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P0044**

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Quarterly financial statistics

March 2005

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Key findings for the quarter ended March 2005

The total turnover of all the industries for the first quarter of 2005 was estimated at R738 635 million, reflecting a decrease of 4,8% compared with the fourth quarter of 2004 (ended December 2004), for which the estimated value was R776 122 million.

All the industries covered in the survey reflected a decrease in turnover between the fourth quarter of 2004 and the first quarter of 2005, except the community, social and personal services industry (excluding government institutions). The largest percentage decrease of 9,1 was reported in the manufacturing industry, followed by the construction industry (-7,2%), the transport, storage and communication industry (-4,0%), the mining and quarrying industry (-3,4%), the trade industry (-3,0%) and the real estate and other business services industry (excluding financial intermediation and insurance) (-0,5%). The community, social and personal services industry (excluding government institutions) reported an increase in turnover of 3,1%.

Total capital expenditure on new assets, which was estimated at R21 865 million for all industries for the first quarter of 2005, decreased by 8,6% compared with the fourth quarter of 2004. The largest decrease was reported in the manufacturing industry (-34,6%), followed by the mining and quarrying industry (-28,4%), the community, social and personal services industry (excluding government institutions) (-8,0%), the trade industry (-4,8%) and the real estate and other business services industry (excluding financial intermediation and insurance) (-2,8%). The transport, storage and communication industry and the construction industry experienced increases of 70,4% and 12,8% respectively.

Book value of land, buildings, machinery, furniture, vehicles and other equipment as at the end of the first quarter of 2005 was estimated at R678 170 million, reflecting a decrease of 0,3% compared with the fourth quarter of 2004. Decreases in book value of land, buildings, machinery, furniture, vehicles and other equipment were reported in the mining and quarrying industry (-4,5%) and the manufacturing industry (-2,2%). The construction industry experienced an increase of 3,5%, followed by the real estate and other business services industry (excluding financial intermediation and insurance) (+3,2%), the transport, storage and communication industry (+2,3%), trade industry (+1,5%) and the community, social and personal services industry (excluding government institutions) (+0,8%).

Total inventories as at the end of the first quarter of 2005 were estimated at R237 790 million. This reflected an increase of 1,5% when compared with the fourth quarter of 2004. All the industries covered in the survey reported an increase in inventories except the real estate and other business services industry (excluding financial intermediation and insurance) (-5,7%) and the community, social and personal services industry (excluding government institutions) (-2,8%) and the transport, storage and communication industry (-2,2%).

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Notes

Forthcoming issues	Issue	Expected release date
	June 2005	29 September 2005
Purpose of the survey	The quarterly financial statistics (QFS) survey is a survey covering a sample of non-government enterprises operating in the formal non-agricultural business sector of the South African economy, excluding electricity, gas and water supply, financial intermediation, insurance and government institutions. Results of the survey are used to compile estimates of the Gross Domestic Product (GDP) and its components, which are used to develop and monitor government policy. These statistics are also used by the private sector in analyses of comparative business and industry performance. The results are published quarterly in statistical release P0044: <i>Quarterly financial statistics</i> .	
Response rates	The percentage response for September 2004 was 82,6 %. The percentage response for December 2004 was 82,7 %. The percentage response for March 2005 was 80,0 %.	

Changes to the quarterly financial survey and its impact on the statistical series

This release contains the results for the December 2004 and March 2005 quarterly financial statistics surveys covering the following industries: mining and quarrying, manufacturing, construction, trade, transport, storage and communication, real estate and other business services (excluding financial intermediation and insurance) and community, social and personal services (excluding government institutions). The December 2004 and March 2005 results are based on a new sample selected in July 2004 from Stats SA's further enhanced business register, as discussed below.

Previous results

This release also contains results for the quarters ended March 2004, June 2004 and September 2004 from the samples of businesses which were first introduced in respect of June 2002, but selected in July 2002 from a sampling frame established in July 2001. That frame was based on the first stage of construction of Stats SA's new business register, which incorporated the businesses required to register for VAT. The first results of the quarterly financial survey was released in June 2003, for the quarters ended June 2002 and September 2002.

The quarterly financial statistics survey covers a large proportion of South Africa's market economy. The survey collects selected income and expenditure items, inventories, book value and capital expenditure of fixed assets from businesses.

Comparing the results of the old and new samples

The level of turnover for the quarters ended December 2004 and March 2005, based on the sample drawn in July 2004 (hereafter referred to as the 'new' sample) from the enhanced business register, tracks closely the turnover of the sample drawn in July 2002 (hereafter referred to as the 'old' sample) based on the first stage of development of that register. The movement in turnover over those two quarters are very similar according to the old and new samples, so that the series for the survey move largely in parallel for those quarters in which the survey was conducted based on both samples.

The effect of moving from the old to the new sample is illustrated in the tables below, which show turnover for each of the industries covered by the survey for the period December 2004 to March 2005.

