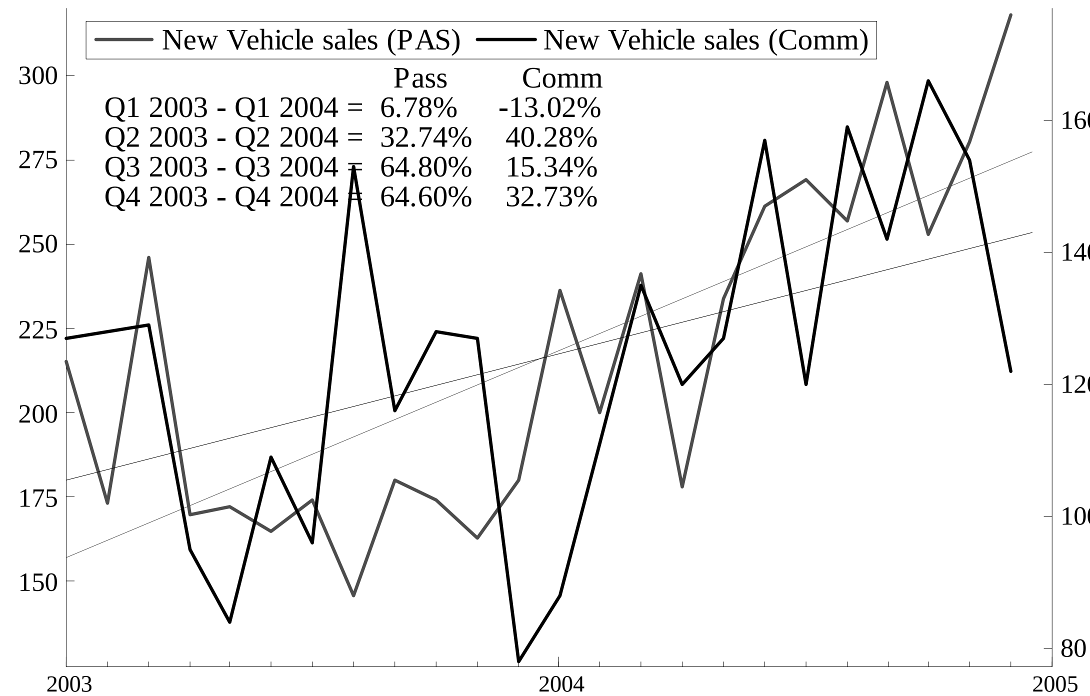
## BUSINESS PROPERTY MARKET

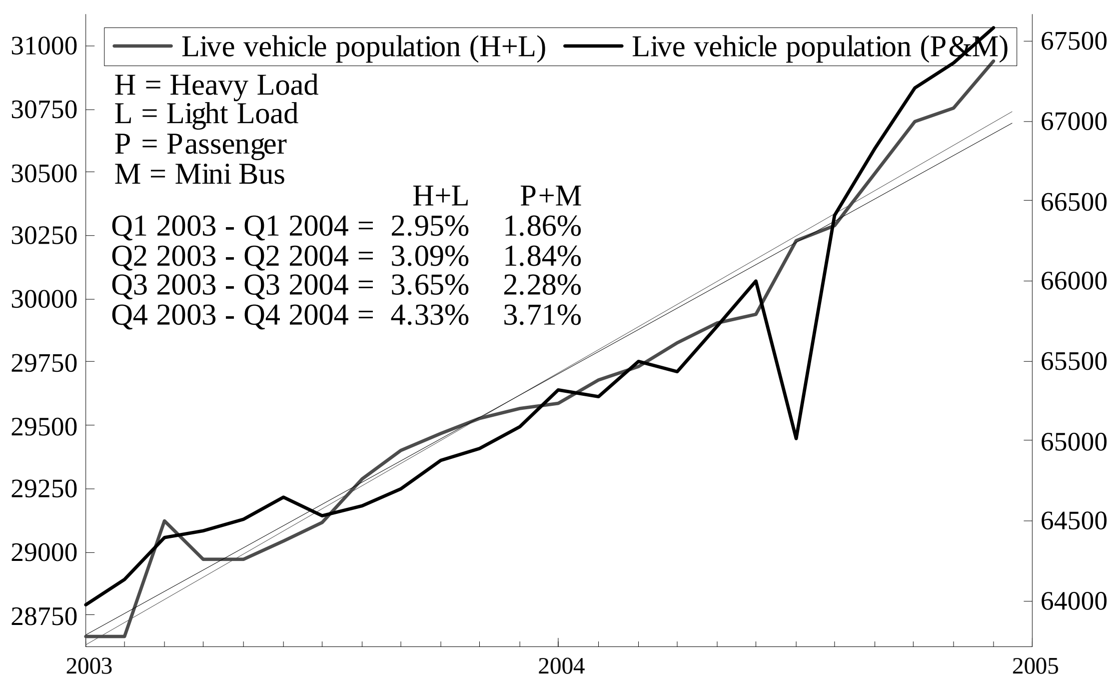



The business property market has seen definite increases in activity. The average Rand value of business properties sold increased by 500% over the past two years (2003 – 2004) and the annuity value of leases concluded increased by 525% over the same period. The business property market is, however very, irregular. This unstable nature of this market makes it very difficult to forecast its future behaviour. There have been a number of private businesses that have relocated from the CBD, but fortunately the provincial government has bought or leased these vacant properties. It is especially the provincial government that is very active in the business property market at present and it is estimated that the provincial government occupies 30% of the central area of PMB CBD.

## VEHICLE AND TRANSPORT SECTOR

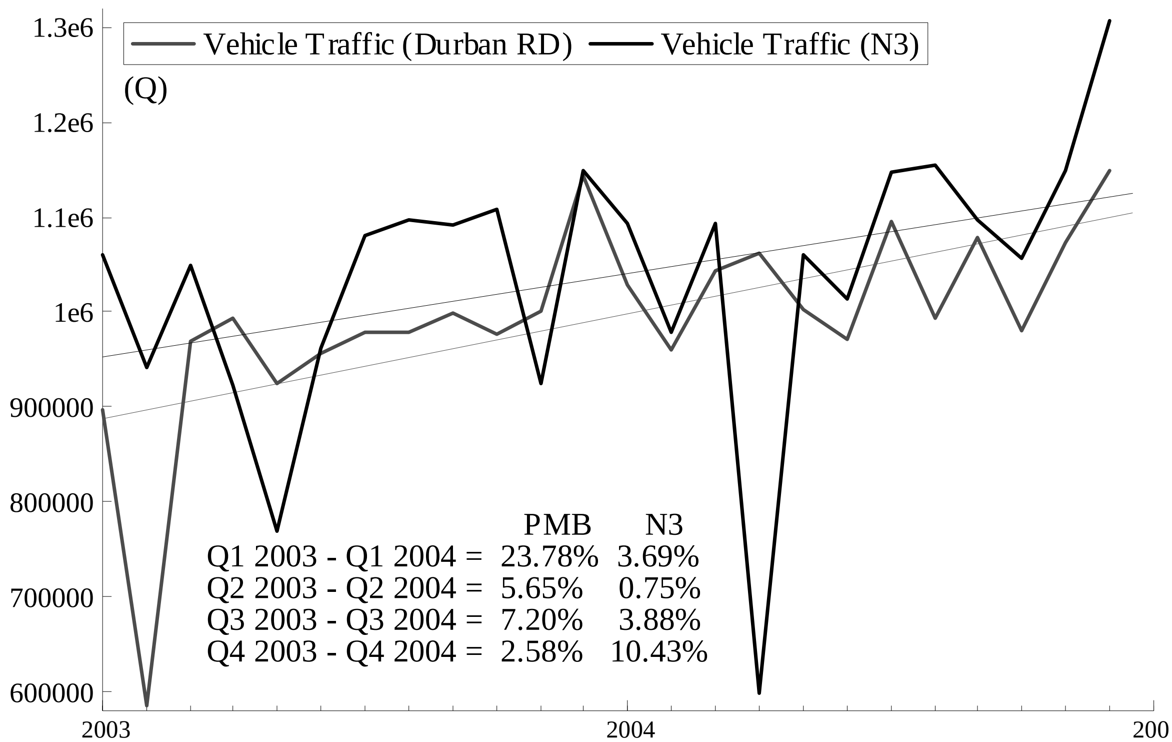



New vehicle sales (passenger and commercial) were slow to react to the favourable market conditions, which compared with the national trends, but have shown remarkable strength during 2004. It is especially new sales of passenger vehicles that showed robust growth. The average number of new passenger and commercial vehicles sold increased from 180 and 114 in 2003 to 252 and 133 in 2004, respectively. With interest rates likely to remain at their present levels or even declining during 2005, it is expected that the vehicle market will continue to perform robustly during the year.

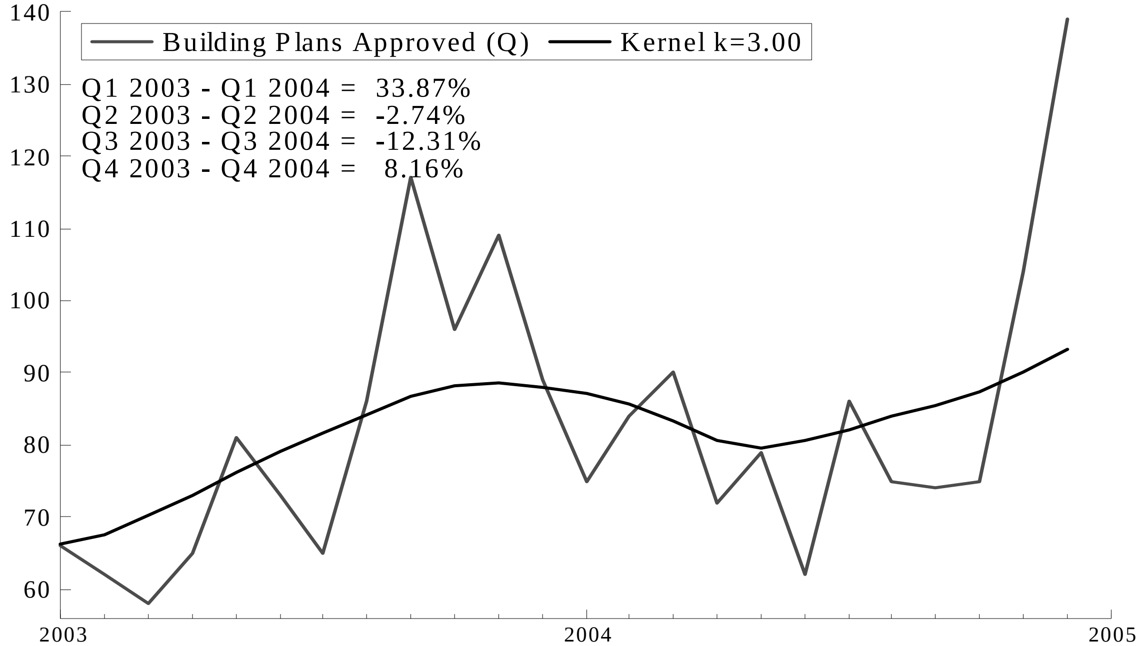
The number of Pietermaritzburg registered heavy, light load, passenger and minibus vehicles has increased consistently since the beginning of 2003. The increase in demand for heavy and light load vehicles can be directly attributed to the increased levels of activity in the local economy, especially in the construction sector.

