



EZOMNOTHO

THE KWAZULU-NATAL QUARTERLY ECONOMIC AND STATISTICAL OVERVIEW

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Foreword

As we close the third quarter of 2024, the economic landscape of KwaZulu-Natal presents a mix of resilience and emerging challenges. This edition of Ezomnotho highlights the province's journey through a period marked by improved electricity supply, a stabilizing inflation environment, and a modest recovery in business confidence. These developments showcase the unwavering spirit of our communities and industries in the face of global and local uncertainties.

Despite a contraction in provincial GDP for the quarter, driven primarily by adverse weather conditions affecting agriculture and logistical bottlenecks in transport, KwaZulu-Natal continues to leverage its diversified economy to mitigate broader economic shocks. Encouragingly, the finance, construction, and utilities sectors demonstrated robust growth, reflecting the effectiveness of targeted policy interventions and infrastructure improvements.

Tourism continues to shine as a beacon of recovery, with international arrivals reaching near pre-pandemic levels. The province's strategic investments in infrastructure and global partnerships have solidified its position as a premier destination, contributing significantly to economic activity and job creation.

Labour market trends indicate a nuanced recovery, with employment gains in the informal sector and agriculture balancing out declines elsewhere. However, the persistently high unemployment rate underscores the need for sustained efforts to create jobs and re-engage discouraged work-seekers.

Looking ahead, KwaZulu-Natal remains committed to navigating global uncertainties, fostering innovation, and building on its economic strengths. I invite all stakeholders to engage with the insights presented in this publication, as we collectively strive for a resilient, inclusive, and prosperous future for our province and nation

Rev Musa Zondi, MPL

MEC for KZN Department of Economic Development, Tourism and Environmental Affairs

About this Publication

Ezomnotho is a quarterly economic publication produced by the KwaZulu-Natal Department of Economic Development, Tourism, and Environmental Affairs (EDTEA). This publication provides an in-depth analysis of macroeconomic trends at the global, national, and provincial levels. It aims to shed light on the real economy's performance by analysing output and labour market trends, inflation dynamics, and international trade among others.

Ezomnotho offers valuable insights for policymakers, business leaders, and stakeholders committed to fostering sustainable development. The data presented in the publication is primarily drawn from reputable sources such as Statistics South Africa (Stats SA), the South African Reserve Bank (SARB), the National Treasury, the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF), Quantec, S&P Market Intelligence, and other private data providers. In cases where data is not directly available, the publication employs advanced economic modelling techniques, including econometrics and tools like STATA, to ensure comprehensive analysis and accurate forecasting.

This publication serves as a key resource for understanding the evolving economic landscape and the policies needed to support inclusive growth.

KwaZulu-Natal at a Glance

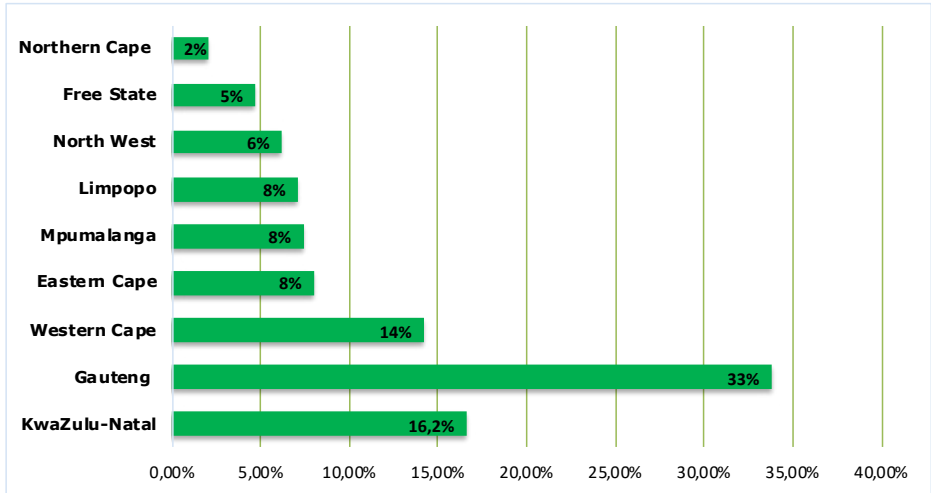
KwaZulu-Natal (KZN) remains a key player in South Africa's economy, contributing significantly to national indicators across multiple sectors. Below is a summary of key economic and social statistics for the province compared to South Africa overall:

Table 01: Various Economic Indicators

Indicator	KwaZulu-Natal	South Africa
GDP at 2015 constant prices Seasonally Adjusted & Annualised (3 rd quarter 2024)	R 772 billion	R 4, 6 trillion
Annualised Quarter-on-Quarter Seasonally Adjusted GDP Growth (3 rd quarter 2024)	1,1%	-0,3%
Mid-year Population (2024)	12 423 907	63 227 503
Working Age Population (000s) (15-64 years) (QLFS, 2 nd quarter 2024)	7 658	41 431
Unemployed (000s) (QLFS, 3 rd quarter 2024)	1 287	8 011
Unemployment Rate (3 rd quarter 2024)	31,2%	33,1%
Labour Force (000's) (3 rd quarter 2024)	4 128	24 957
Absorption Rate (employed/population ratio) (3 rd quarter 2024)	37,1%	40,9%
Gini Coefficient (2024)	0.63	0.63
Human development Index (HDI) (2024)	0.71	0.71
Functional literacy (2023)	89.8%	87.8%
Inflation (Mid 2024)	4,6%	4,6%
Total Air Passenger Movements at International Airports (2 nd quarter 2024)	3 241 340	867 637
Cargo tonnage handled at ports (000s) (2 nd quarter 2024)	33 517 599	52 813 541
Number of containers handled at ports (2 nd quarter 2024)	546 399	878 615

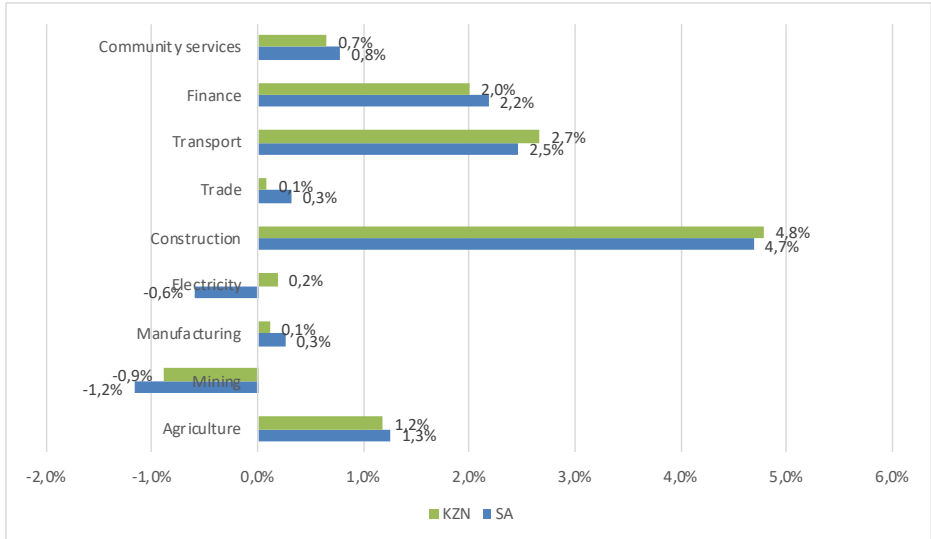
Source: Stats SA, IHS Markit, Quantec Research, ACSA, Transnet, 2024

Figure 01: Provincial Contribution (%) to South African GDP, Q3:2024



Source: Stats SA, 2024

Figure 02: Sectoral Contribution (%) to GDP-R, Q3: Constant 2015 price, 2024



Source S&P Global Insight

KwaZulu-Natal's Comparative Advantage

KwaZulu-Natal (KZN) holds a prominent position in South Africa's economy, leveraging its unique geographic, industrial, and natural strengths to drive growth and development. Here are key factors contributing to the province's comparative advantage:

- **Economic Contribution:** Despite being the third smallest province by land size, KZN is the second largest contributor to South Africa's GDP, accounting for about 16%, only behind Gauteng.
- **Strategic Ports:** KZN is home to two major ports—Durban and Richards Bay—which together manage nearly 60% of South Africa's cargo tonnage. Richards Bay plays a pivotal role in bulk exports, handling over 4% of global aluminium exports and hosting one of the largest sand mining operations globally.
- **Agricultural Leadership:** KZN's diversified agricultural sector makes it a key player in South Africa's economy. It leads in timber production, supplying over 50% of the country's output, and has a strong presence in wood exports. Additionally, the province contributes significantly to sugar cane production, accounting for 0.84% of the national GDP, with several of the country's largest sugar processing plants located within its borders.
- **Industrial Base:** KZN has a high level of industrialization, with substantial manufacturing output. Key municipal areas like eThekweni, King Cetshwayo, and uMgungundlovu are critical to the province's export market.
- **Aviation Hub:** King Shaka International Airport (KSIA) ranks as South Africa's third-largest airport. It has direct international connections to four destinations through partnerships with Emirates, Qatar, AirlinK, and Turkish Airways, linking KZN to global markets, including Istanbul.
- **Tourism:** The province's regional airports and airstrips enhance connectivity, boosting KZN's tourism sector, which benefits from the region's scenic beauty, biodiversity, and cultural heritage.
- **Industrial Zones:** KZN hosts two Special Economic Zones (SEZs)—Dube Trade Port and the Richards Bay Industrial Development Zone. The Dube Trade Port SEZ alone has attracted R2.05 billion in investments and supports 10,615 jobs through its 40 operational investors.
- **Sectoral Growth:** Planned developments like the automotive supply park in South Durban and efforts to establish a Clothing & Textile SEZ showcase KZN's commitment to industrial expansion and job creation.
- **Tourism & Natural Assets:** KZN is renowned for its tourism potential, featuring iconic landmarks like the Moses Mabhida Stadium and two UNESCO World Heritage Sites: the Drakensberg Mountains and Isimangaliso Wetland Park. Its natural beauty and cultural diversity continue to attract both domestic and international tourists.

1. GLOBAL ECONOMIC DEVELOPMENTS AND OUTLOOK

1.1 World Economic Growth

Global economic growth is expected to remain stable yet underwhelming, at 3.2 percent in 2024 and 2025, the growth projection is virtually unchanged from those in both the July 2024 World Economic Outlook Update and the April 2024 World Economic Outlook. However, notable revisions have taken place beneath the surface, with upgrades to the forecast for the United States offsetting downgrades to those for other advanced economies particular, the largest European countries.

The latest forecast for global growth five years from now is at 3.1 percent and remains mediocre compared with the pre-pandemic average. Persistent structural headwinds such as population aging and weak productivity are holding back potential growth in many economies.

Table 1.1.1: GDP growth rate for selected regions, 2015 – 2028*

	2023	2024	2025
World Output	3,3	3,2	3,2
Advanced Economies	1,7	1,8	1,8
United States	2,9	2,8	2,2
Euro Area	0,4	0,8	1,2
Japan	1,7	0,3	1,1
United Kingdom	0,3	1,1	1,5
Canada	1,2	1,3	2,4
Emerging Market & Developing Economies	4,4	4,2	4,2
China	5,2	4,8	4,5
India	8,2	7,0	6,5
Russia	3,6	3,6	1,3
Brazil	2,9	3,0	2,2
Saudi Arabia	-0,8	1,5	4,6
Nigeria	2,9	2,9	3,2
South Africa	0,7	1,1	1,5

Source: IMF, October 2024 World Economic Outlook.

In advanced economies, growth is projected to remain moderate, with the United States' growth forecast increased to 2.8 percent in 2024. The Euro Area and Japan are expected to see relatively subdued growth rates. The United Kingdom and Canada are

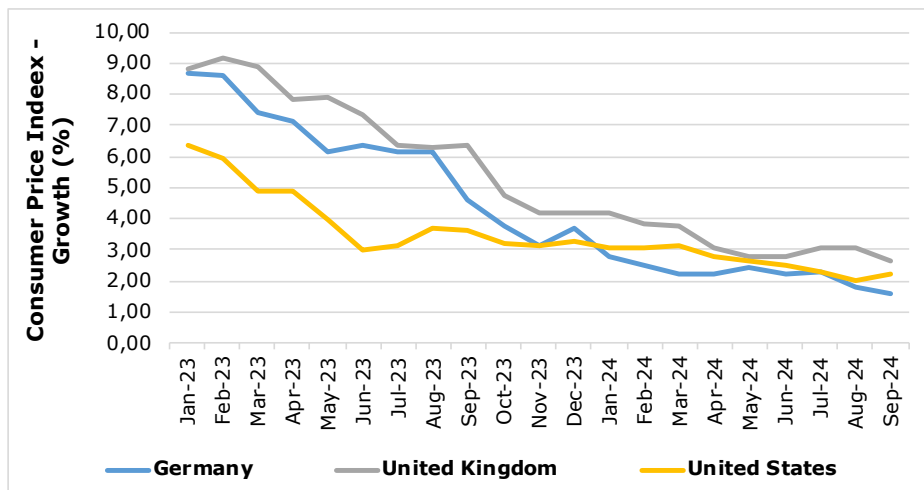
projected to experience gradual growth recovery over the next few years, with United Kingdom forecasted to grow by 1.1 percent by 2024.

Growth in emerging markets and developing economies is expected to remain stronger, however, disruptions to production and shipping of commodities especially oil conflicts, civil unrest, and extreme weather events have led to downward revisions to the outlook for the Middle East and Central Asia and that for sub-Saharan Africa. India continues to perform well, with a revised growth forecast of 7 percent in 2024, while South Africa's growth revised upward at 1.1 percent for 2024. Meanwhile, Nigeria experienced a decline of 2.9 percent in 2024, with projected growth of 3.2 percent by year-end (**see Table 1.1.1 above**).

1.2 Global Inflation

Global inflation eased in the third quarter of 2024, however emerging markets and developing countries are expected to take longer to reach their inflation targets. This is reflected on the G20 countries' GDP which grew by 0.7% a slight increase from 0.6% recorded in the second quarter (OECD, December 2024). The growth outlook for the emerging markets and developing economies is showing signs of stability and it is anticipated to grow by 4.2% by the end of 2024. Most of the anticipated growth will emerge from Asia, more especially India which has consistently recorded GDP growth, since the beginning of 2024. In the third quarter, India GDP grew by 5.8% (IMF, October 2024).

Figure 1.2.1: Global Headline Inflation, JAN 2023 – SEP 2024



Source: OECD, 2024

In the developed world inflation has eased as well, United Kingdom has recorded an inflation rate of 2.7% in September 2024, which is a decrease from 3.1% of the previous month. Overall the country recorded inflation rate of 1.7% in the third quarter of 2024, which is the lowest rate since April 2021. However, GDP growth slowed in the third quarter of 2024 by 0.1%, from 0.5% recorded in the previous quarter.

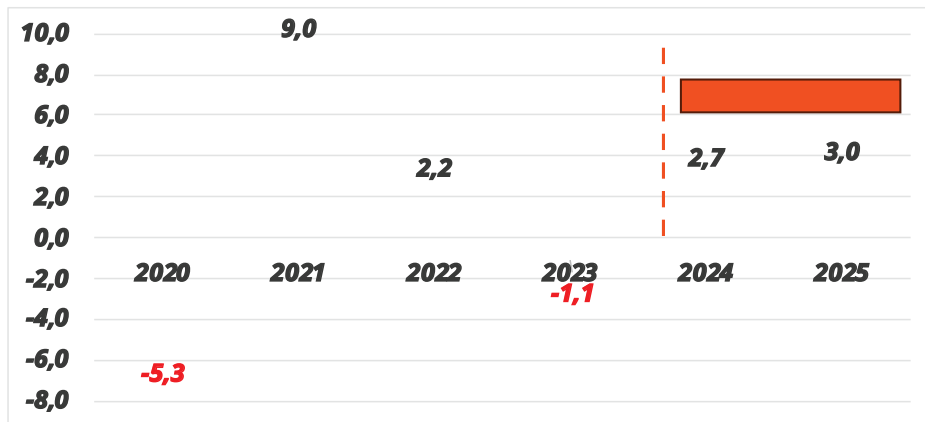
United States of America recorded inflation rate of 2.2% in September 2024, which is an increase from 2.0% of the previous month. The inflation rate was reflected on the 2.8% real GDP growth recorded in the third quarter of 2024. The GDP growth was driven mainly by increased consumer spending and healthy labour market.

Germany recorded inflation rate 1.6%, which was a decrease from 1.8% recorded in the previous month. The inflation is reflected on the GDP of the country which unexpectedly increased by 0.1% in the third quarter of 2024, from (-0.3%) of the previous quarter (OECD, October 2024). GDP growth in the country was driven by government and household spending. Despite unexpected growth, Germany's economy is marred with joblessness, big companies like Volkswagen is planning to lay-off more than 35 000 employees (Reuters, October 2024).

1.3 Global Trade

The World Trade Organization (WTO) anticipates a steady increase in global goods trade this year following a decline in 2023, which was influenced by the ongoing repercussions of elevated energy prices and inflation. In its most recent Global Trade Outlook and Statistics report, WTO forecast that the volume of global merchandise trade is expected to grow by 2.7% in 2024 and 3.0% in 2025, after a drop of 1.1% in 2023. Nevertheless, regional conflicts, geopolitical tensions, and uncertainty in economic policies present significant risks that could negatively impact this forecast.

