



## BLACK BUSINESS OWNERSHIP OF LISTED COMPANIES

	No. of Firms	Market Cap (Rbn)	Portion of JSE (%)
Oct-97	17	37	3
Nov-97	26	52	4
Feb-98	27	55	5
Jul-98	28	68	6
Sep-98	28	48	4
Nov-98	33	66	7
Jan-99	35	59	6
Apr-99	35	67	6
Aug-99	38	53	4
Nov-99	36	42	3
Feb-00	36	61	4
May-00	32	37	3
Aug-00	33	98	6
Nov-00	34	78	5
Feb-01	22	84	5
Mar-02	26	38	2
June-02	26	39	2
Sep-02	22	33	2
Dec-02	22	44	3
Mar-03	21	40	3
Jun-03	21	42	3
Sep-03	21	43	3
Dec-03	21	58	3
Mar-04	20	69	4

Source: Business Map, June 2004



## SMALL BUSINESS

An estimated 2,3million South Africans were running small-scale or micro-businesses by March 2001, according to a Survey of Employers and the Self –Employed by Stats SA. The survey looked at businesses with a turnover of less than R300 000, which were not registered for VAT.

On average, each business owner made a monthly profit of R791. For female owners, the average monthly earnings amounted to R468, while for males it was R1288.

Of the 2,3million small businesses, 1,9-million were run from a fixed location.



## GOVERNMENT EXPENDITURE

### TRENDS IN KEY FISCAL POLICY INDICATORS WITH FUTURE TARGETS

Main budget framework				
	2003/04 Revised estimate	2004/05	2005/06	2006/07
		Medium-term estimates		
<b>R billion</b>				
<b>Revenue</b>	<b>300,3</b>	<b>327,0</b>	<b>360,3</b>	<b>394,0</b>
<i>Percentage of GDP</i>	24,6%	24,6%	24,7%	24,7%
<b>Expenditure</b>	<b>331,7</b>	<b>368,9</b>	<b>404,7</b>	<b>439,1</b>
<i>Percentage of GDP</i>	27,1%	27,7%	27,8%	27,6%
<b>State debt cost</b>	<b>47,3</b>	<b>50,4</b>	<b>54,0</b>	<b>57,9</b>
<i>Percentage of GDP</i>	3,9%	3,8%	3,7%	3,6%
<b>Deficit</b>	<b>-31,4</b>	<b>-41,9</b>	<b>-44,4</b>	<b>-45,1</b>
<i>Percentage of GDP</i>	-2,6%	-3,1%	-3,0%	-2,8%
<i>Gross domestic product</i>	1 223,2	1 331,8	1 455,6	1 592,6

<b>R billion</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>
<b>Total expenditure</b>	<b>331.7</b>	<b>368.9</b>	<b>404.7</b>	<b>439.1</b>
Less:				
Debt service costs	47.3	50.4	54.0	57.9
Contingency reserve	-	2.5	4.0	8.0
<b>Total allocations</b>	<b>284.4</b>	<b>316.0</b>	<b>346.7</b>	<b>373.1</b>
<i>Percentage increase</i>	16.2%	11.1%	9.7%	7.6%

Figure 8

Source: Department of Treasury, Presentation to Parliament, February 2004

The total national government expenditure for fiscal 2003/04 amounts to R331,7 billion, lower than the originally budgeted R334,0 billion, as inflation and interest rates turned out lower than originally projected.

The percentage increase in national government expenditure in the first nine months of the 2003/04 fiscal was the highest since 1996/97.