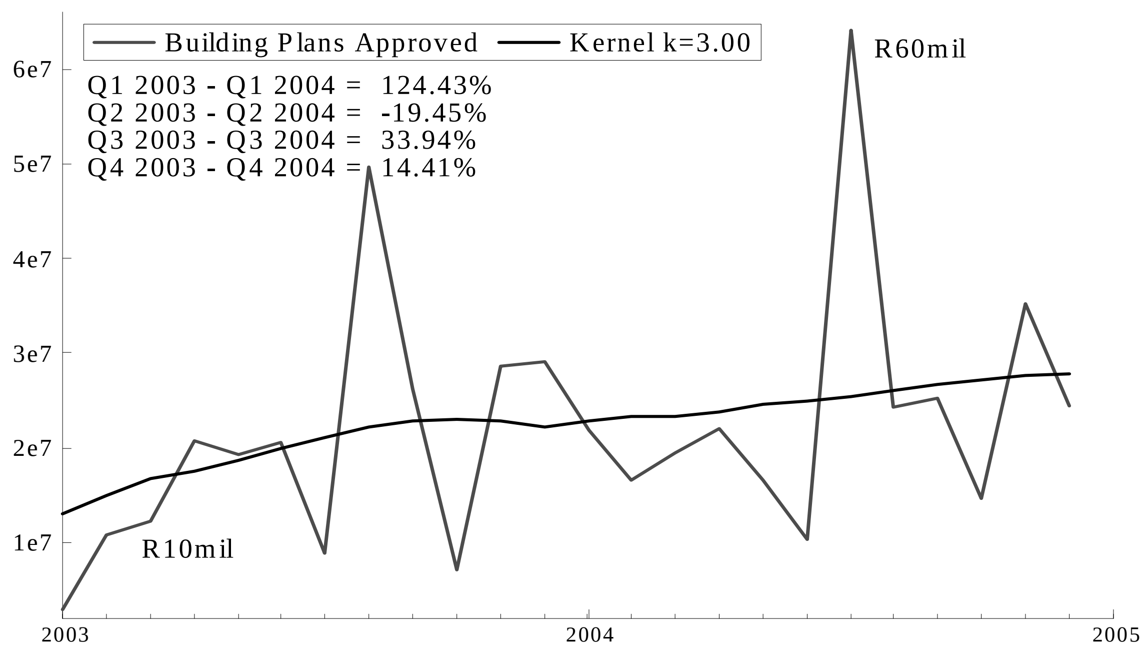
The total number of registered vehicles in the district in December 2004 was about 145 000. The total number of registered vehicles in Pietermaritzburg in December 2004 was about 105 000. This indicates that 72% of all vehicles in the district are registered in Pietermaritzburg as compared with 60% at the beginning of 2003. This can be taken as a sign that economic activity is becoming more concentrated in Pietermaritzburg.




The increase in the number of vehicles using Durban Road is a clear indication of an increase in economic activity in Pietermaritzburg. The traffic counter is situated between New England and Durban Roads. This is also a warning sign that attention must be given to the existing infrastructure, i.e. will the existing infrastructure be able to handle these new levels of usage? It is also very interesting that the vehicle traffic on Durban Road is almost the same as the vehicle traffic on the N3 (north and south). The peak traffic months on Durban Rd and the N3 seem to be February, March, November and December and June, July and December, (i.e. holiday periods), respectively.

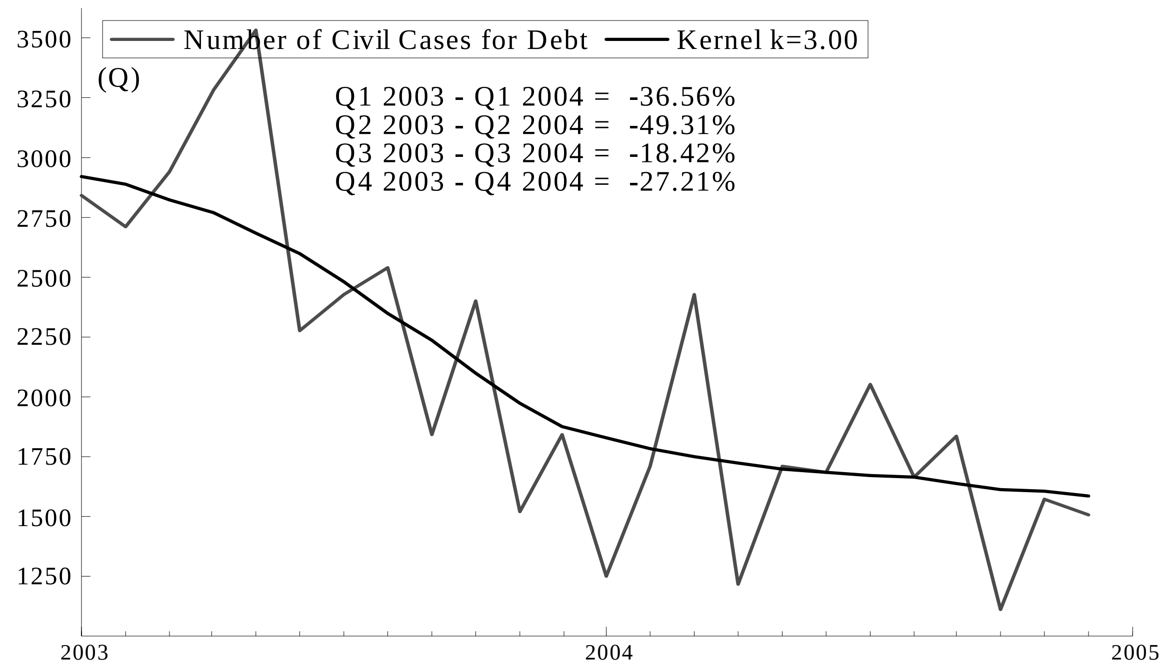
**BUILDING AND DEVELOPMENT SECTOR**

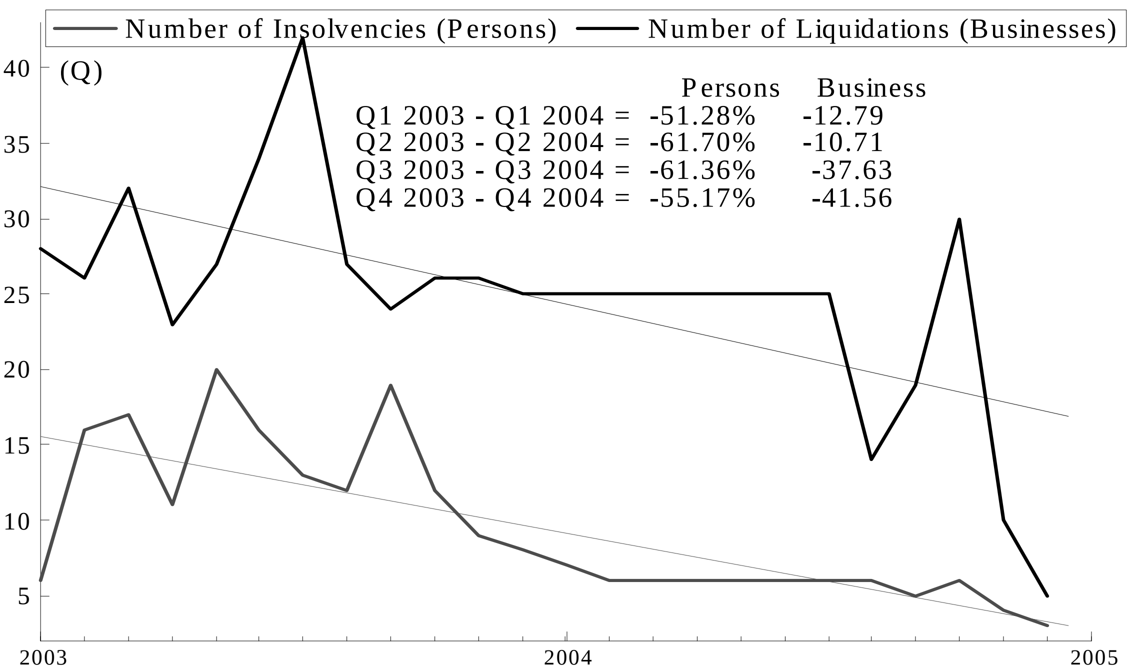



The average number of building permits approved increased modestly from 81 to 85 per month from 2003 to 2004, whilst the average Rand value of building permits approved per month increased significantly from R20 mil in 2003 to R25 mil in 2004. This can be directly attributed to the property boom and the lower cost of borrowing money. The majority of the building permits approved were for alterations to existing property. Building permits approved is a significant indicator of future economic activity. This variable indicates that the local economy has not run out of steam and that residents are still looking to benefit from the current property boom, i.e. to add value to their properties.