Figure 1.3.1: Global Merchandise Trade Volume Annual Growth Rates:2020-2025*



Source: WTO, UNICTAD, 2024

Table 1.3.1: Several elements contributing to a highly unpredictable global trade landscape for 2025 include:

Factors	Impact
1. Changes in the trade policy of the United States	It is anticipated that the United States will adopt a more protectionist trade policy. In this case, the imposition of new tariffs may extend beyond specific products to a broader range.
2. Consequences of trade restrictions	Unilateral and especially stringent trade measures often provoke retaliatory actions, leading to a cycle of increasing trade barriers that could eventually involve other nations as well.
3. Rise in subsidies and restrictive trade practices	A rise in trade-restrictive tactics and inward-oriented industrial policies aimed at fostering the production of sustainable and environmentally friendly goods is expected to impede the growth of international trade, particularly in key sectors.
4. Influence of the United States dollar on global trade	Geopolitical tensions and changes in U.S. policies may lead to an increase in the value of the United States dollar. Thus, uncertainty regarding the dollar's strength adds to the unpredictability of global trade.
5. Decline in Shipping costs	There has been a drop-in demand for container shipping, as shown by a significant decrease in the Shanghai Containerized Freight Rate Index. While these indices indicate lower shipping costs, they also reflect a decrease in global demand for both intermediate goods and finished products.

Source: UNCTAD, 2024

1.4 Global Commodities Market

The 2024Q3 saw mixed trends across major commodity sectors, driven by geopolitical tensions, global economic dynamics, and environmental conditions. These trends included subdued demand, an improved supply outlook, and easing price pressures across energy, metals, and agricultural markets. Despite disinflation trends supporting private consumption, uncertainties in demand growth and potential supply shocks introduced volatility.

Energy

Energy prices fell by 4% in 2024Q3 (q/q), reflecting sharp volatility in October. This was driven by shifting market assessments of geopolitical risk, signs of subdued economic growth in China, and concerns about potential oversupply. The energy price is projected to fall by 6% in 2024 (y/y). Furthermore, the Brent price is expected to average \$80/bbl (per barrel) in 2024, a decrease from \$83/bbl in 2023.

These estimations assume that ongoing armed conflicts do not escalate further, global economic growth remains stable, and the vast majority of the 2.2 mb/d voluntary OPEC+ supply cuts is further extended. Moreover, oil supply from non-OPEC+ producers is expected to grow by almost 2 mb/d in 2025. European natural gas prices are anticipated to decrease by 18% in 2024. The United States of America natural gas prices are projected to plummet in 2024. While coal prices are set to decline throughout the forecast horizon.

A lengthy escalation of the conflict in the Middle East, from lower-than expected North American oil output, increased competition for liquefied natural gas cargoes,

and sustained, higher-than-assumed coal and natural gas consumption in Asia poses marked upside risks to energy prices. Though, there are also considerable downside risks to energy prices, mostly an earlier-than-expected unwind of OPEC+ supply cuts, as well as weaker-than-expected economic growth, including in China.

Agriculture

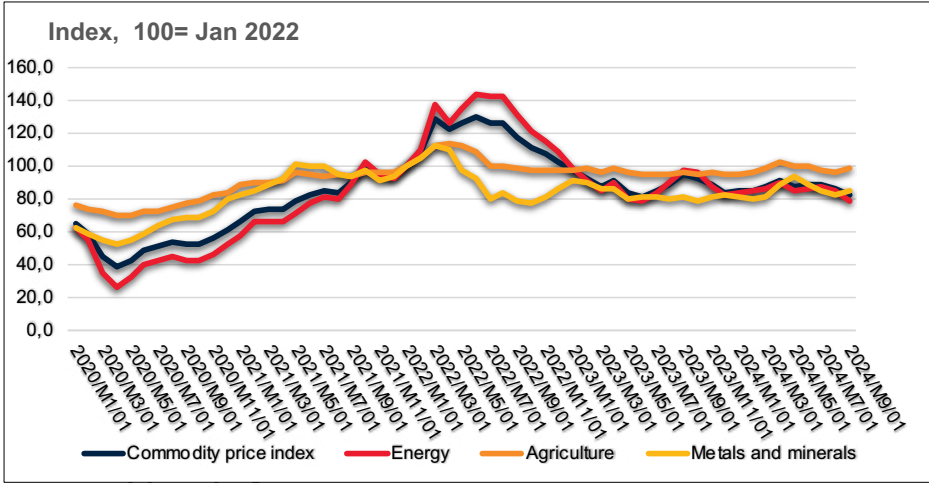
As a result of bad weather in key exporting countries prices of numerous agricultural commodities surged slightly in September and the first half of October. In spite of decreasing by 3% in 2024Q3, the World Bank's agricultural commodity price index is projected to be 2% higher in 2024 (y/y), driven by a 58% spike in beverages and a 4% rise in raw materials, partly offset by a 9% decrease in food prices.

Metals and minerals

Metal prices saw a brief improvement in recent weeks following China's stimulus announcements in late September. This came after a 7% decrease in prices in 2024Q3 (q/q), driven by low industrial activity in major economies. The metals and minerals price index is projected to increase by 4% in 2024 (y/y).

Precious metal prices are expected to increase by 21% in 2024. In 2024Q3 (q/q) precious metal prices continued to increase in October, building on a 6% rise. The increase in prices was due to a continued rise in gold prices, which reached new nominal record highs in October, reflecting heightened geopolitical tensions, sustained demand from central banks, and the onset of U.S. monetary easing. Moreover, silver prices increased in 2024Q3, while platinum prices plummeted. Amid heightened geopolitical risks, gold prices are expected to remain high. Meanwhile, tight supplies are expected to support higher prices for platinum and silver. A further escalation of geopolitical tensions could push gold prices above current forecasts. Meanwhile, weaker-than-expected industrial activity in major economies may dampen demand for silver and platinum, causing prices to fall below projections.

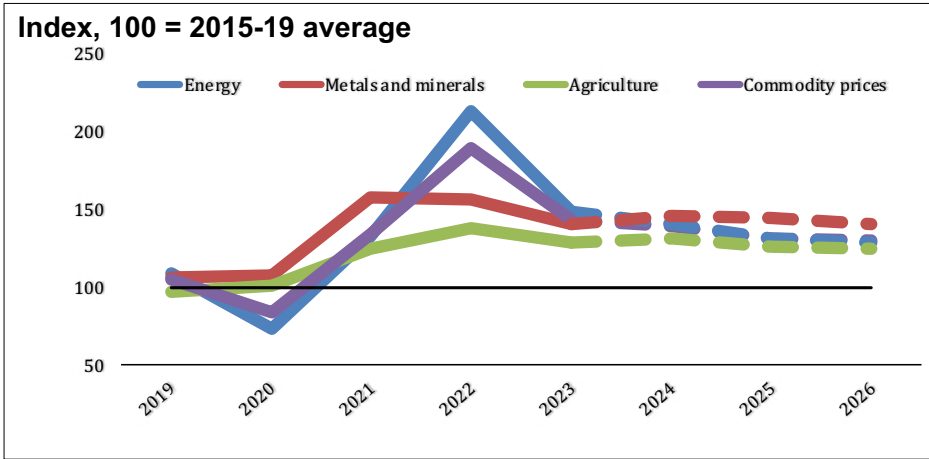
Figure 1.4.1: Global Commodity price indexes 2024 Q3



Commodity prices are projected to fall by 5% in 2025 and 2% in 2026, after relaxing 3% in 2024. This would lead aggregate commodity prices to their lowest levels since 2020. The World Bank’s energy price index is projected to soften by 6% in 2025 and 2% in 2026. The expected drops are led by oil prices but tempered by price increases for natural gas and a stable outlook for metals and agricultural raw materials. The Brent crude oil price is projected to slip to \$73/bbl in 2025 and \$72/bbl in 2026. Thus, from their 2022 high, annual average oil prices are expected to weaken for four consecutive years through to 2026, settling just slightly above their 2021 level.

The agriculture price index is forecasted to plummet by 4% in 2025 owing to favourable growing conditions in key exporters, before stabilizing in 2026 as supply and demand come into better balance. Food prices are expected to soften by a further 4% in 2025 then level out in 2026, while beverage prices are projected to decrease by 9% in 2025 and 3% in 2026. Raw material prices are estimated to remain largely stable in 2025 and 2026. The metals and minerals price index is projected to slightly increase in 2025, before declining by 3% in 2026. Precious metal prices are expected to remain stable in 2025 and edge down in 2026.

Figure 1.4.2: Global Commodity price projections

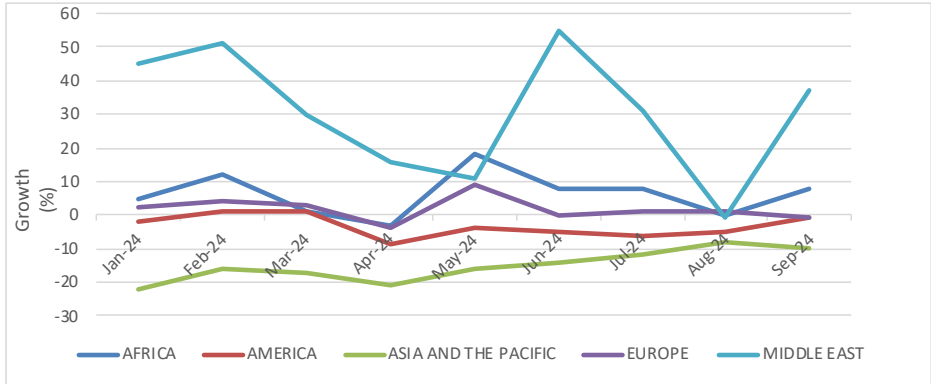


1.5 Global Tourism Developments

Around 1.1 billion tourists travelled internationally in the first nine months of 2024, as the global tourism sector recovered 98% of pre-pandemic levels. According to the latest World Tourism Barometer by UN Tourism, a full recovery from the biggest crisis in the sector’s history is expected by the end of the year, despite economic, geopolitical and climate challenges.

Four years after the outbreak of the COVID-19 pandemic, which brought global tourism to a standstill, the Barometer reflects the sector’s remarkable recovery, with most regions already exceeding 2019 arrival numbers in the period January to September 2024. The report also shows outstanding results in terms of international tourism receipts, with most destinations with available data posting double-digit growth compared to 2019.

Figure 1.5.1: Annual Growth in International Tourism Arrivals, Jan 2024 – Sep 2024



Source: UNWTO,2024

International tourist arrivals grew strongly in the first nine months of 2024, driven by strong post-pandemic demand in Europe and robust performance from large source markets globally, as well as the ongoing recovery of destinations in Asia and the Pacific. Increased air connectivity and visa facilitation also supported international travel.

- The Middle East (+29% compared to 2019) continued to enjoy record growth this nine-month period, while Europe (+1%) and Africa (+6%) also exceeded 2019 levels.
- The Americas recovered 97% of its pre-pandemic arrivals (-3% over 2019).
- Asia and the Pacific reached 85% of 2019 levels as compared to a 66% recovery in 2023. Asia and the Pacific has experienced a gradual though uneven rebound in arrivals since the region reopened to international travel in 2023.

The summer season in the Northern Hemisphere was generally strong, with arrivals worldwide reaching 99% of pre-pandemic values in Q3 2024.

2. DOMESTIC AND REGIONAL ECONOMIC DEVELOPMENT AND OUTLOOK

2.1 Economic Growth

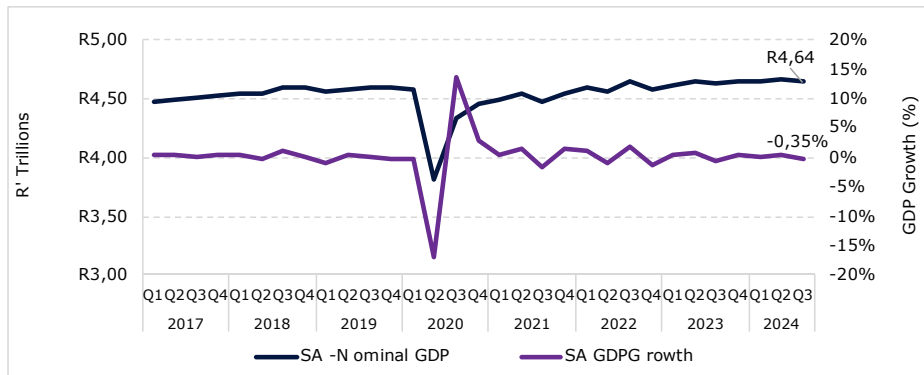
2.1.1. Gross domestic product trends

The South African economy slowed into negative territory during the third quarter of 2024 after three consecutive quarters of positive growth. Despite some positive momentum on electricity supply and a somewhat balanced inflation outlook, adverse weather conditions that have severely impacted the agriculture industry have reserved some of the gains made in the second quarter of 2024. During the third quarter nominal GDP shrunk by R16.1 billion compared to the revised R15.9 billion growth in the second quarter of 2024. The third quarter GDP results were misaligned to market expectations, The Bureau for Economic Research had forecasted third quarter growth of between 0.2% and 0.4%, however noted the lingering uncertainty and volatility

of the agriculture sector. On the other hand, other market expectation predicted a 0.5 percentage point growth supported by increased economic activity due to better operating conditions and a firmer domestic demand over the period.

The outlook in the near to medium term remains somewhat positive amid a challenging external economic environment if there is a sustained positive rapport on reforms in the network industries (electricity and transport). Policy reforms and efforts by government to achieve private participation and public-private partnerships in the railway, ports, power and water sectors, could boost private sector investment beyond expectations.

Figure 2.1.1: GDP Seasonally Adjusted Quarter-on-Quarter and Year-on-Year Growth, SA, Q1:2017-Q3:2024



Source: Quantec Research, 2024

Additionally, the new reforms pertaining to the South African retirement policy/legislation continue to boost debt consolidation efforts for consumers while also uplifting the purchasing power for some households as the country approaches the festive season could bolster some positive gains for growth. On the other hand, inflation remains well below the South African Reserve Lower Target of 3% further boasting real income for consumers. Important to note however is the risk of higher administered prices going into the fourth quarter of 2024 and early 2024 with NERSA's proposed electricity hikes.

During the third quarter of 2024, the South African economy contracted by 0.35 percentage points contrary to market expectations and the revised forecast of 0.5 percentage points by the South African Reserve Bank. Whilst some positives are likely to boost the fourth quarter outlook including the balanced risks on the inflation outlook, a more stabilised and resilient electricity supply, a stronger rand and lower fuel prices, certain risks still threaten the near to medium-term growth.

Risks to the Near/Medium-Term outlook.

- Increased administered prices, a near term threat to the balanced inflation and monetary easing outlook;
- Geopolitical tensions could tilt investment sentiment on the weaker side;
- Ongoing adverse weather conditions pose a threat to low food prices, leading to risks of raising inflation and lowering purchasing power, with particularly dismal consequences for low-income households; and

- Potential delays in policy reforms in utilities sectors, transport, mining and labour due to policy diversity and lack of consensus within the Government of National Unity.

Despite the apparent risks to the outlook, there are some positives including the revised sovereign rating of South Africa by S&P Global to BB- a more optimistic turn and great booster for investor confidence. The South African economy is forecasted to grow by 1.1% in 2024, 1.7% in 2025 and 1.8% in 2026 respectively.

2.1.2 Sectoral Drivers of GDP Growth

Third quarter sectoral performance was weighed down by four of the ten industries recording negative growth with Agriculture the worst performing of all. Agriculture recorded its second consecutive decline, falling by 28.8% in the third quarter. The industry experienced a rough quarter. Drought plagued the production of field crops such as maize, soya beans, wheat and sunflower. Adverse weather conditions also hindered the production of subtropical fruits, deciduous fruits and vegetables in parts of the country. Three other industries also performed poorly. Transport, storage & communication (1.60%) was the second largest negative contributor, recording a decline in land transport and transport support services. This is the third consecutive decline which puts the industry into a technical recession. Disappointing figures from the wholesale trade, motor trade and restaurant, fast-food & catering sectors pushed the trade, catering & accommodation industry lower (-0.35%). Community, social and other personal services (-0.13%) also recorded negative growth.

Table: 2.1.1: SA: Q-on-Q % change (seasonally adjusted quarterly sectoral GDP constant 2015 Prices) Q1-Q3 2024

SA Industry	2024		
	Q1	Q2	Q3
Agriculture, forestry and fishing	13,50%	-4,77%	-28,81%
Mining and quarrying	-1,69%	-0,32%	1,17%
Manufacturing	-1,45%	0,74%	0,52%
Electricity and water	-0,42%	3,10%	1,56%
Construction	-3,06%	0,46%	1,09%
Wholesale & retail trade; hotels & restaurants	0,27%	0,98%	-0,35%
Transport and communication	-0,46%	-2,45%	-1,60%
Finance, real estate and business services	0,15%	1,50%	1,35%
General government services	0,10%	0,21%	0,55%
Community, social and other personal services	-0,07%	0,24%	-0,13%

Source: Quantec Research, 2024

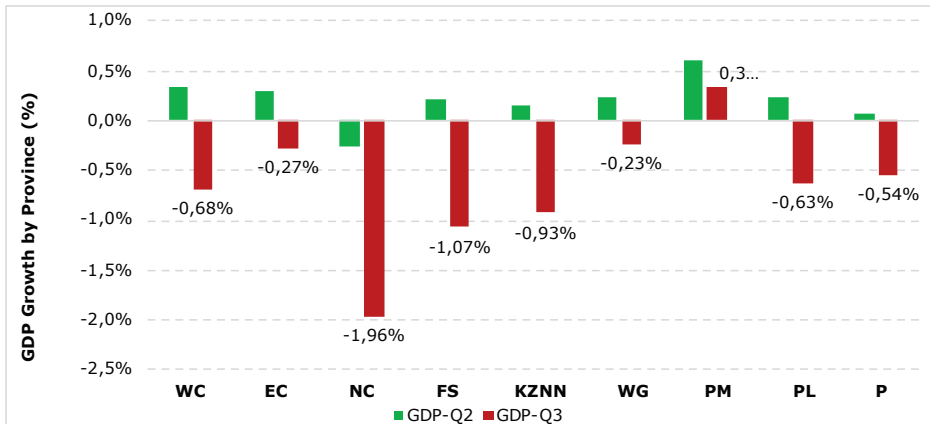
On the other hand, the electricity, gas & water supply industry (1.56%) expanded for a second straight quarter, driven higher by a rise in electricity generation and consumption while stronger manganese and chromium ore production helped boost mining after two previous quarter contractions. In keeping up with the positive sentiment, Finance (1.35%) and Construction (1.09%) also recorded positive growth during the third quarter of 2024. Finance was pushed higher by banking, insurance, real estate and other business services, while construction was mainly driven by construction works, with support from activities related to non-residential buildings. Other positive gains were recorded from the manufacturing sector, recording its second consecutive increase since its slowdown in quarter one of 2024 and government services.

