# Mbalo Brief

the missing piece of the puzzle

October 2015

Issue 09/2015

Statistics South Africa

The South Africa I know, the home I understand the missing piece of the puzzle

Statistics South Africa
Private Bag X44
Pretoria 0001
South Africa

170 Thabo Sehume Street
Pretoria 0002

User information services: (012) 310 8600
Fax: (012) 310 8500
Main switchboard: (012) 310 8911
Fax: (012) 321 7381

Website: www.statssa.gov.za
Email: info@statssa.gov.za

## Editor's comment

The October month has been marked as the Transport Month. This period is used to focus on transport related matters such as road carnages and progress achieved in various transport programmes and projects among others. One of the campaigns to create awareness and reduce road carnage has been the placing of 47 coffins on the N14 highway from March 2015. The number of coffins represents the daily loss of lives on the country's roads. This has been performed in an attempt to change behavior on the roads and to discourage road carnage. The campaign was initiated by Lead SA (an organization that challenges ordinary South Africans to do the right thing on a daily basis and to counter the negative perceptions about the country), with the support of the National Department of Transport, Road Traffic Management Corporation (RTMC), Road Accident Fund (RAF), Gauteng Department of Roads and Transport (GDRT), Johannesburg Metro Police Department (JMPD) and civil society groups. During this month government also encourages citizens to use public transport to commute in order to ease congestion and contribute to reducing emission.

Our educational article for this month's issue of *Mbalo Brief* focuses on the *Poverty trends in South Africa: An examination of absolute poverty between 2006 and 2011.* The article is based on the findings contained in Report No. 03-10-06 of 2014. The article will focus among others, the levels of poverty between males and females, poverty in relation to education level, population group, age and individual poverty.

This issue also features articles on *Land transport, Mining, Food and beverages* and *Tourism and Migration*, amongst others. Fill in our crossword puzzle to test your insight into general issues. We have also included the solutions to the September 2015 puzzle.

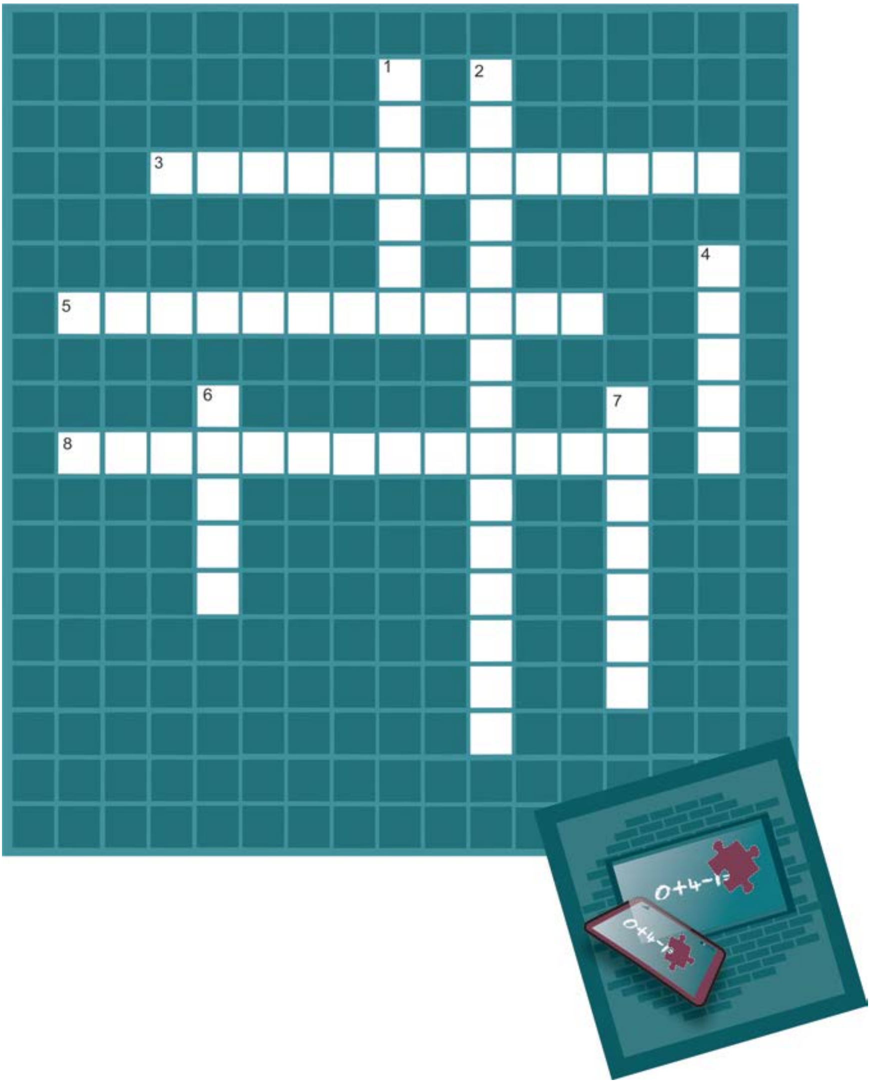
Articles published in this issue are based on results of industry surveys conducted for the months ranging from June to August 2015, which were released in September 2015.

For full details on our surveys, visit our website at www.statssa.gov.za

Enjoy the read!

# CONTENTS

## Crossword puzzle



**Across**

3. Which member of the T20 is not a country? [Refer to Tourism and migration article for clue]
5. Which term has been given to the illegal producing, selling and purchasing of electricity? [Read Electricity generated and available for distribution article]
8. Who is the newly appointed Chairperson of Independent Electoral Commission of South Africa?

**Down**

1. In how many official languages does Annual National Assessment (ANA) tests administered in the foundation phase?
2. Who is the Executive Mayor of Ekurhuleni Metropolitan Municipality?
4. Abbreviate: Passenger Rail Agency of South Africa
6. Which country has defeated South African rugby squad during 2015 Rugby World Cup?
7. In which province were the highest levels of poverty found in South Africa in 2006? [Read educational article]

## Solutions for September 2015 puzzle

**Across**

1. Local
5. Cecil
6. Homo Naledi
7. Community
8. Heritage Day

**Down**

2. Collen Maine
3. Males
4. Wood

# Educational article on poverty trends in South Africa

## Introduction

'No political democracy can survive and flourish if the majority of the people remain in poverty, without land, without tangible prospects for a better life … to deal with poverty and deprivation must therefore be the first priority of a democratic government.' This was stated in the Reconstruction and Development Programme (RDP) (1994). The same sentiments were further emphasised in the National Development Plan (NDP) 2030 presented/written/published/drafted in 2013, which is the most current guiding framework for development for South Africa. As mentioned in the NDP, some of the goals the government seeks to address are the elimination of poverty and reduction of inequality. In order to measure progress of poverty eradication and inequality, Statistics South Africa (Stats SA) conducts the *Income and Expenditure Survey* (IES) as well as the *Living Conditions Survey* (LCS). The findings from these two surveys will be taken into consideration as they are the official sources of data for the measurement of money-metric poverty and inequality. These two surveys were also fundamental in compiling *Poverty Trends in South Africa: An examination of absolute poverty between 2006 and 2011 (Report No. 03-10-06)* on which this article is based. The report was published by Stats SA in March 2014.

Although the key findings in the report are divided into three sections: individual poverty, household poverty and household expenditure, this article will focus mainly on individual poverty levels. The article will explore the prevalence of poverty with regard to population group, education, age, provinces and settlement type.

## Background to the national poverty lines

In 2012, Stats SA published a set of three national poverty lines measures namely, the food poverty line (FPL), lower-bound poverty line (LBPL) and upper-bound poverty line (UBPL) – to be used for poverty measurement in the country. The FPL is the level of consumption below which individuals are unable to purchase sufficient food to provide them with adequate nutrition. Those below this line are either consuming insufficient calories for their nourishment, or must change their consumption patterns from those preferred by low-income households. The LBPL includes non-food items, but requires that individuals sacrifice food in order to obtain these, while individuals at the UBPL can purchase both adequate food and non-food items.

For the purpose of this article, the following terms and definitions are used:

- **Poor** – Population living below a poverty line.
- **Poverty gap** – This provides the mean distance of the population from the poverty line.
- **Poverty headcount** – This is the share of the population whose income or consumption is below the poverty line; that is, the share of the population that cannot meet its basic needs.
- **Poverty line** – Line drawn at a particular level of income or consumption; households/individuals whose incomes fall below a given level of the poverty line or whose consumption level is valued at less than the value of the poverty line are classified as poor.
- **Poverty severity** – This takes into account not only the distance separating the population from the poverty line (the poverty gap), but also the inequality among the poor. That is, a higher weight is placed on those households/individuals who are further away from the poverty line.
- **Rural** – Farms and traditional areas characterised by low population densities, low levels of economic activity and low levels of infrastructure.
- **Urban** – Formal cities and towns characterised by higher population densities, high levels of economic activities and high levels of infrastructure.