Table A - Turnover for December 2004, old and new samples, by industry

Industry	Turnover for December 2004			
	Old sample R million	New sample R million	Difference R million	Difference %
Mining and quarrying	33 424	35 710	2 286	6,8
Manufacturing	243 051	253 581	10 530	4,3
Construction	29 763	30 558	795	2,7
Trade	276 352	271 896	-4 456	-1,6
Transport, storage and communication	70 899	77 224	6 325	8,9
Real estate and other business services (excluding financial intermediation and insurance)	93 156	90 032	-3 124	-3,4
Community, social and personal services (excluding government institutions)	17 392	17 121	-271	-1,6
Total	764 037	776 122	12 085	1,6

Table B - Turnover for March 2005, old and new samples, by industry

Industry	Turnover for March 2005			
	Old sample R million	New sample R million	Difference R million	Difference %
Mining and quarrying	31 977	34 500	2 523	7,9
Manufacturing	218 037	230 583	12 546	5,8
Construction	27 166	28 360	1 194	4,4
Trade	266 039	263 790	-2 249	-0,8
Transport, storage and communication	67 944	74 136	6 192	9,1
Real estate and other business services (excluding financial intermediation and insurance)	92 571	89 611	-2 960	-3,2
Community, social and personal services (excluding government institutions)	17 810	17 655	-155	-0,9
Total	721 544	738 635	17 091	2,4

Table C - Average turnover for December 2004 and March 2005, old and new samples, by industry¹

Industry	Average turnover for December 2004 and March 2005			
	Old sample R million	New sample R million	Difference R million	Difference %
Mining and quarrying	32 701	35 105	2 405	7,4
Manufacturing	230 544	242 082	11 538	5,0
Construction	28 465	29 459	995	3,5
Trade	271 196	267 843	- 3 353	-1,2
Transport, storage and communication	69 422	75 680	6 259	9,0
Real estate and other business services (excluding financial intermediation and insurance)	92 864	89 822	- 3 042	-3,3
Community, social and personal services (excluding government institutions)	17 601	17 388	- 213	-1,2
Total	742 791	757 379	14 588	2,0

¹ The figures in the table have, where necessary, been rounded to the nearest digit shown.

As can be seen, the level of turnover over this period, increased by 2,0% through the move from the sample selected in July 2002 to the one selected in July 2004.

Differences in the structures of the samples and their effect

Sample drawn in 2002

A new Business Sampling Frame was developed in July 2001, based on the value-added tax (VAT) database obtained from the South African Revenue Services (SARS), which replaced the previous sampling frame. All enterprises are legally bound to register for VAT when their turnover for a period of twelve months equals or exceeds R300 000. Enterprises that conformed to these criteria were considered for sampling for the quarterly financial statistics (QFS) survey. In 2001, it was logistically not possible to start with a business register which was more current, given the newness of the register system and of procedures for accessing businesses to update it from information supplied by SARS. In effect, the business register at that time could not contain businesses which had started between mid-2001 and the end of 2002, so the frame and the sample drawn from it related to businesses in existence by mid-2001. In addition, the sample drawn in July 2002 could not be refreshed for new businesses coming onto the register after the sample was drawn. Refreshing had to await the next sample reselection, which occurred in July 2004.

The sample of 3 273 enterprises selected for the survey in July 2002 was drawn from a population of enterprises that contributed approximately 95% to the total turnover per industry. Three size groups per industry were used. All enterprises are stratified by type of enterprise according to the *Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, January 1993* and measure

of size, where measure of size is turnover. All large enterprises (size-group one cases), which comprised 49% of the number of enterprises in the sample, were completely enumerated. Simple random sampling was applied for size-group two (medium sized enterprises) and size-group three (small enterprises).

Sample drawn in 2004

The sample drawn in July 2004 was selected from Stats SA's business register, which had been further enhanced to include businesses too small or otherwise not required to register with the South African Revenue Service (SARS) for value-added tax (VAT). The business register already contained businesses with an annual turnover of R300 000 or more, which are required to register for VAT. The business register was updated for these additional businesses largely from enterprises registered with SARS for income tax assessment purposes.

The sample of 3 700 enterprises selected for the survey in July 2004 was drawn from a population of enterprises that contributed approximately 95% to the total turnover per industry. Four size groups per industry were used. All enterprises were stratified by type of enterprise according to the *Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, January 1993* and measure of size, where measure of size was turnover. All large enterprises were completely enumerated and simple random sampling was applied for size-group two (medium sized enterprises), size-group three (small enterprises) and size-group four (very small enterprises). The results of the sample were weighted in order to represent all enterprises covered in the population.

Estimation technique for non-response

The estimation techniques for non-response were as follows:

- a) No estimates are included for businesses known to have ceased, on the assumption that ceased businesses in the sample are representative of ceased businesses in the population of businesses recorded on the business register.
- b) For businesses assumed still to be in existence but which did not respond:
 - for the large (size-group one) businesses the latest recorded information available from the VAT register and other internal surveys is used for imputation; and
 - for size-group two to size-group four, an estimation programme is used to raise sample estimates to population estimates.

Stats SA considers that the technique it now uses is the best currently available provided that the business register is a reasonable proxy for businesses in operation in the South African economy. Not only has the coverage of the register been improved to the point where no further enhancements to coverage are planned, but the timeliness of its updating cycle has also been improved. It will now be possible to undertake an annual reselection of samples from the register.

What the estimation method could not do, was reflect the changes to the recorded economic activity of businesses discerned between the time of creation of the business register and the samples from it, and the time the new samples were selected in July 2004. These changes, a mix of actual changes to economic activity and corrections to previously assigned industry codes based on later information about the activities of businesses, are now reflected on the business register. These changes have caused a shift in the recorded level of turnover between industries.