2.1.3 KwaZulu-Natal Growth Trends

The KwaZulu-Natal province’s total regional gross domestic product (R-GDP) amounted to approximately R762.825 billion during the third quarter of 2024, which translates to approximately 16% of the national output, thereby making KZN the second largest economy after Gauteng at 34%, followed by the Western Cape at 14%. At its backbone and a major contributor to its resilience, is the diversified nature of its sectoral economic activity with strong links in manufacturing, agriculture, finance, construction and tourism. The province’s diversified economic structure is what cushions the blow in adverse economic times such as the third quarter of 2024. Whilst not worst performing economy the KwaZulu-Natal province contracted in the third quarter of 2024,

shrinking by a modest R7.1 billion. Gauteng province was the only province that record positive gains during the third quarter of 2024 while Northern Cape was the worst performing economy. Gauteng province has a very small contribution from the agricultural sector and is largely driven by the financial sector, ultimately leading to it being the only province that saw a growth in quarter three of 2024.

Figure 2.1.2: GDP Seasonally Adjusted Quarter-on-Quarter, KZN, Q2&Q3 2024



Source: Quantec Research, 2024

In KZN the agriculture sector is one of the most important sectors both from an economic growth and employment perspective, therefore any adverse impact on the industry is likely to impact the performance of the economy. Additionally, the heightened adverse weather conditions in the province continue to be a risk towards the industry, food prices and thus food security. Provincial strategies to address aspects relating to climate change and its impact of certain industries will be needed going forward.

Emulating the national economy and alongside 7 other provinces, provincial GDP in KwaZulu-Natal contracted by -0.93% while Gauteng grew by a modest 0.3 percentage points and Western Cape was also outperformed by Gauteng, slowing down by 0.68, these three provinces account for a total of 64% of the country's GDP. In terms of the near to medium term outlook, the Provincial economy is forecasted to grow by 0.9 percentage points in 2024 below the national average forecast of 1.1%. In 2025 the economy is forecasted to grow by 1.8% and 2.1% in 2026.

Table: 2.1.2 KZN: Q-on-Q % change (seasonally adjusted quarterly sectoral GDP constant 2015 Prices): Q1 – Q3 2024

KZN Industry	2024		
	Q1	Q2	Q3
Agriculture, forestry and fishing	12,97%	-5,41%	-29,44%
Mining and quarrying	-1,44%	-0,09%	1,38%
Manufacturing	-1,44%	0,65%	0,36%
Electricity and water	-0,60%	2,93%	1,40%
Construction	-2,80%	0,79%	1,51%
Wholesale & retail trade; hotels & restaurants	0,26%	0,95%	-0,42%
Transport and communication	-0,45%	-2,49%	-1,69%
Finance, real estate and business services	0,14%	1,42%	1,20%
General government services	0,11%	0,29%	0,69%
Community, social and other personal services	-0,07%	0,21%	-0,19%

Source: Quantec Research, 2024

In terms of sectoral performance Agriculture was the worst performing sector during the third quarter of 2024 due to adverse weather conditions, declining by -29.44%. This the second consecutive decline in 2024. The Transport and Communication (-1.69%) industry emerged as one of the poor performers during the third quarter of 2024, recording its third consecutive decline in 2024. Aspects relating bottlenecks in ports and rail infrastructure continue to hinder the performance of the industry, however some policy reforms are in the pipeline to address the challenges. Despite

some predicted increase in consumer demand owing to the retirement fund policy reforms recently, this additional income has had limited impact on wholesale trade. Wholesale trade contracted by -0.42 percentage points.

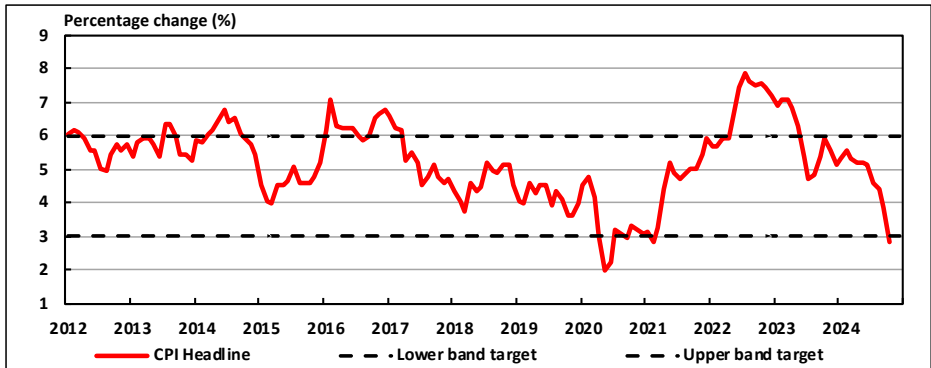
Emerging as the biggest positive contributors to GDP growth during the third quarter of 2024, were construction (1.51%), the utilities industry support by a more reliable supply of electricity grew by 1.40%, mining and quarrying (1.38%) and Finance, real estate and business services (1.20%).

2.2 Domestic Inflation

2.2.1 Domestic Headline Inflation

The inflation environment has been very moderate in South Africa showing slight signs of recovery after observing rather weak economic performance through 2023 and the first half of 2024. Goods price inflation slowed more than services inflation, mainly reflective and supported by the benefits of a stronger rand exchange rate and lower fuel commodity prices relative to last year. As such the headline domestic consumer price inflation (CPI) rate fell sharply to reach 2,8 per cent year-on-year (y/y) in October 2024 (down from 3,8 per cent y/y in September 2024), measuring below lower target band for the first time since February 2021. This marks the lowest inflation rate since June 2020, when it was even lower at 2.2% during the peak of the COVID-19 pandemic. The sharp deceleration in consumer inflation was mainly attribute to moderations observed in the transport, and food and non-alcoholic beverages categories.

Figure 2.2.1: Domestic CPI Headline

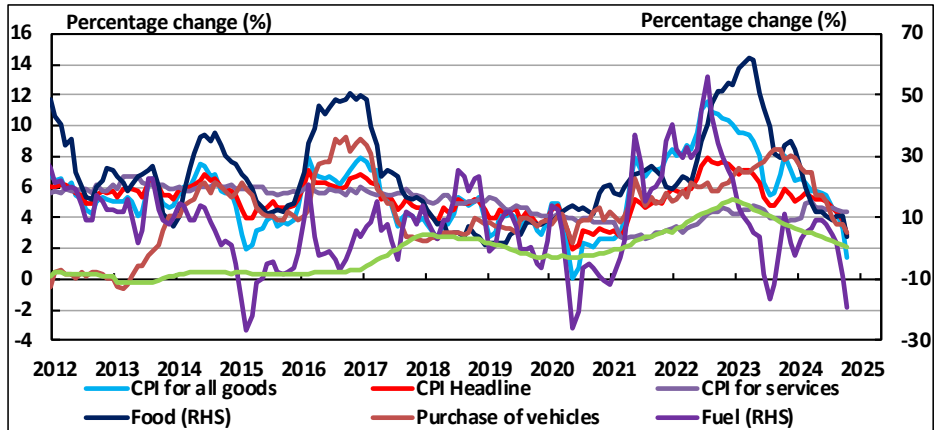


Source: Statistics South Africa (Stats SA), 2024

Domestic food price consumer inflation was supported by a broad-based disinflation trends across all the consumer food sub-categories, however mainly lead by price moderations in food items such as vegetables, milk, eggs and cheese as well as oil and fats.

Transport consumer inflation declined by a further -5,25 per cent y/y in October 2024, as vehicle retail and stock prices moderated and further sharp consumer price drops were observed in the subcategory of private transport operation (-14,81 per cent y/y in October 2024 from -6,31 per cent y/y in the previous month) as the price of fuel sharply declined to measure -19,1 per cent y/y in October 2024 from -9 per cent y/y in September 2024.

Figure 2.2.2: Goods Consumer products driving moderation in CPI levels



Source: Statistics South Africa (Stats SA), 2024

In September 2024, the price of Brent Crude Oil fell to measure \$74,29 per barrel (/ bbl) from \$80,89/bbl and \$85,3/bbl in August and July 2024 respectively. As such coupled with the stronger rand exchange rate, the domestic price of petrol dropped for the fifth consecutive month in October 2024 to measure R21,05 per litre (down from R22,19 and R23,11 per litre in September and July 2024 respectively) for 95 unleaded octane whilst the price of diesel also dropped to measure R17,66 per litre (down from R18,80 per litre in September 2024), its lowest since July 2023. The World bank assess upside risks to oil prices and fuel inflation rather high as intensifying geopolitical challenges, particularly in the Middle East remain a key factor.

In the next coming months, while the Reserve Bank’s Monetary Policy Committee (MPC) remains optimistic about the medium-term inflation outlook, predicting that supply shocks will most likely keep inflation below the inflation target range mid-point level until mid-2025. Thereafter with emerging external developments particularly related to ongoing geopolitical conflicts consumer inflation is expected to increase modestly to measure 4.6% from late 2025, rather than 4.4%. Further upside inflationary prices may be due to the higher electricity price assumption. At the same time, core inflation is marginally lower for this year and next year, which reflects recent data outcomes.

With emerging reports that the Lebanon and Israel war have ended while the Russia-Ukraine conflict have escalated as of the third week of November 2024. global economy

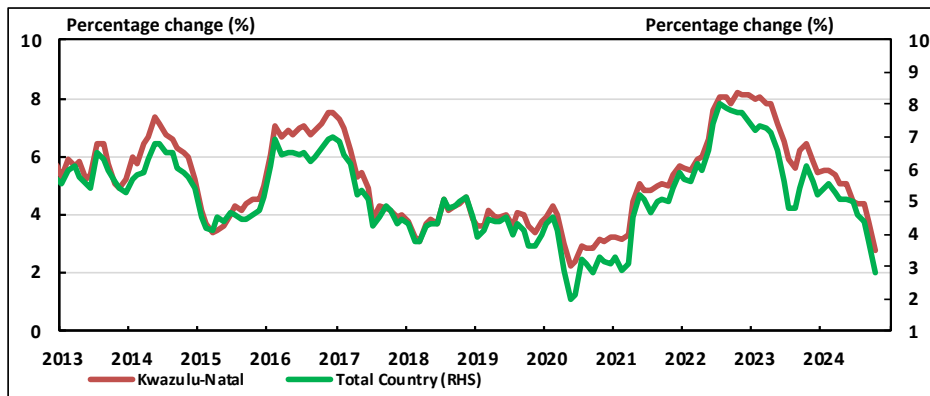
supply chains are expected to be heavily impacted, more especially oil prices will pose significant threat that might shape and influence food prices in the short to medium term. Furthermore, the impact of the 100% tariff threat on BRICS countries by the United States of America president elect - Donald Trump will potentially shape the diplomatic ties between SA and the USA in the coming months – posing a threat to African Growth and Opportunity Act (AGOA) if SA does not reassess its stance.

Worth keeping an eye on in the coming months is the indirect effects of Donald Trump’s proposed 25% tax on all products entering the US from China, Canada and Mexico.

2.2.3 KZN Headline Inflation

Provincial consumer inflation in KZN sharply moderated to reach 4,6% y/y in July 2024 from 5,1% and 5,2% y/y in June and May 2024 respectively.

Figure 2.2.3: KZN Headline Inflation



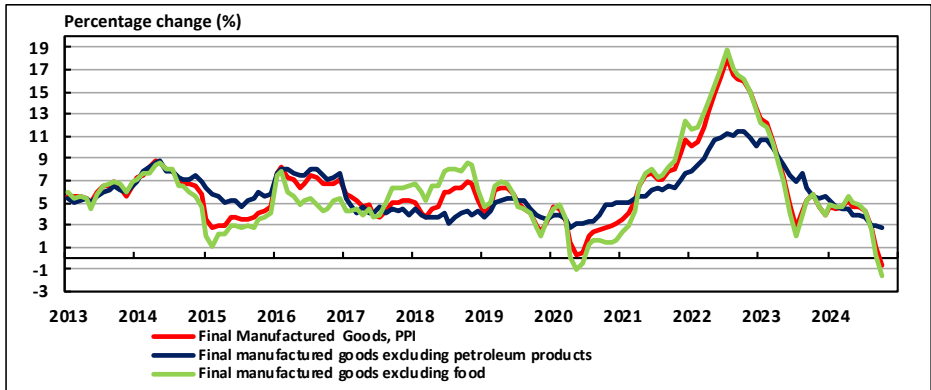
Source: Statistics South Africa (Stats SA), 2024

The deceleration in KZN consumer price inflation was mainly driven by the sharp decline observed in the transport category measuring -5,3 per cent y/y in October 2024 from -1,1 per cent y/y in the previous month. Further moderations in the provincial consumer inflation were mainly observed in the categories of food and non-alcoholic beverages, alcoholic beverages and tobacco as well as restaurants and hotels. This may bode well and possibly boost household spending as well as the tourism, events and hospitality industries as we enter the festive season.

1.1.4 Producer Price Inflation

Headline producer inflation (PPI) declined sharply to measure to -0,7 per cent y/y in October 2024, down from 1,0 per cent and 2,8 per cent y/y in September and August 2024 respectively. Disinflation in producer price inflation was mainly driven by declines observed in the categories of wood and paper products as well as transport equipment. Further moderations were noted in all other PPI categories with the exception of the chemical and rubber products and gold and other metal ores categories.

Figure 2.2.4: Domestic Producer Price Inflation (PPI)



Source: Stats SA, 2024.

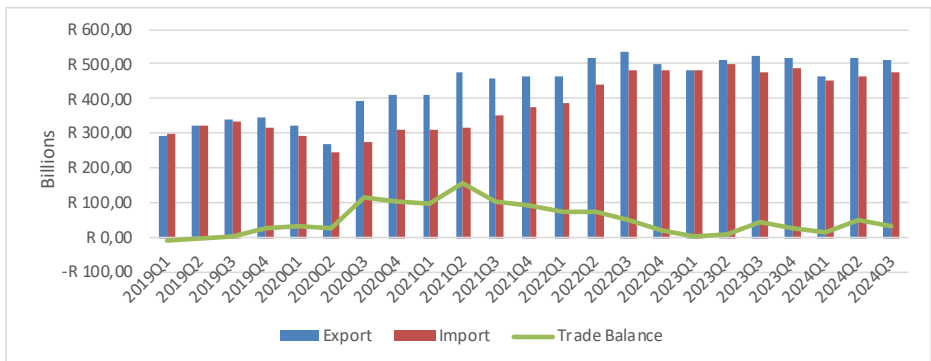
3. Trade

3.1 South Africa Trade Performance

During the third quarter of 2024, the overall external trade in goods for the country amounted to R984 billion, signifying a quarterly growth of 0.5 percent in contrast to the R979 billion total external trade noted in the preceding quarter. In this timeframe, exports comprised 52% of the overall external trade, while imports constituted 48%.

In the third quarter of 2024, South Africa's trade balance witnessed a 31% decrease from the second quarter of 2024, dropping from R50.7 billion to R34.8 billion. The value of goods exported from South Africa fell from R515 billion in Q2: 2024 to R509 billion in Q3: 2024, showing a 1% decline compared to Q2: 2024. In Q3: 2024, the value of imports to South Africa rose to R474 billion, reflecting a 2% increase from Q2: 2024.

Figure 3.1.1: RSA Merchandise Trade:2019Q1-2024Q3, Nominal



Source: Quantec, 2024

The products exhibiting the highest performance by value and percentage share in trade are presented in Table X below, ranked according to the third quarter of 2024. The motor vehicle sector is the leading performer by value (R50. 2 billion), representing more than 10%, followed by platinum (9%), gold (7%), iron ores (5%), and coal (5%).

Table 3.1.1: SA Top Ten Exported Products, 2024 Q3

Rank	Exported Products	Export Value, 2024 Q3	% Share to RSA Export
1	Motor vehicles	R50 242 451 159,00	10%
2	Platinum	R43 458 380 085,00	9%
3	Gold	R34 667 738 883,00	7%
4	Iron ores and concentrates	R27 496 142 068,00	5%
5	Coal	R26 711 591 034,00	5%
6	Chromium ores and concentrates	R22 504 441 396,00	4%
7	Citrus fruit	R20 813 625 573,00	4%
8	Ferro-alloys	R18 288 256 383,00	4%
9	Manganese ores and concentrates	R16 992 825 200,00	3%
10	Petroleum oils and oils	R15 428 886 764,00	3%
	Total Export	R509 756 365 226,00	

Source: Quantec, 2024

Alternatively, the top ten products imported by South Africa over the same period and their respective share include: mineral fuels & oils (18%); nuclear reactor (13%), electrical machinery (8%), original equipment components (9,6%); motor vehicles (2.9%); telephone sets (2.9%); plastics (3%) pharmaceutical products (2%); medical instruments & medical equipment (2%) & chemical products (2%).

