
Construction industry 2007

Report No. 50-02-01 (2007)

Statistics South Africa

Pali Lehohla
Statistician-General

Published by Statistics South Africa, Private Bag X44, Pretoria 0001

© Statistics South Africa, 2009

Users may apply or process this data, provided Statistics South Africa (Stats SA) is acknowledged as the original source of the data; that it is specified that the application and/or analysis is the result of the user's independent processing of the data; and that neither the basic data nor any reprocessed version or application thereof may be sold or offered for sale in any form whatsoever without prior permission from Stats SA.

Stats SA Library Cataloguing-in-Publication (CIP) Data
Construction industry, 2007/Statistics South Africa. Pretoria: Statistics South Africa, 2009
33 p. [Report No. 50-02-01 (2007)]

ISBN: 978-0-621-38398-0

I. Construction
II. Statistics South Africa
III. Series
(LCSH 16)

A complete set of Stats SA publications is available at Stats SA Library and the following libraries:

- National Library of South Africa, Pretoria Division
- National Library of South Africa, Cape Town Division
- Library of Parliament, Cape Town
- Bloemfontein Public Library
- Natal Society Library, Pietermaritzburg
- Johannesburg Public Library
- Eastern Cape Library Services, King William's Town
- Central Regional Library, Polokwane
- Central Reference Library, Nelspruit
- Central Reference Collection, Kimberley
- Central Reference Library, Mmabatho

This report is available on the Stats SA website: www.statssa.gov.za

Copies are obtainable from: Printing and Distribution, Statistics South Africa

Tel: (012) 310 8619/8251

Fax: (012) 321 7381

Email: joanl@statssa.gov.za

Contents

1. Introduction	2
1.1 Scope and coverage.....	2
1.2 Data items.....	3
1.3 Reference period.....	3
1.4 Current prices.....	3
1.5 Reliability of data.....	3
1.6 Confidentiality.....	3
2. Background to the programme of large sample surveys	4
2.1 Purpose and uses of large sample surveys.....	4
2.2 Scope and coverage.....	4
3. Summary of findings for the year 2007	5
3.1 Income.....	5
3.1.1 Income by enterprise size in the construction industry.....	5
3.1.2 Extent of concentration of income in the construction industry, 2007.....	6
3.1.3 Income from services by type of activity in the construction industry, 2007.....	6
3.2 Expenditure.....	7
3.2.1 Purchases in the construction industry, 2007.....	7
3.3 Profit margin.....	8
3.4 Capital expenditure on new assets.....	8
3.5 Employment.....	9
3.5.1 Employment by gender.....	9
3.6 The client base of the construction industry in 2007.....	10
3.7 Geographical distribution of construction activity in 2007.....	10
4. Tables	11
Table 1 – Principal statistics in the construction industry, 2007.....	11
Table 2 – Profit margin in the construction industry, 2007.....	12
Table 3 – Income in the construction industry, 2007.....	13
Table 4 – Income by enterprise size in the construction industry, 2007.....	14
Table 5 – Concentration ratios (relative contribution of largest enterprises) in the construction industry, 2007.....	15
Table 6 – Expenditure in the construction industry, 2007.....	16
Table 7 – Book value of fixed assets at the end of the year in the construction industry, 2007.....	19
Table 8 – Details of assets in the construction industry, 2007.....	20
Table 9 – Details of liabilities and owners' equity in the construction industry, 2007.....	21
Table 10 – Capital expenditure on new assets in the construction industry, 2007.....	22
Table 11 – Employment in the construction industry at the end of June 2007.....	23
Table 12 – Employment by status (permanent, casual or temporary) in the construction industry at the end of June 2007.....	24
Table 13 – Employment by enterprise size in the construction industry at the end of June 2007.....	25
Table 14 – Details of income from activities in the construction industry, 2007.....	26
Table 15 – Details of purchases in the construction industry, 2007.....	27
Table 16 – Income by client base in the construction industry, 2007.....	28
Table 17 – Income by province in the construction industry, 2007.....	29
Explanatory notes	30
Table 18 – Size groups for the construction industry.....	30
Table 19 – Relative standard error and income in the construction industry within 95% confidence limits, 2007.....	31
Glossary	32

1. Introduction

This publication updates Statistical Release P5002 'Construction industry 2007', and adds the details of services rendered, the breakdown of purchases, the details of the client base and the breakdown of income by province. The financial information has been revised following the reclassification of some enterprises. Further financial tables have been added (capital expenditure, opening inventories, closing inventories, assets and liabilities).