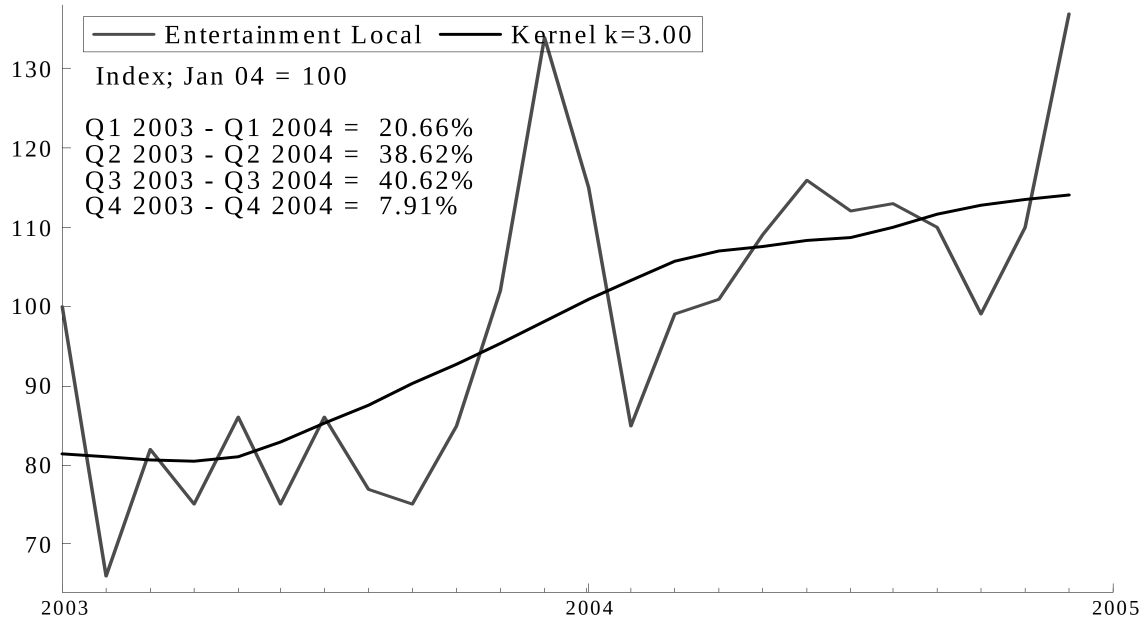
**NUMBER OF CIVIL CASES FOR DEBT, LIQUIDATIONS & INSOLVENCIES**



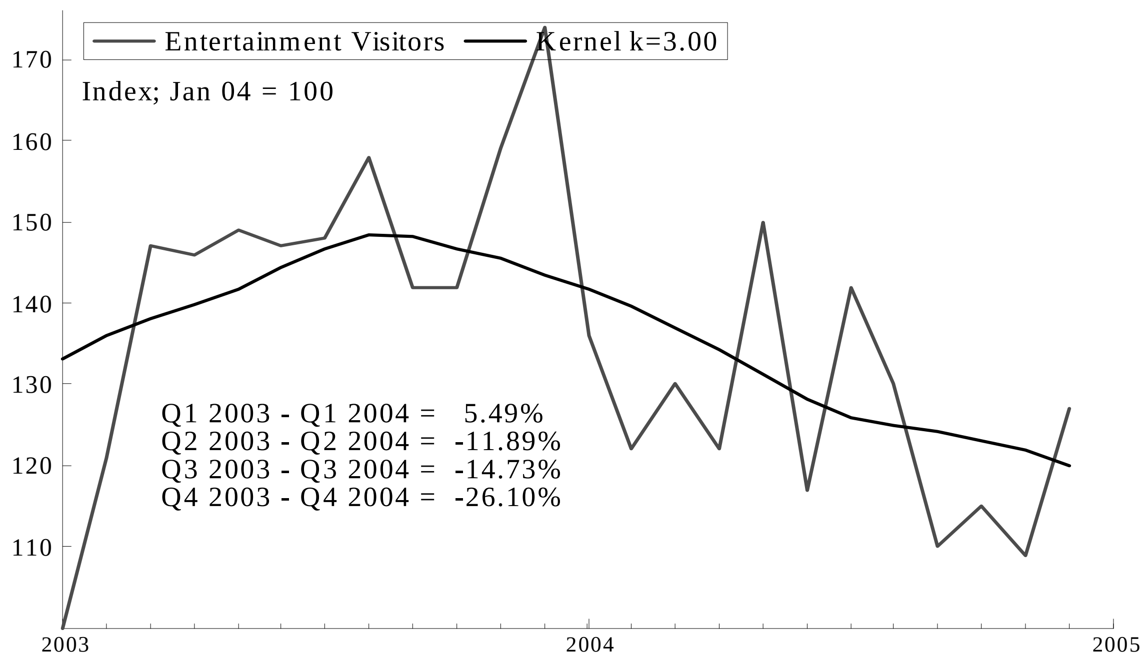




The number of people and business with financial difficulties decreased dramatically since January 2003. This implies that debt levels (residents and businesses) are under control and that the current favourable economic climate did not lead to the unproductive use of money and capital, i.e. people did not just borrow money to finance their spending habits and that business did not venture into unproductive investments.

## HOSPITALITY & ENTERTAINMENT SECTOR

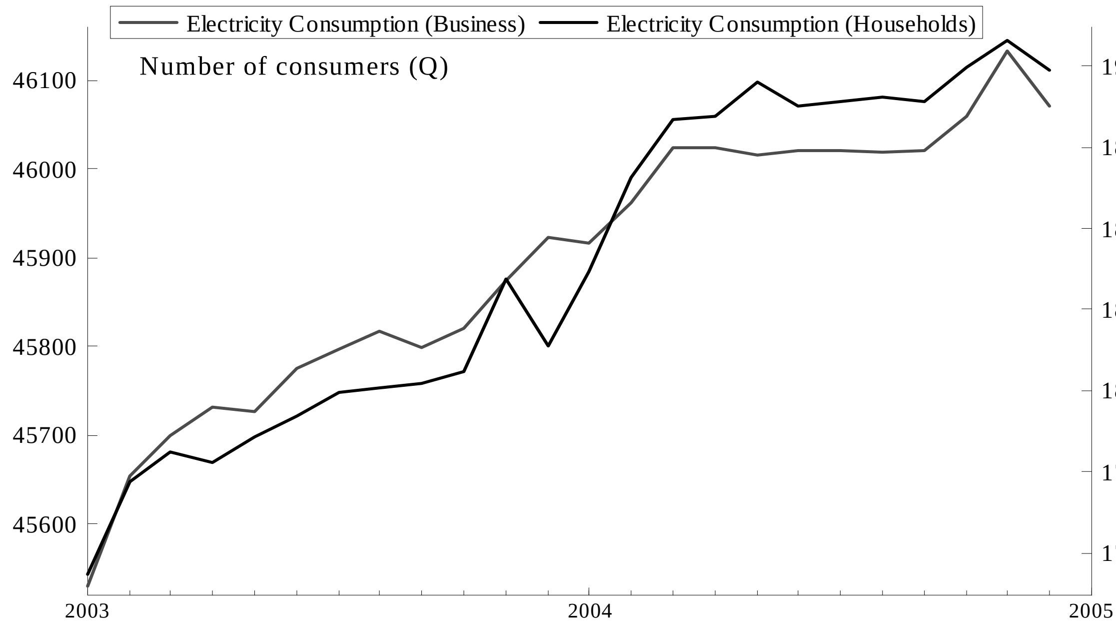



The propensity of residents to spend is clearly illustrated in the above graph. The number of people and/or frequency of people visiting entertainment or hospitality venues have increased by 37% from January 2003 to December 2004 and by 22% since January 2004 to December 2004. This resulted in the turnover of these establishments increasing on average by 6% per quarter since January 2003. The November and December holiday and spending spirit is clearly visible in the graph.




The number of non-residents visiting these establishments decreased fairly significantly since July 2003. There are, however, some periods (holiday months) where there were inflows of visitors. The reasons for the decreasing trend are not clear, but do warrant some investigation.