**Poverty at individual level**

The proportion of the population living below the poverty line in South Africa has decreased from 2006 to 2011. In 2006, more than half (57,2%) of the population of South Africa were living in poverty. There was a decline in 2009 to 56,8%. By 2011, less than half (45,5%) of all South Africans were living below the poverty line. This reflects a 20% reduction in poverty from 2006 to 2011.

The levels of poverty amongst males and females have seen similar reductions from 2006 to 2011. In 2006, 59,7% of all the females in South

Africa were living in poverty compared to 54,6% of males. By 2011, the level of poverty for females had dropped by 21% to 47,1%, and by 20% to 43,8% for males. Even though females remain more impoverished than males, the difference in the poverty headcount between males and females is, however, decreasing – the difference in headcount between males and females decreased from 5,1% in 2006 to 3,7% in 2009 and further decreased to 3,3% in 2011. In terms of poverty share, females made up the majority (53,4%) of the poor in 2011, a proportion that has remained fairly constant since 2006 (53,0%).

**Poverty and population group**

The differences in poverty levels are also seen among the different population groups in South Africa. In 2011, 94,2% of poor people in South Africa were black Africans. This proportion has been increasing since 2006 from 92,9% and to 93,2% in 2009. In 2006, 66,8% of black Africans were living under the upper-bound poverty line. This proportion remained relatively unchanged in 2009 (66,9%) before declining to 54,0% in 2011. These levels of poverty were higher than the levels amongst the other population groups. In 2006, 41,6% of coloured people were found to be poor, followed by 13,0% of Indians/Asians and 0,6% of white people. Furthermore, the levels of poverty amongst coloured people decreased to 37,8% in 2009 and 27,6% in 2011, showing an overall decline of 34% during the period. Similarly, the Indian/Asian population also saw a decrease of 74% in the proportion of people living below the upper-bound poverty line, where in 2011 only 3,4% of the Indian/Asian population were found to be poor. The poverty headcount for white people, where less than 1% were considered to be poor in 2011, remained fairly similar from 2006 to 2011.

The poverty gap also differed between the population groups. In 2006, black Africans had a poverty gap of 31,6%, which was almost twice as large as the gap for coloured people (17,0%) and larger than that for Indians/Asians (3,3%) or the white population (0,2%). While the poverty gap for black Africans had decreased to 23,6% by 2011, it was still more than twice as large as the gap for any other population group. The severity of poverty was similarly more than twice as large for black Africans than for other population groups at each point in time. In addition, the severity increased from 18,3% in 2006 to 20,1% in 2009, before it fell to 13,1% in 2011.

When taking age into consideration, 68,9% of all children (those aged 17 and younger) in South Africa were living in poverty. By 2011, although the proportion of children living in poverty decreased by 19%, the majority (55,7%) were still living below the poverty line. The poverty gap among the children stood at 33,9% in 2006 before increasing to 35,2% in 2009 and then dropped to 24,8% in 2011.

The share of poverty for this age group was 37,6% of the total population, and yet almost half (46,0%) of all poor people in South Africa were children. Levels of poverty were also high amongst the youth aged 18 to 24 – six out of ten (60,2%) were living in poverty in 2006. By 2011, the poverty headcount fell 16% to 50,7%. In terms of poverty share, this age group accounted for 15,3% of the poor in 2011.

This means that approximately 61,3% of all poor people were under the age of 25. In 2006, the levels of poverty among the elderly (those aged 65 and older) were high with more than half (55,6%) of them living below the upper-bound poverty line. By 2011, these high levels of poverty had declined to 36,2%.

One of the mechanism used to eliminate poverty in South Africa are social grants. These grants have increasingly become a source of livelihood in South Africa and have played an instrumental role in reducing poverty levels. However, further research is needed to fully understand their impact. The research could help determine whether social grants, particularly child support grants, are reaching their intended targets as the results mentioned earlier in this article indicate a high level of poverty amongst children. The research could also determine the relationship between old-age pensions and the decrease in poverty levels for the elderly since 2006.

**Poverty and education**

In 2006, approximately half (49,8%) of the population aged 18 and above (adults) in South Africa were living below the upper-bound poverty line. By 2009, the proportion had not changed much (49,6%). However, in 2011, this proportion decreased to 39,4%. When looking at the levels of poverty amongst the adult population with regard to the level of education they had attained, the results showed that 6,0% of individuals with an educational level higher than matric were living in poverty in 2006. This proportion increased to 10,6% in 2009 but decreased to 5,5% in 2011.

In contrast, those individuals with little or no education displayed higher levels of poverty. More than three-quarters (78,5%) of adults with no formal schooling were poor in 2006, as were seven out of every ten (70,5%) adults with some primary school education. Although the proportion of adults (with no formal schooling) who lived in poverty headcount decreased by 16% from 2006 to 2011, 66,0% remained poor in 2011.

Furthermore, the poverty gap for adults with post-matric education was 1,9% in 2011, for those adults with no education it stood at 29,9%, while those with some primary school education had a poverty gap of 26,9%.

Therefore, the lower the level of education attained, the more likely adults were to be poor and experience more intense levels of poverty.

**Poverty at provincial level**

In 2006, the majority of the population in seven out of the nine provinces in South Africa was living below the upper-bound poverty line. The highest poverty levels were found in Limpopo, where three-quarters (74,4%) of all residents were poor, followed by Eastern Cape (69,5%) and KwaZulu-Natal (69,1%). The poor were only in the minority in the two provinces of Western Cape (36,9%) and Gauteng (32,4%).

It is important to remember that there is an uneven distribution of people in South Africa. Census 2011 found that Gauteng and KwaZulu-Natal were the most populous provinces in South Africa. In this context, it is useful to look at poverty share as well as headcount.

**Figure 1 – Poverty share by province in 2011 and change from 2006**

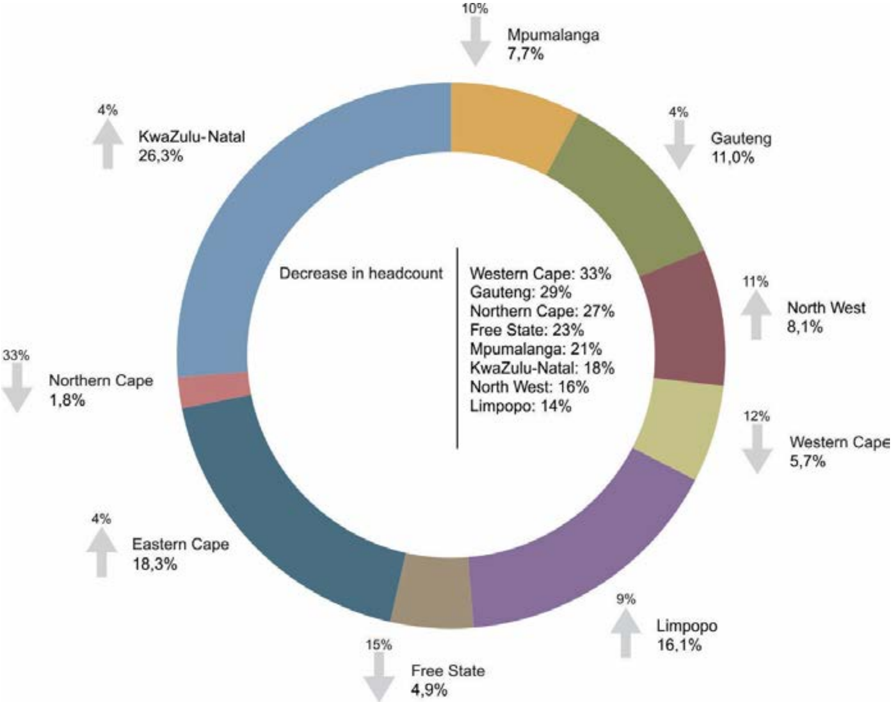



Figure 1 shows the share of poverty across the nine provinces in 2011, the arrows show a change in poverty share from 2006 to 2011. It also shows that poor people in KwaZulu-Natal and Eastern Cape increased by 4% in 2011 while in Limpopo this increase was 9%. The only other province to have increased its share of poverty since 2006 was North West, which saw an 11% increase during this period.

Figure 1 also shows that despite Gauteng having the lowest headcount of individuals living below the poverty line, it had the fourth highest number of poor people (11,0%) in 2011. Also, the Northern Cape – with a poverty headcount of 46,8% in 2011 – was home to only 1,8% of the country's poor because of the small number of people that live in the province.

In addition, the percentage decrease in the poverty headcount from 2006 to 2011 is shown in the centre of the graph. Western Cape and Gauteng – the two provinces with the lowest headcounts in 2006 – had the biggest decreases in headcounts from 2006 to 2011 of 33% and 29% respectively. At the other end of the scale, Eastern Cape (13%) and Limpopo (14%) saw the smallest reduction in poverty headcount.

The poverty gap and severity of poverty measures indicate that the three provinces with the highest number of poor people and the highest poverty headcounts also had the more severe poverty situations. The poverty gap for Limpopo was the highest in all three periods – it was 36,8% in 2006 before increasing to 44,4% in 2009 and then decreasing to 30,0% in 2011.

