



Quarterly employment statistics

Part 1: Estimation of number of employees and their earnings

December 2004 and March 2005

Note:

The Quarterly Employment Statistics (QES) survey replaces the Survey of Employment and Earnings (SEE), which will be discontinued as from June 2005.

The QES covers all employing enterprises registered for Income Tax (IT), resulting in the extensive coverage of all small businesses, whereas the coverage of the SEE was restricted to both employing and non-employing Value Added Tax (VAT) registered enterprises with an annual turnover of R300 000 or more. By restricting the coverage to employing businesses, the QES will be able to provide estimates for employment and earnings as well as estimates for average monthly earnings and it is in accordance with the International Labour Organisation (ILO) definitions and concepts.

Estimates for average monthly earnings will be published for the first time in October 2005.

Information regarding employers, employees and the self-employed can be obtained from the six-monthly Labour Force Survey (LFS), conducted among 30 000 households countrywide .

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Executive summary

Key estimates for the quarters ended December 2004 and March 2005

Main estimates	Quarter ended December 2004	Quarter ended March 2005	Percentage change between the quarters ended December 2004 and March 2005
Number of employees	7 075 000	6 939 000	-1,9
Gross earnings (R'000)	159 390 000	146 004 000	-8,4

Estimates of number of employees within 95% confidence limits for December 2004 and March 2005

Quarter	Lower limit	Estimate	Upper limit	RSE
December 2004	6 854 975	7 075 803	7 296 634	1,6
March 2005	6 803 422	6 938 362	7 073 306	1,0

Key findings for the quarters ended December 2004 and March 2005

Employment in the formal non-agricultural business sector decreased between the quarters ended December 2004 and March 2005.

The March 2005 Quarterly Employment Statistics (QES) survey showed that the number of persons employed in the formal non-agricultural business sector of the South African economy decreased by about 136 000 persons or -1,9% from December 2004 (an estimated 7 075 000 employees) to March 2005 (an estimated 6 939 000 employees).

Estimates of gross earnings (R'000) within 95% confidence limits for December 2004 and March 2005

Quarter	Lower limit	Estimate	Upper limit	RSE
December 2004	156 439 566	159 390 818	162 342 070	0,9
March 2005	144 252 645	146 004 346	147 756 048	0,6

Key findings for the quarters ended December 2004 and March 2005

Gross earnings paid to employees in the formal non-agricultural business sector decreased between the quarters ended December 2004 and March 2005.

According to the March 2005 Quarterly Employment Statistics (QES) survey gross earnings paid to employees during the quarter ended March 2005 (January 2005 to March 2005) amounted to R146 004 million. This represents a quarterly decrease of R13 386 million or -8,4% compared with the quarter ended December 2004.

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Notes

Forthcoming issues	Issue	Expected release date
	June 2005	27 September 2005
Purpose of the survey	<p>The Quarterly Employment Statistics (QES) survey is a quarterly survey covering a sample of approximately 24 000 private and public enterprises in the formal non-agricultural business sector of the South African economy. The information received is used to estimate key economic statistics on employment and gross earnings, and is used as an input to the Gross Domestic Product (GDP).</p>	
Response rates	<p>The percentage response for December 2004 was 82,8%. The percentage response for March 2005 was 80,3%.</p>	

Article: Changes to the quarterly employment statistics and its impact on the statistical series

This release contains the results for the December 2004 and March 2005 Quarterly Employment Statistics (QES) surveys covering the following industries:

- mining and quarrying;
- manufacturing;
- electricity, gas and water supply;
- construction;
- wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants;
- transport, storage and communication;
- financial intermediation, insurance, real estate and business services; and
- community, social and personal services.

The December 2004 and March 2005 results in this release are based on a new sample selected in July 2004 from Stats SA's further enhanced business register. The sampling frame was further sub-divided to provide a frame of employing businesses from which the QES was drawn.