Table 3.1.2: SA Top Ten Imported Products, 2024 Q3

Rank	Imported Products	Import Value, 2024 Q2	% Share to RSA Import
1	Mineral fuels and Oils	R85 899 032 120,00	18%
2	Nuclear reactors, boilers	R61 517 455 905,00	13%
3	Electrical machinery and equipment	R46 554 649 474,00	10%
4	Original equipment components	R35 824 022 446,00	8%
5	Motor Vehicles	R32 604 572 495,00	7%
6	Plastics	R13 325 674 930,00	3%
7	Natural or cultured pearls, precious or semi-precious stones	R12 504 118 176,00	3%
8	Pharmaceutical products	R11 333 519 024,00	2%
9	Medical Instruments	R11 093 999 804,00	2%
10	Miscellaneous chemical products	R9 964 279 841,00	2%
	RSA Imports	R474 943 660 925,00	

Source: Quantec, 2024

Who did South Africa trade with?

Consistent with previous quarters, China continued to be the leading trading partner for both exports and imports in the second quarter of 2024. With 11% of exports and 22% of imports, China secured a major position as a trading ally for South Africa. In a significant change, Mozambique overtook Germany in the third quarter of 2024, becoming the third largest destination for South African exports, while India surpassed German to rank as the second highest source of imports for South Africa during this timeframe.

Table 3.1.3: RSA Top Trading Partners, 2024 Q3

Country	Exported Value, 2024 Q3	% Share	Country	Imported Value, 2024 Q3	% Share
1.China	R58 129 407 646,00	11%	1.China	R106 824 269 782,00	22%
2.United States	R37 602 405 877,00	7%	2.India	R34 017 695 499,00	7%
3.Mozambique	R33 517 253 884,00	7%	3.Germany	R31 293 662 231,00	7%
4.Germany	R29 404 498 059,00	6%	4.United States	R30 914 292 052,00	7%
5.United Kingdom	R23 069 379 507,00	5%	5.Thailand	R16 375 619 330,00	3%
Total RSA Exports	R509 756 365 226,00		Total RSA Imports	R474 943 660 925,00	

Source: Quantec,2024

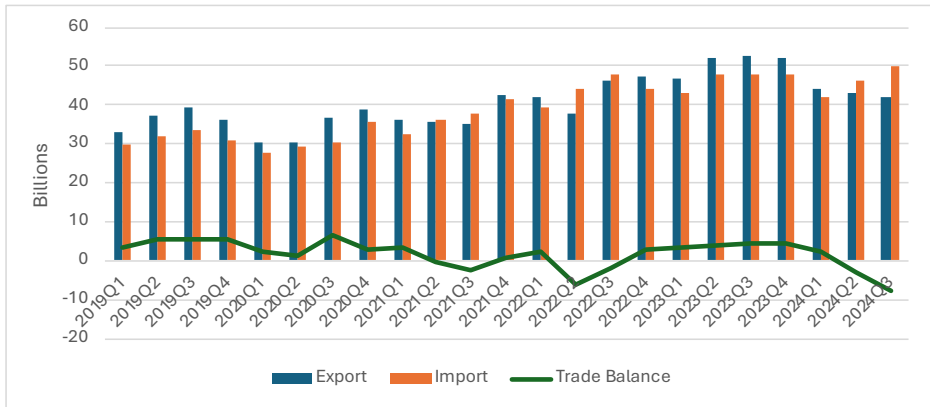
3.2 KZN Trade Performance

In the third quarter of 2024, the province’s total trade in goods with external parties reached R91.7 billion, reflecting a quarterly growth of 3 percent compared to the R89 billion total external trade from the same period in the previous quarter. In the overall external trade for Q3 2024, 46 percent was comprised of exports, while the remaining 54 percent consisted of imports.

The trade results for KwaZulu-Natal in the third quarter of 2024 showed limited growth, impacted by a decline in exports and a rise in imports. As depicted in figure 3.2.1 below, KwaZulu-Natal recorded a negative trade balance of R7.6 billion in the third quarter of 2024, maintaining the pattern of imports surpassing exports that has been observed since the first half of 2024. The increase in imports during the third quarter was primarily driven by a notable surge in the importation of mineral fuels and oils (+19.5%), while the decline in exports was influenced by a substantial reduction in vehicle exports (-18.9%).

This ongoing trade deficit has negative repercussions for both the balance of payments and the currency itself, as a continuous influx of the rand is expected to contribute to further depreciation. A declining currency exacerbates inflation, which typically diminishes consumer wealth and hinders economic expansion.

Figure 3.2.1: KZN Merchandise Trade:2019Q1-2024Q3, Nominal



Source: Quantec, 2024

During the third quarter of 2024, the province of KwaZulu-Natal announced aluminium exports totalling R8. 4 billion, which makes up 20% of its total exports. This places aluminium as the leading exported product in the province. Significantly, vehicles occupy the second spot, with export values reaching R5. 7 billion. In addition, ores, slag, and ash valued at R5. 3 billion were exported from the region, along with R2. 1 billion in nuclear reactors, representing 5% of the total exports. Sugar, which includes confectionery products, represented 4% of the province’s exports, whereas machinery worth R1. 6 billion was exported during the same quarter of 2024.

Table 3.2.1: KZN Top Ten Exported Products, 2024 Q3

Rank	Exported Products, 2024 Q3	Total Commodities	% Share
1	Aluminium	R 8 448 157 884,00	20%
2	Motor Vehicle	R 5 762 720 812,00	14%
3	Ores, slag and ash	R 5 389 704 657,00	13%
4	Nuclear reactors, boilers	R 2 135 479 500,00	5%
5	Sugars and sugar confectionery	R 1 672 194 969,00	4%
6	Cereals	R 1 637 606 140,00	4%
7	Animal or vegetable fats and oils	R 1 066 938 639,00	3%
8	Iron and steel	R 1 020 671 132,00	2%
9	Paper and paperboard	R 823 295 711,00	2%
10	Plastics	R 701 804 840,00	2%
	Total Commodities	R 42 080 845 671,00	

Source: Quantec,2024

The leading commodity imported by KwaZulu-Natal was mineral fuels, including oil, with an expenditure of R6.7 billion in this sector. Following closely was the importation of nuclear reactors, with KwaZulu-Natal investing R4.1 billion, which constituted 8% of the province's total imports. In third place for imported commodities were motor vehicles, with the province spending R3.8 billion on this category, making up approximately 8% of overall imports. Lastly, inorganic chemicals ranked fourth, as KwaZulu-Natal also allocated R3.8 billion for their importation, which accounted for 8% of the total imports.

Table 3.2.2: KZN Top Ten Imported Products, 2024 Q3

Rank	Imported Products, 2024 Q4	Import Value, KZN	% Share to KZN Import
1	Mineral fuels and Oils	R 6 726 487 949,00	14%
2	Nuclear reactors, boilers	R 4 107 519 251,00	8%
3	Motor Vehicles	R 3 837 473 686,00	8%
4	Inorganic chemicals	R 3 812 006 333,00	8%
5	Cereals	R 2 541 718 311,00	5%
6	Electrical machinery and equipment	R 2 518 756 028,00	5%
7	Plastics	R 2 428 962 823,00	5%
8	Animal or vegetable fats and oils	R 1 880 631 202,00	4%
9	Articles of apparel and clothing accessories	R 1 657 580 848,00	3%
10	Miscellaneous chemical products	R 1 373 775 299,00	3%
	All commodities	R 49 745 776 392,00	

Source: Quantec, 2024

Who did KwaZulu-Natal trade with?

The trade relationship between KwaZulu-Natal and the United States is especially significant in the third quarter of 2024, representing more than 12% of exports, largely driven by the AGOA provisions. Asia plays a crucial role in the import profile of KwaZulu-Natal, with China and India combined making up over 35% of the province's import needs. KwaZulu-Natal is benefiting from the SADC trade agreement, leading to an increase in exports to Namibia, Botswana, and Zimbabwe. In a significant change, Netherlands overtook Zimbabwe in the third quarter of 2024, becoming the third largest destination for KwaZulu-Natal exports.

Table 3.2.3: KZN Top Trading Partners, 2024 Q3

Country	Exported Value	% Share	Country	Imported Value	% Share
1. United States	R5 080 462 524,00	12%	1. China	R12 402 987 888,00	25%
2. Namibia	R3 185 049 052,00	8%	2. India	R5 539 072 448,00	11%
3. Netherlands	R2 605 896 356,00	6%	3. Australia	R3 570 427 458,00	7%
4. Botswana	R2 478 517 686,00	6%	4. Japan	R2 473 558 448,00	5%
5. Zimbabwe	R2 294 823 758,00	5%	5. Thailand	R2 093 871 774,00	4%
Total Exports	R42 080 845 671,00		Total Imports	R49 745 776 392,00	

Source: Quantec, 2024

3.3 Trade and Investment KwaZulu-Natal Q3 2024 Project Updates

Gauteng Office

Trade & Investment KwaZulu-Natal has been assigned the task of promoting KwaZulu-Natal as a premier destination for investments and enhancing its export capabilities. To achieve this goal, the Gauteng Office is responsible for supporting marketing efforts to build KwaZulu-Natal's reputation as a premier investment location and trading partner. This involves cultivating new connections while reinforcing existing ones with our strategic partners. The primary focus areas of the Gauteng office include regional representation encompassing functions such as international and diplomatic relations, investment promotion, investment mobilisation, trade facilitation, project development (including investor identification and qualification), stakeholder engagement, and destination marketing.

Qualified Leads:

During the review period the Gauteng Office generated and presented 15 business leads, against a target of 15. Investment leads produced during the quarter emanated from South Africa, UK and The European Union.

Leads were generated across a range of sectors, including agriculture, services, property development and manufacturing.

Number destination marketing activations to generate awareness:

Highlights of destination marketing initiatives include:

- Presentation opportunity at the virtual Middle East Export Masterclass.
- Outward mission to the UK for AFSIC Investor Conference.
- Facilitation of inward mission to KZN of the Georgian Ambassador to South Africa.
- BPI France speakership opportunity.
- Speakership opportunity at the Tunisian Embassy Olive Oil Business Seminar.
- UAE – KZN Business Seminar participation.

Number of international relations programs facilitated:

The Gauteng Office hosts international relations events to create opportunities for showcasing of the province's value proposition and opportunities in priority sectors.

Major highlights for the quarter include:

Hosting of an Embassy engagement programme with 13 missions in Pretoria comprised of:

- High Commission of India
- High Commission of Canada
- USA Embassy
- Japan Embassy
- Russian Trade Office
- Embassy of Morocco
- UAE Embassy
- Business Sweden
- German Embassy
- Embassy of the Philippines
- Embassy of Turkiye
- Enterprise Singapore
- Advantage Austria – Austrian Trade Commission.

3.4 Business Confidence Trends

KwaZulu Natal (KZN)

The confidence in Durban's business environment continued on a positive trajectory in 2024Q3. In the second quarter of 2024 (2024Q2), the Durban business confidence index (BCI) was recorded at 55.49, above the 50-point mark reflecting confidence in the business conditions in Durban, for the first time since the index was started in 2022.

The trend was maintained in 2024Q3 when the index rose by 7.52 index points, reaching 63.01. This represents a year-on-year (Y-on-Y) improvement of 41.02%. Although the Durban BCI typically moves in the same direction as the national BCI, it remains significantly higher than the national index computed by the Bureau of Economic Research (BER). The BER national BCI improved by 3 index points in 2024Q3, from 35 in Q2 to 38 in the following quarter. Furthermore, in KwaZulu-Natal (KZN), where Durban is located Overall, all sectors registered improvements in business confidence, resulting in a noteworthy increase in the overall BCI, while the Government of Provincial Unity (GPU) also appears stable.

Service delivery (KZN)

While business confidence has improved, poor service delivery continues to be a major challenge in eThekweni Municipality. In the Survey of Business Opinion used to compute the Durban BCI in the third quarter of 2024, nearly three-quarters of the surveyed participants (73%) reported that if they (or anyone) complained about poor service delivery, it is unlikely that the local municipality will deal with it within a reasonable time. This was a marginal decrease from 76.4% in 2024Q2. Given the absence of load shedding during the quarter, it is not surprising that the smallest proportion of the surveyed participants (8.1%) considered electricity as the poorest service provided by the municipality in 2024Q3 (down from 20% in 2024Q2).

South Africa (SA)

Following a five-point increase in the second quarter, the RMB/BER Business Confidence Index (BCI) rose by another three points to reach 38 in the third quarter of 2024. This is the first business sentiment survey in South Africa following the formation of the Government of National Unity (GNU) and reflects cautious optimism about improving business conditions. Although respondents still noted constraints, especially weak demand, they were less negative about current conditions and encouragingly, were more upbeat about business conditions going forward. For the first time since early 2022, a slight net majority of respondents across the different sectors expect business conditions to improve in the next quarter.

Table 3.4.1: SA Business Confidence Index (BCI) Per Sector, Q1:2023 – Q3:2024

%	LT avg	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3
RMB/BER BCI	44	36	27	33	31	30	35	38
Wholesale	45	40	32	38	36	37	53	51
Building contractors	44	43	43	41	41	42	47	45
Retail	39	34	20	32	47	34	39	41
Manufacturing	36	17	17	23	26	21	28	28
New vehicle dealers	43	44	23	30	6	16	10	27

Source: BER, 2024

- **New vehicle dealers** registered the biggest increase in confidence, rising by a solid 17 points to 27 in the third quarter of 2024, a one-year high.
- Despite a two-point drop from the second quarter, the **wholesale trade** was still the most optimistic sector surveyed, with just over half of respondents satisfied with prevailing business conditions currently at 51%.
- **Retail trader** confidence improved from its long-term average of 39 index points to an above-average 45 index points in the third quarter of 2024.
- The outcome for **building contractors** was a bit more disappointing as confidence fell by 6 points to 41 index points after a five-point increase in the second quarter.
- Lastly, confidence in the **manufacturing sector** remained unchanged at 28 index points amid a general improvement in the assessment of current business conditions.

4 Domestic Labour Markets (Quarterly Labour Force)

4.1 Overview of the South African Market

In the third quarter of 2024, South Africa's labour market saw both growth in the working-age population and shifts in employment dynamics, underscoring a complex economic environment. The working-age population grew by 135,000 (0.3%) compared to the previous quarter, and by 545,000 (1.3%) year-over-year, expanding the pool of potential workers. However, despite this increase, the labour force saw a slight quarterly decline of 79,000 (0.3%), likely due to the ongoing economic pressures that discourage job-seeking, especially among vulnerable groups.

Employment rose significantly by 294,000 to 16.9 million, with gains concentrated in the informal sector (up by 165,000), the formal sector (up by 122,000), and agriculture (up by 39,000), while private household employment contracted by 32,000. This shift suggests a rise in entrepreneurial and self-employment activity, as individuals may increasingly turn to informal work amidst limited formal sector opportunities. Year-over-year, employment grew by 1.2%, reflecting modest job creation despite economic headwinds.

Table 4.1.1: Overview of the South African Labour Market, 2024Q3

	Jul-Sep 2023	Oct-Dec 2023	Jan-Mar 2024	Apr-Jun 2024	Jul-Sep 2024	Quarterly Change	Quarterly % Change	Yearly % Change
	million	million	million	million	million	Thousand		
Labour force (15-64 yrs)	24.59	24.62	24.97	25.04	24.96	-79.46	1.5	2.7
Employed	16.74	16.72	16.74	16.65	16.95	293.84	1.2	2.2
Formal sector (Non-agricultural)	11.62	11.49	11.54	11.47	11.59	121.97	-0.2	1.4
Informal sector (Non-agricultural)	3.06	3.18	3.08	3.13	3.29	165.23	7.7	3.9
Unemployed	7.85	7.90	8.23	8.38	8.01	-373.30	2.1	3.9
Unemployment rate (%)	31.9	32.1	32.9	33.5	32.1			
Discouraged work-seekers	3.16	3.05	3.05	3.19	3.35	160.15	6.3	-0.2
Labour force participation rate (LF/Pop)	60.20	60.00	60.70	60.60	60.20			

SOURCE: EDTEA R&M Quarterly Labour Force Survey 2024Q3

Unemployment rate dropped by 1.4 percentage points to 32.1% as unemployment decreased by 373,000 to 8 million. However, on an annual basis, unemployment still increased by 161,000 (2.1%), indicating that while more people are finding jobs, the market is struggling to absorb the rapid influx of new job-seekers. Notably, discouraged work-seekers rose by 160,000 (5.0%) quarter-on-quarter, reflecting frustrations with job prospects, while those not economically active for other reasons increased by 54,000 (0.4%). This net rise of 214,000 in the not economically active population highlights ongoing barriers to employment, reinforcing the need for targeted interventions to re-engage these groups and sustain long-term employment growth.

4.2 Overview of KZN Labour Market

In Q3 2024, KwaZulu-Natal's working-age population (15–64 years) grew to 7.658 million, reflecting a 0.3% increase from Q2 2024 and a 1.4% rise from Q3 2023. The active labour force, which includes individuals employed or actively seeking work, remained relatively stable at 4.128 million, marking a slight quarterly decline but a 4.3% annual increase, indicating a greater number of people engaging with the job market.