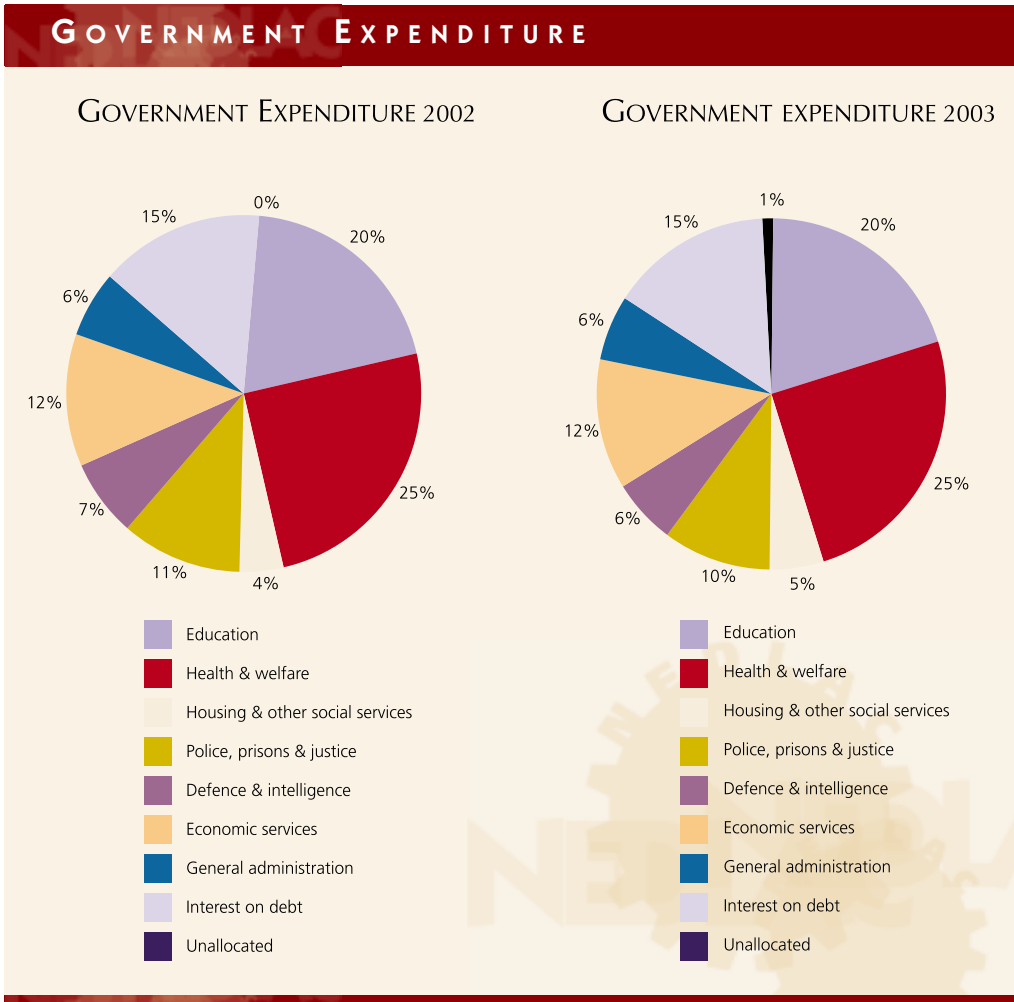


Figure 9

Source: Department of Treasury, Budget Review 2004

Additions to Government's spending over the next two years include extension of the child support grants up to age 14 as part of a wider programme to address poverty and vulnerability; stepped up investment in infrastructure, such as roads, hospitals and municipal infrastructure; re-enforcing security, and promoting the land restitution and land reform programme.



## THE LABOUR MARKET

### THE OFFICIAL UNEMPLOYMENT RATE, 1995-2003<sup>a</sup>



Figure 10

Note: a. The official definition of unemployment, used here, reports workers too discouraged to seek work as outside the labour force, rather than as unemployed.  
 Source: Figures calculated from Statistics South Africa, Labour Force Survey, September 2003

Unemployment (official definition) has declined from 5.3 million people in March 2003 to 4.6 million people in September 2003 (a decline of 680 000 people). This is a significant decrease from the March 2003 figure. However, this decline was accompanied by an increase in the not economically active population over the same period – from 12.7 million to 13.7 million (an increase of 985 000 people). September 2002 and September 2003. According to Stats SA, the drop in the unemployment rate is most probably due to discouraged job seekers no longer being classified as unemployed. This is reflected in the number of not economically active people. However there is no significant increase in employment over the same period.