Comparison of turnover levels between 2002 and 2004 samples by industry

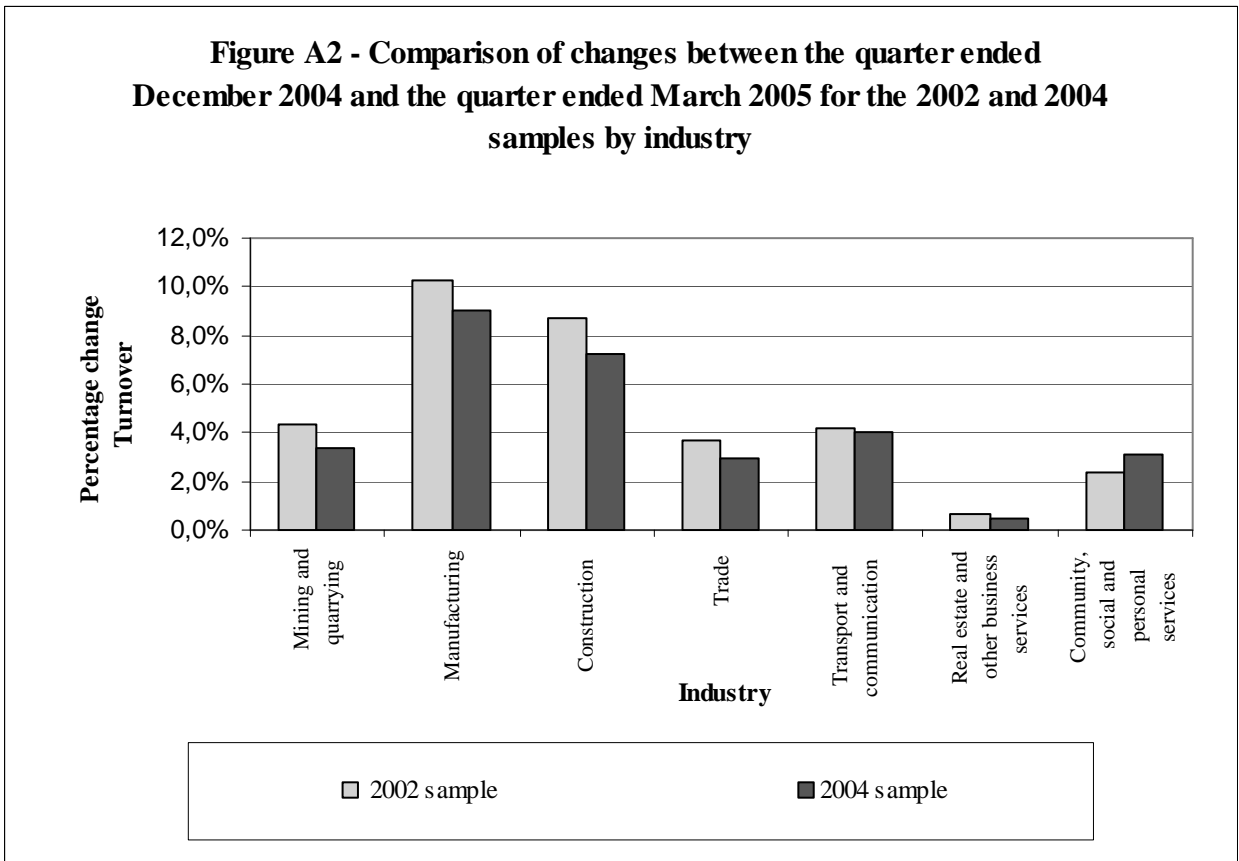
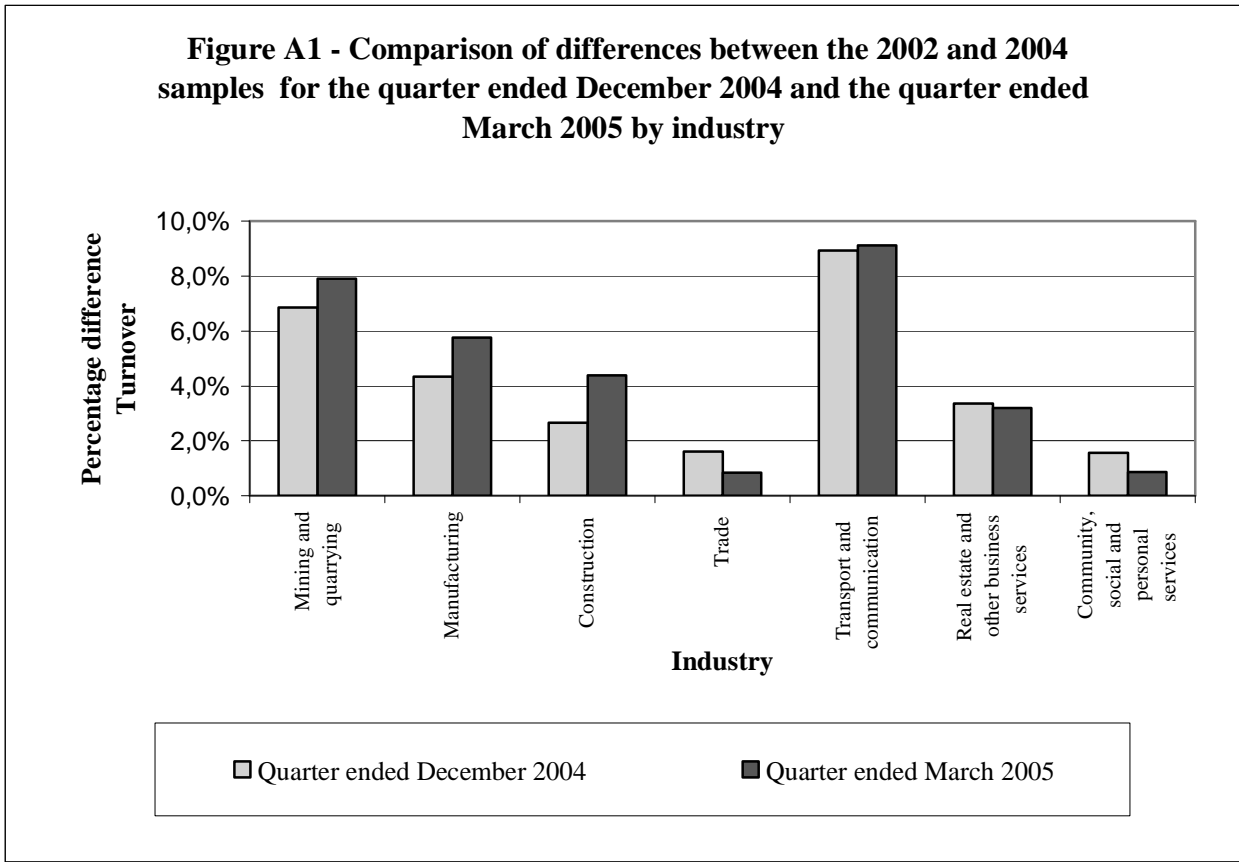