Table 1 – Number of employees: All industries

Industry	Quarter ended December 2004	Quarter ended March 2005	Change in number of employees between the quarters ended December 2004 and March 2005	Percentage change between the quarters ended December 2004 and March 2005
Mining and quarrying	456 000	453 000	-3 000	-0,7
Manufacturing	1 179 000	1 177 000	-2 000	-0,2
Electricity, gas and water supply	42 000	44 000	2 000	4,8
Construction	373 000	381 000	8 000	2,1
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants	1 387 000	1 357 000	-30 000	-2,2
Transport, storage and communication	314 000	313 000	-1 000	-0,3
Financial intermediation, insurance, real estate and business services	1 550 000	1 425 000	-125 000	-8,1
Community, social and personal services	1 774 000	1 789 000	15 000	0,8
Total	7 075 000	6 939 000	-136 000	-1,9

Quarterly changes in the level of employment at March 2005

The *mining and quarrying industry* reflected a quarterly decrease of 3 000 employees (or -0,7%) at March 2005 compared with December 2004.

Data obtained from Department of Minerals and Energy (DME). See explanatory notes: paragraph 5.

The *manufacturing industry* reflected a quarterly decrease of 2 000 employees (or -0,2%) at March 2005 compared with the quarter ended December 2004. This decrease may be due to the retrenchment of employees in manufacturing of textiles, clothing and leather; wood, paper, printing and publishing; coke oven products, petroleum refineries; chemicals and chemical products; non-metallic mineral products; and basic metals, metal products and machinery.

The *electricity, gas and water supply industry* reflected a quarterly increase of 2 000 employees (or +4,8%) at March 2005 compared with December 2004.

The quarterly increase of 8 000 employees (or +2,1%) at March 2005 compared with December 2004, reported by the *construction industry*, may be due to the appointment of employees in the building of complete constructions or part thereof and civil engineering division of this industry.

The *wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants industry* reflected a quarterly decrease of 30 000 employees (or -2,2%) at March 2005 compared with December 2004 may be due to the retrenchment of temporary employees appointed in wholesale and retail trade enterprises and hotels and restaurants during the festive season of the December 2004 quarter.

The quarterly decrease of 1 000 employees (or -0,3%) at March 2005 compared with December 2004, reported by the *transport, communication and storage industry*, may be due to the decrease in employment in the land transport and transport via pipelines; and post and communication enterprises.

The *financial intermediation, insurance, real estate and business services industry* reflected a quarterly decrease of 125 000 employees (or -8,1%) at March 2005 compared with December 2004. This decrease may be due to the retrenchment in investigation and security services; building and industrial plant cleaning activities; packaging activities and labour recruitment sub industries.

The quarterly increase of 15 000 employees (or +0,8%) at March 2005 compared with December 2004, reported by the *community social and personal services industry*, may be due to the appointment of employees in provincial departments, local governments, universities and technikons.

Table 2 – Gross earnings: All industries

Industry	Quarter ended December 2004 (R'000)	Quarter ended March 2005 (R'000)	Change in gross earnings between the quarters ended December 2004 and March 2005 (R'000)	Percentage change between the quarters ended December 2004 and March 2005
Mining and quarrying	8 830 000	8 465 000	-365 000	-4,1
Manufacturing	27 131 000	23 206 000	-3 925 000	-14,5
Electricity, gas and water supply	1 999 000	1 826 000	-173 000	-8,7
Construction	5 820 000	4 702 000	-1 118 000	-19,2
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants	22 648 000	19 294 000	-3 354 000	-14,8
Transport, storage and communication	10 238 000	9 506 000	-732 000	-7,1
Financial intermediation, insurance, real estate and business services	34 634 000	33 647 000	-987 000	-2,8
Community, social and personal services	48 090 000	45 358 000	-2 732 000	-5,7
Total	159 390 000	146 004 000	-13 386 000	-8,4

Gross earnings paid to employees for the quarter ended March 2005

Gross earnings paid to employees in the *mining and quarrying industry* reflected a quarterly decrease of R365 million (or -4,1%) at March 2005 compared with December 2004.

