



Quarterly employment statistics

August 2005

Part 2: Estimation of average monthly earnings

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

The SEE covered both employing and non-employing value-added tax (VAT) registered businesses with an annual turnover of R300 000 or more. The QES survey covers employing enterprises registered for income tax (IT). This results in better coverage of small businesses that were not necessarily registered for VAT. The omission of non-employing businesses for the calculation of average monthly earnings is in accordance with the International Labour Organisation (ILO) definitions and concepts.

Estimates for average monthly earnings were 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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Key estimates

Table A – Average monthly earnings paid to employees in the formal non-agricultural business sector

Average monthly earnings paid to employees in the formal non-agricultural business sector	May 2005* (Rand)	August 2005 (Rand)	Percentage change between May 2005 and August 2005
Including bonuses and overtime payments	6 758	6 994	3,5

*Revised estimates

Key findings regarding average monthly earnings *including bonuses and overtime payments*

Average monthly earnings, including bonuses and overtime payments, paid to employees in the formal non-agricultural business sector increased between May 2005 and August 2005.

The September 2005 Quarterly Employment Statistics (QES) survey showed that average monthly earnings, including bonuses and overtime payments, paid to employees in the formal non-agricultural business sector increased by 3,5% between May 2005 and August 2005.

Table B – Estimates within 95% confidence levels

Month	Lower limit (Rand)	Estimate (Rand)	Upper limit (Rand)	RSE
May 2005*	6 602	6 758	6 914	1,2
August 2005	6 821	6 994	7 167	1,3

**PJ Lehohla
Statistician-General**

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Notes

Forthcoming issues**Issue****Expected release date**

November 2005

25 April 2006

Purpose of the survey

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 that is used as an input to the Gross Domestic Product (GDP) and to estimate key economic statistics on average monthly earnings that is mainly used for monitoring economic indicators of the South African economy.

Response rates

The percentage response for August 2005 was 90,1%.

Table 1 – Average monthly earnings, including bonuses and overtime payments, at current prices, by industry

Industry	November 2004 (Rand)	February 2005 (Rand)	May 2005* (Rand)	August 2005 (Rand)	Percentage change between May 2005 and August 2005
Mining and quarrying**	6 513	6 250	6 450	7 071	9,6
Manufacturing	6 388	6 380	6 250	6 527	4,4
Electricity, gas and water supply	14 768	13 127	13 629	14 223	4,4
Construction	4 279	4 128	4 238	4 327	2,1
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants	5 034	4 660	4 641	4 844	4,4
Transport, storage and communication	10 180	10 118	10 046	10 536	4,9
Financial intermediation, insurance, real estate and business services	6 724	7 182	7 200	7 348	2,1
Community, social and personal services	8 681	8 117	8 269	8 447	2,2
Total	6 887	6 742	6 758	6 994	3,5

*Revised estimates

Table 2 – Average monthly earnings, excluding bonuses and overtime payments, at current prices, by industry

Industry	November 2004 (Rand)	February 2005 (Rand)	May 2005* (Rand)	August 2005 (Rand)	Percentage change between May 2005 and August 2005
Mining and quarrying**	-	-	-	-	-
Manufacturing	5 932	5 877	5 839	6 065	3,9
Electricity, gas and water supply	13 972	13 000	12 771	13 447	5,3
Construction	3 982	3 895	4 011	4 098	2,2
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants	4 715	4 521	4 496	4 680	4,1
Transport, storage and communication	9 818	9 869	9 735	10 223	5,0
Financial intermediation, insurance, real estate and business services	6 466	6 947	6 966	7 072	1,5
Community, social and personal services	8 453	7 935	8 019	8 245	2,8

*Revised estimates

**Data obtained from the Minerals Bureau, Department of Minerals and Energy (see explanatory notes: paragraph 5). At this stage the Department of Minerals and Energy is unable to provide data items with regard to bonuses and overtime payments separately.