Table 1 – Selected income and expenditure items: All industries¹

Item	Quarter ended					Change between the quarter ended December 2004 and the quarter ended March 2005 %
	March 2004	June 2004	September 2004	December 2004 ²	March 2005 ³	
	R million	R million	R million	R million	R million	
Turnover	677 870	699 891	724 525	776 122	738 635	-4,8
Interest paid	18 518	18 025	16 651	16 396	16 292	-0,6
Tax and company tax brought into account	10 507	11 790	14 165	16 447	14 560	-11,5
Net profit or loss before providing for company tax and dividends	52 119	56 189	58 466	71 774	72 637	1,2
Capital expenditure on new assets						
Buildings, improvements and construction works	3 213	2 164	2 739	3 576	3 722	4,1
Plant, machinery, furniture, fittings and other equipment as at the end of the quarter	18 541	13 264	15 158	17 564	14 366	-18,2
Vehicles	2 366	2 829	3 512	2 788	3 777	35,5
Total capital expenditure on new assets	24 120	18 257	21 409	23 928	21 865	-8,6
Book value of land, buildings, machinery, furniture, vehicles and other equipment as at the end of the quarter	626 337	635 459	646 084	680 303	678 170	-0,3
Inventories						
Work in progress	35 652	34 757	38 811	38 695	40 297	4,1
Other stocks	180 632	184 354	188 361	195 619	197 493	1,0
Total inventories	216 284	219 111	227 172	234 314	237 790	1,5

¹ All industries in the South African economy, excluding agriculture, electricity, gas and water supply, financial intermediation, insurance and government institutions.

² New sample, revised, new estimates

³ Preliminary estimates

Table 2 - Selected income and expenditure items: Mining and quarrying industry

Item	Quarter ended					Change between the quarter ended December 2004 and the quarter ended March 2005 %
	March 2004	June 2004	September 2004	December 2004 ²	March 2005 ³	
	R million	R million	R million	R million	R million	
Turnover	31 770	35 682	33 670	35 710	34 500	-3,4
Interest paid	1 637	1 667	939	1 066	1 104	3,6
Tax and company tax brought into account	1 245	1 478	1 798	1 302	1 234	-5,2
Net profit or loss before providing for company tax and dividends	5 736	5 230	6 491	2 502	3 091	23,5
Capital expenditure on new assets						
Buildings, improvements and construction works	976	795	597	891	647	-27,4
Plant, machinery, furniture, fittings and other equipment as at the end of the quarter	5 431	2 599	1 376	2 629	2 071	-21,2
Vehicles	132	263	270	466	135	-71,0
Total capital expenditure on new assets	6 539	3 657	2 243	3 986	2 853	-28,4
Book value of land, buildings, machinery, furniture, vehicles and other equipment as at the end of the quarter	132 927	135 209	129 415	145 105	138 629	-4,5
Inventories						
Work in progress	5 146	5 105	5 908	6 140	6 578	7,1
Other stocks	7 662	7 892	7 315	7 984	8 023	0,5
Total inventories	12 808	12 997	13 223	14 124	14 601	3,4