Data obtained from Department of Minerals and Energy (DME). **See explanatory notes: paragraph 5.**

The quarterly decrease of R3 925 million (or -14,5%) at March 2005 compared with the quarter ended December 2004 reflected by the *manufacturing industry* may be due to annual and performance bonuses, salary increases and commissions paid to employees during the fourth quarter of 2004.

Gross earnings paid to employees in the *electricity, gas and water supply industry* reflected an quarterly decrease of R173 million (or -8,7%) for the quarter ended March 2005 compared with December 2004. This decrease may be due to performance bonuses that were paid to employees in this industry during November 2004.

Gross earnings paid to employees in the *construction industry* reflected a quarterly decrease of R1 118 million (or -19,2%) at March 2005 compared with the quarter ended December 2004. This decrease may be due to annual and performance bonuses and more overtime payments paid to employees during the fourth quarter of 2004.

The quarterly decrease of R3 354 million (or -14,8%) at March 2005 compared with the quarter ended December 2004 reflected by the *wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants industry*, may be due to annual bonuses and overtime payments paid to employees in this industry during the fourth quarter of 2004.

Gross earnings paid to employees in the *transport, storage and communication industry* reflected a quarterly decrease of R732 million (or -7,1%) for the quarter ended March 2005 compared with December 2004. This decrease may be due to annual bonuses and overtime payments paid to employees during the last quarter of 2004.

Gross earnings paid to employees in the *financial intermediation, insurance, real estate and business services industry* reflected a quarterly decrease of R987 million (or -2,8%) at March 2005 compared with the quarter ended December 2004. This decrease may be due to annual bonuses and overtime payments paid to employees during the December 2004 quarter.

Gross earnings paid to employees in the *community, social and personal services industry* reflected a quarterly decrease of R2 732 million (or -5,7%) at March 2005 compared with the quarter ended December 2004. This decrease may be due to salary increases, annual and performance bonuses and overtime payments paid to employees during the last quarter of 2004.

Technical notes**1) Confidence intervals**

The estimated population value will be contained within the interval between the lower and upper 95% confidence limits.

The 95% confidence intervals of a population parameter (gross salaries and wages) 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)

$$1.1) \text{ Standard Error (SE)} = \frac{\text{upper limit} - \text{lower limit}}{2 \times 1,96}$$

$$1.2) \text{ Relative Standard Error (RSE)} = \frac{\text{SE (estimate)}}{\text{estimate}} \times 100$$

Table A: Estimates of number of employees by industry within 95% confidence limits for December 2004 and March 2005

Quarter	December 2004				March 2005			
	Lower limit	Estimate	Upper limit	RSE	Lower limit	Estimate	Upper limit	RSE
Mining and quarrying	456 214	456 214	456 214	**	452 616	452 616	452 616	**
Manufacturing	1 152 884	1 179 291	1 205 698	1,1	1 142 582	1 176 827	1 211 073	1,5
Electricity, gas and water supply	39 979	42 123	44 268	2,6	41 802	44 400	46 998	3,0
Construction	327 440	373 390	419 340	6,3	329 968	380 860	431 753	6,8
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants	1 337 144	1 387 341	1 437 539	1,8	1 303 195	1 356 908	1 410 622	2,0
Transport, storage and communication	289 847	313 525	337 203	3,9	287 699	312 838	337 977	4,1
Financial intermediation, insurance, real estate and business services	1 341 247	1 549 628	1 758 010	6,9	1 323 367	1 424 864	1 526 362	3,6
Community, social and personal services	1 742 861	1 774 291	1 805 720	0,9	1 755 910	1 789 049	1 822 188	0,9
Total	6 854 975	7 075 803	7 296 634	1,6	6 803 422	6 938 362	7 073 306	1,0

****Data obtained from the Minerals Bureau, Department of Minerals and Energy (see explanatory notes: paragraph 5)**

Table B: Estimates of gross earnings (R'000) by industry within 95% confidence limits for December 2004 and March 2005