Table 4.2.1: Overview of the KZN Labour Market, 2024Q3

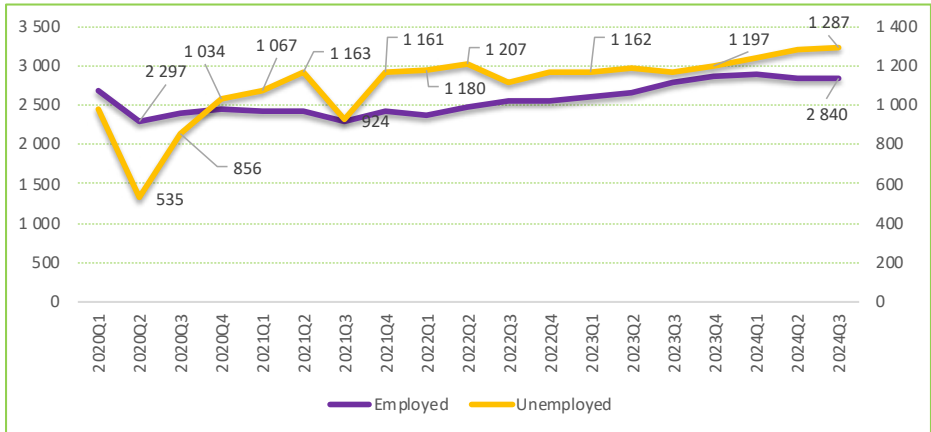
	Jul-Sep 2023	Oct-Dec 2023	Jan-Mar 2024	Apr-Jun 2024	Jul-Sep 2024	Quarterly Change	Yearly Change	Quarterly % Change	Yearly % Change
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand		
KwaZulu Natal									
Population 15-64 yrs	7 556	7 581	7 607	7 633	7 658	26	102	0,3	1,4
Labour Force	3 958	4 053	4 126	4 124	4 128	-3	170	-0,1	4,3
Employed	2 794	2 856	2 891	2 842	2 840	-49	46	-1,7	1,7
Unemployed	1 164	1 197	1 235	1 281	1 287	46	123	3,7	10,6
Not economically active	3 598	3 528	3 480	3 509	3 530	28	-67	0,8	-1,9
Discouraged work-seekers	915	790	771	825	881	54	-34	7,0	-3,8
Other	2 682	2 738	2 709	2 684	2 649	-25	-33	-0,9	-1,2
Rates (%)							0		
Unemployment rate	29,4	29,5	29,9	31,1	31,2	1,2	2	4,0	6,1
Employed / population ratio (Absorption)	37,0	37,7	38,0	37,2	37,1	-0,8	0	-2,1	0,3
Labour force participation rate	52,4	53,5	54,2	54,0	53,9	-0,2	2	-0,4	2,9

Source: EDTEA R&M, Quarterly Labour Force Survey 2024Q3

Employment levels in KwaZulu-Natal saw a modest decline of 1.7% quarter-on-quarter, bringing the total number of employed individuals to 2.840 million. However, compared to Q3 2023, employment levels increased by 1.7%, reflecting moderate year-on-year recovery. The provincial unemployment rate rose slightly to 31.2% in Q3 2024, up from 31.1% in the previous quarter and from 29.4% in Q3 2023. This annual increase highlights persistent challenges in generating enough sustainable jobs to meet the needs of an expanding workforce.

The economically inactive population, which includes discouraged work-seekers and others not engaged in the labour force, experienced a mixed trend. Discouraged work-seekers rose by 7% from the previous quarter to reach 881,000, though they declined by 3.8% year-on-year. These figures suggest that while some individuals remain disengaged from the labour market, there is also a growing optimism about job prospects, especially over the longer term.

Figure 4.1.2: KZN Employed, 2019-2024



Source: EDTEA R&M, Quarterly Labour Force Survey 2024Q3

Sectoral Employment Analysis

Primary Industries

Employment trends in agriculture and mining remained volatile, reflecting the challenges faced by primary industries in KwaZulu-Natal. Agricultural employment grew by 5.9% quarter-on-quarter but declined by 3.1% year-on-year, highlighting the cyclical nature of this sector. Mining, a relatively minor employer in the province, showed some quarterly gains, but its contribution to provincial employment remains limited.

Secondary Industries

The manufacturing and construction sectors demonstrated steady performance. Manufacturing employment increased by 8.2% year-on-year, driven by ongoing demand and recovery in production, underscoring this sector's resilience. Employment in construction rose by 3.3% annually, indicating that infrastructure projects continue to play a crucial role in job creation despite a slight quarterly decline.

Tertiary Industries

Tertiary industries, especially community and social services, continue to be major contributors to employment. The community and social services sector grew by 9.4% year-on-year, highlighting its role in job creation and public welfare. In contrast, the finance sector faced both quarterly and annual declines, indicating potential restructuring or workforce adjustments within financial services. Private households experienced a significant quarterly contraction of 13.2%, possibly due to economic constraints that reduce household demand for domestic services.

Table 4.2.2: Changes in employment by sector, 2024Q3

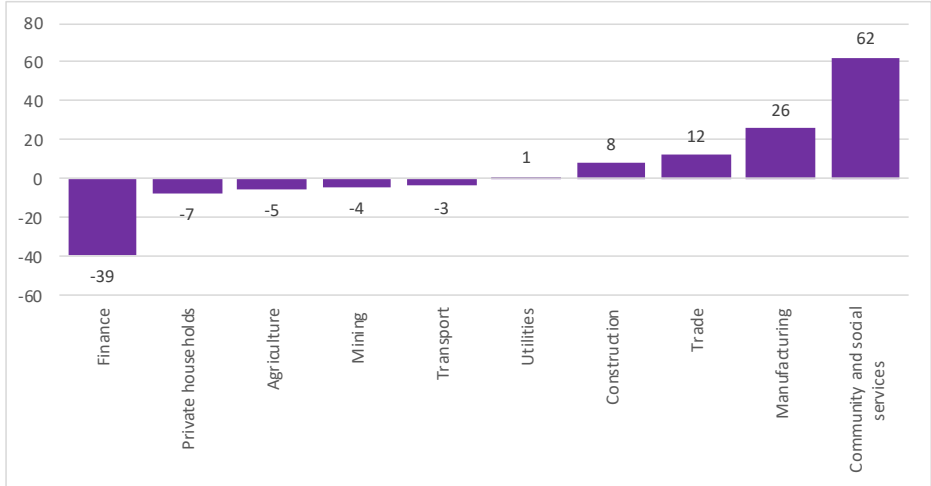
	Jul-Sep 2023	Oct-Dec 2023	Jan-Mar 2024	Apr-Jun 2024	Jul-Sep 2024	Quarterly Change	Yearly Change	Quarterly % Change	Yearly % Change
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand		
Agriculture	150	153	143	151	145	8	-5	5,9	-3,1
Mining	8	7	3	6	4	3	-4	108,8	-51,3
Manufacturing	318	328	379	382	344	3	26	0,7	8,2
Utilities	9	13	11	10	10	-1	1	-5,7	13,5
Construction	241	239	245	240	249	-5	8	-2,1	3,3
Trade	578	568	581	572	590	-9	12	-1,6	2,1
Transport	183	227	230	192	180	-38	-3	-16,4	-1,8
Finance	437	461	418	424	398	5	-39	1,2	-8,9
Community and social services	660	658	653	668	722	15	62	2,3	9,4

Source: EDTEA R&M, Quarterly Labour Force Survey 2024Q3

Formal vs. Informal Sector Dynamics

Employment distribution between the formal and informal sectors in Q3 2024 illustrates both strengths and vulnerabilities in the provincial labour market. The formal sector saw a 2.5% annual decline in employment, particularly within non-agricultural industries. Factors contributing to this trend could include business closures, layoffs, or shifts toward automation. Conversely, the informal sector demonstrated significant growth, particularly within eThekweni, where informal employment expanded by 46.1% year-on-year. This expansion underscores the informal sector’s role as a crucial employment buffer, providing alternative job opportunities amid formal sector volatility.

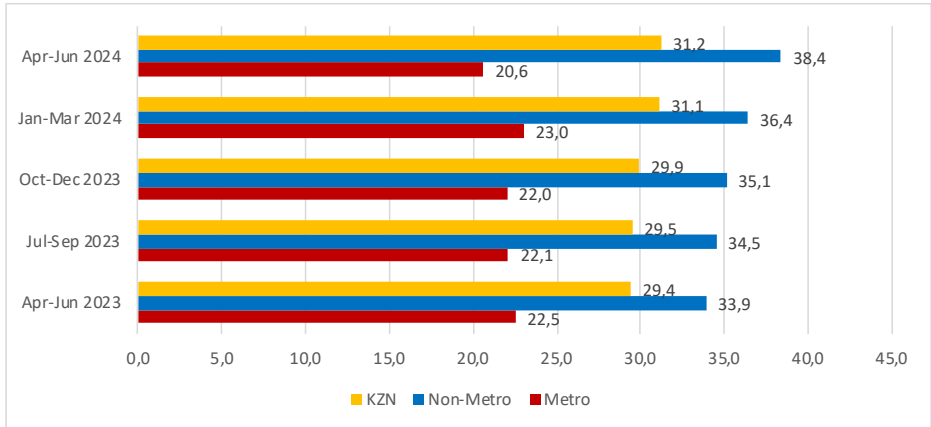
Figure 4.1.3: Year-on-year absolute change in employment (000s) across different sectors for the year to June 2024.



Source: EDTEA R&M, Quarterly Labour Force Survey 2024Q3

The data provided illustrates the yearly change in employment across various sectors in KwaZulu-Natal for Q3 2024. A closer look at the figures reveals some notable trends. The Finance sector saw the most significant decline, with a loss of 39,000 jobs. This could be attributed to restructuring efforts, technological advancements, or broader economic challenges that have been affecting the financial services industry. Other sectors that experienced job losses include Private Households, which saw a reduction of 7,000 jobs, Agriculture, which lost 5,000 jobs, Mining, with a decrease of 4,000 jobs, and Transport, which saw a reduction of 3,000 jobs. These declines may reflect various sector-specific issues, such as cost-cutting measures, seasonal adjustments, or shifts in market demand. On the other hand, some sectors have remained stable or experienced slight growth.

Figure 4.1.4: Unemployment Rate by Region, 2023 -2024



Source: EDTEA R&M, Quarterly Labour Force Survey 2024Q3

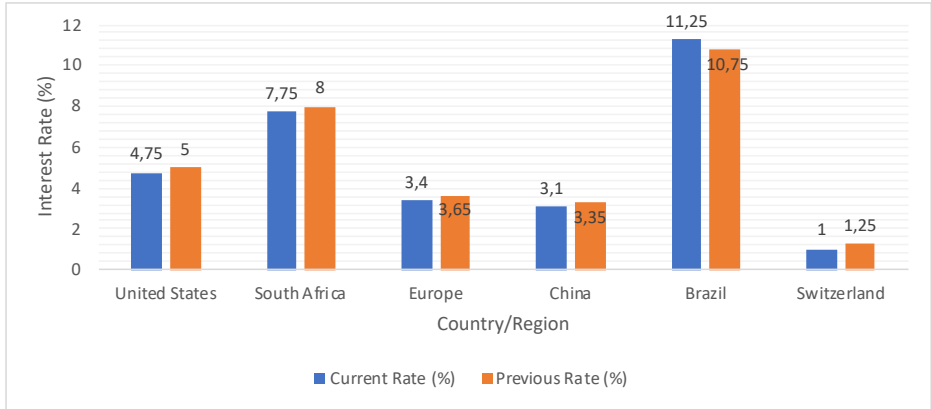
The comparison highlights a dualistic labour market within KwaZulu-Natal. eThekwi’s relatively low unemployment rate, high labour force participation, and expanding informal sector underscore the economic vibrancy of metro areas. By contrast, non-metro areas, constrained by fewer job opportunities and a higher reliance on agriculture and primary industries, exhibit lower labour force engagement and rising unemployment. Addressing these disparities would require targeted rural economic development, infrastructure investment, and support for emerging industries outside the metro area to foster a more balanced provincial labour market.

5 Financial Market Performance

The global financial landscape in Q3 of 2024 has been marked by central banks shifting monetary policies, with notable interest rate cuts aimed at stabilizing economies. The Swiss National Bank and the European Central Bank initiated rate reductions earlier in the year, with the ECB implementing a significant 60bps cut in September. However, the highlight of the quarter was the U.S. Federal Reserve’s unexpected 50bps rate cut in September, its first since March 2020. This decision followed a steady decline in the U.S. inflation rate, which dropped from 3.5% in March to 2.5% by September—the lowest since February 2021.

The figure below illustrates the changes in interest rates across key central banks, highlighting both developed and emerging markets. Switzerland, the U.S., South Africa, and Europe are key players in this global monetary easing cycle, which aims to stabilize markets amid shifting economic conditions.

Figure 5.1.1: Global Interest Rate Trends: Key Central Banks (2024)



Source: *Global Rates.com*

The MSCI China and MSCI Emerging Markets Indices displayed significant volatility in Q3 2024, reflecting the mixed economic conditions across emerging markets. Both indices faced declines in October and November before showing signs of recovery in December. In October MSCI China Index fell by **-5.89%** to 675.5, driven by concerns over China’s slowing economic recovery and weak consumer sentiment while MSCI Emerging Markets Index declined by **-2.47%** to 615.2, with losses stemming from global risk-off sentiment and uncertainties in trade relations. See table below

Table 5.1.1: Performance of MSCI China and Emerging Markets Indices (Q3 2024).

Date	MSCI China Price	MSCI China Change %	MSCI Emerging Markets Price	MSCI Emerging Markets Change %
Oct 2024	675.5	-5.89%	615.2	-2.47%
Nov 2024	645.8	-4.40%	611.7	-0.57%
Dec 2024	651.2	0.84%	622.1	1.70%

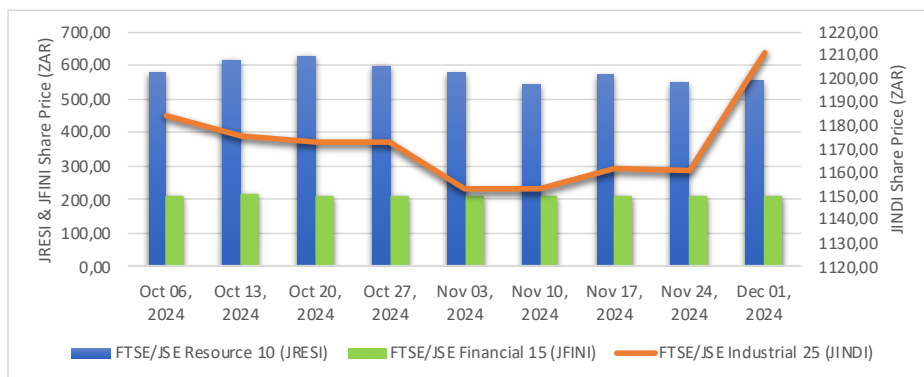
Source: *Investing.com*

The **MSCI China Index** was a major drag on the MSCI Emerging Markets Index throughout the quarter, reflecting China’s struggles with domestic demand and trade challenges. The **MSCI Emerging Markets Index** showed more stability, with countries like India and Brazil mitigating losses through diversified economic strengths. December’s recovery across both indices highlights the positive impact of monetary easing policies and improved market conditions globally.

5.1 Local Market Performance

South African financial markets mirrored some of the global dynamics, with the South African Reserve Bank (SARB) cutting the repo rate by 25bps. This marked a pivotal moment, as it was the first rate cut since the pandemic, bringing rates down from their 15-year peak. Locally, the FTSE/JSE All Share Index surged by 9.6% for Q3, driven by significant growth in the Financials (13.9%) and Industrials (11.4%) sectors. In contrast, Resources dipped slightly by 1.1%, reflecting ongoing challenges in the mining sector.

Figure 5.1.2: FTSE/JSE Sectoral Growth (Q3 2024)



Source: Investing.com

The South African rand experienced notable fluctuations in Q3 2024, driven by both local and global factors. October and November saw the rand strengthen due to easing inflation and a 25bps interest rate cut by the South African Reserve Bank (SARB). However, in December, the currency faced renewed pressure following Donald Trump’s election victory and the resulting strengthening of the US dollar, which surged 2% against major world currencies.

- **October:** The rand appreciated by 5.6%, closing at R17.56 to the US dollar, R22.65 to the pound, and R19.11 to the euro.
- **November:** The rand held steady despite some volatility, benefiting from positive market sentiment towards emerging markets, which saw the MSCI Emerging Markets Index rise 7.6%.
- **December:** Following Trump’s victory, the rand weakened slightly, closing at R18.04 to the US dollar, R22.98 to the pound, and R19.07 to the euro. The

stronger dollar environment, driven by pro-business policies and rising US bond yields, placed pressure on emerging market currencies.

Table 5.1.2: Exchange Rate Q3 of 2024

Q2 of 2023	USD/ZAR	EUR/ZAR	GBP/ZAR
Oct	17.56	19.11	22.65
Nov	18.05	19.09	23.00
Dec	18.04	19.07	22.98

Source: Investing.com

5.2 Key Insights for KwaZulu-Natal

The fluctuations in global and local financial markets during Q3 2024, particularly in December, have significant implications for KZN. The South African rand's depreciation against the US dollar presents both opportunities and challenges. Export-driven industries, such as agriculture and manufacturing, may benefit from increased competitiveness due to the weaker currency.

However, import-reliant sectors face higher costs, potentially straining business operations. On a positive note, the MSCI Emerging Markets Index's recovery in December reflects improving investor sentiment, which could boost trade prospects for the province. Conversely, uncertainties from US trade policy under the new administration and China's market volatility remain risks for KZN's export-oriented economy.