² New sample, revised, new estimates

³ Preliminary estimates

Table 3 - Selected income and expenditure items: Manufacturing industry

Item	Quarter ended					Change between the quarter ended December 2004 and the quarter ended March 2005 %
	March 2004	June 2004	September 2004	December 2004 ²	March 2005 ³	
	R million	R million	R million	R million	R million	
Turnover	213 421	220 066	233 497	253 581	230 583	-9,1
Interest paid	3 582	3 597	3 712	3 952	3 642	-7,8
Tax and company tax brought into account	3 977	4 717	5 625	7 348	5 792	-21,2
Net profit or loss before providing for company tax and dividends	17 133	19 824	21 608	26 230	22 656	-13,6
Capital expenditure on new assets						
Buildings, improvements and construction works	708	450	895	647	508	-21,5
Plant, machinery, furniture, fittings and other equipment as at the end of the quarter	4 624	6 470	8 313	9 256	5 799	-37,3
Vehicles	294	368	316	397	421	6,0
Total capital expenditure on new assets	5 626	7 288	9 524	10 300	6 728	-34,6
Book value of land, buildings, machinery, furniture, vehicles and other equipment as at the end of the quarter	169 091	169 321	172 929	185 683	181 557	-2,2
Inventories						
Work in progress	16 449	16 700	19 343	19 085	19 850	4,0
Other stocks	78 823	83 968	85 178	83 905	85 997	2,5
Total inventories	95 272	100 668	104 521	102 990	105 847	2,8

² New sample, revised, new estimates

³ Preliminary estimates

Table 4 - Selected income and expenditure items: Construction industry

Item	Quarter ended					Change between the quarter ended December 2004 and the quarter ended March 2005 %
	March 2004	June 2004	September 2004	December 2004 ²	March 2005 ³	
	R million	R million	R million	R million	R million	
Turnover	24 188	25 536	27 478	30 558	28 360	-7,2
Interest paid	558	591	550	589	528	-10,4
Tax and company tax brought into account	104	109	92	123	112	-8,9
Net profit or loss before providing for company tax and dividends	585	1 259	1 553	1 455	1 304	-10,4
Capital expenditure on new assets						
Buildings, improvements and construction works	230	234	145	132	130	-1,5
Plant, machinery, furniture, fittings and other equipment as at the end of the quarter	370	307	376	239	302	26,4
Vehicles	87	76	378	81	78	-3,7
Total capital expenditure on new assets	687	617	899	452	510	12,8
Book value of land, buildings, machinery, furniture, vehicles and other equipment as at the end of the quarter	18 330	19 227	20 482	19 194	19 866	3,5
Inventories						
Work in progress	6 995	6 897	7 506	7 908	8 387	6,1
Other stocks	1 532	1 994	1 839	1 470	1 496	1,8
Total inventories	8 527	8 891	9 345	9 378	9 883	5,4

² New sample, revised, new estimates

³ Preliminary estimates

Table 5 - Selected income and expenditure items: Trade industry

Item	Quarter ended					Change between the quarter ended December 2004 and the quarter ended March 2005 %
	March 2004	June 2004	September 2004	December 2004 ²	March 2005 ³	
	R million	R million	R million	R million	R million	
Turnover	229 836	245 297	247 013	271 896	263 790	-3,0
Interest paid	3 651	2 972	2 519	2 417	2 314	-4,3
Tax and company tax brought into account	2 027	2 240	2 552	3 480	3 301	-5,1
Net profit or loss before providing for company tax and dividends	12 119	13 164	10 507	16 931	16 200	-4,3
Capital expenditure on new assets						
Buildings, improvements and construction works	382	308	546	674	638	-5,3
Plant, machinery, furniture, fittings and other equipment as at the end of the quarter	1 313	1 291	1 950	1 671	1 517	-9,2
Vehicles	386	556	183	529	582	10,0
Total capital expenditure on new assets	2 081	2 155	2 679	2 874	2 737	-4,8
Book value of land, buildings, machinery, furniture, vehicles and other equipment as at the end of the quarter	54 216	59 707	64 543	60 702	61 616	1,5
Inventories						
Work in progress	3 950	3 652	3 519	2 168	2 206	1,8
Other stocks	75 176	72 678	75 329	85 357	85 854	0,6
Total inventories	79 126	76 330	78 848	87 525	88 060	0,6

² New sample, revised, new estimates

³ Preliminary estimates

Table 6 - Selected income and expenditure items: Transport, storage and communication industry

Item	Quarter ended					Change between the quarter ended December 2004 and the quarter ended March 2005 %
	March 2004	June 2004	September 2004	December 2004 ²	March 2005 ³	
	R million	R million	R million	R million	R million	
Turnover	66 966	65 656	69 357	77 224	74 136	-4,0
Interest paid	2 990	2 598	2 443	1 426	1 917	34,4
Tax and company tax brought into account	1 355	1 409	1 795	2 171	2 208	1,7
Net profit or loss before providing for company tax and dividends	4 379	4 957	6 827	12 891	14 499	12,5
Capital expenditure on new assets						
Buildings, improvements and construction works	629	141	339	518	1 128	117,8
Plant, machinery, furniture, fittings and other equipment as at the end of the quarter	5 768	1 487	2 160	2 667	3 613	35,5
Vehicles	1 101	1 012	1 892	834	2 106	152,5
Total capital expenditure on new assets	7 498	2 640	4 391	4 019	6 847	70,4
Book value of land, buildings, machinery, furniture, vehicles and other equipment as at the end of the quarter	154 764	148 711	145 598	142 339	145 650	2,3
Inventories						
Work in progress	747	624	791	1 242	1 040	-16,3
Other stocks	6 750	6 559	7 485	4 682	4 751	1,5
Total inventories	7 497	7 183	8 276	5 924	5 791	-2,2