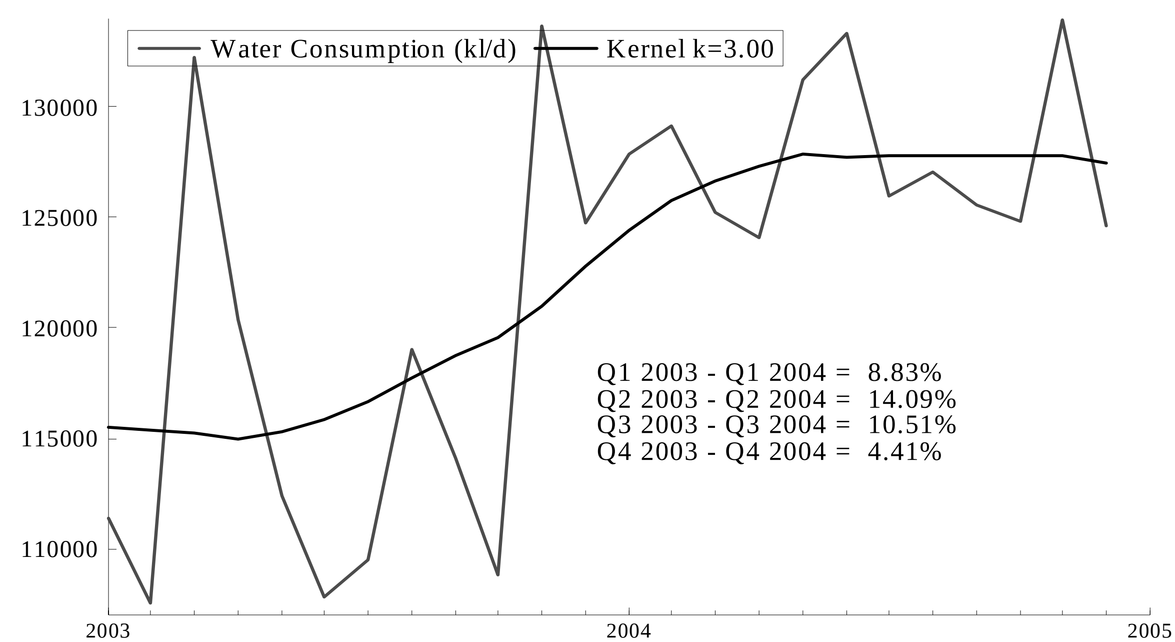
## ELECTRICITY CONSUMPTION



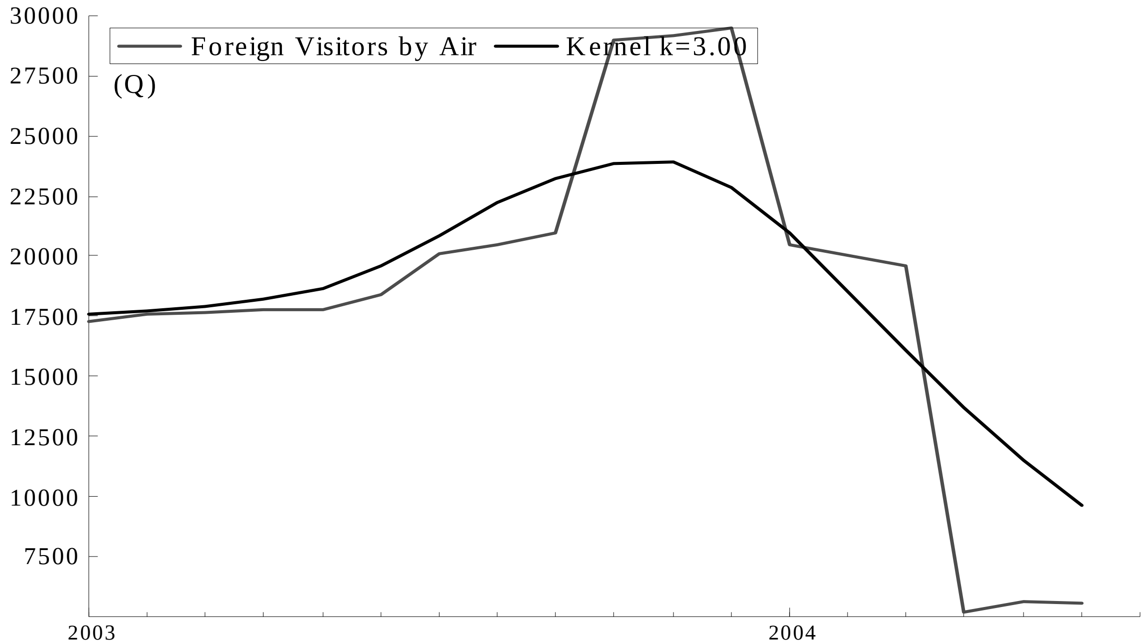

The demand for electricity increased consistently during the study period. The October and November rise in business consumption is again highlighted. Electricity consumption stayed fairly constant through the 2nd and 3rd quarters of 2004.

## WATER CONSUMPTION

Water consumption increased significantly over the 2003/4 summer season (October 2003 to February 2004) and remained fairly constant through the 2004 winter period, but at higher levels than the 2003 winter period. The average water consumption was 116802 kl/d and 127737 kl/d for 2003 and 2004, respectively.



## TOURISM



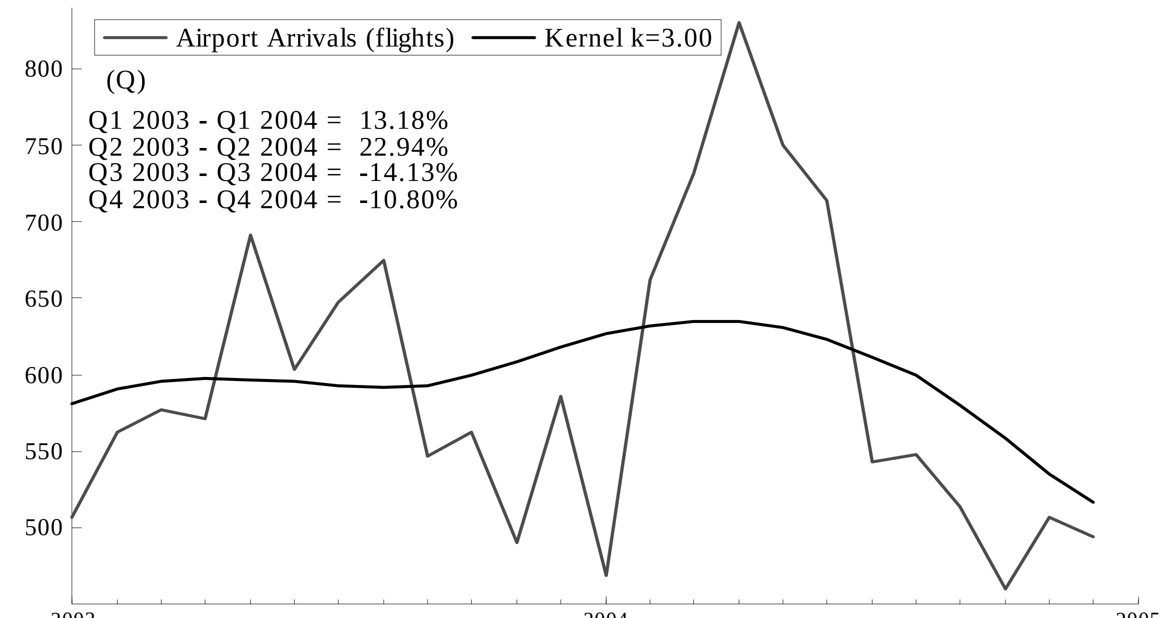

There are essentially three types of tourists, i.e. foreign air arrivals, foreign land arrivals (mainly from the African continent) and non-KZN South Africans. It is estimated that the average number of foreign land arrival visitors to the district are 21 000 per month. The land arrival market was mainly derived from Swaziland (35%), Lesotho (20%) and Zimbabwe (10%). The visits were mainly for holiday purposes (45%) and for shopping and trading purposes (37%). (Tourism KZN, www.zulu.org.za)

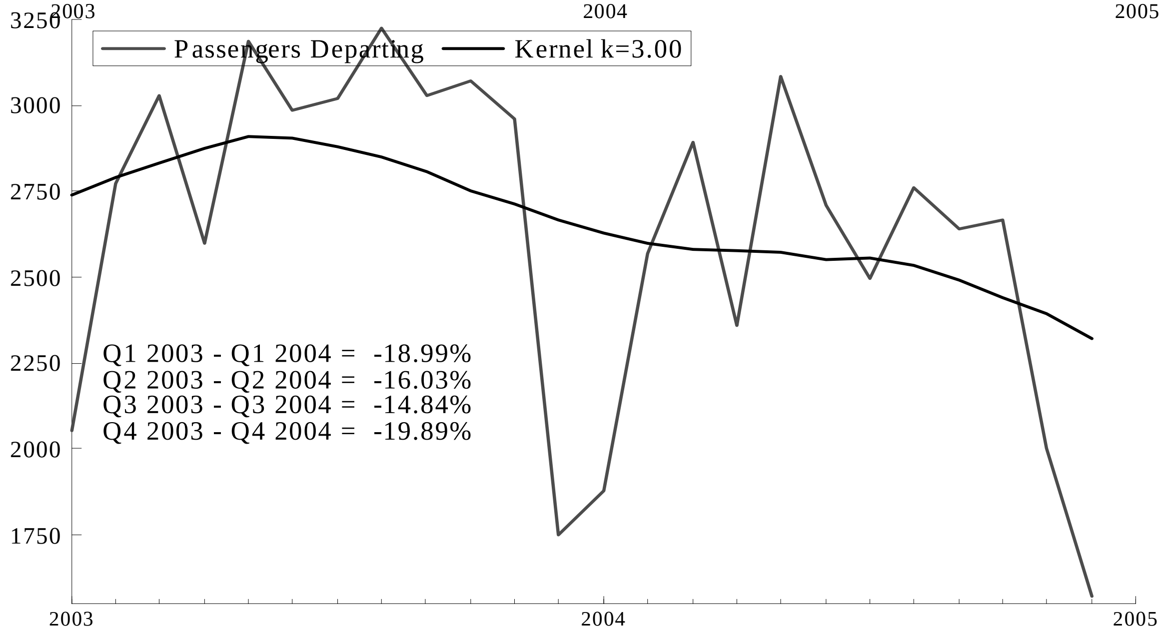
The number of foreign visitors (by air) declined notably from January 2004 to June 2004 (the graph above). This was the result (according SA Tourism) of a general decline in leisure tourism due to factors such as the continued conflict in the Middle East, the downturn in certain European economies and the strengthening of the Rand. The proportion of the total number of foreign visitors (by air) to the province that visits the district increased from 30% in 2002 to 42% during January to March 2004, but has decreased sharply to only 16% during April to June 2004. The foreign visitors (by air) visiting the district originated primarily from the United Kingdom (30%), Germany (15%), the USA and Canada (9%) and France (9%). The majority (68%) primarily visited this area for a holiday.

It is estimated that 88% of all visitors that visited Pietermaritzburg and the district during last year (2004) originated from the other provinces of South Africa. A large percentage of visitors to the Pietermaritzburg and Midlands area were there for the purposes of having a holiday – over 50%. However, it was interesting to note the significant numbers of people who also visited the area for the purposes of seeing friends and relatives – just over 38% of the total (TKZN, www.zulu.org.za)

## AIRPORT ARRIVALS AND DEPARTURES

The number of airport arrivals has decreased significantly since the 2nd quarter of 2004. This is mainly due to the fact that the flights between Ulundi and Pietermaritzburg were stopped. This can also partially explain the reason why the number of passengers departing decreased, although this downward trend started much earlier than the airport arrivals downward trend.