**Poverty and settlement type**

Poverty was further differentiated into two settlement types: urban and rural areas. In 2006, eight out of ten (80,8%) people living in rural areas were poor, which was double that of those in urban areas (40,7%). By 2009, the proportion of poor people had increased to 83,0% in rural areas compared to 41,0% in urban areas. In 2011, more than two-thirds (68,8%) of rural dwellers were still living in poverty as compared with less than a third (30,9%) of residents in urban areas. The rate of reduction between the two settlement types from 2006 to 2011 was also different – there was a 15% reduction in poverty levels in rural areas, which was much lower than the 24% reduction in urban areas.

In terms of poverty share, almost six out of ten (58,3%) poor people lived in rural areas in 2011. This proportion had remained relatively constant from 2006 (58,0%).

The severity of poverty was far worse in rural areas than in urban areas. In 2006, the severity level of poverty stood at 26,6% for rural areas, which is three times larger than that of urban areas at 8,3%. Although the severity had decreased in 2011, it was still almost three times as large in rural areas (18,1%) as in urban areas (6,2%).

**Conclusion**

Poverty levels in South Africa have dropped since 2006. In 2011, less than half (45,5%) of all South Africans were living below the UBPL. However, the findings from the poverty trends report showed that females remained more impoverished than males. Furthermore, there is a relationship between population group and poverty levels as more than half of black Africans were living in poverty. When taking age into consideration, children and youth displayed the highest levels of poverty. In terms of education, a higher proportion of adults with no formal education were found to be poor. Limpopo, Eastern Cape and KwaZulu-Natal displayed the highest levels of poverty. In terms of settlement type, not only were levels of poverty more than twice as high in rural areas than in urban areas, but the majority of poor people in South Africa were living in rural areas.

## Source

1. *Poverty Trends in South Africa: An examination of absolute poverty between 2006 and 2011* (Report No. 03-10-06). Pretoria: Statistics South Africa.

# Primary industries

## Mining: Production and sales

### *Mining production and mineral sales increase*

On 04 October 2015, over 30 000 National Union of Mineworkers (NUM) members from the coal sector embarked on a strike. This came after the mineworkers and mine negotiators could not reach an agreement over the R1 000 salary increase for the lowest mine job category and 14% for the artisans, miners and officials. If the strike lasts longer than expected, it might affect Eskom's electricity production as it runs coal-fired power stations which produce about 90% of the 95% of electricity. This article highlights mining production for July 2015 and mineral sales for June 2015.

Mining production increased by 5,6% year-on-year in July 2015 (**see Table A**). The highest positive growth rates were recorded for:

- PGMs (71,8%);
- manganese ore (21,3%);
- chromium ore (10,3%); and
- diamonds (9,9%).

Iron ore (-8,6%, contributing -1,9 percentage points) and gold (-7,4%, contributing -1,2 percentage points) were significant negative contributors.

**Table A – Key growth rates in the volume of mining production for July 2015**

| | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 |
|---|---|---|---|---|---|---|
| Year-on-year % change, unadjusted | 8,6 | 20,4 | 7,9 | 2,7 | 5,4 | 5,6 |
| Month-on-month % change, seasonally adjusted | 5,0 | 7,2 | -5,3 | -4,6 | 2,0 | 1,1 |
| 3-month % change, seasonally adjusted [1/] | -0,3 | 2,5 | 6,1 | 4,0 | -1,7 | -4,3 |

[1/] Percentage change between the previous 3 months and the 3 months ending in the month indicated.

Mineral sales increased by 11,3% year-on-year in June 2015 (**see Table B**). The highest positive contributions to the increase of 11,3% were made by the following mineral groups and minerals:

- PGMs (72,4%, contributing 11,7 percentage points);
- gold (11,8%, contributing 2,0 percentage points); and
- ‘other’ non-metallic minerals (19,7%, contributing 1,3 percentage points).

Iron ore decreased by 30,6% year-on-year and was a significant negative contributor (contributing -5,0 percentage points).

**Table B – Key growth rates in mineral sales at current prices for June 2015**

| | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 |
|---|---|---|---|---|---|---|
| Year-on-year % change, unadjusted | -14,4 | -13,7 | -1,3 | 2,5 | 5,3 | 11,3 |
| Month-on-month % change, seasonally adjusted | -5,3 | 4,0 | 2,5 | 1,4 | 0,4 | -1,2 |
| 3-month % change, seasonally adjusted [1/] | -3,7 | -4,0 | -2,7 | 2,9 | 4,4 | 4,3 |

[1/] Percentage change between the previous 3 months and the 3 months ending in the month indicated. A full release on *Mining: Production and sales (*Statistical release P2041) is available on the Stats SA website: www.statssa.gov.za

# Secondary industries

## Manufacturing: Production and sales

### *Manufacturing production increases*

The manufacturing and sale of counterfeit goods by illegal companies or individuals have serious economic effects for government and manufacturing companies and also health effects for consumers. Government is deprived of tax revenue due to counterfeit goods while registered and legal manufacturing companies lose income which could lead to retrenching employees. Consumers are also at high risk of becoming sick or die by using unsafe and ineffective fake medicine, cigarettes, beverages, food, electrical appliances, etc. This article highlights statistics on manufacturing sales and production for July 2015.

Manufacturing production increased by 5,6% in July 2015 compared with July 2014 (**see Table C**). This increase was mainly due to higher production in the following divisions:

- basic iron and steel, non-ferrous metal products, metal products and machinery (17,4%, contributing -2,9 percentage points); and
- motor vehicles, parts and accessories and other transport equipment (39,6%, contributing 2,6 percentage points).

**Table C – Key growth rates in the volume of manufacturing production for July 2015**

| | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 |
|---|---|---|---|---|---|---|
| Year-on-year % change, unadjusted | -0,3 | 4,0 | -2,3 | -1,7 | -0,5 | 5,6 |
| Month-on-month % change, seasonally adjusted | 0,8 | 1,3 | -2,4 | -0,7 | 0,8 | 0,3 |
| 3-month % change, seasonally adjusted [1]/ | -0,6 | -0,5 | 0,1 | -0,7 | -1,5 | -1,3 |

[1]/ Percentage change between the previous 3 months and the 3 months ending in the month indicated. A full release on *Manufacturing: Production and sales* (Statistical release P3041.2) is available on the Stats SA website: www.statsa.gov.za

## Selected building statistics of the private sector

***Total value of recorded building plans passed increases***

The construction industry is prone to hazards and accidents that can cause serious injuries and/or even death. These include accidents such as when structural materials fall on the workers or individuals sitting or walking past, collapse of buildings and accidents involving construction vehicles. Therefore, the health and safety of construction workers needs to be taken into consideration at all times. The Council for Built Environment (CBE) and the Construction Industry Development Board (CIDB) are two of the bodies that encourage, health and safety techniques such as ensuring that the construction site has a good structural design, good planning, suitable building material and uses tried and tested safety techniques is encouraged. Also, when plans are passed certain safety aspects are also looked into with regard to the building structure itself. Presented in this article is a summary of the selected building statistics of the private sector for July 2015.

The value of recorded building plans passed increased by 12,7% (R6 746,8 million) during January to July 2015 compared with January to July 2014 (**see Table D**). Increases were reported for residential buildings (15,1% or R3 795,3 million), additions and alterations (11,9% or R1 629,8 million) and non-residential buildings (9,2% or R1 321,6 million).

Seven provinces reported year-on-year increases in the value of building plans passed during January to July 2015. The increase in the value of building plans passed was dominated by Gauteng (contributing 8,2 percentage points or R4 367,9 million) and Western Cape (contributing 3,6 percentage points or R1 911,2 million).

The value of buildings reported as completed increased by 8,4% (R2 290,1 million) during January to July 2015 compared with January to July 2014. Residential buildings rose by 19,6% (R2 848,4 million).

Five provinces reported year-on-year increases in the value of buildings completed during January to July 2015. Western Cape contributed 10,2 percentage points (R2 796,9 million).