Estimates are presented in respect of the 2007 construction large sample survey (LSS). The survey collected data from a sample of 4 118 enterprises drawn from a sampling frame of 23 280 enterprises which were operating between 1 July 2006 and 30 June 2007. The sample was stratified in such a way that all large enterprises (with turnover equal to or greater than R26 million) were included. Data were collected at the 4-digit SIC level of classification of enterprises. The response rate was 83%.

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. Each enterprise is classified to an industry that reflects its predominant activity.

The previous construction large sample survey was conducted in 2004 (Statistical Release P5001 Construction industry, 2004).

1.1 Scope and coverage

This survey covers enterprises registered in the taxation system that are mainly engaged in construction. It includes the following groups within its scope:

(i) Site preparation	SIC 5010
(ii) Construction of buildings	SIC 5021
(iii) Construction of civil engineering structures	SIC 5022
(iv) Construction of other structures	SIC 5023
(v) Construction by specialist trade contractors	SIC 5024
(vi) Plumbing	SIC 5031
(vii) Electrical contracting	SIC 5032
(viii) Shopfitting	SIC 5033
(ix) Other building installation	SIC 5034
(x) Painting and decorating	SIC 5041
(xi) Other building completion	SIC 5049
(xii) Renting of construction or demolition equipment with operator	SIC 5050

Including

- a. The South African-based activities of enterprises which operate in multiple countries.

Excluding

- b. Activities of South African-based companies in other countries.

1.2 Data items

The following categories of data items were collected: industrial classification, details of employment, income, expenditure, profit or loss, inventories, book value of assets, and details of services rendered.

1.3 Reference period

The questionnaires were completed for the financial year of the enterprise which ends on any date between 1 July 2006 and 30 June 2007, according to the usual reporting schedule of the enterprise.

Example

- 1 October 2005 – 30 September 2006
- 1 January 2006 – 31 December 2006
- 1 February 2006 – 31 January 2007
- 1 March 2006 – 28 February 2007
- 1 April 2006 – 31 March 2007

1.4 Current prices

The rand values are at current prices.

1.5 Reliability of data

All estimates compiled for this industry are subject to both sampling and non-sampling errors.

The estimates are subject to sampling variability since they are based on information obtained from a sample. They may therefore differ from the figures that would have been produced if the data had been obtained from all enterprises in the construction industry in South Africa. The standard error (SE) indicates the extent to which an estimate might have varied by chance because only a sample of enterprises was used. The relative standard error (RSE) provides an immediate indication of the percentage errors likely to have occurred due to sampling, and thus avoids the need to refer to the size of the estimate. The larger the RSE, the less reliable the estimate is.

The following are some of the likely sources of non-sampling errors: sampling frame not up to date, wrong definitions and classification, phrasing of questions, non-response, processing and estimation. Every effort is made to minimise non-sampling errors by careful design of questionnaires, testing them in a sample of respondents, editing reported data and implementing efficient operating procedures. Non-sampling errors occur in both sample surveys and censuses.

1.6 Confidentiality

According to Section 17 of the Statistics Act, 1999 (Act No. 6 of 1999), completed questionnaires remain confidential to Statistics South Africa (Stats SA). Individual business information is never disclosed. Results are presented in aggregated form only.

2. Background to the programme of large sample surveys

The large sample surveys serve to document comprehensively the structure and financial characteristics of all industries within the economy.

Previously, Statistics South Africa (Stats SA) periodically conducted industry censuses, i.e. collections covering all entities known to be mainly engaged in particular sectors. The last industry census was conducted for the manufacturing sector in 1996. Since then, Stats SA has replaced industry censuses with periodic large sample surveys of industry sectors. These surveys are based on larger samples than the sub-annual and annual surveys. They do not attempt to completely enumerate all entities within the industry scope of the surveys, but are based on stratified random samples which are representative of the survey population.

2.1 Purpose and uses of large sample surveys

The large sample survey results are used in constructing and refreshing supply/use tables, and for benchmarking the Gross Domestic Product (GDP) and its components, production and price indices, and annual and short-term statistical series, and for comparisons within and between industries.

Users of the large sample survey programme include the following:

- Price statisticians, particularly in refreshing the commodity basket of producer price indices;
- Policy advisers in government for monitoring the performance of industries and their contribution to the South African economy and evaluating the effectiveness of industry policies;
- Industry associations monitoring trends in their own and competing or complementary industries in order to inform their members of market changes; and
- Individual businesses using the data to analyse their performance relative to their industry.