² New sample, revised, new estimates

³ Preliminary estimates

Table 7 - Selected income and expenditure items: Real estate and other business services industry (excluding financial intermediation and insurance)

Item	Quarter ended					Change between the quarter ended December 2004 and the quarter ended March 2005 %
	March 2004	June 2004	September 2004	December 2004 ²	March 2005 ³	
	R million	R million	R million	R million	R million	
Turnover	95 176	90 458	95 895	90 032	89 611	-0,5
Interest paid	5 746	6 304	6 193	6 575	6 411	-2,5
Tax and company tax brought into account	1 455	1 483	1 954	1 572	1 412	-10,2
Net profit or loss before providing for company tax and dividends	9 551	9 640	9 367	9 473	9 567	1,0
Capital expenditure on new assets						
Buildings, improvements and construction works	250	230	179	374	389	4,0
Plant, machinery, furniture, fittings and other equipment as at the end of the quarter	825	832	655	634	606	-4,4
Vehicles	328	541	466	460	432	-6,1
Total capital expenditure on new assets	1 403	1 603	1 300	1 468	1 427	-2,8
Book value of land, buildings, machinery, furniture, vehicles and other equipment as at the end of the quarter	83 322	89 447	97 682	104 646	108 027	3,2
Inventories						
Work in progress	2 179	1 612	1 594	1 918	2 004	4,5
Other stocks	9 572	10 083	9 758	10 659	9 859	-7,5
Total inventories	11 751	11 695	11 352	12 577	11 863	-5,7

² New sample, revised, new estimates

³ Preliminary estimates

Table 8 - Selected income and expenditure items: Community, social and personal services industry (excluding government institutions)

Item	Quarter ended					Change between the quarter ended December 2004 and the quarter ended March 2005 %
	March 2004	June 2004	September 2004	December 2004 ²	March 2005 ³	
	R million	R million	R million	R million	R million	
Turnover	16 513	17 196	17 615	17 121	17 655	3,1
Interest paid	354	296	295	371	376	1,3
Tax and company tax brought into account	344	354	349	451	501	11,1
Net profit or loss before providing for company tax and dividends	2 616	2 115	2 113	2 292	5 320	132,1
Capital expenditure on new assets						
Buildings, improvements and construction works	38	6	38	340	282	-17,1
Plant, machinery, furniture, fittings and other equipment as at the end of the quarter	210	278	328	468	458	-2,1
Vehicles	38	13	7	21	23	9,5
Total capital expenditure on new assets	286	297	373	829	763	-8,0
Book value of land, buildings, machinery, furniture, vehicles and other equipment as at the end of the quarter	13 687	13 837	15 435	22 634	22 825	0,8
Inventories						
Work in progress	186	167	150	234	232	-0,9
Other stocks	1 117	1 180	1 457	1 562	1 513	-3,1
Total inventories	1 303	1 347	1 607	1 796	1 745	-2,8

² New sample, revised, new estimates

³ Preliminary estimates

Technical notes

Confidence intervals The 95% confidence intervals of a population parameter (turnover) is obtained as follows:

Lower limit
 = lower 95% confidence limit of a population parameter
 = estimate – 1,96* Standard Error (estimate);

and

Upper limit
 = upper 95% confidence limit of a population parameter
 = estimate + 1,96* Standard Error (estimate),

Standard error (SE) Standard error = $\frac{\text{Upper Limit (R million)} - \text{Lower Limit (R million)}}{2 * 1,96}$

Relative standard error (RSE) = $\frac{\text{SE(estimate)} * 100}{\text{estimate}}$

Table D - Estimates of turnover by industry within 95% confidence limits - December 2004

Industry	Lower limit R million	Estimate R million	Upper limit R million	Relative standard error (RSE)
Mining and quarrying industry	35 602	35 710	35 818	0,2
Manufacturing industry	246 772	253 581	260 390	1,4
Construction industry	24 172	30 558	36 944	10,7
Trade industry	242 053	271 896	301 739	5,6
Transport, storage and communication industry	75 086	77 224	79 362	1,4
Real estate and other business services industry, excluding financial intermediation and insurance	73 011	90 032	107 053	9,6
Community, social and personal services industry, excluding government institutions	15 304	17 121	18 938	5,4

Table E - Estimates of turnover by industry within 95% confidence limits – March 2005

Industry	Lower limit R million	Estimate R million	Upper limit R million	Relative standard error (RSE)
Mining and quarrying industry	34 373	34 500	34 627	0,2
Manufacturing industry	223 870	230 583	237 296	1,5
Construction industry	21 963	28 360	34 757	11,5
Trade industry	231 217	263 790	296 363	6,3
Transport, storage and communication industry	69 951	74 136	78 321	2,9
Real estate and other business services industry, excluding financial intermediation and insurance	71 026	89 611	108 196	10,6
Community, social and personal services industry, excluding government institutions	15 291	17 655	20 019	6,8

Table F – Differences in turnover by industry between December 2004 and March 2005

Industry	Turnover for December 2004 R million	Turnover for March 2005 R million	Difference %
Mining and quarrying industry	35 710	34 500	-3,4
Manufacturing industry	253 581	230 583	-9,1
Construction industry	30 558	28 360	-7,2
Trade industry	271 896	263 790	-3,0
Transport, storage and communication industry	77 224	74 136	-4,0
Real estate and other business services industry, excluding financial intermediation and insurance	90 032	89 611	-0,5
Community, social and personal services industry, excluding government institutions	17 121	17 655	3,1

Neyman Optimal allocation

Before drawing samples in each of the surveys the population of enterprises on the Business Sampling Frame (BSF) was stratified. Strata were formed using a combination of the standard industrial classification variable and the measure of size variable for enterprises.