**Table D – Recorded building plans passed by larger municipalities: January to July 2014 versus January to July 2015**

| Estimates at current prices | January to July 2014 | January to July 2015 | Difference in value between January to July 2014 and January to July 2015 | % change between January to July 2014 and January to July 2015 |
|---|---|---|---|---|
| | R'000 | R'000 | R'000 | |
| **Residential buildings** | 25 063 525 | 28 858 872 | 3 795 347 | 15,1 |
| -Dwelling houses | 17 701 414 | 19 378 874 | 1 677 460 | 9,5 |
| -Flats and townhouses | 6 701 226 | 8 737 121 | 2 035 895 | 30,4 |
| -Other residential buildings | 660 885 | 742 877 | 81 992 | 12,4 |
| **Non-residential buildings** | 14 424 800 | 15 746 430 | 1 321 630 | 9,2 |
| **Additions and alterations** | 13 653 683 | 15 283 468 | 1 629 785 | 11,9 |
| **Total** | 53 142 008 | 59 888 770 | 6 746 762 | 12,7 |

[1/] 2014 and 2015 figures should be regarded as preliminary because of possible backlogs and incomplete reporting by municipalities.
A full release on *Selected building statistics of the private sector as reported by local government institutions* (Statistical release P5041.1) is available on the Stats SA website: www.statssa.gov.za

## Electricity generated and available for distribution

### *Production and consumption of electricity decreases*

Eskom is the main generator of electricity in South Africa. It generates its revenue from sales of prepaid electricity and sells in bulk to municipalities to resell to various customers. However, sometimes this entity is faced with loss of revenue due to 'ghost vending'. 'Ghost vending' is a term that is used for illegal producing, selling and purchasing of prepaid electricity vouchers by an individual or syndicates. According to Eskom, approximately R4,7 billion in revenue is lost each year as a result of electricity theft. Consumers are encouraged to purchase legal electricity vouchers and report 'ghost vendors' to law enforcement agencies. This article highlights the production and consumption of electricity for August 2015.

Electricity generation (production) decreased by 4,9% year-on-year in August 2015 (**see Table E**).

## Table E – Key growth rate in the volume of electricity generated for August 2015

| | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 |
|---|---|---|---|---|---|---|
| Year-on-year % change, unadjusted | 1,0 | -3,3 | -2,5 | -1,1 | -2,7 | -4,9 |
| Month-on-month % change, seasonally adjusted | 0,7 | -1,8 | -0,9 | 0,3 | -1,1 | -1,6 |
| 3-month % change, seasonally adjusted 1/ | 0,3 | -0,5 | -1,4 | -2,2 | -2,1 | -2,2 |

1/ Percentage change between the previous 3 months and the 3 months ending in the month indicated.
A full release on *Electricity generated and available for distribution* (Statistical release P4141) is available on the Stats SA website: www.statssa.gov.za

Electricity distribution (consumption) decreased by 5,4% year-on-year in August 2015 (**see Table F**).

## Table F – Key growth rate in the volume of electricity distributed for August 2015

| | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 |
|---|---|---|---|---|---|---|
| Year-on-year % change, unadjusted | 2,8 | -1,0 | -1,6 | -0,7 | -1,6 | -5,4 |
| Month-on-month % change, seasonally adjusted | 0,8 | -1,4 | -1,7 | -0,2 | -0,6 | -3,2 |
| 3-month % change, seasonally adjusted 1/ | 0,4 | 0,1 | -0,8 | -2,2 | -2,6 | -3,2 |

1/ Percentage change between the previous 3 months and the 3 months ending in the month indicated.
A full release on *Electricity generated and available for distribution* (Statistical release P4141) is available on the Stats SA website: www.statssa.gov.za

# Tertiary industries

## Wholesale trade sales

***Wholesale trade sales up by 8,5%***

Wholesale trade plays a vital role in bringing a variety of goods and brands to institutions and retailers for use or resale to consumers. When wholesalers, businesses, government and other institutions such as universities need to purchase goods such as books, cartridges or computers in bulk, either for use or resale, they get them directly from the manufacturer, whereas consumers purchase their goods from retailers such as supermarkets, hardware stores and bookshops, because the consumers do not buy in bulk. Presented in this article is a summary of the wholesale trade sales statistics for July 2015.

Wholesale trade sales increased by 8,5% in July 2015 compared with July 2014 (**see Table G**). The major contributors to this increase were dealers in:

- machinery, equipment and supplies (11,4%, contributing 1,7 percentage points);
- construction and building materials (27,1%, contributing 1,5 percentage points); and
- precious stones, jewellery and silverware (75,0%, contributing 1,3 percentage points).

Wholesale trade sales increased by 3,9% in the three months ended July 2015 compared with the three months ended July 2014. The major contributors to this increase were dealers in:

- construction and building materials (14,7%, contributing 0,8 of a percentage point);
- machinery, equipment and supplies (4,8%, contributing 0,8 of a percentage point); and
- ‘other’ household goods except precious stones (6,0%, contributing 0,6 of a percentage point).

**Table G – Key growth rates in wholesale trade sales at current prices for July 2015**

| | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 |
|---|---|---|---|---|---|---|
| Year-on-year % change, unadjusted | -2,1 | 5,1 | -3,9 | 0,5 | 2,8 | 8,5 |
| Month-on-month % change, seasonally adjusted | 1,9 | 3,7 | -5,3 | 4,0 | 1,1 | 3,3 |
| 3-month % change, seasonally adjusted[1/] | -2,5 | 0,9 | 2,2 | 2,4 | 0,6 | 3,4 |

[1/] Percentage change between the previous 3 months and the 3 months ending in the month indicated.

A full release on *Wholesale trade sales* (P6141.2) is available on the Stats SA website: www.statssa.gov.za

## Retail trade sales

### *Retail trade sales increase by 3,3%*

Retailers use different strategies to attract customers and to generate income for their businesses. Some use lay-by deals as a means of retaining customers while they are still raising funds to pay the outstanding balance. A lay-by is when a consumer pays a deposit (after signing a lay-by contract) to purchase goods and pays in instalments for a certain period. Some consumers purchase goods through lay-by because they can’t afford to buy in cash while others use it to secure goods that quickly run out of stock. This article gives a summary of retail trade sales statistics for July 2015.

Retail trade sales increased by 3,3% year-on-year in July 2015 (**see Table H)**. The highest annual growth rates were recorded for:

- retailers in hardware, paint and glass (6,3%);
- all ‘other’ retailers (4,3%);
- retailers in textiles, clothing, footwear and leather goods (3,9%); and
- retailers in pharmaceuticals and medical goods, cosmetics and toiletries (3,5%).

The main contributors to the 3,3% increase were general dealers (contributing 1,1 percentage points) and retailers in textiles, clothing, footwear and leather goods (contributing 0,8 of a percentage point).

Retail trade sales increased by 3,0% in the three months ended July 2015 compared with the three months ended July 2014. The main contributors to this increase were:

- general dealers (2,9% and contributing 1,1 percentage points);
- retailers in textiles, clothing, footwear and leather goods (3,7% and contributing 0,7 of a percentage point); and
- retailers in hardware, paint and glass (4,6%, contributing 0,4 of a percentage point).

**Table H – Key growth rates in retail trade sales at constant 2012 prices for July 2015**

| | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 |
|---|---|---|---|---|---|---|
| Year-on-year % change, unadjusted | 3,7 | 2,8 | 3,7 | 1,9 | 3,8 | 3,3 |
| Month-on-month % change, seasonally adjusted | 1,4 | 1,4 | 0,0 | -0,3 | 0,4 | 0,1 |
| 3-month % change, seasonally adjusted [1]/ | 0,8 | 1,2 | 1,4 | 0,9 | 0,4 | 0,0 |

[1]/ Percentage change between the previous 3 months and the 3 months ending in the month indicated.
A full release on *Retail trade sales (*Statistical release P6242.1) is available on the Stats SA website: www.statssa.gov.za

## Motor trade sales

### *Motor trade industry sales up by 1,3% in July 2015*

Owing to economic pressures, consumers are turning to car auctions to buy reliable cars at cheaper prices. These car auctions sell repossessed, stolen and recovered and used cars which are still in good condition, have defects or are damaged and supplied by banks, insurance companies, owners etc. Some of the consumers, including panel beaters, buy cars that are no longer in good condition to fix or to take out parts in order to repair other motor vehicles. In this article we present statistics on income from motor trade sales for July 2015.

Motor trade sales increased by 1,3% year-on-year in July 2015 (**see Table I**). Positive annual growth rates were recorded for used vehicle sales (8,5%) and sales of accessories (7,3%).

Motor trade sales increased by 0,8% in the three months ended July 2015 compared with the three months ended July 2014. The main positive contributor to this increase was sales of accessories (7,5%, contributing 1,3 percentage points). Fuel sales was the only negative contributor (-5,8% and contributing -1,5 percentage points)

**Table I – Key motor trade sales figures for July 2015**

| | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 |
|---|---|---|---|---|---|---|
| Year-on-year % change, unadjusted | -0,7 | 6,0 | -1,3 | -1,3 | 2,2 | 1,3 |
| Month-on-month % change, seasonally adjusted | -1,0 | 4,5 | -3,8 | 1,4 | 1,6 | 1,3 |
| 3-month % change, seasonally adjusted [1/] | -2,8 | -1,4 | -0,3 | 1,2 | 0,2 | 1,8 |

[1/] Percentage change between the previous 3 months and the 3 months ending in the month indicated.
A full release on *Motor trade sales* (Statistical release P6343.2) is available on the Stats SA website: www.statssa.gov.za

# Food and beverages

***The total income generated by the food and beverages industry increased***

When seasons change from autumn to winter and from spring to summer, it also changes the growing conditions of food. This means that food available in one season might not be available in another season. Although today, food processing and worldwide importing and exporting of food makes all sort of food available all year-round, there is still certain food that is preferred by consumers at a certain time of the year. For instance, in summer people buy more fruits and leafy vegetables while in winter, they buy more beef, lamb and vegetables like potatoes. Also, during summer, consumers purchase more cold drinks such as fizzy drinks and juice while in winter they purchase warm drinks such as coffee and hot chocolate. This purchasing behaviour can cause a change in the most items sold by the food and beverages industry. In winter they can record a higher sale of winter food while in summer they record a higher sale of summer food. Presented in this article is the food and beverages statistics for July 2015.