Looking closely at company dealings and Stock Market news during the third quarter of 2024:

- Donald Trump won the US presidency with 312 electoral votes, sparking market volatility.
- EM currencies, including the South African rand (ZAR), Mexican peso, and Chinese yuan, weakened following the election outcome.
- In December MSCI Emerging Markets Index rose further (+1.7%), indicating resilience despite geopolitical uncertainty.
- Resource stocks declined sharply (-6.7%), while Industrials (+0.1%) and Financials (+0.3%) made modest gains.
- Trump's protectionist policies, including potential tariffs on BRICS nations, raised concerns for export-driven economies.
- His disapproval of BRICS efforts to reduce US dollar reliance threatens trade dynamics.
- Trump's policies are expected to drive inflation globally, potentially delaying rate cuts in EMs.
- Locally, the SARB's cautious approach is likely as inflation remains at 2.8%, and the medium-term outlook carries uncertainties.

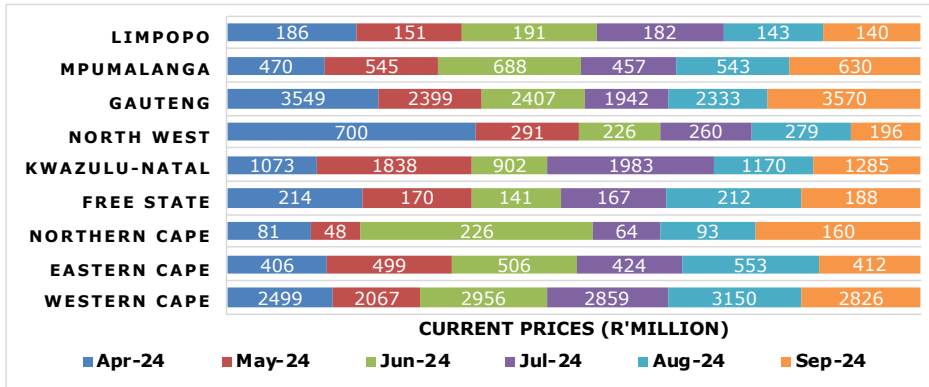
6. Other Economic Indicators

6.1 Construction Sector Developments

The Afrimat construction index declined by 1.3% in the third quarter of 2024, compared to the same period in 2023 (Afrimat, December 2024). However, during the same period the following construction indicators improved; completed buildings increased (23.3%), employment increased (14.6%) and sales of building materials increased (5.9%). The industry was significantly challenged by the residential property market due to 13% decline in bond applications. This was impacted by the South African Reserve Bank (SARB) monetary policy committee's decision to start with the implementation of restrictive monetary policy stance, which have resulted in the highest commercial lending rates in 14 years. Measures by SARB happened in the absence of demand driven inflation in the economy (ILO, 6 December 2024).

The challenges that the domestic construction sector is confronted with, have not reflected yet on the values of approved building plans and completed building recorded by large municipalities. The two values have improved in the month of September 2024.

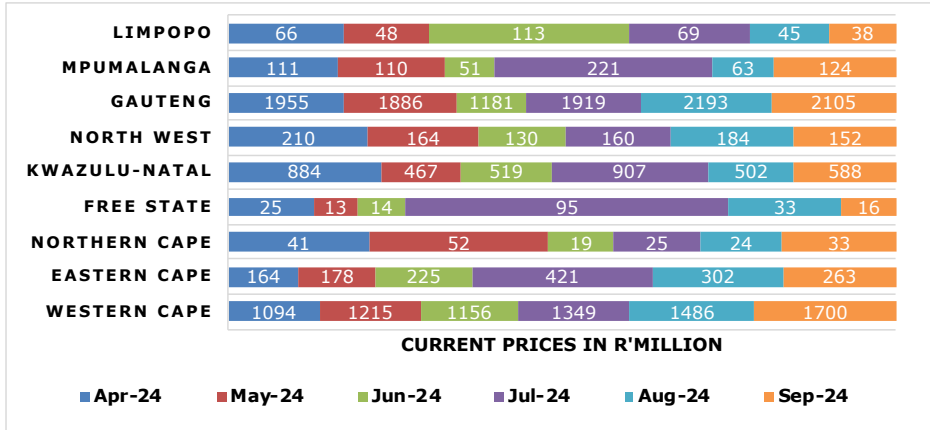
Figure 6.1.1: Value of Approved Building Plans, Large Municipalities, South Africa, APR 2024– SEP 2024



Source: Stats Sa, 2024

The value of building plans approved by large municipalities in September 2024 is recorded at (R9.4 billion), which is an increase from (R8.5 billion) recorded in the previous month. The province which have passed large value of building plans in September 2024 is Gauteng (R3.5 billion), followed by Western Cape (R2.8 billion), KwaZulu Natal (R1.2 billion), Mpumalanga (R630 million), Eastern Cape (R412 million), North West (R196 million), Free State (R188 million), Northern Cape (R160 million), and Limpopo (R140 million).

Figure 6.1.2: Value of Completed Buildings, Large Municipalities, South Africa, APR 2024 – SEP 2024



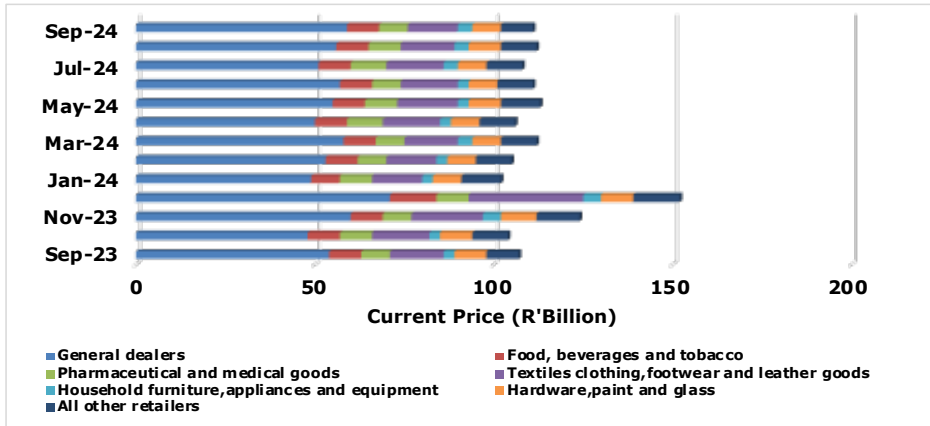
Source: Statistics SA, 2024

The value for completed buildings by large municipalities is recorded at (R5.0 billion) in September 2024, which is an increase from (R4.8 billion) of the previous month. The largest contribution came from Gauteng province with (R2.1 billion), followed by Western Cape (R1.7 billion), KwaZulu Natal (R588 million), Eastern Cape (R263 million), North West (R152 million), Mpumalanga (R124 million), Limpopo (R38 million), Northern Cape (R33 million), and Free State (R16 million).

6.2 Retail Sales

South African retail sales in current prices increased 4.1% (R 114.5 billion) year-on-year in September 2024. In the third quarter of 2024, consumers have spent a total of (R214 billion) on fast-moving goods and technology (Business Day, November 2024). Business confidence among retails increased by six percentage points in the third quarter of 2024, compared to the previous quarter. Business confidence was boosted by three years low inflation rate, which increased the value of consumers' real disposable income. The improved value of consumers' disposable income encouraged them to increase their spending (BER, September 2024).

Figure 6.2.1 Retail Trade Sales, South Africa, SEP 2023 – SEP 2024



Source: Statistics SA, 2024

Retail sales that has recorded a large increase in the month of September 2024, was household furniture, appliances and equipment by 10.8% (R4.1 billion), followed by general dealers 8.9% (R59 billion), pharmaceutical and medical goods 5.1% (R8.8 billion), food, beverages and tobacco 0.2% (R9.2 billion). The following retail sales recorded a decrease; textile, clothing and leather goods -4.7% (R14.7 billion), hardware, paint and glass -4.2% (R8.9 billion) and all other retailers -1.1 (R9.6 billion).

6.3 Motor Sales

Motor sales at current prices decreased (-7.0%) year-on-year in September 2024. Additionally, motor sales measured quarter-on-quarter decreased by (-0.8%), in quarter three of 2024, compared to a similar period in 2023. The biggest contributor to the decrease was new vehicle sale sold (44 081) units of vehicles in September 2024, which is (1 889) less compared to the same period in 2023. During the same period, the country exported 21 964 units of vehicles, which is (13 535) less compared to the same period in 2023. Toyota Hi-Ace taxi dropped to (386) units in September 2024, compared to the same period last year, this was due to banks tightening their lending criteria to curb bad debts surge in the Taxi industry.

Poor sales in the motor industry has also affected vehicle manufacturing jobs, which have slightly increased by 72 jobs to (33 309) jobs in the third of 2024 compared to (33 237) jobs in the previous quarter. The industry is challenged by port congestion and delays which is impacting automotive component suppliers and disrupting supply chains during quarter three of 2024 (NAAMSA, November 2024).

Table 6.3.1: Motor trade sales, South Africa, JUL - SEP 2023 & JUL - SEP 2024

Type of activity	JUL – SEP 2023 (R' Million)	JUL – SEP 2024 (R' Million)	% Change	% Points contribution
New vehicle sales	56 465	54 671	-3.2	-0.8
Used vehicle sales	41 019	44 029	7.3	1.3
Workshop income	11 792	11 380	-3.5	-0.2
Income from the sales of accessories	47 582	47 786	0.4	0.1
Income from fuel sales	73 458	69 039	-6.0	-1.9
Income from convenience store sales	6 887	7 050	2.4	0.1
Total	237 204	233 955	-1.4	-1.4

Source: Stats SA 2024

The overall income from the motor trade industry decreased by -1.4% (R233.4 billion), the largest contributor to the decrease is income from fuel by -6.0% (R69 billion), followed workshop income -3.5% (R11 billion) and new vehicle sales -3.2% (R54.6 billion). However, there is increase recorded from sales of used vehicles by 7.3% (R44 Billion), followed by convenience stores 2.4% (R7 billion), sales of accessories 0.4% (R47.7 billion).

6.4 Tourism in South Africa

The month of September is celebrated as tourism month in South Africa, the country embarks on different campaigns to promote domestic tourism sites. This year the country launched the Astro-Tourism strategy in the Northern Cape province, the province that host the Square Kilometre Array (SKA) radio telescope and the South African Largest Telescope (SALT). The focus of Astro -Tourism will utilization the natural resource of unpolluted night skies and scientific knowledge for astronomical, cultural and environmental activities (Government communications, 01 September 2024).

Table 6.4.1: Total Number of Travellers, SEP 2023 – SEP 2024

Travel Direction	SEP-23	AUG-24	SEP-24	M-o-M Growth (%)	Y-o-Y Growth (%)
Total Direction	2 563 410	2 376 711	2 331 485	-1,9%	-9,0%
South Africa residents	766 769	642 448	699 100	8,8%	-8,8%
Arrivals	363 659	306 442	341 582	11,5%	-6,1%
Departures	402 641	335 433	356 924	6,4%	-11,4%
Transit	469	573	594	3,7%	26,7%
Foreign Travel-ers	1 796 641	1 734 263	1 632 385	-5,9%	-9,1%
Arrivals	943 387	924 111	859 361	-7,0%	-8,9%
Departures	813 196	757 052	729 710	-3,6%	-10,3%
Transit	40 058	53 100	43 314	-18,4%	8,1%

Source: Stats SA, 2024

M-o-M Month on month

Y-o-Y Year on year

In September 2024, a total of (2 331 485) people passed through South African ports of entry and exit. This reflects the sector’s decrease year-on-year by (-9.0%), international travellers were more than domestic travellers. International travellers were from Europe 51.3% (73 140), North America 23.2% (33 007), Asia 11.8% (16 764), Australasia 7.5% (10 696), Central and South America 4.4% (6 208) and Middle East 1.9% (2 695). Travellers from other Africa countries were from; SADC 97.3% (509 017), followed by East and Central Africa 1.3% (6 875), West Africa 1.2% (6 347) and North Africa 0.2% (1 005).

7. Fiscal Environment & Policy Developments

- The National Treasury tabled the 2024 Medium Term Budget Policy Statement (MTBPS) on 30 October 2024. The MTBPS showed that the country’s priorities are maintaining macroeconomic stability, implementing structural reforms, building state capability and supporting growth-enhancing public infrastructure investment. These priorities must be met in the face of various socio-economic conditions.
- Global economic growth is forecast at 3.2 per cent in 2024 and 2025. Risks to this outlook include continued geopolitical tensions and the threat of escalating conflict in the Middle East. At an anticipated 1.1 per cent, domestic real gross domestic product (GDP) in 2024 is 0.2 per cent lower than estimated in the 2024 Budget. Despite this, domestic growth is forecast to average 1.8 per cent over the medium-term. The uptick may be attributed to the formation of

the Government of National Unity (GNU) in June 2024, suspended power cuts since March 2024, improved business and consumer confidence, as well as lower inflation in recent months.

- The government's stated fiscal strategy involves achieving fiscal sustainability while protecting the social wage and providing fair compensation to public servants.
- The public debt poses a significant threat to fiscal sustainability. Debt service costs are the largest component of government spending, increasing faster than economic growth. In the 2024 financial year, debt-service costs are anticipated to reach R388.9 billion. A primary surplus is critical if public debt is to be reined in. To that end, the government restrained spending and stabilised tax collection to achieve a primary budget surplus for the first time in 15 years in 2023/24.
- The main budget deficit is expected to decline from 4.7 per cent of GDP in 2024/25 to 3.4 per cent over the 2025/26 medium-term, while the primary budget surplus will increase to 1.8 per cent of GDP in 2027/28. Debt-to-GDP is set to stabilise at 75.5 per cent in 2025/26 (revised up from 75.3 per cent in the 2024 main Budget) and then decline over the rest of the decade. Consequently, debt-service costs are estimated to peak at 21.7 per cent of revenue in 2025/26.

7.1 Fiscal Policy Framework

Table 7.1.1 summarises the national government spending for 2023/24, revised estimates for 2024/25 and the projected 2025/26 Medium-Term Expenditure Framework (MTEF). Gross tax revenue estimates were revised down by R22.3 billion to R1.841 trillion from the 2024 Budget estimates. The downward revision was caused by lower demand for energy-related imports and the resultant reduction in fuel levy and import value-added tax collections. Personal income tax collection also suffered due to weaker-than-projected wage rates and private-sector employment. Given the depressed fuel imports, gross revenue collection is expected to fall short of the 2024 Budget by R41.4 billion in the outer years of the 2024/25 MTEF.

The lowered tax revenue projections will mean a downward revision of R17.7 billion in the main budget revenue estimate for 2024/25. Main budget revenue estimates are below gross tax revenue over the 2025/26 MTEF, mainly due to higher Southern African Customs Union (SACU) payments at R1.933 trillion, R2.07 trillion and R2.203 trillion in 2025/26, 2026/27 and 2027/28, respectively.

Table 7.1.1: Consolidated Government Fiscal Framework, 2023/24 to 2027/28

R billion/ percentage of GDP	2023/24	2024/25	2025/26	2026/27	2027/28
	Outcome	Revised estimate	Medium-Term Estimates		
Main budget revenue	1 724.0	1 797.4	1 932.6	2 069.6	2 202.8
	24.3%	23.9%	24.1%	24.3%	24.2%
Main budget expenditure	2 046.9	2 153.0	2 276.4	2 394.7	2 511.8
	28.9%	28.6%	28.4%	28.1%	27.6%
Main budget balance	-322.9	-355.6	-343.8	-325.2	-309.0
	-4.6%	-4.7%	-4.3%	-3.8%	-3.4%
Total gross loan debt	5 259.4	5 622.5	6 054.7	6 424.4	6 817.5
	74.1%	74.7%	75.5%	75.3%	75.0%

Source: National Treasury, 2024

Consolidated government spending is expected to increase from R2.4 trillion in 2024/25 to R2.77 trillion in 2027/28. The main budget non-interest expenditure for 2024/25 has been revised upward by R10.36 billion to R1.764 trillion compared to the 2024 Budget estimate. The increase relates to roll-overs from the previous financial year, an increase in the COVID-19 social relief of distress grant from R350 to R370 per month and an appropriation bill to cover SANRAL obligations, amongst other things. Debt-service costs were revised up by R6.7 billion relative to the 2024 Budget. Over the 2025/26 MTEF, non-interest expenditure will rise from R1.857 trillion to R2.036 trillion in 2027/28, while debt-service costs will increase from R419.1 billion in 2025/26 to R475.5 billion in 2027/28. The social wage will average 59.9 per cent of non-interest expenditure over the medium-term.

Changes to the Division of Revenue

The proposed allocation of available non-interest spending for the national government is revised slightly to 47.9 per cent in 2025/26 compared to 47.6 per cent in the 2024 budget allocation. Over the same period, the budget allocation for the provincial government is reduced slightly from 42.5 per cent to 42.3 per cent. Similarly, the allocation for local government is estimated to drop marginally from 9.9 per cent to 9.8 per cent.

Transfers to national departments in 2024/25 were revised to R866 billion in the 2024 Medium-Term Budget Policy Statement (MTBPS). Transfers to provinces and local government were revised to R730.7 billion and R170.5 billion, respectively. In the 2025/26 MTEF, transfers to provinces are expected to increase to R762.8 billion, R794 billion and R831 billion, respectively. Transfers to local government over the same period are estimated to be R177.2 billion, R183.8 billion and R189.5 billion. These additional funds are critical in addressing various spending pressures.