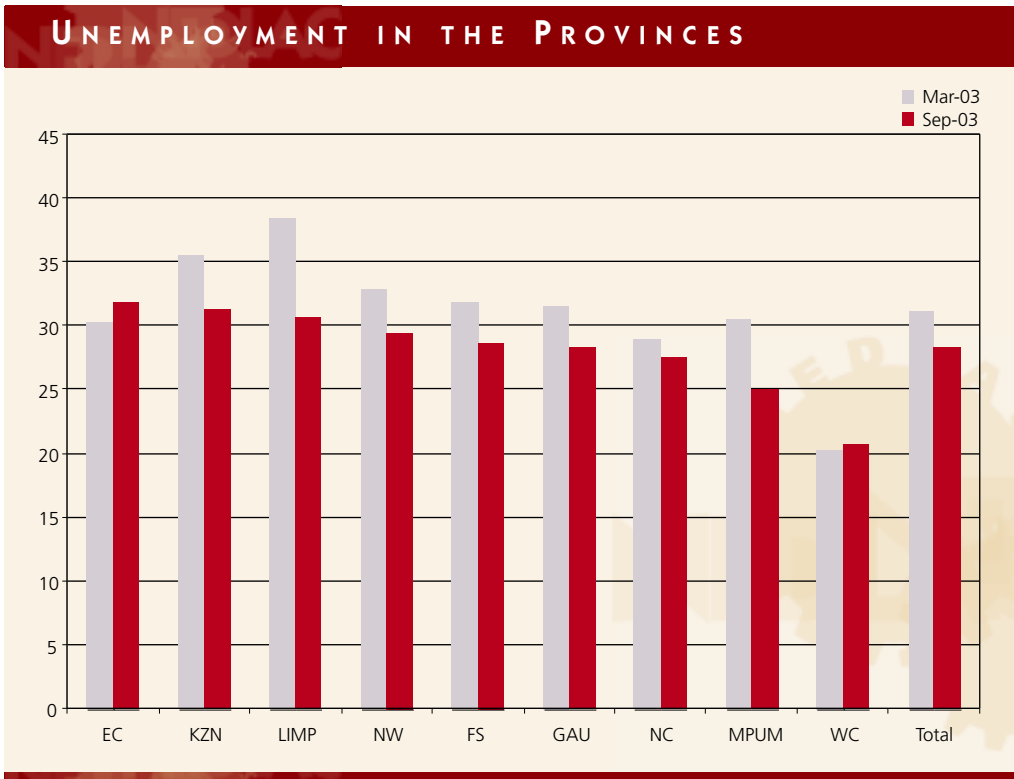


Figure 11

Source: Stats SA Labour Force Survey, September 2003

Figure 11 compares the provincial unemployment rate in March 2003 with September 2003. The Eastern Cape had the highest unemployment rate (31.8%) of all the provinces in September 2003. All provinces showed a slight decrease in the unemployment rate between March and September 2003, except the Eastern Cape and Western Cape. However, the Western Cape has the lowest unemployment rate (approximately 20.6%).