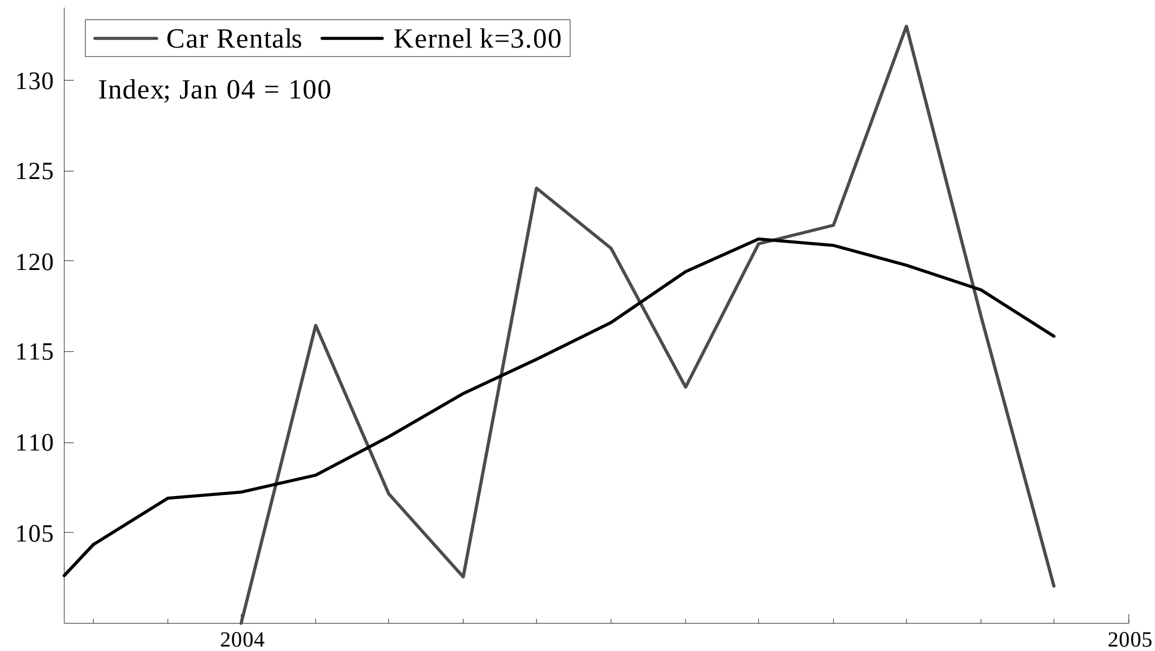



The downward trends in both the above variables may also reflect the decreasing number of foreign tourists to the district.

## CAR RENTALS

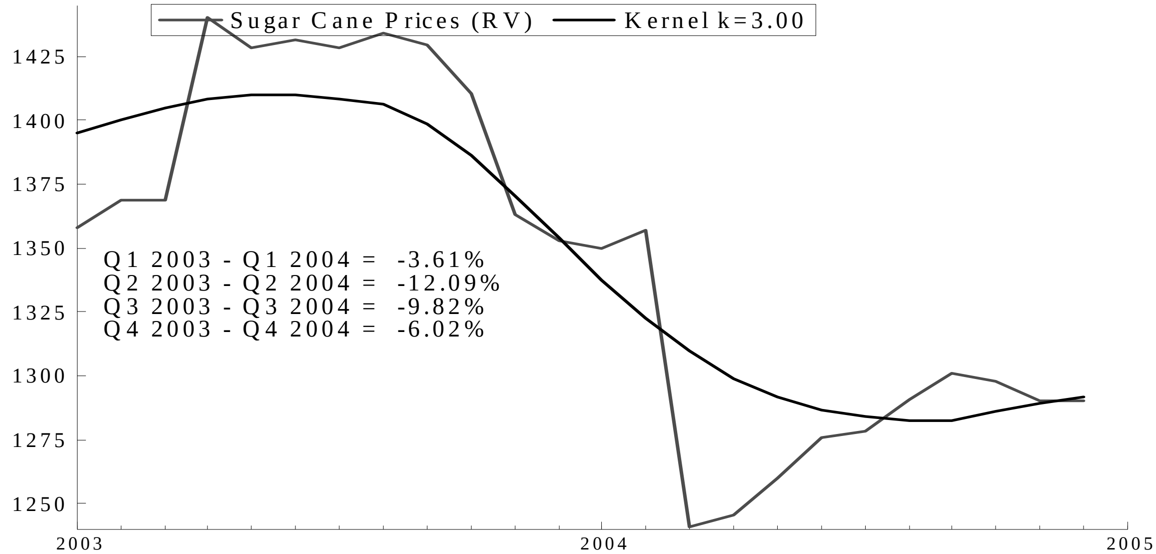
Car rentals can occur mainly via three types of people 1) people arriving by air 2) tourists arriving by land and 3) insurance claimnants. Car rentals have increased by about 20% from November 2003 to August 2004, but since then the number of car rentals decreased significantly (10% in 4 months). This coincides with a fairly significant decrease in the number of airport arrivals. There has also been a decrease in the number of foreign tourists using car rentals.

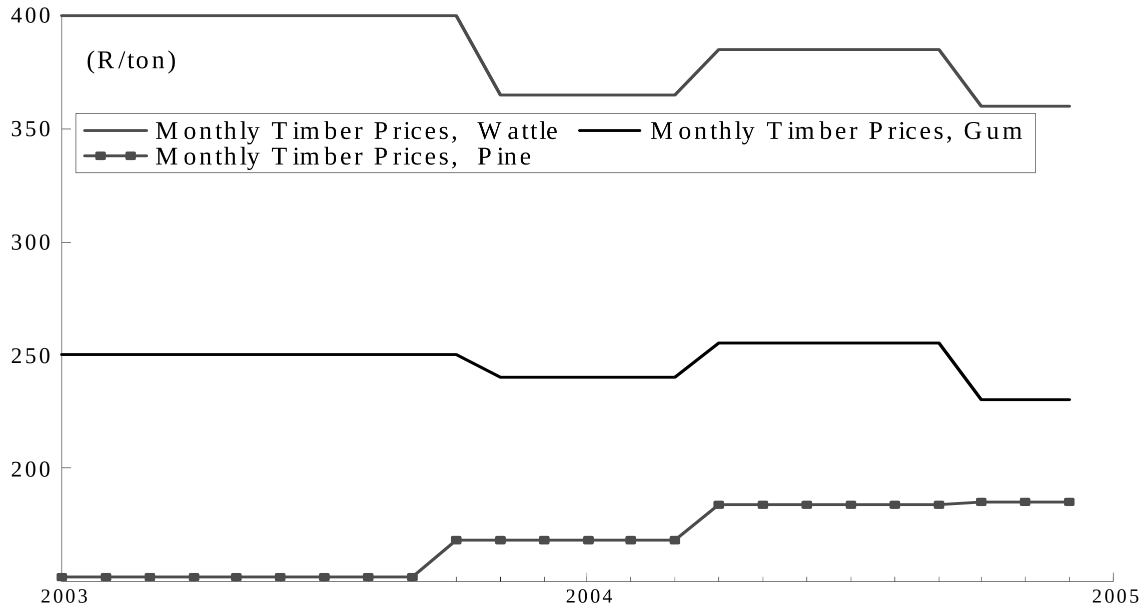


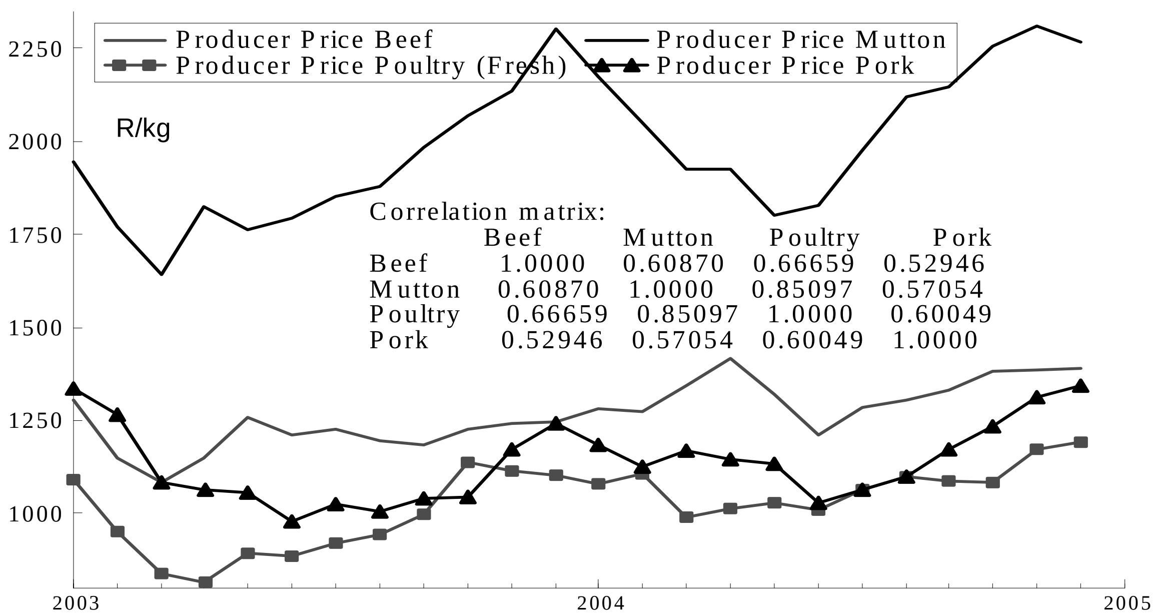

## AGRICULTURE AND FORESTRY

Sugar cane and maize prices fell sharply during 2004. This is mainly due to the strengthening of the Rand, i.e. import parity. Timber prices have stayed fairly constant through 2004 at marginally higher levels than in 2003. The producer prices of beef, mutton, poultry and pork increased marginally through 2004. It is very interesting to note (correlation matrix) that there is no substitution effect between red and white meat (as suggested by theory).