The total income generated by the food and beverages industry increased by 10,8% in July 2015 compared with July 2014 (see Table I). Positive annual growth rates were recorded for food sales (11,5%) and bar sales (8,8%).

In July 2015, the highest annual growth rates were recorded for restaurants and coffee shops (13,4%, contributing 5,9 percentage points) and takeaway and fast-food outlets (11,3% , contributing 4,3 percentage points).

Total income increased by 6,6% in the three months ended July 2015 compared with the three months ended July 2014. The main contributors to this increase were restaurants and coffee shops (8,1%, contributing 3,5 percentage points) and takeaway and fast-food outlets (7,4%, contributing 2,8 percentage points).

**Table J – Year-on-year percentage change in food and beverages income at current prices by type of income – July 2015**

| Type of income | Feb-15 | Mar-15 | Apr-2015 | May-15 | Jun-15 | Jul-15 |
|---|---|---|---|---|---|---|
| Food sales | 7,3 | 10,4 | 9,0 | 5,4 | 5,0 | 11,5 |
| Bar sales | -0,4 | 5,0 | -2,5 | 2,0 | -0,3 | 8,8 |
| Other income | -4,7 | 0,0 | -4,6 | -7,3 | 1,6 | -1,1 |
| **Total** | 5,9 | 9,3 | 7,0 | 4,6 | 4,2 | 10,8 |

A full release on *Food and beverages* (Statistical release P6420) is available on the Stats SA website: www.statssa.gov.za

## Tourist accommodation

### *Income for tourist accommodation increases*

The Consumer Protection Act, 2008 (Act No. 68 of 2008) prevents tourist establishments, retailers and service providers among others from marketing goods or services in a misleading or deceiving manner. According to the Act, no goods or services should be advertised as being available at a specific price when the actual price is different from the one advertised or when the goods or services are unavailable at all. As the festive season approaches, some tourist establishments might try to lure tourists and guests through their advertisements by claiming that they offer luxurious gifts, superior accommodation etc. in order to increase their income. Tourists are therefore encouraged to gather as much information as possible about the tourist establishment which they would like to go to this festive season. This can be achieved by doing thorough research through the Tourism Business Council of South Africa (TBCSA), Tourism Grading Council of South Africa (TGCSA) and South African Tourism Services Organization (SATSA) in order to check for the legitimacy of the package as stated in the advertisement. This article provides a summary on tourist accommodation for July 2015.

Total income for the tourist accommodation industry increased by 8,1% in July 2015 compared with July 2014 (**see Table K**). Income from accommodation increased by 8,5% year-on-year in July 2015, the result of a 1,4% increase in the number of stay unit nights sold and a 7,0% increase in the average income per stay unit night sold.

The main contributors to the 8,5% year-on-year increase in income from accommodation in July 2015 were hotels (contributing 5,9 percentage points) and 'other' accommodation (contributing 1,9 percentage points).

In July 2015, the types of accommodation that recorded the highest year-on-year growth rates in income from accommodation were guest-houses and guest-farms (9,9%) and hotels (9,4%).

Income from accommodation increased by 7,7% in the three months ended July 2015 compared with the three months ended July 2014. The main contributors to this increase were:

- hotels (8,2%, contributing 5,3 percentage points); and
- 'other' accommodation (6,1%, contributing 1,7 percentage points).

**Table K – Year-on-year percentage change in tourist accommodation statistics for July 2015**

| | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 |
|---|---|---|---|---|---|---|
| Stay units available | 1,1 | 1,4 | 1,9 | 0,8 | 1,0 | 0,9 |
| Stay unit nights sold | -3,7 | 1,3 | 1,4 | 0,9 | -1,2 | 1,4 |
| Average income per stay unit night sold | 9,0 | 8,7 | 7,4 | 8,0 | 6,6 | 7,0 |
| Income from accommodation | 5,0 | 10,1 | 10,1 | 9,0 | 5,3 | 8,5 |
| Total income [1/] | **4,5** | **8,0** | **8,1** | **8,0** | **4,0** | **8,1** |

[1/] Includes restaurant and bar sales and 'other' income.
A full release on *Tourist accommodation* (Statistical release P6410) is available on the Statistics South Africa website: www.statssa.gov.za

# Tourism and migration

### *Millions of travellers pass through SA ports*

The tourism industry is recognized as a driver of growth and job creation throughout the world. On 30 September 2015, T20 countries met at Antalya in Turkey and adopted a declaration to create more jobs and strengthen skills development in the tourism sector. The T20 countries comprise of 19 Tourism Ministers (South Africa included) around the world and the European Union. During this declaration known as the Antalya Declaration, Tourism Ministers have adopted a resolution to, among others, to generate jobs, particularly for women and youth, to create stronger links between the private sector, the public sector and education and training institutions. They further committed to close the gap between the needs of the market and education programmes and to attract and retain talent in the tourism sector. This article reports on the statistics for tourism and migration for June 2015.

A total of 3 026 499 travellers (arrivals, departures and transits) passed through South African ports of entry in June 2015 (**see Table L**). These travellers were made up of 868 229 South African residents and 2 158 270 foreign travellers. A further breakdown of the figures for South African residents indicate that there were 400 910 arrivals, 466 451 departures and 868 travellers in transit. The corresponding volume for foreign arrivals, departures and transit travellers was 1 087 067, 1 006 275 and 64 928 respectively.

The volume of arrivals decreased for both South African residents and foreign travellers. The volume of departures increased for South African residents but decreased for foreign travellers. Travellers in transit increased for South African residents but decreased for foreign travellers. The volume of arrivals for South African residents decreased by 2,1% (from 409 635 in June 2014 to 400 910 in June 2015), departures increased by 1,4% (from 460 188 in June 2014 to 466 451 in June 2015), and South African residents in transit increased by 14,5% (from 758 in June 2014 to 868 in June 2015). Foreign arrivals decreased by 1,9% (from 1 108 229 in June 2014 to 1 087 067 in June 2015), foreign departures decreased by 1,4% (from 1 020 173 in June 2014 to 1 006 275 in June 2015), and foreign travellers in transit decreased by 4,5% (from 67 953 in June 2014 to 64 928 in June 2015).

A comparison between the movements in May 2015 and June 2015 indicates that the volume of arrivals for South African residents decreased by 8,1% (from 436 323 in May 2015 to 400 910 in June 2015), departures increased by 10,5% (from 421 985 in May 2015 to 466 451 in June 2015) and South African residents in transit increased by 1,2% (from 858 in May 2015 to 868 in June 2015). For foreign travellers, the volume of arrivals decreased by 9,6% (from 1 202 795 in May 2015 to 1 087 067 in June 2015), foreign departures decreased by 9,1% (from 1 106 591 in May 2015 to 1 006 275 in June 2015) and foreign travellers in transit decreased by 3,0% (from 66 909 in May 2015 to 64 928 in June 2015).

**Mode of travel**

Road transport was the most common mode of travel used by 2 216 814 (73,2%) out of the 3 026 499 travellers. The total number of travellers who used air transport was 801 937 (26,5%). The arrivals data for South African residents show that 160 233 (40,0%) came by air, 240 428 (60,0%) came by road and 249 (less than 0,1%) arrived by sea. For departures, 202 488 (43,4%), 263 757 (56,5%) and 206 (less than 0,1%) used air, road and sea transport respectively. All travellers in transit (868) used air transport.

The country of residence of tourists is used to categorize them according to their respective countries and regions. In June 2015, 102 324 (90,0%) of overseas tourists arrived in the country by air whilst 11 345 (10,0%)

came in by road. This is in contrast to the number of tourists from the Southern African Development Community (SADC) countries who came into South Africa predominantly by road [451 619 (93,6%)]. Only 30 904 (6,4%) tourists from the SADC countries came in by air. The number of tourists who came into South Africa by air from 'other' African countries was 11 748 (93,1%); with 872 (6,9%) using road transport.

**Purpose of visit**

The majority of tourists, 582 535 (95,5%), were in South Africa for holidays compared to 24 176 (4,0%) and 3 381 (0,6%) who were in South Africa for business and for study purposes respectively. A detailed analysis reveals that of all the tourists from each of the overseas regions, at least 90,0% came to South Africa for holidays. The majority of African tourists, 474 534 (95,8%) came to South Africa for holidays.