## Labour Costs and Productivity

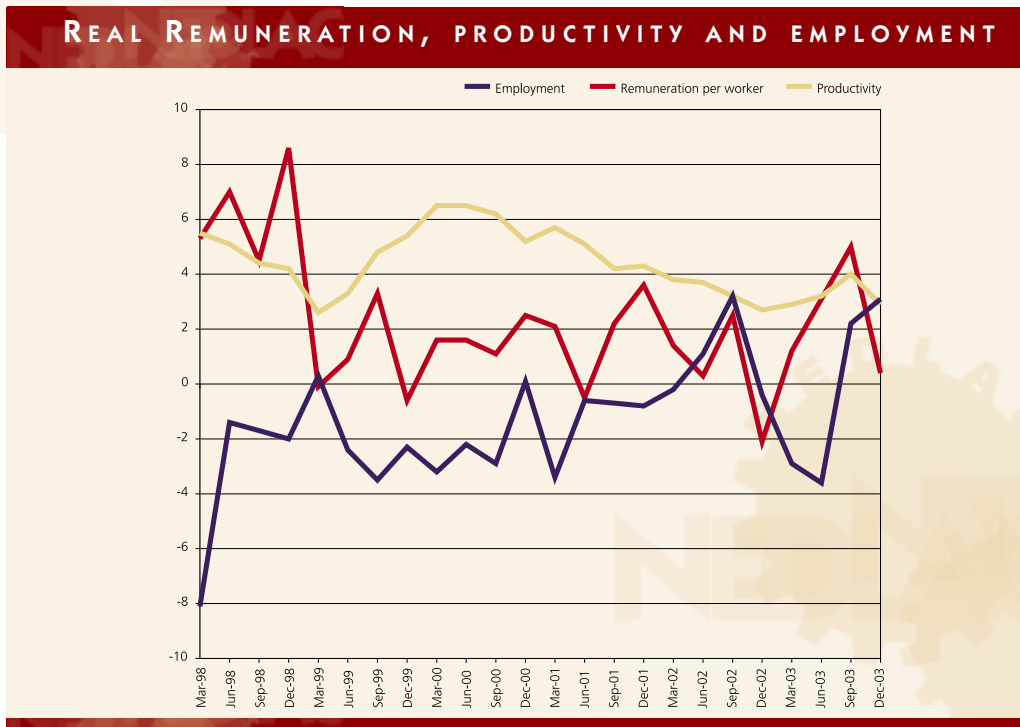


Figure 12

Source: Stats SA

While productivity growth has slowed, it has remained above real wage growth. This means that real unit labour costs are still declining, and the share of workers in the national income has continued to decline, as is shown in the graph below.

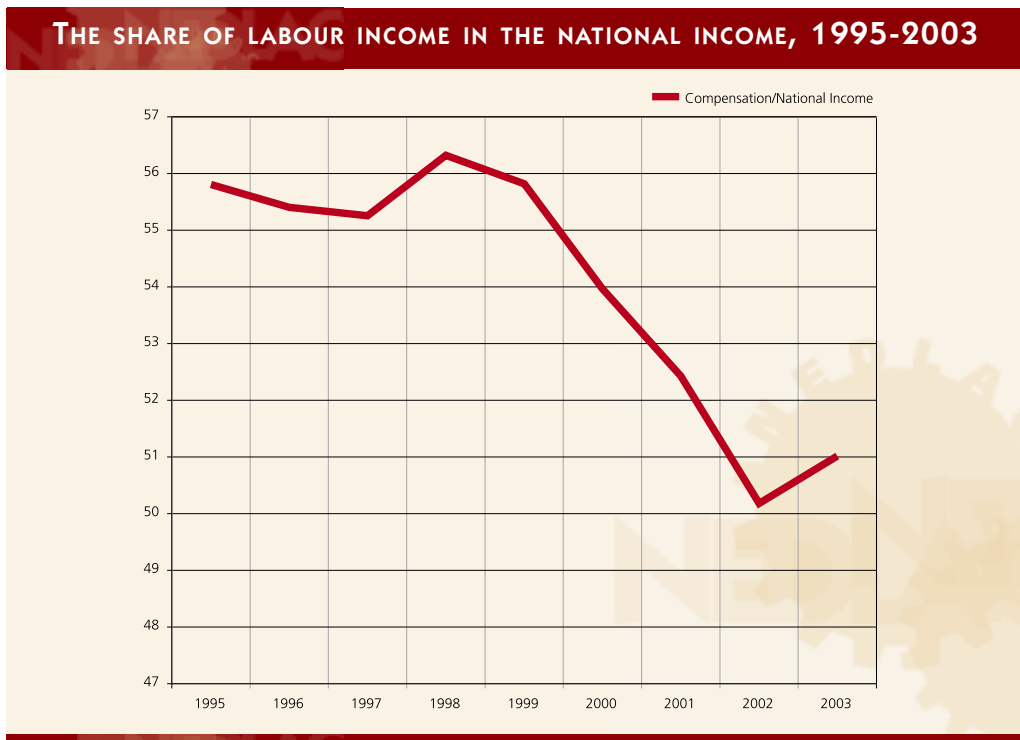


Figure 13

Calculated from, Reserve Bank, long-term time series on national accounts, electronic database at [www.resbank.co.za](http://www.resbank.co.za)