KwaZulu-Natal Fiscal Framework

Provincial revenue in 2024/25 consists of the Provincial Equitable Share (PES) at R121.145 billion (80.38 per cent), conditional grants of R25.396 billion (16.85 per cent) and Provincial Own Revenue amounting to R4.177 billion (2.77 per cent). The vertical division of revenue (between national, provincial and local spheres of government) is not formula-based. The horizontal division of revenue takes place when the nationally raised revenue that belongs to provinces is allocated equitably across the nine provinces, the PES, using a formula-driven transfer system. The same applies to local government, where an equitable share formula is utilised. The PES is an unconditional transfer to provinces and constitutes their main source of revenue through which they can meet expenditure responsibilities (Amusa & Mathane, 2007). The PES formula was introduced in the 1997 MTBPS and is updated and reviewed annually as new data becomes available. The formula is based on the criteria established by *Section 214(2) of the Constitution (b)*, that is, “*the need to ensure that the provinces can provide basic services and perform the functions allocated to them*”. The PES is primarily population-driven. Therefore, the allocations are influenced by population dynamics across provinces, which affect the relative demand for public services across areas. Although the division is based on the equitable share, provinces have the prerogative to allocate funds according to their specific provincial priorities. Statistics South Africa (Stats SA) is the primary data source used in the PES formula. The phased release of the 2022 Census data has delayed the update of the PES and local government equitable share formulae, both of which still use data from the 2010/11 Income and Expenditure Survey for the poverty component. Stats SA anticipates that the latest income and expenditure survey data will be available by December 2024; hence, it will be used in the 2026/27 MTEF.

Table 7.1.2: Distribution of the Equitable share by province, 2024/25 MTEF

	Individual components' shares 2024/25						Weighted average 2024/25
	Education	Health	Basic share	Poverty	Economic activity	Institutional	
	48.0%	27.0%	16.0%	3.0%	1.0%	5.0%	2024/25
Eastern Cape	13.2%	13.6%	11.0%	14.4%	7.6%	11.1%	12.8%
Free State	5.2%	5.6%	4.8%	5.0%	5.0%	11.1%	5.5%
Gauteng	20.7%	21.1%	26.6%	19.3%	34.5%	11.1%	21.4%
KwaZulu-Natal	21.2%	20.6%	19.0%	21.7%	15.9%	11.1%	20.1%
Limpopo	12.5%	11.3%	9.8%	13.1%	7.4%	11.1%	11.7%
Mpumalanga	8.2%	8.0%	7.8%	9.3%	7.5%	11.1%	8.3%
Northern Cape	2.2%	2.3%	2.2%	2.2%	2.0%	11.1%	2.7%
North West	6.8%	7.2%	6.9%	8.3%	6.5%	11.1%	7.2%
Western Cape	9.8%	10.4%	11.9%	6.6%	13.6%	11.1%	10.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: National Treasury, 2024

Table 7.1.2 shows the distribution of the equitable share by province. The PES formula comprises six components: education, health, basic share, poverty, economic activity, and institutional. These components carry a weight of 48 per cent, 27 per cent, 16 per cent, 3 per cent, 1 per cent, and 1 per cent, respectively. Together, the individual components' shares comprise the weighted average share used to determine the equitable share allocation for each province.

The weighted average share for each province can change over time based on annual formula updates. The changes are not implemented in full each financial year but through a phase-in approach over the MTEF. In 2024/25, the weighted average share for KZN was 20.1 per cent. However, the actual transfer was slightly higher, at R121.145 of the R600.476 billion transferred to provinces from the national government.

Table 7.1.3 summarises the adjusted provincial fiscal framework for the 2024/25 MTEF. For the first time in many years, the National Treasury allocated no additional funding to KZN. Hence, provincial receipts in the main appropriation and the adjusted appropriation totalled R150.718 billion in 2024/25. Amendments to the Main Budget were sourced from within the provincial fiscus. Adjusted appropriations in 2024/25 increased by R993 million, bringing the adjusted budget to R151.481 billion.

The increase relates to the roll-over of unspent funding of R336.046 million from the previous financial year, a contingency reserve of R236.419 million from the Main Budget, R390.358 million in provincial cash resources and R30.178 million in own revenue and funds held in the Provincial Revenue Fund (PRF). The unspent funding includes an unspent conditional grant amount of R263.741 million that was never returned to the National Treasury and is thus being treated as a provincial roll-over.

Table 7.1.3: KwaZulu-Natal Fiscal Framework from 2024/25 to 2026/27

R thousand	2024/25			2025/26	2026/27
	Main Appropriation	Total Additional Appropriation	Adjusted Appropriation		
1. Receipts	150 717 860	-	150 717 860	155 770 387	161 962 313
Transfer receipts from national	146 541 000	-	146 541 000	151 410 642	157 418 604
Equitable share (after update of formula data and additions)	121 145 053	-	121 145 053	126 145 053	131 972 012
Conditional grants	25 395 947	-	25 395 947	25 395 947	25 446 592
Vote 3: Agriculture and Rural Development	386 877	-	386 877	-	-
Vote 4: Economic Dev., Tourism & Enviro Affairs	5 076	-	5 076	-	-
Vote 5: Education	5 022 348	-	5 022 348	-	-
Vote 7: Health	11 913 831	-	11 913 831	-	-
Vote 8: Human Settlements	3 111 319	-	3 111 319	-	-
Vote 9: Community Safety and Liason	4 269	-	4 269	-	-
Vote 10: Sport, Arts and Culture	305 710	-	305 710	-	-
Vote 11: COGTA	2 000	-	2 000	-	-
Vote 12: Transport	4 622 024	-	4 622 024	-	-
Vote 13: Social Development	18 771	-	18 771	-	-
Vote 14: Public Works	3 722	-	3 722	-	-
Provincial own receipts	4 176 860	-	4 176 860	4 359 745	4 543 709
2. Planned spending by departments	150 488 101	-	150 488 101	155 545 832	161 739 387
3. Contingency Reserve	236 419	-	236 419	227 115	225 486

Source: KZN Treasury, 2024

Provincial Expenditure by Department

Table 7.1.3 shows the departments' adjusted appropriations for the 2024/25 MTEF. After additional appropriations, the 2024/25 expenditure increased from R150.488 billion to R151.481 billion. The Office of the Premier received additional appropriations of R85 million for the KZN Youth Employment Fund and fees connected to the Zulu Royal House Trust. The Provincial Legislature appropriation relates to revenue over-collection in 2023/24 that was allocated back to the vote, funds for the Sage ERP system, tools of trade, furniture for the Main Chamber and committee rooms and IT infrastructure. In line with national priorities, KZN allocates the highest budgets to the Departments of Education and Health.

Education received an additional R95 million towards the National School Nutrition Programme (NSNP) shortfall. The Department of Health received no additional funding; however, the Department will continue to deliver primary health care services to approximately 11.032 million¹ or 89.6 per cent of the provincial population who are uninsured (Stats SA, 2024). Human Settlements appropriated an additional R25.974 million from funds held in the Provincial Revenue Fund for the dis-establishment (R5.339 million)² of the KZN Housing Fund, as well as re-allocations of funds recalled from municipalities (R20.635 million). The Department of Sport, Arts and Culture was awarded an additional R355 thousand for the purpose of the KZN Sports Awards.

Table 7.1.5: Summary of the adjusted appropriations by Vote, 2024/25 MTEF

R thousands	2024/25			2025/26	2026/27
	Main Appropriation	Total additional Appropriation	Adjusted Appropriation		
1. Office of the Premier	784 153	85 000	869 153	817 875	854 789
2. Provincial Legislature	686 268	38 023	724 291	810 071	847 334
3. Agriculture and Rural Development	2 608 385	-	2 608 385	2 706 490	2 768 141
4. Economic Dev., Tourism and Enviro Affairs	3 459 828	13 203	3 473 031	3 600 837	3 763 357
5. Education	62 988 588	95 000	63 083 588	65 708 377	68 629 317
6. Provincial Treasury	680 901	-	680 901	710 190	742 071
7. Health	53 796 892	-	53 796 892	55 635 731	58 118 228
8. Human Settlements	3 529 676	289 715	3 819 391	3 543 574	3 258 950
9. Community Safety and Liaison	243 343	23 984	267 327	249 337	260 590
10. Sport, Arts and Culture	1 537 422	355	1 537 777	1 586 528	1 659 663
11. Co-operative Governance and Traditional Affairs	1 850 066	69 322	1 919 388	1 927 713	2 014 718
12. Transport	13 023 631	-	13 023 631	12 847 846	13 178 330
13. Social Development	3 411 555	-	3 411 555	3 537 971	3 695 822
14. Public Works	1 791 546	345 795	2 137 341	1 863 292	1 948 077
Sub-total	150 392 254	960 397	151 352 651	155 545 832	161 739 387
Statutory payments	95 847	32 603	128 450	-	-
Total	150 488 101	993 000	151 481 101	155 545 832	161 739 387

Source: KZN Treasury, 2024

The provincial roll-overs were allocated to the Departments of Economic Development, Tourism and Environmental Affairs (R13.203 million), Community Safety and Liaison (R23.984 million), Cooperative Governance and Traditional Affairs (R35.118 million) as well as the R263.741 million conditional grant roll-overs to the Department of Human Settlements.

7.2 Development Indicators

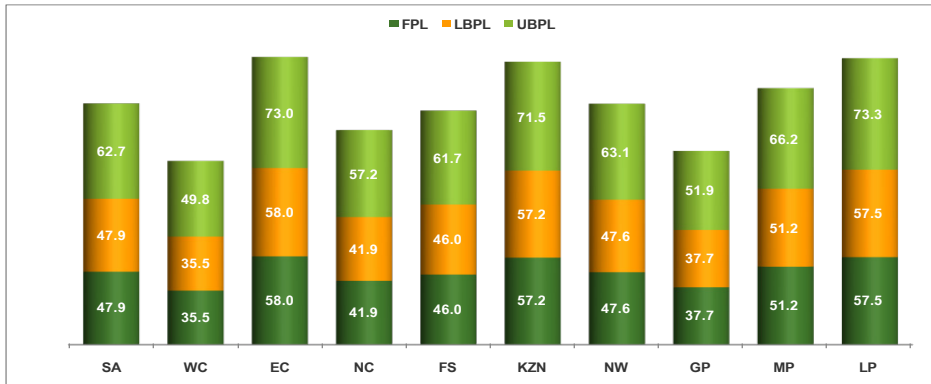
7.2.1 Poverty and human development

SA uses three measures of poverty, that is, the food poverty line (FPL), the lower-bound poverty line (LBPL), and the upper-bound poverty line (UBPL), for statistical reporting. Poverty lines are essential tools that allow for the statistical reporting of poverty levels and patterns, as well as the planning, monitoring and evaluation of poverty reduction programmes and policies (Ruch, 2022). Ideally, the primary purpose of the poverty lines approach is to provide a consistent benchmark against which progress on a money-metric or expenditure-based dimension of poverty can be monitored.

As defined by Stats SA (2022), the FPL³ shows the level of consumption below which individuals cannot purchase sufficient food to provide them with an adequate diet. Those living below this line are consuming insufficient calories for their nourishment. The LBPL⁴ denotes food and non-food items required by households. However, those living below this line must sacrifice some food to get these non-food items such as

transport and airtime. Finally, individuals living below the UBPL⁵ are those who can consume both food and non-food items but cannot meet other necessities such as shelter, education, security and healthcare

Figure 7.2.1: Share of poverty lines in SA by province, 2023



Source: S & P Global, 2024

Figure 7.2.1 shows the share of people living below the food poverty line, the lower-bound poverty, and the upper-bound poverty lines in 2023. In 2023, the WC (35.5 per cent) had the lowest share of people living below the FPL when compared to the nine provinces, followed by GP (37.7 per cent), NC (41.9 per cent), and FS (46 per cent). KZN’s share reflected a significant increase of 16.7 percentage points, from 40.2 per cent recorded in 2022 to 57.2 per cent recorded in 2023. However, this percentage share is slightly below the EC (58 per cent) and LP (57.5 per cent) and thus significantly surpassing the national average of 47.9 per cent.

Regarding the share of people living below the LBPL, KZN had the third-highest proportion of people living within this bracket (57.2 per cent), after EC and LP at 58 per cent and 57.5 per cent, respectively. Therefore, the government provides several social grants (Old-age grant, Disability grant, Grant-in-aid, Care dependency, Foster Care, and Child support grant), all of which aim to reduce poverty.

7.2.2 Household income and income inequality

In 2023, KZN, households categorised as lower-income earners (between R0 and 54 000 per annum) declined by 6.6 percentage points from 29.1 per cent in 2022 to 22.5 per cent recorded. On the other hand, 22.6 per cent, 35.7 per cent, 8.3 per cent, 7 per cent and 4 per cent were categorised as low emerging, emerging middle class, realised middle class, upper-middle-class, and affluent income earners, respectively. About 1.2 per cent of White households were classified as lower-income earners, whilst 26.3 per cent of African households were classified as low-income earners, which was the highest percentage across the four races. As the income categories progress, the

share of White, Coloured, and Asian households increases, and African households, on the other hand, experience the inverse effects (Table 3.8.1).

Table 7.2.2: Income distribution by proportion of households in KZN, 2023

Income category	Income level (R'000)	African	White	Coloured	Asian	Grand total
Lower income	0 - 54	26.3%	1.2%	8.0%	1.5%	22.5%
Low emerging middle income	54 - 96	25.9%	1.4%	11.8%	4.9%	22.6%
Emerging middle class	96 - 360	36.1%	19.0%	45.0%	41.2%	35.7%
Realised middle class	360 - 600	6.1%	20.5%	16.1%	20.4%	8.3%
Upper middle class	600 - 1 200	3.9%	30.9%	12.9%	20.2%	7.0%
Affluent	1 200 +	1.6%	27.0%	6.3%	11.9%	4.0%
Grand total		100%	100%	100%	100%	100%

Source: S & P Global, 2024

In KZN, approximately 25.9 per cent of Africans were categorised as low-emerging middle-income earners (between R54 000 and R96 000 per annum). An estimated 36.1 per cent were emerging middle-class, earning (between R96 000 and R360 000 per annum) and only 6.1 per cent were categorised as realised middle-class earners (R360 000 - R600 000). There were 3.9 per cent of households considered as upper middle class, with an income gap of (R600 000 - R1 200 000) and affluent earning over R1.2 million per annum minimal at 1.6 per cent.

On the other hand, the White population recorded 1.4 per cent of their households as low-emerging middle-income earners between R54 000 and R96 000 per annum). An estimated 19 per cent were emerging middle-class, earning (between R96 000 and R360 000 per annum) and only 20.5 per cent were categorised as realised middle-class earners (R360 000 - R600 000). An estimated 30.9 per cent of households are considered as upper middle class, with an income gap of (R600 000 - R1 200 000), and affluent earning over R1.2 million per annum were the highest at 27 per cent.

These disparities show that though there are policy interventions aiming to reduce the inequality gap, the white population enjoyed dominance over the realised middle-class, upper-middle-class and affluent income categories. They imply that significant income disparities still exist among the four population groups in the country, with Africans remaining the least favoured by the current conditions. This reveals that there is still a need for policies and strategies to uplift African households and allow for equal distribution of wealth, such as land redistribution and Broad-Based-Black Economic Empowerment (BBB-EE), amongst others.

7.3 Grant beneficiaries

In a country such as SA, where inequality levels are high combined with low levels of labour market participation and high poverty levels, social assistance programs, specifically social grants, have been a pivotal safety net for poor households, assisting them in attaining a minimum standard of living. In the 2024 budget review, the National

Treasury (NT) reveals that spending on social grants will increase from R217.1 billion in 2023/24 to R259.3 billion in 2026/27. Grant beneficiaries are projected to increase from 18.8 million in 2023/24 to 19.7 million in 2026/27. The child support and old age grants comprise 64.9 per cent of total grant expenditure over the MTEF period (National Treasury, 2024). Stats SA (2024) reveals that the percentage of households that received grants increased from 30.8 per cent in 2002 to 50 per cent in 2023, showing that the dependence rate continues to be high.

Table 7.3.1: Number and proportion of grants in payments, 2024: Q1

	Old Age		War Veterans ¹		Disability		Grant-in-aid		Care Dependency		Foster Child		Child Support		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Eastern Cape	628 981	15.4	1	11.1	176 170	16.6	60 182	14.0	24 996	14.8	56 543	20.9	1 951 188	14.8	2 898 061	15.1
Free State	231 238	5.7	-	-	73 741	7.0	18 779	4.4	10 017	5.9	17 825	6.6	708 130	5.4	1 059 730	5.5
Gauteng	779 388	19.1	2	22.2	127 417	12.0	24 815	5.8	24 573	14.6	37 113	13.7	2 050 357	15.5	3 043 665	15.8
KwaZulu-Natal	798 701	19.6	2	22.2	223 136	21.1	129 031	29.9	41 738	24.8	46 624	17.2	3 008 532	22.7	4 247 764	22.1
Limpopo	529 393	13.0	-	0.0	100 123	9.4	67 146	15.6	18 748	11.1	33 492	12.4	2 003 384	15.1	2 752 286	14.3
Mpumalanga	295 243	7.2	-	-	82 095	7.7	34 061	7.9	12 879	7.6	15 900	5.9	1 210 024	9.1	1 650 202	8.6
Northern Cape	301 334	7.4	1	11.1	61 838	5.8	27 139	6.3	11 213	6.7	21 191	7.8	919 065	6.9	1 341 781	7.0
North-West	99 593	2.4	-	0.0	54 315	5.1	39 160	9.1	6 185	3.7	8 688	3.2	337 264	2.6	545 205	2.8
Western Cape	415 646	10.2	3	33.3	160 896	15.2	30 629	7.1	18 172	10.8	32 944	12.2	1 037 234	7.8	1 695 524	8.8
South Africa	4 079 517	100.0	9	100.0	1 059 731	100.0	430 942	100.0	168 521	100.0	270 320	100.0	13 225 178	100.0	19 234 218	100.0

Source: South African Social Security Agency (SASSA), 2024

KZN had the highest number of social grant beneficiaries nationally, with 4.247 million grant recipients in the first quarter of 2024. The province also had the highest share in all categories of social grants, except for the War Veterans and Foster Child grants at 22.2 per cent and 17.2 per cent, respectively. Foster grant marginally declined by 0.7 percentage points when comparing the first quarter of 2023 (17.9 per cent) and the first quarter of 2024 (17.2 per cent), translating to 5 919 beneficiaries who no longer receive the grant. The disability grants, on the other hand, increased by 0.4 percentage points from the 20.8 per cent recorded in the first quarter of 2023 to 21.2 per cent in the first quarter of 2024, translating to an increase of 6 958 beneficiaries of the grant.