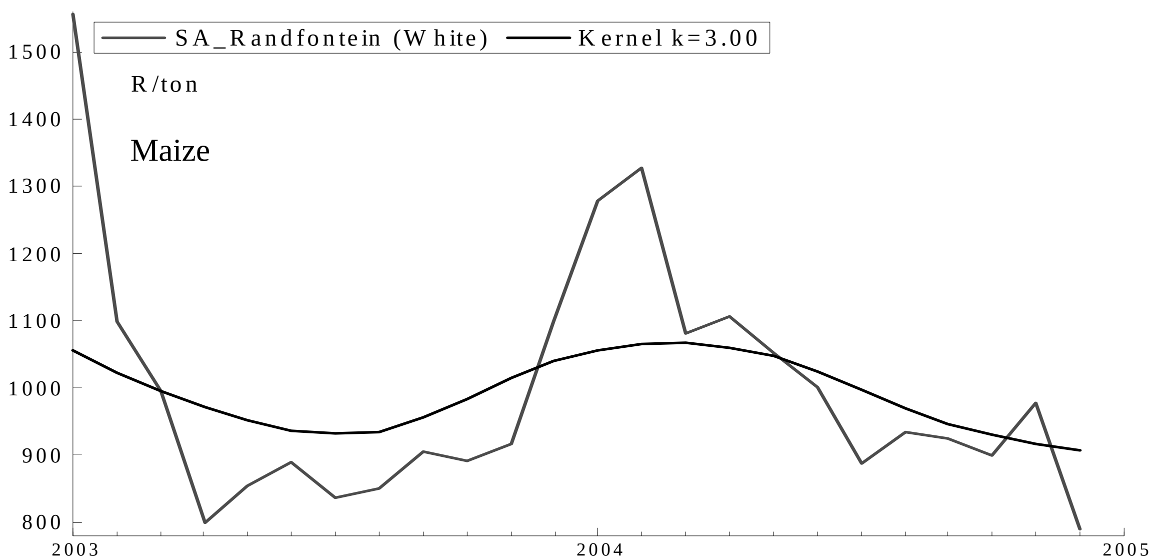
The forestry and agricultural sectors (except sugar cane and maize) seem to be recovering due to increasing producer prices. Increasing producer prices mean more revenue from the sale of products and thus profit margins become higher. This sequence of events positively affects producer's production and expenditure behaviour. Fortunately these higher factory prices have not yet been passed on to the consumer, thus a win-win situation for both producers and consumers is evident

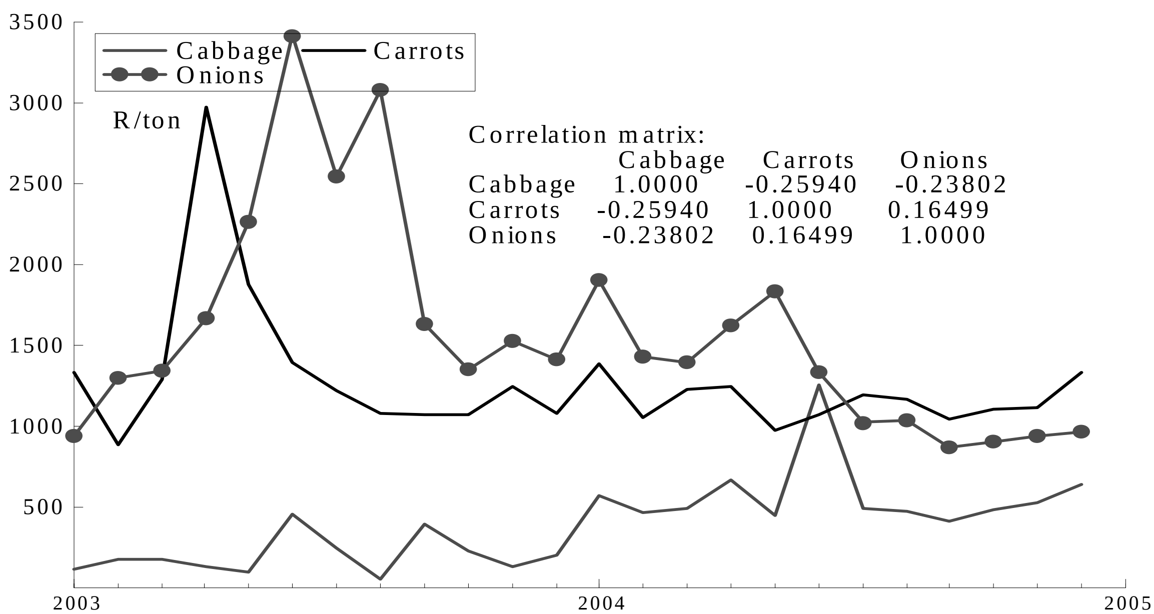

Sugar Cane Prices (RV)
Kernel k=3.00
1425
1400
1375
1350
1325
1300
1275
1250
Q1 2003 - Q1 2004 = -3.61%
Q2 2003 - Q2 2004 = -12.09%
Q3 2003 - Q3 2004 = -9.82%
Q4 2003 - Q4 2004 = -6.02%
2003
2004
2005


400
(R/ton)
350
Monthly Timber Prices, Wattle
Monthly Timber Prices, Gum
Monthly Timber Prices, Pine
300
250
200
2003
2004
2005


Producer Price Beef
Producer Price Mutton
Producer Price Poultry (Fresh)
Producer Price Pork
2250
R/kg
2000
1750
1500
1250
1000
Correlation matrix:
Beef Mutton Poultry Pork
Beef 1.0000 0.60870 0.66659 0.52946
Mutton 0.60870 1.0000 0.85097 0.57054
Poultry 0.66659 0.85097 1.0000 0.60049
Pork 0.52946 0.57054 0.60049 1.0000
2003
2004
2005

| **Percentage changes** | Beef | Mutton | Poultry (Fresh) | Pork | SA Maize (White) | Cabbage | Carrots | Onions |
|---|---|---|---|---|---|---|---|---|
| Q1 2003 - Q1 2004 = | 10.22 | 14.84 | 10.09 | -5.57 | 1.09 | 223.80 | 4.54 | 32.40 |
| Q2 2003 - Q2 2004 = | 9.15 | 3.23 | 17.69 | 6.69 | 24.18 | 248.42 | -47.41 | -34.73 |
| Q3 2003 - Q3 2004 = | 8.75 | 9.21 | 13.60 | 8.56 | 5.97 | 99.90 | 1.40 | -59.78 |
| Q4 2003 - Q4 2004 = | 11.89 | 4.98 | 2.84 | 12.36 | -8.20 | 192.20 | 4.66 | -34.73 |
| **Average price 2003** | **R12. 06kg** | **R19.13 kg** | **R9.74 kg** | **R11. 09kg** | **R974/ton** | **R199/ ton** | **R1373/ ton** | **R1870/ ton** |
| **Average price 2004** | **R13. 27kg** | **R20.65 kg** | **R10.76 kg** | **R11. 67kg** | **R1022/ton** | **R573/ ton** | **R1157/ ton** | **R1269/ ton** |



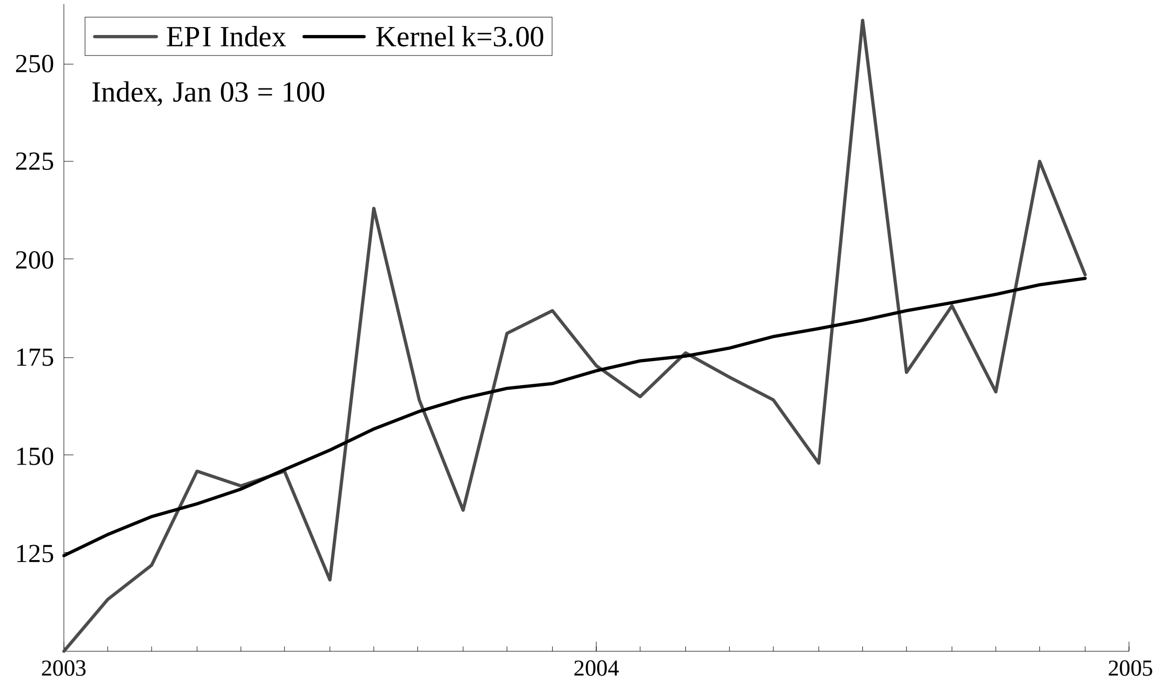
# SECTION 2: LEADING INDICATOR FOR SOUTH AFRICA AND ECONOMIC PERFORMANCE INDICATOR FOR PIETERMARITZBURG AND THE UMGUNGUNDLOVU DISTRICT