## Earnings and wages

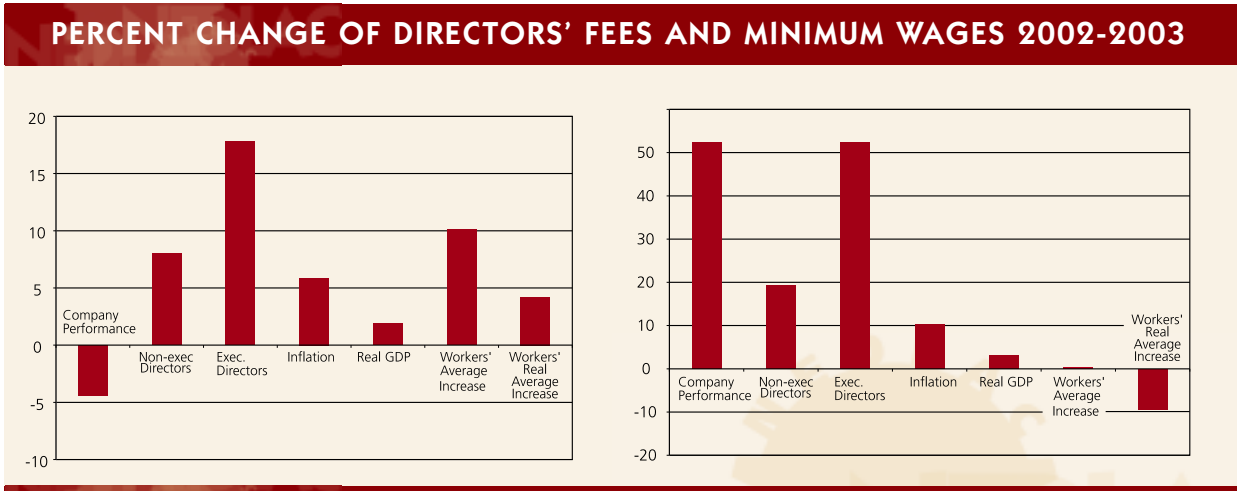


Figure 14

Source: Labour Research Service, Bargaining Indicators, 2003

Executive directors' fees have increased by 17.8 % from an average of R2.272 million in 2002 to R2.676 million in 2003. Over the same period, operating profits declined by 4.41 percent. In real terms, taking into account inflation for 2003 at 5.87%, workers were earning 4.21% more than in 2002.

The figure below compares nominal percentage increases and real percentage increases between 1994 and 2003. The data on nominal percentage changes shows that the highest nominal percentage increase of 12% was attained in 1994 and the lowest increase was 2.76% in 2002. There was a decrease of 0.4% in 1998.

The data on real wages shows that percentage changes of the average minimum wage fluctuated greatly during the last decade. In 5 of 10 years increases were below inflation. The highest real percentage increase of minimum wages was in 2003 (4.3%).