Regarding the proportion of disability grant recipients, KZN was the highest at 21.1 per cent, followed by the EC (16.6 per cent) and the WC (15.2 per cent). This suggests that KZN has the highest number of people with disabilities requiring exceptional support, which the province must consider in the budget allocation processes. KZN was also the highest issuer of Grant-in-Aid, Care Dependency, and Foster Child Grants when compared to all the nine provinces at 129 031 (29.9 per cent), 41 738 (24.8 per cent) and 46 624 (17.2 per cent), respectively (Table 3.8.2).

SA also provides a social relief of distress (SDR) grant, which is a temporary provision of assistance intended for persons in dire material need who cannot meet their or their families' most basic needs. The grant is a temporary provision of assistance which is issued monthly for a maximum period of 3 months. An extension after three months

may be granted in exceptional cases. As outlined by the South African Social Security Agency SASSA (2024), in KZN, the grant accommodates people affected by disasters, awaiting permanent aid, experiencing undue hardships, and households where the breadwinner is deceased. The grant is provided in the form of vouchers and school uniforms.

As of July 2024, the SASSA social assistant report reveals that there were 1 758 recipients of vouchers for people affected by disasters and 1 737 recipients of uniforms due to undue hardships. The report further indicates that the grant has been allocated R 89 254 million in the 2024/25 financial year. Over and above, this grant, the COVID-19 SRD grant, was introduced in 2020. The COVID-19 distress grant aimed to alleviate and prevent extreme poverty during the pandemic. However, it has continued even after the pandemic as it showed that many who are not recipients of existing grants utilise it to meet basic needs such as food. In the 2024/25 financial year, a budget of R8 106 billion was allocated for the COVID-19 SRD grant (SASSA, 2024).

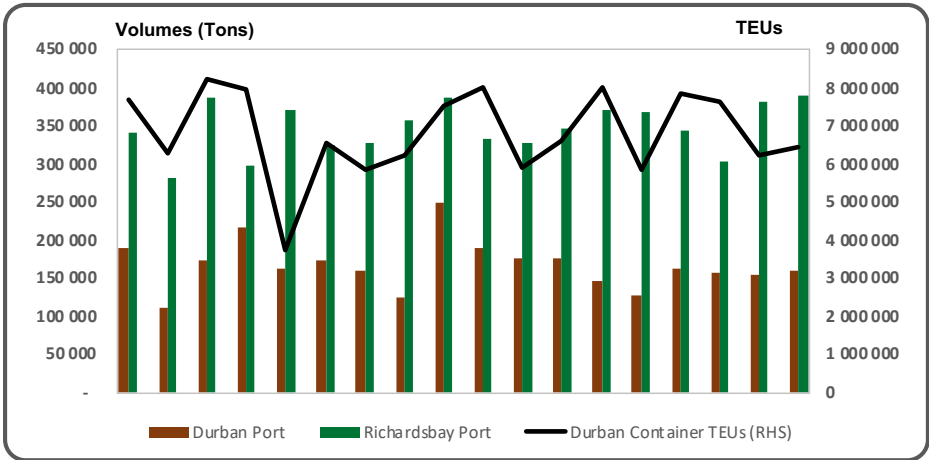
8. Strategic Infrastructure

This concluding section of the publication offers a high-level overview of the performance of KwaZulu-Natal's (KZN) strategic infrastructure, with a particular emphasis on the province's airports and seaports. This analysis is crucial for assessing progress in the development and enhancement of the operational efficiency of the province's economic infrastructure. Additionally, the chapter highlights key challenges identified by the provincial government and its stakeholders. The final part of this section outlines recent developments in these critical sectors, which are expected to significantly influence their performance in the future.

8.1 KZN Ports Performance

The maritime sector is a cornerstone of KwaZulu-Natal's economy, acting as a gateway to global markets for the province and South Africa at large. South Africa has eight commercial ports managed by Transnet National Ports Authority (TNPA), two of which—Durban and Richards Bay—are strategically located in KwaZulu-Natal. Together, these ports handle more than half of the country's total annual cargo volumes. Durban Port primarily specializes in importing goods, including containers and liquid cargo, while Richards Bay Port is renowned for handling dry bulk, particularly coal. These ports are instrumental in driving economic growth by facilitating the movement of goods and people, generating employment opportunities, and attracting investments. Moreover, they play a pivotal role in strengthening trade relationships and enhancing global competitiveness, positioning KwaZulu-Natal and South Africa as strategic gateways to the broader region and continent.

Figure 8.1.1 Sea Ports Volumes



Source: Transnet National Ports Authority (TNPA), 2024

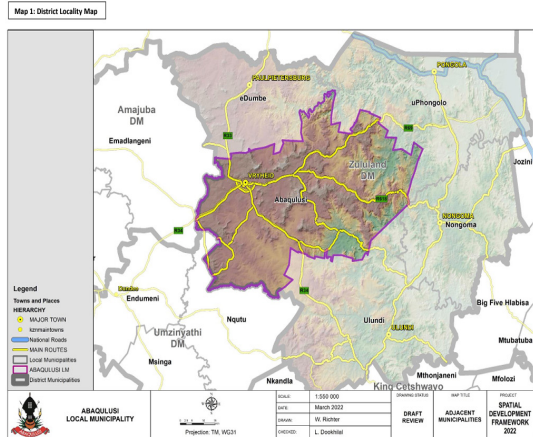
In the final quarter of 2024, official data from TNPA revealed a significant increase in cargo volumes processed at both the Port of Durban and the Port of Richards Bay. In December 2024, the Port of Durban handled 3.2 million cargo units, reflecting a remarkable 27% rise compared to April 2024. Similarly, the Port of Richards Bay reported a modest but steady 6% growth in cargo volumes over the same period (refer to Figure 7.1). This progress is largely credited to ongoing improvements under the Marine Fleet Renewal Programme. As part of this initiative, five state-of-the-art tugboats were introduced, delivering considerable operational advantages. A noteworthy milestone achieved during this period was the seamless berthing of the Höegh Aurora, the world’s largest car carrier, which underscored the port’s enhanced capabilities. Additionally, the introduction of a 24-hour helicopter service has significantly improved vessel turnaround times, further boosting the operational efficiency of both ports.

During the period under review, several challenges impeded efforts to solidify KwaZulu-Natal’s ports as a gateway to the region and global markets, particularly at the Port of Durban. Key issues included severe congestion, outdated infrastructure and equipment that limited the performance of the container terminal, and weather-related delays linked to climate change earlier in the year.

Despite these obstacles, the implementation of a comprehensive turnaround strategy aimed at improving operational efficiency is yielding promising results. Various initiatives are currently underway, demonstrating a strong commitment to overcoming these challenges and ensuring that KwaZulu-Natal’s ports remain a crucial trade gateway for the Southern African region.

8.2 Informal Traders Infrastructure (eMondlo)

Abaqulusi Municipality is one of five (5) local municipalities, which are located within the Zululand District Municipality at the Northern boundary of the KwaZulu Natal. Abaqulusi Municipality is approximately 4 185 km² in extent with Vryheid being the main hub of the Municipality. Abaqulusi comprises of the following main areas: Vryheid, Louwsburg, Hlobane, Coronation, eMondlo, Bhekuzulu, Swart Mfolozi, Enyathi, and consists of 22



wards and 436 rural settlements/villages. Due to the significant role that eMondlo plays along the major corridors of the municipality, it is one of the areas that are identified as secondary nodes within the municipal Spatial Development Framework.

Small businesses, formal and informal, are growingly being recognised as the mainly drivers of the development and growth of local economies. As much as the informal sector constitutes a significant portion of the economies in regional and local area, it is unfortunately often stigmatized as troublesome and unmanageable. The informal enterprises end up being subjected to the most unbearable business environment to operate. Regional and Local Economic Development through the Municipal Infrastructure for the Informal Economy programme attempts to facilitate the improvements within the sector through provision of funding for projects that aim to improve the conditions that enterprises operate within. Improving facilities with shelter, ablution facilities that have water and energy/ power sources are considered key elements.

The purpose of the project is for provision and construction of new trading stalls and storage facilities for the informal traders that operate in the vicinity of eMondlo Taxi Rank. In addition to provision of the facility, the Local municipality aims to improve compliance by providing bar coded trading permits to the facility beneficiaries. The trading stalls are a mixture of tables, lockable trading stands with sitting areas and lockable trading kiosk. In addition to the stalls, there is an ablution block and paving. The stalls are located in Ward 18 for 77 traders who are vendor of various goods and cooked food.

There current plans for the eMondlo Informal Traders include 8 open stalls, 4 which are located along the taxi rank and 4 that are located adjacent. The project has also included 7 closed stalls accommodating 3 traders each. The location of the project is

considered prime for business as it is located in a busy junction which is adjacent the taxi rank and Spar Plaza with an abundant supply of walk-in customers. The project team consists of 12 team members and two contractor teams have been appointed in the construction phase of the project.

Figure 8.2.1: The below Close-range aerial view of open stalls (Green Roofs) with shelter. The closed stalls under construction are seen at the far left of the picture.



The project is currently at 96% implementation and the occupation of the 77 has been processed. The project will be officially launched in February 2025. The eMondlo Local Municipality is planning move the traders to occupy the sites by the end of December 2024 which will be scheduled to accommodate the opening of the SPAR complex.

8.3 KZN Airport Infrastructure

Infrastructure is paramount for faster economic and employment growth and alleviation of poverty in the country. Adequate infrastructure in the form of road and railway transport system, ports, power, airports and their efficient working are also needed for integration of the country's economy with the rest of the world. It needs to be emphasised that good quality infrastructure is not only required for a more efficient economy but also to catalyse its expansion.

The transport sector has backward and forward linkages with almost every sector of the economy and thus the level of investment has much wider effects on the economy. Air route connectivity plays a pivotal role in making regional integration a reality. Air transport is not just a mode of travel; it is a catalyst for economic development, tourism, and business linkages. Efficient air links between our regions enable the seamless movement of goods, people, and services, fostering greater economic activity and social interaction.

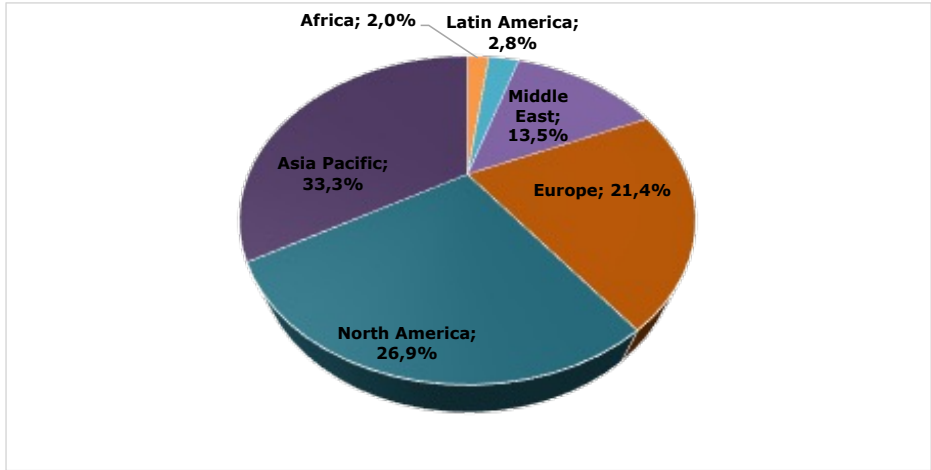
Global Airline Performance:

Air passenger (pax) demand keeps building according to the International Air Transport Association (IATA). It reported⁶ that global airlines' total demand, measured in revenue passenger kilometres (RPK), calculated by multiplying the number of revenue passengers by the distance travelled, was up by 7.1% in September 2024, this is compared with September 2023, an all-time high. Looking at the global Available Seat kilometres (ASK), which is a measure of passenger carrying capacity by an Aircraft, was also up by 5.8% year-on-year

The global industry's load factor reached 83.6% in September 2024. Load factor is a metric that measures the efficiency of an airline in utilizing its available passenger or cargo capacity. It is a key indicator of operational efficiency and profitability.

Air cargo markets continued their strong performance in October 2024, with demand rising 9.8% year-on-year and capacity up 5.9%. This is a result of increased industrial production and manufacturing output as indicated by the Purchasing Managers Index (PMI) for global manufacturing output which was above the 50-mark. In addition, trade activity rose and businesses undertook to building up their inventories while global inflation slowed.

Figure 8.3.1: Air Cargo Market Share by Region, Global, October 2024



Source: IATA, 2024

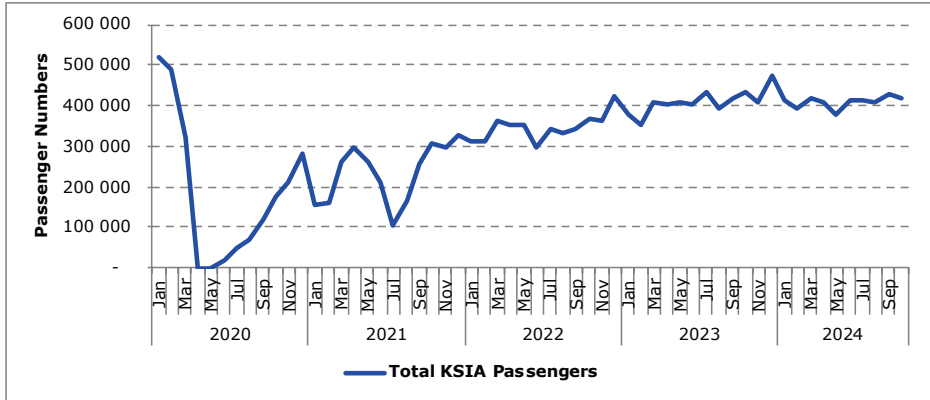
The market share for global air freight by region shows that Africa is the least, only has 2% compared to other regions. IATA reported that African airlines saw 1.6% year-on-year demand growth for air cargo in October, the slowest among regions albeit capacity increased by 7.7% year-on-year. E-commerce remains a growth point for cargo in Africa as the industry is relatively new to the continent in the wake of growing middle class. Africa continues to deal with a number of challenges to grow the aviation sector, these include amongst others, restrictive policies or regulative boundaries, high operational costs, lack of infrastructure and resources. In an attempt to create an environment for regulatory reform, 34 countries have signed the Single African Air Transport Market (SAATM) to facilitate wider freedom for air transport in Africa.

Despite growth in passenger and cargo numbers and to some degree the resilience shown by many airlines in a post-pandemic era, the available capacity remains a major constraint for airlines. Supply shortages, extra maintenance, aircraft production issues and delays have led to operational challenges, limiting growth and slowing sustainability progress. Geo-political risks also could unhinge the growing momentum for increased demand for air services.

King Shaka International Airport:

To increase KwaZulu-Natal's global appeal to international tourists, ease of connectivity becomes an important enabler for transportation services that facilitates tourism and trade and which can open significant economic and social benefits. There are a number of tourism establishments that appeal to the international market (Berg, Bush & Beach), however airlift into Durban's King Shaka International Airport (KSIA) needs more connectivity. Durban Direct (an amalgamation of various organisations) is tasked to drive air route development at KSIA plans to leverage off private sector needs to grow the international inbound market and attract major carriers to the province.

Figure 8.3.2: Total Passengers Processed (Arrivals + Departures), KSIA, Jan 2020 – Oct 2024



Source: ACSA, 2024

Total passengers (Arrivals + Departures) for KSIA show that there is a steady increase in pax numbers since the pandemic in 2020. However, there has been limited growth for 2024 with numbers averaging around 408,000 per month. Durban competes for routes on a global stage and airlines are looking at many factors to consider connecting, and as mentioned above, airlines have a number of supply constraints. Route expansion is a complex exercise involving stakeholders at local, provincial and national level, adherence to regulatory authorities and economic viability assessment of the route. With the upcoming holiday season in December, the seasonal numbers are expected to show significant growth.

University of KwaZulu-Natal Aerotropolis Institute Africa Airline Route Development Master Class and Air Services Private Sector Engagement:

The Department together with its partners University of KwaZulu-Natal through Aerotropolis Institute Africa, Trade & Investment KZN, Tourism & Film Authority KZN, Dube Tradeport (DTPC) and Ethekwini Metropolitan hosted a 2-day event composing of an Air Route Development Master Class and Private Sector engagement in uMhlanga on the 25th & 26th November.

Guest lecturer Prof Gavin Eccles from Airline Pros International from Portugal was the main speaker and lecturer conducting the master classes.

The purpose was primarily to provide an understanding to stakeholders of what is required when undertaking Air Services development and to form a collaborative partnership between KZN Business leadership and Government in partnering to drive and sustaining air route connectivity at KSIA.

Figure 8.3.3: (from left to right) Prof Gavin Eccles (AirlinePros), Dr Riedwaan Kimmie (UKZN - AIA), Michelle Green-Thompson (Prince Mangosuthu Buthelezi Airport), Nkosinathi Myataza (ACSA- KSIA), Ricardo Isaac (DTPC- Cargo), Mark Hempson (EDTEA-Aerotropolis), Sihle Mkhize (Ezemvelo Wildlife), Hamish Erskine (DTPC).





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