Table 3 – Average monthly earnings, including bonuses and overtime payments, at constant 2000 prices (see glossary: paragraph 1), by industry

Industry	November 2004 (Rand)	February 2005 (Rand)	May 2005* (Rand)	August 2005 (Rand)	Percentage change between May 2005 and August 2005
Mining and quarrying**	5 210	4 976	5 055	5 481	8,4
Manufacturing	5 110	5 080	4 898	5 060	3,3
Electricity, gas and water supply	11 814	10 451	10 681	11 026	3,2
Construction	3 423	3 287	3 321	3 354	1,0
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants	4 027	3 710	3 637	3 755	3,2
Transport, storage and communication	8 144	8 056	7 873	8 167	3,7
Financial intermediation, insurance, real estate and business services	5 379	5 718	5 643	5 696	0,9
Community, social and personal services	6 945	6 463	6 480	6 548	1,0
Total	5 510	5 368	5 296	5 422	2,4

*Revised estimates

Table 4 – Average monthly earnings, excluding bonuses and overtime payments, at constant 2000 prices (see glossary: paragraph 1), by industry

Industry	November 2004 (Rand)	February 2005 (Rand)	May 2005* (Rand)	August 2005 (Rand)	Percentage change between May 2005 and August 2005
Mining and quarrying**	-	-	-	-	-
Manufacturing	4 746	4 679	4 576	4 702	2,8
Electricity, gas and water supply	11 178	10 350	10 009	10 424	4,1
Construction	3 186	3 101	3 143	3 177	1,1
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants	3 772	3 600	3 524	3 628	3,0
Transport, storage and communication	7 854	7 857	7 629	7 925	3,9
Financial intermediation, insurance, real estate and business services	5 173	5 531	5 459	5 482	0,4
Community, social and personal services	6 762	6 318	6 284	6 391	1,7

*Revised estimates

**Data obtained from the Minerals Bureau, Department of Minerals and Energy (see explanatory notes: paragraph 5). At this stage the Department of Minerals and Energy is unable to provide data items with regard to bonuses and overtime payments separately

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 (average monthly earnings) 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 C: Estimates of average monthly earnings, including bonuses and overtime payments, at current prices, by industry within 95% confidence limits

Industry	May 2005*				August 2005			
	Lower Limit (Rand)	Estimate (Rand)	Upper Limit (Rand)	RSE	Lower Limit (Rand)	Estimate (Rand)	Upper Limit (Rand)	RSE
Mining and quarrying**	6 450	6 450	6 450	-	7 071	7 071	7 071	-
Manufacturing	6 060	6 250	6 440	1,6	6 313	6 527	6 741	1,7
Electricity, gas and water supply	13 008	13 629	14 250	2,3	13 413	14 223	15 033	2,9
Construction	3 485	4 238	4 991	9,1	3 423	4 327	5 231	10,7
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants	4 358	4 641	4 924	3,1	4 527	4 844	5 161	3,3
Transport, storage and communication	9 119	10 046	10 973	4,7	9 293	10 536	11 779	6,0
Financial intermediation, insurance, real estate and business services	6 641	7 200	7 759	4,0	6 750	7 348	7 946	4,1
Community, social and personal services	8 084	8 269	8 454	1,1	8 254	8 447	8 640	1,2
Total (all industries)	6 602	6 758	6 914	1,2	6 821	6 994	7 167	1,3

*Revised estimates

Table D: Estimates of average monthly earnings, excluding bonuses and overtime payments, at current prices, by industry within 95% confidence limits

Industry	May 2005*				August 2005			
	Lower Limit (Rand)	Estimate (Rand)	Upper Limit (Rand)	RSE	Lower Limit (Rand)	Estimate (Rand)	Upper Limit (Rand)	RSE
Mining and quarrying**	-	-	-	-	-	-	-	-
Manufacturing	5 660	5 839	6 018	1,6	5 865	6 065	6 265	1,7
Electricity, gas and water supply	12 190	12 771	13 352	2,3	12 681	13 447	14 213	2,9
Construction	3 295	4 011	4 727	9,1	3 235	4 098	4 961	10,7
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants	4 225	4 496	4 767	3,1	4 376	4 680	4 984	3,3
Transport, storage and communication	8 837	9 735	10 633	4,7	9 019	10 223	11 427	6,0
Financial intermediation, insurance, real estate and business services	6 428	6 966	7 504	3,9	6 500	7 072	7 644	4,1
Community, social and personal services	7 837	8 019	8 201	1,2	8 055	8 245	8 435	1,2

*Revised estimates

**Data obtained from the Minerals Bureau, Department of Minerals and Energy (see explanatory notes: paragraph 5). At this stage the Department of Minerals and Energy is unable to provide data items with regard to bonuses and overtime payments separately.