Quarter	December 2004				March 2005			
Industry	Lower limit	Estimate	Upper limit	RSE	Lower limit	Estimate	Upper limit	RSE
Mining and quarrying	8 829 832	8 829 832	8 829 832	**	8 464 739	8 464 739	8 464 739	**
Manufacturing	25 183 999	27 130 785	29 077 570	3,7	22 729 257	23 205 962	23 682 667	1,0
Electricity, gas and water supply	1 978 756	1 999 351	2 019 945	0,5	1 811 261	1 826 342	1 841 423	0,4
Construction	5 500 527	5 819 754	6 138 981	2,8	4 340 663	4 701 903	5 063 142	3,9
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants	21 574 645	22 648 229	23 721 812	2,4	18 247 821	19 294 241	20 340 660	2,8
Transport, storage and communication	9 740 725	10 238 473	10 736 221	2,5	9 059 591	9 505 796	9 952 001	2,4
Financial intermediation, insurance, real estate and business services	32 801 918	34 634 291	36 466 664	2,7	32 524 084	33 647 026	34 769 967	1,7
Community, social and personal services	47 602 842	48 090 105	48 577 367	0,5	44 858 487	45 358 338	45 858 189	0,6
Total	156 439 566	159 390 818	162 342 070	0,9	144 252 645	146 004 346	147 756 048	0,6

****Data obtained from the Minerals Bureau, Department of Minerals and Energy (see explanatory notes: paragraph 5)**

Explanatory notes

- Introduction** This publication contains results of the quarterly employment statistics survey of enterprises in the formal non-agricultural business sector of the South African economy. The survey is designed to obtain information regarding: the number of persons employed in the business as at the end of the reference quarter; and gross earnings paid; bonuses paid; overtime payments; and severance, termination and redundancy payments paid to employees during the reference quarter.
- Scope of the survey**
1. This survey covers employment 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;
 - electricity, gas and water supply industry;
 - construction industry;
 - wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants industry;
 - transport, storage and communication industry;
 - financial intermediation, insurance, real estate and business services industry; and
 - community, social and personal services industry.
- Classification**
2. 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 the SIC major division (one digit) level. **Each enterprise is classified to the industry, which reflects the predominant activity of the enterprise.**
- Statistical unit**
3. 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.
 4. This survey is conducted by mail each quarter from a sample of 24 417 private businesses and public institutions.
 5. Stats SA receives information regarding the mining and quarrying industry from the Minerals Bureau, Department of Minerals and Energy. The information for the latest quarter is preliminary and will be revised by the Minerals Bureau as soon as they receive more information from the different mines.
- Reliability of estimates**
6. 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 reduce non-sampling errors to a minimum by designing the questionnaire carefully, undertaking pilot studies, editing the data and efficient operating procedures. Fluctuations may occur in consecutive quarters as a result of seasonal and economic factors.
- Standard errors**
7. 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** 8. Revised figures for the quarters published in this release are preliminary and may be revised in subsequent publications.
- Related publications** 9. Users may also wish to refer to the following publications which are available from Stats SA:
- Bulletin of Statistics.*
Labour Force Survey.
SA Statistics.
- Pre-release policy** 10. Stats SA’s pre-release policy may be inspected at its website, www.statssa.gov.za.

Abbreviations and symbols

BSF	Business Sampling Frame
GDP	Gross Domestic Product
IBR	Integrated Business Register
ILO	International Labour Organisation
IT	Income Tax
LFS	Labour Force Survey
QES	Quarterly Employment Statistics
RSE	Relative Standard Error
SARS	South African Revenue Services
SE	Standard Error
SEE	Survey of Employment and Earnings
SIC	Standard Industrial Classification of all Economic Activities
SNA	System of National Accounts
Stats SA	Statistics South Africa
VAT	Value Added Tax
*	Revised figures