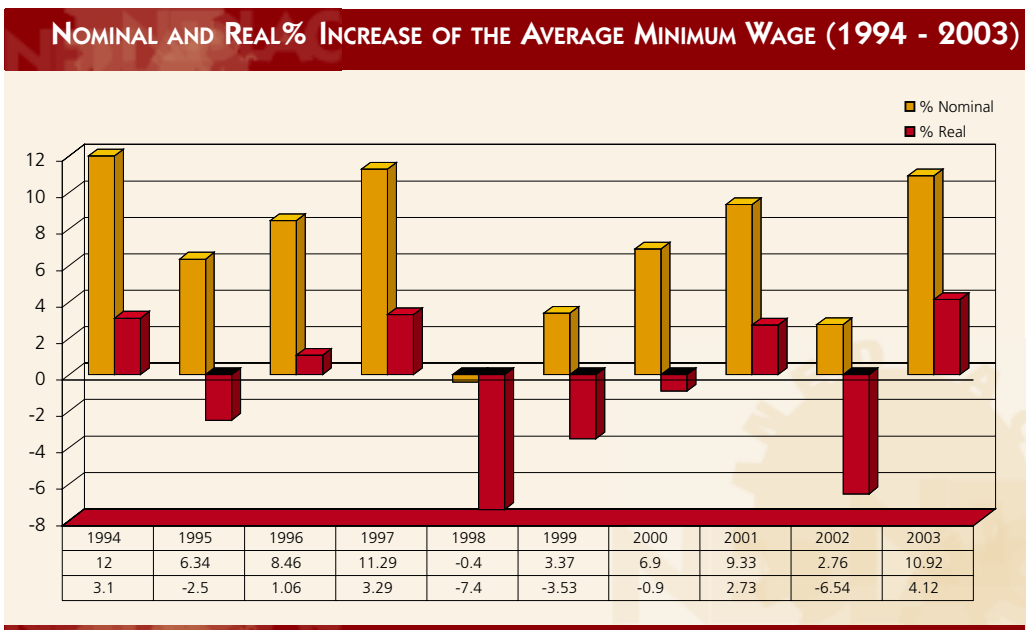


Figure 15

Source: Labour Research Survey 2003



## Dispute resolution

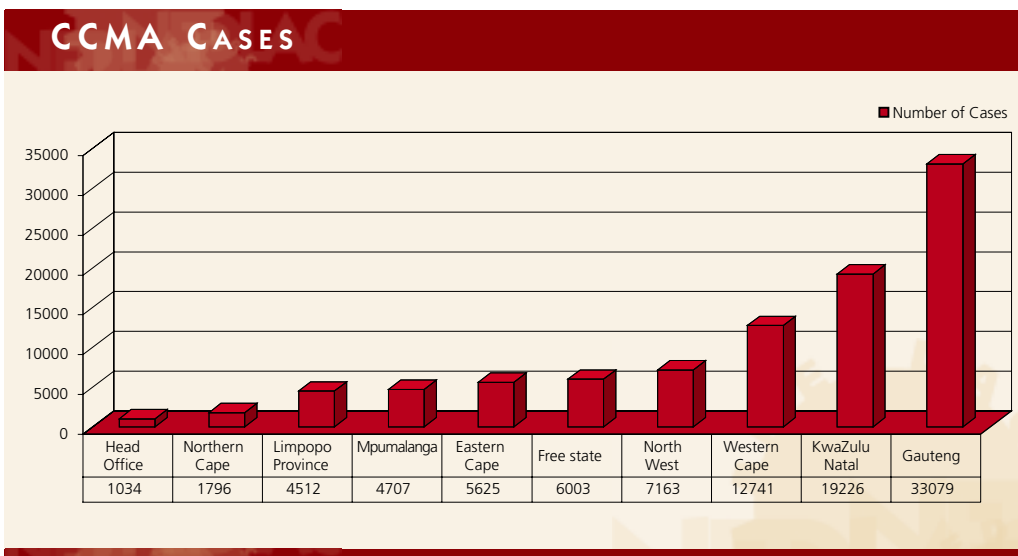
This section on disputable resolution is based on reports by Andrew Levy and Associates, as well as reports from the CCMA.

According to Andrew Levy and Associates, strike activity has been on a downward trend since 1994. The number of man-days lost during the third quarter of 2003 was reportedly 375 000, compared to the 890 000 lost during the third quarter of 2002. In 2003, 700 000 man-days were lost due to strike action, 945 000 were lost in 2002.

Long term wage agreements of between two and three years also contributed to the reduction in strikes. Such agreements had been reached in the automobile; metal and engineering, mining and public service sectors. Long term agreements are said to cover 52% of the workforce.

The Levy report indicates that the majority of man-days were lost in the retail sector (43%), followed by the mining industry (27%), metal and manufacturing (14.5%), building and construction (8.1%) and transport (3%).

A total of 95 886 cases were referred to the CCMA over the period 1 April 2003 to December 2003. Gauteng recorded the highest number of cases (34.5% of all referrals) followed by KwaZulu-Natal (20%) and the Western Cape (13%).



Source: CCMA