**Sex and age distribution**

In June 2015, there were 349 749 (57,3%) male and 260 341 (42,7%) female tourists. Overseas tourists were made up of 67 215 (59,1%) male tourists and 46 474 (40,9%) female tourists. There were 272 913 (56,6%) male and 209 608 (43,4%) female tourists from the SADC countries. Tourists from 'other' African countries were made up of 8 832 (70,0%) male and 3 788 (30,0%) female tourists.

The ages of the tourists were categorized into three broad groups: Those younger than 15 years, 15 to 64 years, and 65 years and older. The overall results presented in Table 5 show that 23 289 (3,8%) tourists were aged less than 15 years; 564 682 (92,6%) were aged between 15 and 64 years; and 22 121 (3,6%) were aged 65 years and older.

## Table L – Number of South African residents and foreign travellers by travel direction: June 2015

| Travel direction | June 2014 | May 2015 | June 2015 | % change between May – June 2015 | % change between June 2014 – June 2015 |
|---|---|---|---|---|---|
| **Total** | **3 066 936** | **3 235 461** | **3 026 499** | **-6,5%** | **-1,3%** |
| **South African residents** | **870 581** | **859 166** | **868 229** | **1,1%** | **-0,3%** |
| Arrivals | 409 635 | 436 323 | 400 910 | -8,1% | -2,1% |
| Departures | 460 188 | 421 985 | 466 451 | 10,5% | 1,4% |
| Transit | 758 | 858 | 868 | 1,2% | 14,5% |
| **Foreign travellers** | **2 196 355** | **2 376 295** | **2 158 270** | **-9,2%** | **-1,7%** |
| Arrivals | 1 108 229 | 1 202 795 | 1 087 067 | -9,6 | -1,9 |
| Departures | 1 020 173 | 1 106 591 | 1 006 275 | -9,1 | -1,4 |
| Transit | 67 953 | 66 909 | 64 928 | -3,0 | -4,5 |
| **Foreign arrivals** | **1 108 229** | **1 202 795** | **1 087 067** | **-9,6%** | **-1,9%** |
| Non-visitors | 36 952 | 89 257 | 80 468 | -9,8% | 117,8% |
| Visitors | 1 071 277 | 1 113 538 | 1 006 599 | -9,6% | -6,0% |
| **Visitors** | **1 071 277** | **1 113 538** | **1 006 599** | **-9,6%** | **-6,0%** |
| Arrivals only | 323 305 | 226 928 | 224 187 | -1,2% | -30,7% |
| Single trips | 412 035 | 427 636 | 376 676 | -11,9% | -8,6% |
| Multiple trips | 335 937 | 458 974 | 405 736 | -11,6 | 20,8 |
| **Visitors** | **1 071 277** | **1 113 538** | **1 006 599** | **-9,6%** | **-6,0%** |
| Same-day | 398 551 | 428 131 | 396 507 | -7,4% | -0,5% |
| Overnight (tourists) | 672 726 | 685 407 | 610 092 | -11,0% | -9,3% |

A full release on *Tourism and migration* (Statistical release P0351) is available on the Stats SA website: www.statssa.gov.za

# Statistics of civil cases of debt

## *Total value of civil summonses issued for debt decrease*

A lot of people have a desire to avoid debt. However, for some, this is not always an easy task. Although there are a number of incidents that cause people to find themselves in debt, two of the most common ones are: When someone purchases goods and services such as rent and clothes but fails to pay the agreed sum of money, and when someone borrows money from a bank or an individual but fails to pay it back. Failure to pay the money owed can lead to the lender recovering the money through other means such as courts. However, before going to court, one should first consider which court will hear the case. For instance, a debt of up to R3 000 is easily recovered through the Small Claims Court, while debt of up to R100 000 is recovered through a Magistrate's Court and finally, debt of more than R100 000 is recovered through the Supreme Court. Presented in this article is a summary of the civil cases for debt statistics for July 2015.

The total number of civil summonses issued for debt decreased by 17,3% in the three months ended July 2015 compared with the three months ended July 2014 (**see Table M**). A year-on-year decrease of 23,7% was recorded between July 2014 and July 2015.

The largest negative contributions to the 17,3% decrease were civil summonses relating to:

- money lent (contributing -7,6 percentage points);
- services (contributing -3,8 percentage points); and
- promissory notes (contributing -3,5 percentage points).

The total number of civil judgements recorded for debt decreased by 8,5% in the three months ended July 2015 compared with the three months ended July 2014. A decrease of 9,7% was recorded between July 2014 and July 2015.

The largest negative contributions to the 8,5% decrease were civil judgements relating to:

- 'other' debts (contributing -3,4 percentage points);
- services (contributing -2,6 percentage points); and
- goods sold (contributing -1,5 percentage points).

The total value of civil judgements recorded for debt was 16,5% higher in the three months ended July 2015 compared with the three months ended July 2014. A year-on-year increase of 20,9% was recorded in July 2015.

The largest positive contributions to the 16,5% increase were the value of judgements relating to:

- money lent (contributing 5,6 percentage points);
- 'other' debts (contributing 4,3 percentage points);
- promissory notes (contributing 3,7 percentage points); and
- services (contributing 2,7 percentage points).

In July 2015, 25 780 civil judgements for debt amounting to R423,4 million were recorded. The largest contributors to the total value of judgements were:

- 'other' debts (R131,3 million or 31,0%);
- money lent (R105,8 million or 25,0%); and
- services (R71,6 million or 16,9%).

**Table M – Key figures for civil summonses and judgements for July 2015**

| Actual estimates | July 2015 | % change between July 2014 and July 2015 | % change between January to July 2014 and January to July 2015 |
|---|---|---|---|
| Number of civil summonses issued for debt | 59 907 | -23,7 | -17,3 |
| Number of civil judgements recorded for debt | 25 780 | -9,7 | -8,5 |
| Value of civil judgements recorded for debt (R million) | 423,4 | 20,9 | 16,5 |

A full release on *Statistics of civil cases for debt* (Statistical release P0041) is available on the Stats SA website: www.statssa.gov.za

## Statistics of liquidations and insolvencies

### *Number of liquidations and insolvencies decreases*

Often we hear of companies shutting down due to their liabilities exceeding their assets but rarely hear the same about banks. However, a bank can also be shut down when it is unable to meet its obligations to its depositors or other creditors because it has become insolvent or too illiquid to meet its liabilities. Due to their interconnectedness and fragility, any failure by banking institutions is generally considered to have appalling implications than that of other types of businesses. When a bank shuts down or temporarily closes, it affects companies and individuals that do any form of business with it. It also causes a 'bank panic' among the clients which may force them to withdraw their cash from such a bank. As a result, banking institutions are typically subjected to rigorous regulation to avoid closure. The South African Reserve Bank (SARB) is responsible for bank regulation and supervision in South Africa. The purpose is to achieve a sound, efficient banking system in the interest of the depositors of banks and the economy as a whole. This function is performed by issuing banking licences to banking institutions, and monitoring their activities. Presented in this article is a summary of the liquidations and insolvencies statistics for July 2015.

The total number of liquidations recorded increased by 9,3% (15 more cases) year-on-year in August 2015 (**see Table N**). Voluntary liquidations increased by 17 cases while compulsory liquidations decreased by 2 cases. The largest year-on-year increases in total liquidations in August 2015 related to the community, social and personal services industry (16 more liquidations) and the wholesale and retail trade, catering and accommodation industry (16 more liquidations). The number of liquidations in the three months ended August 2015 decreased by 8,5% compared with the three months ended August 2014. There was a decrease of 6,3% in the first eight months of 2015 compared with the first eight months of 2014.

**Table N – Total number of liquidations for August 2015**

| Number of liquidations August 2015 | % change between August 2014 and August 2015 | % change between June to August 2014 and June to August 2015 | % change between January to August 2014 and January to August 2015 |
|---|---|---|---|
| 177 | 9,3 | -8,5 | -6,3 |

The estimated number of insolvencies decreased by 16,4% year-on-year in July 2015. An 11,3% decrease was estimated between the three months ended July 2014 and the three months ended July 2015 (**see Table O**). There was a decrease of 9,8% in the first seven months of 2015 compared with the first seven months of 2014.

**Table O – Total number of insolvencies for July 2015**

| Number of insolvencies July 2015 | % change between July 2014 and July 2015 | % change between May to July 2014 and May to July 2015 | % change between January to July 2014 and January to July 2015 |
|---|---|---|---|
| 214 | -16,4 | -11,3 | -9,8 |

A full release on *Statistics of liquidations and insolvencies* (Statistical release P0043) is available on the Stats SA website: www.statssa.gov.za

## Land transport survey

### *Volume of transported goods decreases*

It is the responsibility of every country to invest in a good transport system. Although there have been some improvements in the transport industry in South Africa, such as the introduction of the Bus Rapid Transit System, the industry, especially freight transportation, still faces challenges. Factors such as the lack of paved roads in some areas, volatile fuel prices, delays at border gates, toll costs, scarcity of skilled and qualified drivers and stricter carbon requirements pose a threat to the industry. This means that transporting goods can potentially become more costly and when this happens, it might affect the prices of goods to consumers and ultimately result in less goods being transported as the process becomes too expensive. Presented in this article is a summary of the land transport survey for July 2015.