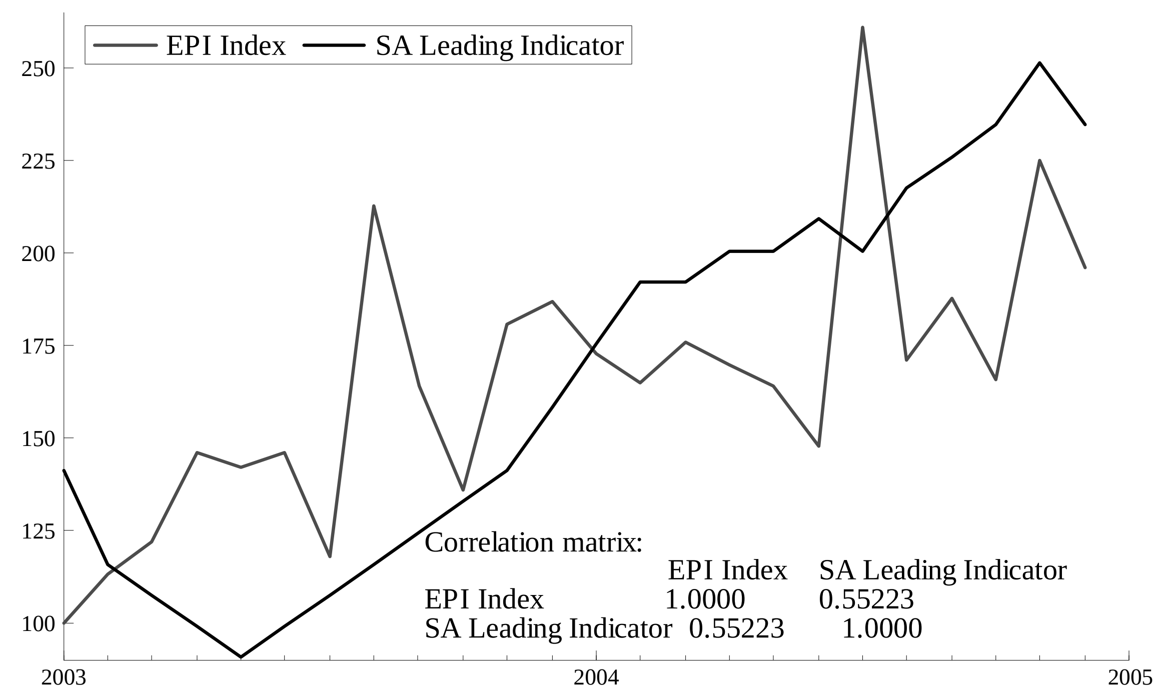
The Composite leading indicators are a times series. The Economic Performance Indicator (EPI) is similar and is formed by aggregating a variety of component indicators. The EPI for Pietermaritzburg and the Umgungundlovu district is designed to provide qualitative and quantitative information on short-term economic movements, especially at the turning points, and long-term trend movements in the local economy. The EPI comprises a set of component series selected from a wide range of key short-term economic indicators (most of the individual economic indicators are included). These key short-term economic indicators are weighted in terms of their relative importance in influencing the performance of the district economy. The EPI is thus a weighted economic performance indicator.

The table below clearly demonstrates the economic performance of the local economy over the past two years (2003-2004). Economic activity nearly doubled since January 2003. Economic activity increased by 68% and 27% in 2003 and 2004, respectively. It seems that the local economy performed relatively better in the 3rd quarter of each year compared to the other quarters. The 4th quarter seems to be the worst performing quarter.

| EPI per quarter | Jan 03 = 100 | Change per quarter |
|---|---|---|
| Mar-03 | 112 | 12 |
| Jun-03 | 144 | 31 |
| Sep-03 | 165 | 21 |
| Dec-03 | 168 | 3 |
| Mar-04 | 174 | 6 |
| Jun-04 | 161 | -13 |
| Sep-04 | 206 | 45 |
| Dec-04 | 195 | -11 |

The graph below also demonstrates the performance of the local economy. The exciting and good news is that the trend of the EPI is still in an upward direction. Most of the individual indicators (variables) also suggest further growth in the local economy.




There seems to be a moderate to strong positive relationship between the EPI and the SA leading indicator.

# SECTION 3: NGO SURVEY AND REPORT

It was suggested that the NGO sector is a significant economic force in Pietermaritzburg and the district in terms of employment and expenditure (directly and indirectly). The purpose of this survey was to objectively determine if the above contention is in fact true. There are currently over 70 NGO organisations that belong to the Children in Distress Network (CINDI). It is estimated that there are about 100 to 120 NGO organizations in this district. It is logical that, collectively, these NGO's have a significant economic impact on the local economy.

The survey seems to support the theory that NGO's indeed have an impact and that the economic benefits of the NGO sector are much more than just their existence. On average NGO's employ up to 30 people individually, i.e. an estimated 1500 employees collectively. Their estimated collective expenditure was between R200 mil and R250 mil during 2004 and it is estimated that their expenditure for 2005 will be between R215 mil and R260 mil.

| How many employees do you have? | Percentage | Less than Ogive |
|---|---|---|
| **0 - 30** | 58.33% | 58% |
| 31 - 100 | 33.33% | 92% |
| 101 - 300 | 8.33% | 100% |
| 301+ | 0.00% | 100% |

| Political Stability? (1= least important & 10 = critically important) | Percentage | Less than Ogive |
|---|---|---|
| 1 | 16.67% | 16.67% |
| 2 | 0.00% | 16.67% |
| 3 | 16.67% | 33.33% |
| 4 | 0.00% | 33.33% |
| **5** | 16.67% | 50.00% |
| 6 | 0.00% | 50.00% |
| 7 | 25.00% | 75.00% |
| 8 | 8.33% | 83.33% |
| 9 | 0.00% | 83.33% |
| 10 | 16.67% | 100.00% |

| Crime and Violence? (1= least important & 10 = critically important) | Percentage | Less than Ogive |
|---|---|---|
| 1 | 8.33% | 8.33% |
| 2 | 8.33% | 16.67% |
| 3 | 25.00% | 41.67% |
| 4 | 0.00% | 41.67% |
| **5** | 8.33% | 50.00% |
| 6 | 0.00% | 50.00% |
| 7 | 8.33% | 58.33% |
| 8 | 16.67% | 75.00% |
| 9 | 0.00% | 75.00% |
| 10 | 25.00% | 100.00% |

The NGO's have between 30 000 and 50 000 direct beneficiaries. This sector thus significantly contributes (via the nature of their activities) to the continuing development of a major resource of the local economy (labour).

It is also very encouraging to note that NGO's are mostly upbeat about the local economy and the business environment.

| Cost of money? (1= least important & 10 = critically important) | Percentage | Less than Ogive |
|---|---|---|
| 1 | 25.00% | 25.00% |
| 2 | 8.33% | 33.33% |
| **3** | 25.00% | 58.33% |
| 4 | 8.33% | 66.67% |
| 5 | 8.33% | 75.00% |
| 6 | 0.00% | 75.00% |
| 7 | 0.00% | 75.00% |
| 8 | 16.67% | 91.67% |
| 9 | 8.33% | 100.00% |
| 10 | 0.00% | 100.00% |

| Rates and Taxes? (1= least important & 10 = critically important) | | Less than Ogive |
|---|---|---|
| 1 | 25.00% | 25.00% |
| **2** | 25.00% | 50.00% |
| 3 | 8.33% | 58.33% |
| 4 | 0.00% | 58.33% |
| 5 | 25.00% | 83.33% |
| 6 | 0.00% | 83.33% |
| 7 | 0.00% | 83.33% |
| 8 | 16.67% | 100.00% |
| 9 | 0.00% | 100.00% |
| 10 | 0.00% | 100.00% |

| As a percentage, what budget increase did you have from 2003? | Percentage | Less than Ogive |
|---|---|---|
| less than | 0.00% | 0.00% |
| 1% | 0.00% | 0.00% |
| 2% | 0.00% | 0.00% |
| 3% | 16.67% | 16.67% |
| 4% | 0.00% | 16.67% |
| 5% | 16.67% | 33.33% |
| **6%** | 16.67% | 50.00% |
| 7% | 16.67% | 66.67% |
| 8% | 0.00% | 66.67% |
| 9% | 0.00% | 66.67% |
| 10% | 25.00% | 91.67% |
| 11% | 0.00% | 91.67% |
| Greater than | 16.67% | 108.33% |

| As a percentage, what budget increase do you expect for 2005? | Percentage | Less than Ogive |
|---|---|---|
| less than | 8.33% | 8.33% |
| 4% | 0.00% | 8.33% |
| 5% | 0.00% | 8.33% |
| 6% | 16.67% | 25.00% |
| **7%** | 25.00% | 50.00% |
| 8% | 0.00% | 50.00% |
| 9% | 8.33% | 58.33% |
| 10% | 25.00% | 83.33% |
| 11% | 0.00% | 83.33% |
| 12% | 0.00% | 83.33% |
| Greater than | 8.33% | 91.67% |

| Your budget for 2004 was? (Rands) | Percentage | Less than Ogive |
|---|---|---|
| 1-100000 | 0.00% | 0.00% |
| 100001-300000 | 8.33% | 8.33% |
| 300001-500000 | 0.00% | 8.33% |
| 500001-700000 | 25.00% | 33.33% |
| 700001-999999 | 0.00% | 33.33% |
| **1mil--3mil** | 25.00% | 58.33% |
| >3m | 41.67% | 100.00% |

| The number of direct beneficiaries from your activities is? | Percentage | Less than Ogive |
|---|---|---|
| 1 to 20 | 0.00% | 0.00% |
| 21 to 40 | 0.00% | 0.00% |
| 41 to 70 | 0.00% | 0.00% |
| 71 to 100 | 16.67% | 16.67% |
| 101 to 150 | 0.00% | 16.67% |
| 151 to 200 | 0.00% | 16.67% |
| **more than 200** | 83.33% | 100.00% |

| Your expected performance over the next three months? | Percentage | Less than Ogive |
|---|---|---|
| Much better | 16.67% | 16.67% |
| **Better** | 50.00% | 66.67% |
| Same | 33.33% | 100.00% |
| Worse | 0.00% | 100.00% |
| Much worse | 0.00% | 100.00% |

| Present business/trading conditions are? | Percentage | Less than Ogive |
|---|---|---|
| Excellent | 8.33% | 8.33% |
| **Good** | 41.67% | 50.00% |
| Fair | 33.33% | 83.33% |
| Poor | 0.00% | 83.33% |
| Very poor | 16.67% | 100.00% |