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; gross earnings paid; bonuses paid; overtime payments; and severance, termination and redundancy payments paid to employees for each month of the reference quarter.

Part 2: deals with the estimation of average monthly earnings.

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.

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 that 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 approximately 24 000 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.

Notes on estimates

6 Average monthly earnings statistics represent average gross (before tax) earnings of employees and do not relate to average award rates nor to the earnings of the 'average person'. Estimates of average monthly earnings are derived by dividing estimates of monthly total earnings by estimates of number of employees. Changes in the average may be affected not only by changes in the level of earnings of employees but also by changes in the overall composition of the wage and salary earner segment of the labour force. There are several aspects which can contribute to compositional changes, including variations over time in the proportions of full-time, part-time and casual employees.

Reliability of estimates	7	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	8	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.
Effects of rounding	9	Estimates of average monthly earnings are rounded to the nearest Rand.
	10	Percentage changes are calculated on the actual values and may differ from calculations on rounded estimates.
Revised figures	11	Revised figures for the quarters published in this release are preliminary and may be revised in subsequent publications.
Related publications	12	Users may also wish to refer to the following publications which are available from Stats SA: <i>Quarterly employment statistics (Part 1: Estimation of number of employees and their earnings).</i> <i>Bulletin of Statistics.</i> <i>Labour Force Survey.</i> <i>SA Statistics.</i>
Pre-release policy	13	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 - Not available

Glossary

Average monthly earnings at constant 2000 prices	Average monthly earnings at constant 2000 prices measure change in average monthly earnings after the direct effects of inflation have been eliminated. The deflator used to devalue the current average earnings is the consumer price index (2000=100).
Average monthly earnings at current prices	Average monthly earnings at current prices are calculated by dividing the total gross earnings, excluding severance, termination and redundancy payments, for the reference month by the number of employees as at the end of the reference month.
Casual employees	Casual employees are employees who fall neither within the 'permanent employee' category nor within that of a 'temporary employee'. 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 excludes the self-employed and working proprietors. (Refer to notes on number of employees below.).
Gross earnings	Gross earnings are payments for ordinary-time, standard or agreed hours during the reference period for all permanent, temporary, casual, executive and managerial employees before taxation and other deductions for the reference period. This includes salaries and wages; commission if a retainer, wage or salary was also paid; employer's contribution to pension, provident, medical aid, sick pay and other funds; allowances; etc., but excludes earnings of sole proprietors or partners of unincorporated businesses; commission where a retainer, wage or salary was not paid; payments to subcontractors and consultants who are not part of the enterprise; performance and other bonuses; overtime payments; and severance, termination and redundancy payments.
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, in addition to a retainer, salary or wage; piece rates; or payments in kind) for any part of the reference period. This exclude independent contractors and consultants; working proprietors; sole and joint owners; and employees paid on a commission basis where a retainer, salary or wage was not paid. Number of employees refers to the number of people employed at the end of the reference period.

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 payments	Overtime payments refer 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 excludes 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. Performance and other bonuses exclude reimbursements for expenses incurred whilst conducting employer's business, severance, termination, redundancy and leave gratuity payments.</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 excludes the self-employed at work.
Quarterly percentage change	A quarterly percentage change is the change in the employment, the gross earnings or the average monthly earnings of the given quarter/month compared with the employment, the gross earnings or the average monthly earnings of the previous quarter/month expressed as a percentage.
Reference month/period	Reference month/period for this publication refers to the months of February, May, August or November.
Severance, termination and redundancy payments	Severance, termination and redundancy payments includes payments of leave made to employees who finished work during the reference period 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 excludes the self-employed with an enterprise but temporarily not at work.

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Enquiries

Telephone number: (012) 310 8095 /8390 /8351 /8600 /8496 /4892 (user information services)
(012) 310 8555 /2153 /8278 (survey areas)
(012) 310 4619 (technical enquiries)
(012) 310 8161 (orders)
(012) 310 8490 (library)

Fax number: (012) 310 8648 (technical enquiries)

Email: labourquestion@statssa.gov.za (technical enquiries)
info@statssa.gov.za (user information services)
distribution@statssa.gov.za (orders)

Postal address: Private Bag X44, Pretoria, 0001

Produced by Statistics South Africa