The volume of goods transported (payload) decreased by 5,7% in July 2015 compared with July 2014 (**see Table P**). The corresponding income decreased by 3,8% over the same period. Income from freight transportation decreased by 3,1% in the three months ended July 2015 compared with the three months ended July 2014. The main contributors to this decrease were: primary mining and quarrying products (-5,1% and contributing -1,7 percentage points) and manufactured food, beverages and tobacco (-7,3% and contributing -0,9 of a percentage point).

## Table P – Year-on-year percentage change in freight transportation: July 2015

| | Feb-15 | Mar-15 | Apr-15 | May-15 | Ju-15 | Jul-15 |
|---|---|---|---|---|---|---|
| Freight payload | 2,4 | 3,3 | -6,7 | -6,6 | -6,0 | -5,7 |
| Freight income | 4,8 | 6,3 | -4,4 | -2,5 | -3,0 | -3,8 |

A full release on the *Land transport survey* (Statistical release P7162) is available on the Stats SA website: www.statssa.gov.za

The number of passenger journeys decreased by 4,7% in July 2015 compared with July 2014 (**see Table Q**). The corresponding income increased by 2,5% over the same period.

## Table Q – Year-on-year percentage change in passenger transportation: July 2015

| | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 |
|---|---|---|---|---|---|---|
| Passenger journey | -3,4 | 0,3 | -6,8 | -3,8 | -6,1 | -4,7 |
| Passenger income | 4,8 | 5,5 | -2,5 | 4,0 | 2,1 | 2,5 |

A full release on the *Land transport survey* (Statistical release P7162) is available on the Stats SA website: www.statssa.gov.za

# Prices

## Producer price index (PPI)

***PPI for July 2015 at 3,4%***

The producer price index (PPI) measures prices at the producer level before they are passed on to the final consumers. PPI is of great importance to investors because of its ability to predict the consumer price index (CPI). Since a portion of the price increase at producer level gets passed on to consumers, investors track such price changes and predict the consequence of inflation. For instance, a decrease in prices at producer level could possibly indicate an increase in a company's revenue. Therefore, tracking the prices gives investors an opportunity to plan ahead. Presented in this article is a summary of the PPI for August 2015.

### Final manufactured goods – headline PPI

The annual percentage change in the PPI for final manufactured goods was 3,4% in August 2015 (compared with 3,3% in July 2015) (**see Table R**). From July 2015 to August 2015 the PPI for final manufactured goods increased by 0,1%.

The main contributors to the annual rate of 3,4% were food products, beverages and tobacco products (5,4% year-on-year, contributing 1,8 percentage points), wood and paper products (7,5% year-on-year, contributing 0,8 of a percentage point) and metals, machinery, equipment and computing equipment (4,9% year-on-year, contributing 0,7 of a percentage point).

The contributors to the monthly increase of 0,1% were:

- food products, beverages and tobacco products (0,4% month-on-month and contributing 0,1 of a percentage point);
- textiles, clothing and footwear (3,1% month-on-month, contributing 0,1 of a percentage point);
- metals, machinery, equipment and computing equipment (0,6% month-on-month, contributing 0,1 of a percentage point); and
- transport equipment (1,6% month-on-month, contributing 0,1 of a percentage point).

## Intermediate manufactured goods

The annual percentage change in the PPI for intermediate manufactured goods was -0,4% in August 2015 (compared with -0,3% in July 2015) (**see Table R**). From July 2015 to August 2015 the PPI for intermediate manufactured goods increased by 0,2%.

The main contributors to the annual rate of -0,4% were basic and fabricated metals (-5,0% year-on-year, contributing -1,5 percentage points) and recycling and manufacturing not elsewhere classified. (-19,7% year-on-year, contributing -0,7 of a percentage point).

The main contributor to the monthly increase of 0,2% was chemicals, rubber and plastic products (0,9% month-on-month and contributing 0,3 of a percentage point).

## Electricity and water

The annual percentage change in the PPI for electricity and water was 11,4% in August 2015 (compared with 12,2% in July 2015) (**see Table R**). From July 2015 to August 2015 the PPI for electricity and water decreased by 1,6%.

The contributors to the annual rate of 11,4% were electricity (12,0% year-on-year, contributing 10,7 percentage points) and water (2,8% year-on-year, contributing 0,3 of a percentage point).

The contributor to the monthly decrease of 1,6% was electricity (-1,7% month-on-month, contributing -1,5 percentage points).

## Mining

The annual percentage change in the PPI for mining was -10,8% in August 2015 (compared with -8,7% in July 2015). From July 2015 to August 2015 the PPI for mining decreased by 2,3%. The main contributors to the annual rate of -10,8% were:

- non-ferrous metal ores (-17,6% year-on-year, contributing -6,3 percentage points);
- gold and other metal ores (-7,6% year-on-year, contributing -2,2 percentage points); and

- coal and gas (-5,1% year-on-year, contributing -1,3 percentage points).

The main contributors to the monthly decrease of 2,3% were gold and other metal ores (-3,5% month-on-month, contributing -1,1 percentage points) and non-ferrous metal ores (-2,6% month-on-month, contributing -0,9 of a percentage point).

**Agriculture, forestry and fishing**

The annual percentage change in the PPI for agriculture, forestry and fishing was 7,5% in August 2015 (compared with 6,4% in July 2015) (**see Table R**). From July 2015 to August 2015 the PPI for agriculture, forestry and fishing increased by 2,3%. The main contributor to the annual rate of 7,5% was agriculture (8,6% year-on-year, contributing 7,3 percentage points).

The contributor to the monthly increase of 2,3% was agriculture (2,7% month-on-month, contributing 2,3 percentage points).

**Table R – Key PPI figures for August 2015**

| Product | Weight | Index (2012=100) | | | % change | |
|---|---|---|---|---|---|---|
| | | August 2014 | July 2015 | August 2015 | August 2015 vs. July 2015 | August 2015 vs. August 2014 |
| Final manufactured goods | 100,00 | 114,9 | 118,7 | 118,8 | 0,1 | 3,4 |
| Intermediate manufactured goods | 100,00 | 117,8 | 117,1 | 117,3 | 0,2 | -0,4 |
| Electricity and water | 100,00 | 157,4 | 178,1 | 175,3 | -1,6 | 11,4 |
| Mining | 100,00 | 112,1 | 102,4 | 100,0 | -2,3 | -10,8 |
| Agriculture, forestry and fishing | 100,00 | 104,6 | 109,9 | 112,4 | 2,3 | 7,5 |

A full release on the *Producer price index* (Statistical release P0142.1) is available on the Stats SA website: www.statssa.gov.za

# Consumer price index

***Annual inflation rate at 4,6% in August 2015***

Statistics South Africa (Stats SA) conducts a survey of the Consumer Price Index (CPI) on a month to month basis on products that are often purchased and used by consumers. However, there are additional CPI surveys that are conducted by Stats SA when there are significant price changes outside regular survey months. These additional surveys are conducted on quarterly, biannual and annual bases for items such as, among others, gymnasium fees, medical aid, post box rental and local bus fares. This article presents the consumer price index for August 2015.

The headline CPI (for all urban areas) annual consumer price inflation was 4,6% in August 2015, a decrease from 5,0% in July 2015 (**see Table S**). The decrease in the inflation rate from 5,0% in July 2015 to 4,6% in August 2015 was mainly the result of the housing and utilities and transport indices.

The annual rate for housing and utilities decreased to 6,3% in August 2015 (contributing 1,5 percentage points) from 6,4% in July 2015 (contributing 1,6 percentage points) The annual rate for transport decreased to -0,7% in August 2015 (contributing -0,1 of a percentage point ) from 0,8% in July 2015 (contributing 0,1 of a percentage point).

Food and non-alcoholic beverages contributed 0,1 of a percentage point. The index increased by 0,8% month-on-month, mainly because of bread and cereals (1,2%) and meat (0,8%). Transport contributed -0,2 of a percentage point. The index decreased by 1,1% month-on-month, mainly because of petrol (-3,7%) (-51c/litre).

In August the CPI for goods only increased by 3,6% year-on-year (4,1% in July) and the CPI for services only increased by 5,6% year-on-year (5,7% in July).

The provinces with an annual inflation rate lower than or equal to headline inflation were:

- Gauteng (4,6%);
- Northern Cape (4,5%);

- Mpumalanga (4,3%);
- North West (4,2%);
- KwaZulu-Natal (4,1%); and
- Limpopo (3,6%).

The provinces with an annual inflation rate higher than the headline inflation rate were Free State (5,2%), Western Cape (4,9%) and Eastern Cape (4,8%).