The Neyman optimal allocation formula used to allocate samples to each stratum is given by a formula below.

$$n_h = \frac{N_h S_h}{\sum N_h S_h}$$

where N_h and S_h are the stratum population size and the stratum variance, respectively.

Table G - Class limits

Industry	Enterprise size			
	Large (Size-group 1) Lower limits Rand	Medium (Size-group 2) Lower limits Rand	Small (Size-group 3) Lower limits Rand	Very small (Size-group 4) Lower limits Rand
Mining and quarrying	195 000 000	76 093 563
Manufacturing	255 000 000	65 000 000	25 000 000	5 891 613
Construction	130 000 000	30 000 000	15 000 000	1 094 117
Wholesale trade	320 000 000	160 000 000	30 000 000	5 195 502
Retail trade	195 000 000	95 000 000	20 000 000	1 565 984
Motor trade	195 000 000	95 000 000	20 000 000	3 908 496
Accommodation and catering	65 000 000	30 000 000	25 500 000	584 637
Transport, storage and communication	130 000 000	65 000 000	15 000 000	7 036 413
Real estate and other business services, excluding financial intermediation and insurance	130 000 000	65 000 000	15 000 000	387 077
Community, social and personal services, excluding government institutions	65 000 000	30 000 000	5 000 000	567 230

Explanatory notes

- Introduction**
1. Statistics South Africa (Stats SA) conducts a quarterly financial statistics sample survey of enterprises in industries in the formal non-agricultural business sector of the South African economy, excluding electricity, gas and water supply, financial intermediation, insurance and government enterprises. The statistical release contains information regarding:
 - Turnover, which includes the value of sales, amounts receivable for work done and services rendered, rent and or lease payments received for land and buildings, and rent, leasing and hiring received for machinery, vehicles and other equipment;
 - interest paid;
 - tax and company tax brought into account;
 - capital expenditure on new assets;
 - book value of land, buildings, machinery, furniture, vehicles and other equipment at the end of the quarter; and
 - inventories as at the end of the quarter.

This statistical release also provides information on the behaviour in terms of level of turnover based on comparisons of the two parallel surveys conducted between the December 2004 and March 2005 quarters. The 2004 sample is based on a sample drawn from the 2004 Business Sampling Frame (BSF) that contains businesses registered for value-added tax (VAT) and income tax.
 2. In order to improve timeliness of the publication, some information for the current quarter may have been estimated due to late and or non-submission by respondents. These estimates will be revised in the next statistical release(s) as soon as actual information is available.
 3. This statistical release presents a selection of key findings and tables from Stats SA's QFS survey, conducted in March 2004, June 2004, September 2004, December 2004 and March 2005, which examines book value of land, buildings, machinery, furniture, vehicles and other equipment, inventories and selected income and expenditure items in the formal non-agricultural business sector in South Africa, excluding electricity, gas and water supply, financial intermediation, insurance and government institutions.
- Scope of the survey**
4. This survey covers financial statistics of the following industries according to the *Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, January 1993*:
 - mining and quarrying industry;
 - manufacturing industry;
 - construction industry;
 - trade industry;
 - transport, storage and communication industry;
 - real estate and business services industry, excluding financial intermediation and insurance; and

- community, social and personal services industry, excluding government institutions.

- Classification** 5. The 1993 edition of the *Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, January 1993*, was used to classify the statistical units in the survey. The SIC is based on the 1990 *International Standard Industrial Classification of all Economic Activities (ISIC)* with suitable adaptations for local conditions. Statistics in this publication are only presented at SIC major division (one digit) level. Each enterprise is classified to an industry which reflects the predominant activity of the enterprise.
- Statistical unit** 6. The statistical unit for the collection of information is an enterprise. An enterprise is a legal unit or a combination of legal units that includes and directly controls all functions necessary to carry out its production activities.
- Survey methodology and design** 7. The survey is conducted by mail on a quarterly basis. Questionnaires are sent to a sample of 3 700 enterprises. Questionnaires have to be returned to Stats SA within four weeks after the end of the quarter concerned. Fax and telephone reminders are used to follow up non-respondents.
8. A sample of 3 700 enterprises was drawn from a population of enterprises that contributed approximately 95% to the total turnover per industry. Adjustments to the estimates to account for enterprises contributing less than 5% of the total turnover are made within each industry. Four size groups per industry were used. All large enterprises (size-group one cases), which comprise 50% of the number of enterprises in the sample, are completely enumerated. Simple random sampling is applied for size-group two (medium sized enterprises), size-group three (small enterprises) and size-group four (very small enterprises). All enterprises are stratified by type of enterprise according to the *Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, January 1993* and measure of size, where measure of size is turnover.
- Reliability of estimates** 9. Data presented in this publication are based on information obtained from a sample of enterprises and are, therefore, subject to sampling variability; that is, they may differ from the figures that would have been produced if the data had been obtained from all enterprises in the different industries in South Africa.
10. Inaccuracies may occur because of imperfections in reporting by enterprises and errors made with the collection and processing of the data. Inaccuracies of this kind are referred to as non-sampling errors. Every effort is made to minimise non-sampling errors by designing the questionnaire carefully, conducting pilot studies, editing of data and the implementation of efficient operating procedures. Preliminary figures are indicated in the relevant tables. Fluctuations may occur in consecutive quarters as a result of seasonal and economic factors.
- Standard errors** 11. The estimates in this publication are based on a sample drawn from units in the surveyed population. As a result of the entire population not being