Glossary

Casual employees	Casual employees are employees who fall neither within the 'permanent employee' category nor within that of a 'temporary employees'. Such employees are typically daily or hourly. Employers can dispense with their services at a very short notice, usually not exceeding a period of one week. Casual employees are not entitled to benefits such as paid leave and medical aid contributions paid by employers.
Enterprises	Enterprises are legal units, or a combination of legal units that includes and directly controls all functions necessary to carry out its production activities.
Formal sector	The formal sector includes all employing businesses that are registered in any way.
Full-time employees	Full-time employees are those permanent, temporary and casual employees who normally work the agreed number of hours in their particular occupation or, if the agreed number of hours does not apply, who normally work 40 hours or more per week. This includes the self-employed at work or with an enterprise but temporarily not at work.
Gross earnings	Gross earnings are payments for ordinary-time, standard or agreed hours during the reference period for all permanent, temporary, casual, managerial and executive employees before taxation and other deductions for the three months. This includes salaries and wages, performance and others bonuses, allowances, commissions, etc., but excludes, e.g., severance, termination and redundancy payments as well as payments to sub-contractors, etc. Gross earnings are the total sum of the earnings for the three months of the reference quarter (e.g. gross earnings of quarter ended September is the sum of total earnings of July, August and September).
Industries	Industries consist of groups of enterprises engaged in the same or similar kind of activity. The definition of industries is based on the System of National Accounts (SNA) and is in line with that in the Standard Industrial Classification of all Economic Activities, Fifth Edition, and Report No. 09-09-02 of January 1993 (SIC).
Informal sector	The informal sector consists of those businesses that are not registered in any way. They are generally small in nature, and are seldom run from business premises. Instead, they are generally run from homes, street pavements and other informal arrangements.
Number of employees	The number of employees is the number of people employed by the business, who received payment (in salaries, wages, commission, piece rates or payments in kind) for any part of the reference quarter (excluding independent contractors). This includes the self-employed at work or with an enterprise but temporarily not at work. Number of employees refers to the number of people employed at the end of the reference quarter (e.g. number of employees as at the quarter ended December refers to the number of employees as at the end of the month of December).
Ordinary-time hours	Ordinary-time hours are those hours actually worked during normal periods of work. These hours include hours of paid leave taken during the reference period (e.g. sick leave, annual leave) and hours of normal shift work. Ordinary-time hours paid for exclude overtime hours worked, hours relating to payment in advance and hours relating to back pay.
Overtime hours paid for	Overtime hours paid for are those hours worked in excess of ordinary-time hours, standard or agreed hours of work that were paid for in the reference period.

Overtime payment	Overtime payment refers to payment for hours worked and paid for in excess of ordinary-time hours, standard or agreed hours worked for the reference period. Penalty payments that relate to overtime are also included.
Part-time employees	Part-time employees are those permanent, temporary or casual employees who are not full-time employees as defined above or who normally work less than 40 hours per week. This includes the self-employed at work or with an enterprise but temporarily not at work.
Performance and other bonuses	<p>Performance and other bonuses cover seasonal, end-of-year and one-time bonuses and additional payments supplementary to normal payments.</p> <p>Performance and other bonuses include profit sharing bonuses, merit bonuses, incentive bonuses, total amounts of payments that were paid during the reference period but relate to other pay periods, e.g. annual leave, thirteenth cheques, severance, termination, redundancy and leave gratuity payments. Performance and other bonuses exclude reimbursements for expenses incurred whilst conducting employer's business.</p>
Permanent employees	Permanent employees are employees appointed on an open-ended contract with no stipulated termination date, and who are entitled to benefits such as paid leave and medical aid contributions paid by employers. This includes the self-employed at work.
Quarterly percentage change	A quarterly percentage change is the change in the employment or the gross earnings of the given quarter compared with the employment or the gross earnings of the previous quarter expressed as a percentage.
Reference quarter	Reference quarter for this survey refers to the three months up to the end of March, June, September or December.
Severance, termination and redundancy payments	Severance, termination and redundancy payments includes payments of leave made to employees who finished work during the reference quarter as well as payments intended to compensate for loss of employment.
Temporary employees	Temporary employees are employees appointed on a short-term contract basis for periods normally not exceeding one year. Such contract would typically stipulate a termination date, but could be renewed by mutual agreement between the employer and the employee. This includes the self-employed with an enterprise but temporarily not at work.

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