### Table S – Consumer price index: Index numbers and year-on-year rates
### Base year: December 2012 = 100

| Year | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Avg[1/] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2010 | Index | 86,4 | 87,0 | 87,7 | 87,8 | 88,0 | 88,0 | 88,6 | 88,6 | 88,7 | 88,9 | 89,0 | 89,2 | 88,2 |
| | Rate | 6,2 | 5,7 | 5,1 | 4,8 | 4,6 | 4,2 | 3,7 | 3,5 | 3,2 | 3,4 | 3,6 | 3,5 | 4,3 |
| 2011 | Index | 89,6 | 90,2 | 91,3 | 91,6 | 92,0 | 92,4 | 93,2 | 93,4 | 93,8 | 94,2 | 94,5 | 94,6 | 92,6 |
| | Rate | 3,7 | 3,7 | 4,1 | 4,2 | 4,5 | 5,0 | 5,3 | 5,3 | 5,7 | 6,0 | 6,1 | 6,1 | 5,0 |
| 2012 | Index | 95,2 | 95,7 | 96,8 | 97,2 | 97,2 | 97,5 | 97,8 | 98,0 | 98,9 | 99,5 | 99,8 | 100,0 | 97,8 |
| | Rate | 6,3 | 6,1 | 6,0 | 6,1 | 5,7 | 5,5 | 4,9 | 5,0 | 5,5 | 5,6 | 5,6 | 5,7 | 5,6 |
| 2013 | Index | 100,3 | 101,3 | 102,5 | 102,9 | 102,6 | 102,9 | 104,0 | 104,3 | 104,8 | 105,0 | 105,1 | 105,4 | 103,4 |
| | Rate | 5,4 | 5,9 | 5,9 | 5,9 | 5,6 | 5,5 | 6,3 | 6,4 | 6,0 | 5,5 | 5,3 | 5,4 | 5,7 |
| 2014 | Index | 106,1 | 107,3 | 108,7 | 109,2 | 109,4 | 109,7 | 110,6 | 111,0 | 111,0 | 111,2 | 111,2 | 111,0 | 109,7 |
| | Rate | 5,8 | 5,9 | 6,0 | 6,1 | 6,6 | 6,6 | 6,3 | 6,4 | 5,9 | 5,9 | 5,8 | 5,3 | 6,1 |
| 2015 | Index | 110,8 | 111,5 | 113,1 | .114,1 | 114,4 | 114,9 | 116,1 | 116,1 | .. | .. | .. | .. | .. |
| | Rate | 4,4 | 3,9 | 4,0 | 4,5 | 4,6 | 4,7 | 5,0 | 4,6 | .. | .. | .. | .. | .. |

[1/] Annual average.
A full release on *Consumer price index* (Statistical release P0141) is available on the Stats SA website: www.statssa.gov.za

# Glossary

## Primary industries

**Gigawatt-hour (gWh):** one gigawatt-hour of electricity is equal to one million kilowatt-hours. A kilowatt-hour is the basic unit of electrical energy equal to one kilowatt of power supplied to or taken from an electric circuit steadily for one hour. One kilowatt-hour equals one thousand watt-hours.

**Index of physical volume of manufacturing production:** also known as a production index, is a statistical measure of the change in the volume of production. The production index of a major group is the ratio between the volume of production of a major group in a given period and the volume of production of the same major group in the base period.

**Index of physical volume of mining production:** a statistical measure of the change in the volume of production. The production index of a mineral group is the ratio between the volume of production of a mineral group in a given period and the volume of production of the same mineral group in the base period.

**Index of the physical volume of electricity production:** a statistical measure of the change in the volume of production of electricity in a given period and the volume of production of electricity in the base period.

**Industry:** a group of establishments engaged in the same or similar kinds of economic activity.

**PGMs – Platinum group metals:** include platinum; iridium; osmiridium, palladium; rhodium; ruthenium and osmium.

**Sales:** total value of sales and transfers-out of goods mined by the mining establishments and the amounts received for installation, erection or assembly or other services.

## Secondary industries

**Additions and alterations:** extensions to existing buildings as well as internal and external alterations of existing buildings.

**Blocks of flats:** a structure, usually multi-storey, consisting of a number of dwellings sharing the same residential address, and usually sharing a common entrance, foyer or staircase.

**Dwelling houses:** a free-standing, complete structure on a separate stand or a self-contained dwelling-unit, e.g. granny flat, on the same premises as existing residence. Out-buildings and garages are included.

**Other residential buildings:** include institutions for the disabled, boarding houses, old age homes, hostels, hotel, motels, guest houses, holiday chalets, bed and breakfast accommodation, entertainment centres and casinos.

**Residential buildings:** dwelling houses, flats, townhouses and other residential buildings.

## Tertiary industries

**Acknowledgements of debt:** a statement by a person/debtor in which he admits that he owes money to an individual or a company or a bank.

**Average income per stay unit night sold**: average rate per stay unit (i.e. rate per room in a hotel or powered site in a caravan park) is calculated by dividing the total income from accommodation by the number of stay unit nights sold in the survey period.

**Catering services:** enterprises involved in the sale and supply of meals and drinks prepared on the premises on a contract basis and brought to other premises chosen by the person ordering them, to be served for immediate consumption to guests or customers. Include bars, taverns, other drinking places, ice-cream parlours, etc.

**Civil judgements**: decisions taken in a civil matter or a dispute between two people or parties.

**Civil summonses:** notices to appear before the court of law where a dispute between two parties or people has to be heard, i.e. not for criminal offence.

**Enterprise:** a legal entity or a combination of legal units that includes and directly controls all functions necessary to carry out its sales activities.

**Foreign traveller:** a person who resides outside South Africa and visits the country temporarily.

**Income from accommodation industry:** income from amounts charged for rooms or equivalent. Other income is excluded (e.g. income from meals).

**Income from bar sales:** refers to income from liquor sales.

**Income from food sales:** refers to income from the sale of meals and non-alcoholic drinks.

**Income from restaurant and bar sales:** income from meals, banqueting and beverages and tobacco sales.

**Insolvency:** refers to an individual or partnership which is unable to pay its debt and is placed under final sequestration. The number of insolvencies does not refer to the number of persons involved, as a partnership which is unable to pay its debt is regarded as one insolvency, irrespective of the number of partners.

**Liquidation:** refers to the winding-up of the affairs of a company or close corporation when liabilities exceed assets and it can be resolved by voluntary action or by an order of the court.

**Microdata:** data gathered on a small scale, such as data on an individual.

**'Other' African countries:** refers to all non SADC African countries.

**Other income:** includes all income not earned from food sales or bar sales.

**Other SADC:** refers to the thirteen countries, excluding South Africa, that belong to the Southern African Development Community.

**Professional services:** refer to medical doctors, dentists, advocates, attorney, auditors, accountants, architects, engineers, hospital services etc.

**Promissory notes:** written undertaking, signed by a person or party, to pay money to another person or to be the bearer of such a note on a specific date or on demand.

**Restaurants and coffee shops:** enterprises involved in the sale and provision of meals and drinks, ordered from a menu, prepared on the premises for immediate consumption and with provided seating.

**Retailer:** a retailer is an enterprise deriving more than 50% of its turnover from sales of goods to the general public for household use.

**Retail trade:** includes the resale (sale without transformation) of new and used goods and products to the general public for household use.

**Stay unit:** unit accommodation available to be charged out to guests, for example, a powered site in a caravan park or a room in a hotel.

**Stay unit night sold:** total number of stay units occupied on each night during the survey period.

**Takeaway and fast-food outlets:** enterprises involved in the sale and provision of meals and drinks, ordered from a menu, prepared on the premises for takeaway purposes in a packaged format, at a stand or in a location, with or without provided seating.

**Total income:** includes income from food sales, income from bar sales and other income.

**Tourism:** comprises the activities of persons travelling to, and staying in places outside their usual environment, for not more than one consecutive year, for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited.

**Tourist:** a visitor who stays at least one night in the place visited.
**Traveller:** any person on a trip between two or more countries or between two or more localities within his/her country of residence.

**Voluntary liquidation:** takes place when a company or close corporation, by own choice, resolves to wind-up its affairs.

**Wholesale trade:** Includes the resale (sale without transformation) of new and used goods and products to other wholesalers, retailers, agricultural, industrial, commercial, institutional and professional users either directly or through agents on a fee or contract basis.

## Prices

**Annual percentage change:** change in the index of the relevant month of the current year compared with the index of the same month in the previous year expressed as a percentage.

**Consumer price index (CPI):** an index that measures the price of a fixed basket of consumer goods and services.

**Inflation rate:** annual percentage change in the CPI for all items of the relevant month of the current year compared with the CPI for all items of the same month in the previous year expressed as a percentage.

**Monthly percentage change:** change in the index of the relevant month compared to the index of the previous month expressed as a percentage.

**Year-on-year:** A term used frequently in investment research and other reports to mean ‘compared with the same period in the previous fiscal year’.

**Editorial & Layout**
Maune Lerobane
Wendy Ngoveni
Mandla Mahlangu

**Language Editors**
Annelize Allner
Salomien Rudolph

**Design**
Thabo Kgaile