surveyed, the published estimates are subject to sampling error. The most common way of quantifying such sampling error is to calculate the standard error for the published estimate or statistic.

- Revised figures** 12. The revised figures are due to respondents reporting revisions or corrections in their figures and late submissions of their data to Stats SA. Data are edited at individual enterprise level.
- Reference period** 13. The reference period is the four quarters ending March, June, September and December of each year.
- Related publications** 14. Users may also wish to refer to the following publications which are available from Stats SA:
- *Bulletin of Statistics* issued quarterly
 - *South African Statistics* issued annually.
- Rounding-off of figures** 15. The figures in the tables have, where necessary, been rounded off to the nearest digit shown.
- Symbols and abbreviations** 16.
- | | |
|----------|---|
| BSF | Business Sampling Frame |
| CD | Compact Disc |
| GDP | Gross Domestic Product |
| ISIC | International Standard Industrial Classification |
| m | million |
| RSE | Relative Standard Error |
| SARS | South African Revenue Services |
| SE | Standard Error |
| SIC | Standard Industrial Classification of all Economic Activities |
| Stats SA | Statistics South Africa |
| VAT | Value-added tax |
- Comparability with previously published information** 17. As indicated earlier, the levels of turnover for 2004 in this statistical release, based on the 2004 sample, are about 2,0% higher than the levels previously published for turnover.
18. The higher values of turnover from the new sample can mainly be attributed to the following:
- The greater currency of the frame now being used compared to the frame drawn from the previous business register; and
 - The improved coverage particularly for smaller enterprises as a result of access to units registered for income tax to update the 2004 business register.

Glossary

Capital expenditure on new assets	Capital expenditure on new assets includes: <ul style="list-style-type: none">• the erection of new buildings and works, additions to and alterations of existing buildings and works, whether payments were made to outside contractors or concerns, or work done by the enterprise itself;• work in progress capitalised;• new plant and machinery, vehicles and equipment; and• used plant and machinery, which was imported by or on behalf of the enterprise.
Enterprise	An enterprise is a legal unit or a combination of legal units that includes and directly controls all functions necessary to carry out its production activities.
Industry	An industry consists of a group of enterprises engaged in the same or similar kinds of economic activity, and is classified according to the <i>Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, January 1993</i> .
Inventories	Inventories consist of: <ul style="list-style-type: none">• stocks of outputs that are still held by the enterprise that produced them prior to their being further processed, sold, delivered to other units or used in other ways; and• stocks of products acquired from other enterprises that are intended to be used for intermediate consumption or for resale without further processing (factored goods). <p>Work in progress consists of goods in the process of manufacturing or work that has been partially done, but which has not yet been completed at the end of the quarter.</p> <p>Other stocks consists of raw materials, components for processing, packing materials, fuel, consumable and maintenance stores, own manufactures and factored goods that have not been sold at the end of the quarter.</p>
Net profit or loss	Net profit or loss is the difference between total income and total expenditure before drawings by proprietors or partners, company tax paid or provided for and dividends paid or provided for are taken into account. In the tables where net profit or loss is shown, it is the amount arrived at after total losses of individual enterprises were deducted from total profits of individual enterprises.
Statistical unit	A statistical unit is a unit about which statistics are tabulated, compiled or

published. The statistical units are derived from and linked to the South African Revenue Service (SARS) administrative data.

For the purpose of this publication, the statistical unit in the quarterly financial statistics survey is the enterprise. An enterprise is defined as a legal unit or a combination of legal units that includes and directly controls all functions necessary to carry out its production activities.

Tax and company tax brought into account

Tax and company tax brought into account consist of taxes on incomes, profits and capital gains, excluding value-added tax (VAT). They are assessed on the actual or presumed incomes of enterprises and exclude employees' taxes and compulsory loan levies.

Turnover

Turnover refers to:

- the value of sales;
- amounts received for work done;
- amounts received for services rendered;
- rent and or lease payments received for land and buildings; and
- rent, leasing and hiring received for machinery, vehicles and other equipment.

Turnover excludes:

- value-added tax (VAT);
- net profit or loss on sales or revaluation of fixed assets (including profit or loss on foreign exchange);
- export freight charges;
- interest received; and
- excise duty.

General information

Language

Stats SA publishes approximately 300 different statistical releases each year. It is not economically viable to produce them in more than one of South Africa's eleven official languages. Since the releases are used extensively, not only locally but also by international economic and social-scientific communities, Stats SA releases are published in English only.

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