## POPULATION DYNAMICS

| 2004 | **Demographic Data** | | **Poverty Data** | |
|---|---|---|---|---|
| | Population | Number of Households | Poverty Rate | Number of Poor Households |
| Umgungundlovu District | 980 000 to 1 mil | 240 000 to 260 000 | 48% | 115 500 |

| **Distribution of residents** | **2004** | **2001** | **1996** | **% of district '04** | **% of district '01** | **% of district '96** |
|---|---|---|---|---|---|---|
| **uMgungundlovu (Q)** | **981599** | **927845** | **872717** | | | |
| UMshwathi | 103419 | 108037 | 114136 | 10.54 | 11.64 | 13.08 |
| uMngeni | 77418 | 73896 | 69741 | 7.89 | 7.96 | 7.99 |
| Mooi Mpofana | 51121 | 36819 | 24785 | 5.21 | 3.97 | 2.84 |
| Impendle | 33269 | 33569 | 33948 | 3.39 | 3.62 | 3.89 |
| Msunduzi | 579871 | 553223 | 521805 | 59.07 | 59.62 | 59.79 |
| Mkhambathini | 72373 | 59067 | 46089 | 7.37 | 6.37 | 5.28 |
| Richmond | 64129 | 63222 | 62108 | 6.53 | 6.81 | 7.12 |
| **% total year on year change** | **1.45** | **1.26** | | | | |

| **Distribution of income** | **2004** | **2001** | **1996** | **% of district '04** | **% of district '01** | **% of district '96** |
|---|---|---|---|---|---|---|
| **uMgungundlovu (R)** | **15108129000** | **9747180000** | **4947590400** | | | |
| UMshwathi | 799915320 | 516074400 | 275395200 | 5.29 | 5.29 | 5.57 |
| uMngeni | 2112989760 | 1363219200 | 563311200 | 13.99 | 13.99 | 11.39 |
| Mooi Mpofana | 493837440 | 318604800 | 89791200 | 3.27 | 3.27 | 1.81 |
| Impendle | 157534560 | 101635200 | 90986400 | 1.04 | 1.04 | 1.84 |
| Msunduzi | 10430731200 | 6729504000 | 3620205600 | 69.04 | 69.04 | 73.17 |
| Mkhambathini | 530992800 | 342576000 | 125148000 | 3.51 | 3.51 | 2.53 |
| Richmond | 578977080 | 373533600 | 181488000 | 3.83 | 3.83 | 3.67 |
| **% total year on year change** | **13.75** | **19.40** | | | | |

The above two tables indicate that 60% of the residents of the district reside in Pietermaritzburg. The data also indicates that 70% of all income generated in the district is generated in Pietermaritzbug. Per capita income increased from **R5 669 in 1996 to R10 500 in 2001 and to R15 391 in 2004**.

**Officially Solemnised Marriages, 2000**

| | KZN | Pietermaritzburg |
|---|---|---|
| Distribution | 20 327 | 2 033 |

**Pietermaritzburg by Month of Solemnisation, 2000**

| J | F | M | A | M | J | J | A | S | O | N | D |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 194 | 143 | 165 | 191 | 143 | 161 | 177 | 139 | 179 | 132 | 140 | 269 |

**Pietermaritzburg by Way of Solemnisation, 2000**

| Way of Solemnisation | | |
|---|---|---|
| Religious | Civil | Unspecified |
| 961 | 851 | 221 |

| Cremations - | Number | % yoy change | Cremations - | Number | % yoy change |
|---|---|---|---|---|---|
| 1980 | 549 | | 1992 | 1073 | 10.39 |
| 1981 | 524 | -4.55 | 1993 | 966 | -9.97 |
| 1982 | 546 | 4.20 | 1994 | 1108 | 14.70 |
| 1983 | 632 | 15.75 | 1995 | 1122 | 1.26 |
| 1984 | 653 | 3.32 | 1996 | 1225 | 9.18 |
| 1985 | 601 | -7.96 | 1997 | 1882 | 53.63 |
| 1986 | 738 | 22.80 | 1998 | 1249 | -33.63 |
| 1987 | 934 | 26.56 | 1999 | 1128 | -9.69 |
| 1988 | 963 | 3.10 | 2000 | 1182 | 4.79 |
| 1989 | 1079 | 12.05 | 2001 | 1220 | 3.21 |
| 1990 | 1023 | -5.19 | 2002 | 2641 | 116.48 |
| 1991 | 972 | -4.99 | | | |

## TIME USE ACTIVITIES

**Mean Time Per Day Spent, By Sex**

| | | Male (mins) | Female (mins) | All (mins) |
|---|---|---|---|---|
| 1 | Work in establishment | 151 | 83 | 115 |
| 2 | Primary production not for establishment | 26 | 22 | 24 |
| 3 | Other production of goods and services not for establishment | 13 | 11 | 12 |
| 4 | Household maintenance | 74 | 181 | 131 |

| | | | | |
|---|---|---|---|---|
| 5 | Care of persons in the household | 4 | 32 | 19 |
| 6 | Community services to non-household members | 5 | 3 | 4 |
| 7 | Learning | 109 | 96 | 102 |
| 8 | Social and cultural activities | 218 | 171 | 193 |
| 9 | Mass media use (news papers, magazines, etc) | 112 | 105 | 108 |
| 10 | Personal care | 727 | 734 | 731 |

**Least enjoyable and most enjoyable activities by sex**

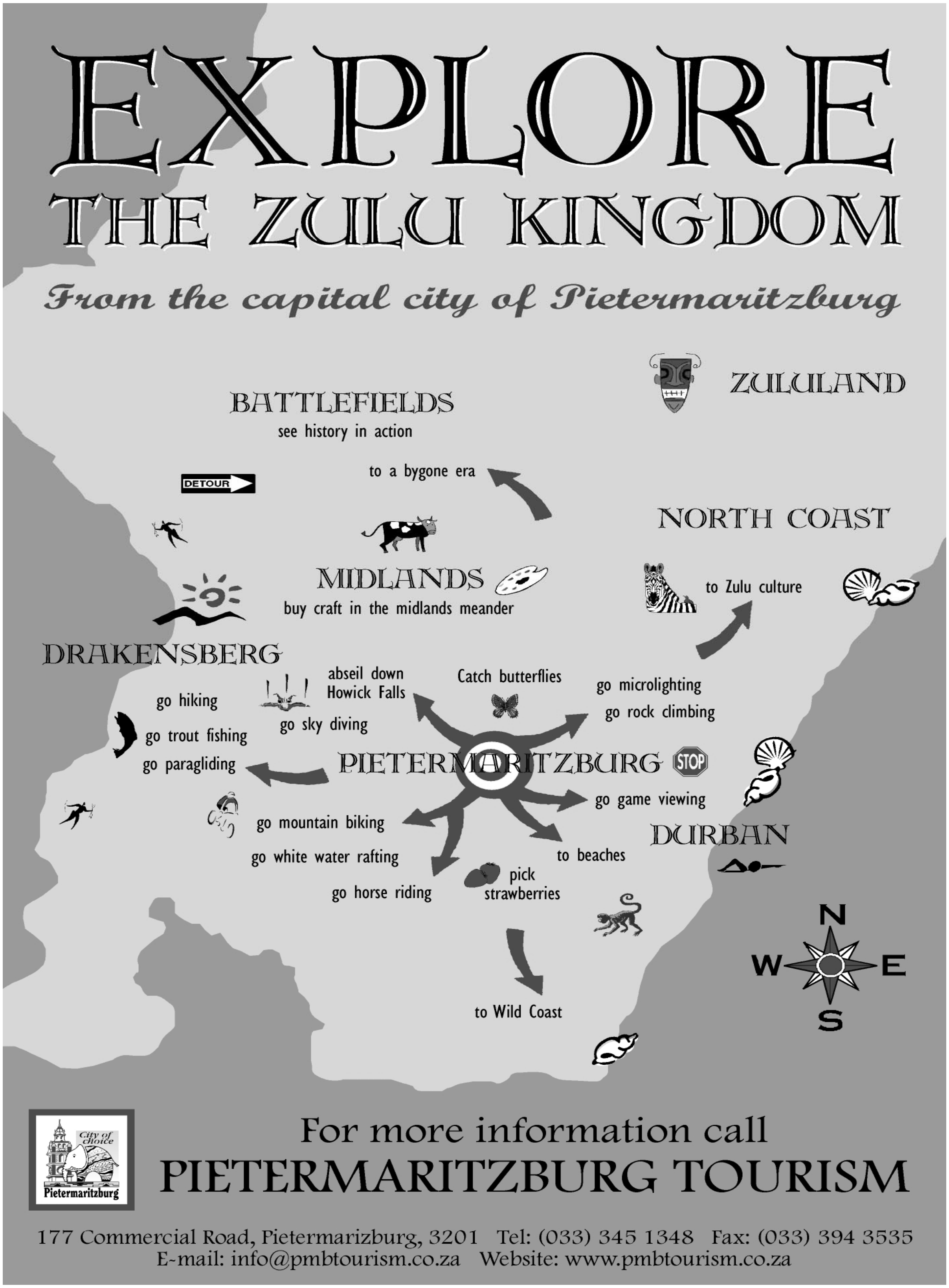
| Activity | Male (%) | Activity | Female (%) |
|---|---|---|---|
| Five most disliked activities | | | |
| Wage work for establishment | 4 | Preparing food | 8 |
| Cleaning dwelling | 4 | Cleaning dwelling | 6 |
| Preparing food | 3 | Care of textiles | 4 |
| Watching TV or video | 3 | Collecting water | 3 |
| Educational attendance | 2 | Watching TV or video | 2 |
| Five most enjoyable activities | | | |
| Watching TV or video | 9 | Watching TV or video | 8 |
| Wage work for establishment | 8 | Preparing food | 6 |
| Socialising with non-family | 8 | Socialising with family | 6 |
| Paying games | 8 | Educational attendance | 6 |
| Participating in sport | 8 | Religious activity | 5 |

(StatsSA, www.statssa.gov.za)

## SUMMARY AND CONCLUSIONS

Pietermaritzburg and the uMgungundlovu District have achieved remarkable growth in economic activity during 2003 and 2004. Business confidence is also very favorable at present. What is particularly encouraging is that the benefits of the performance of the local economy have not only accrued to a select few, but that more and more people are experiencing the benefits. One must, however, recognise that there is still a large number of people that have not experienced these benefits, but the longer the local economy can sustain the past performance the higher the possibility that even more people will experience these benefits in the future.

I am neither especially clever nor especially gifted. I am only very, very curious.
--Albert Einstein



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see history in action
to a bygone era
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Catch butterflies
go microlighting
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