2.2 Scope and coverage

This programme covers enterprises registered in the taxation system (VAT and income tax) that are mainly engaged in the following industries as defined in the Standard Industrial Classification of all Economic Activities (SIC):

- 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, and hotels and restaurants
- Transport, storage and communication
- Financial intermediation, insurance, real estate and business services
- Community, social and personal services (except national, provincial and local government activities)

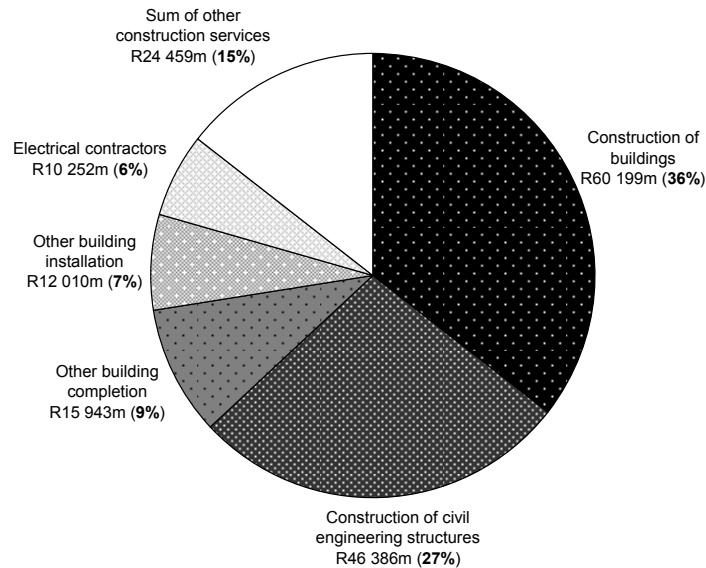
Note: The agriculture, forestry, fishing, hunting and related services industry (SIC 1) is not included as it is covered by a separate programme within Statistics South Africa. Similarly, the public administration and defence activities industry (SIC 92), the financial intermediation (SIC 81) and insurance and pension funding (SIC 82) are covered by other programmes both within Stats SA and elsewhere (e.g. South African Reserve Bank).

3. Summary of findings for the year 2007

3.1 Income

The total income for the construction industry in 2007 was R169 249 million. The largest contributor to the total income was 'Construction of buildings' (R60 199 million or 36%), followed by 'Construction of civil engineering structures' (R46 386 million or 27%) and 'Other building completion' (R15 943 million or 9%) (Figure 1 and Table 1, page 11).

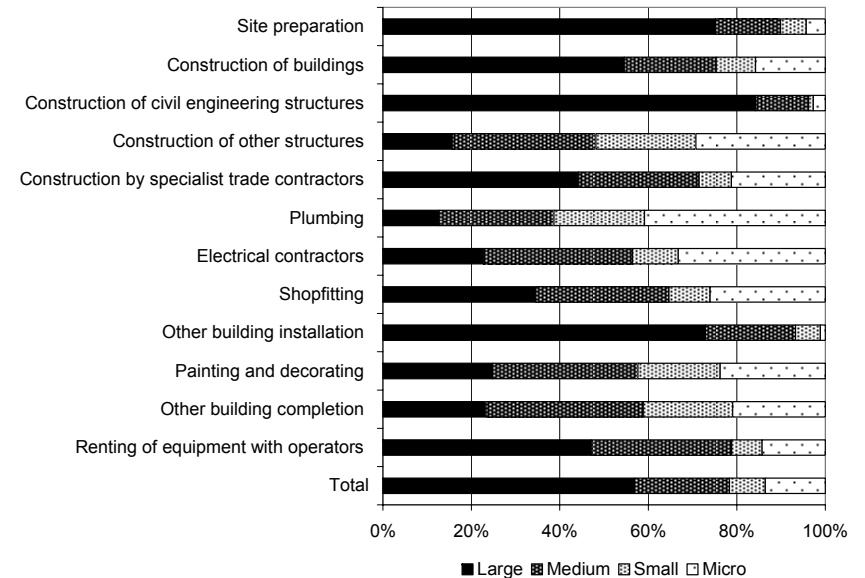
Figure 1 – Breakdown of income by type of service in the construction industry, 2007



3.1.1 Income by enterprise size in the construction industry

Large enterprises (those with turnover greater than or equal to R26 million) accounted for 56,9% (R96 251 million) of the total income reported by the industry. Among the industry groups, large enterprises were most dominant in 'Construction of civil engineering structures' (84%) and least dominant in 'Plumbing' (13%) (Figure 2 and Table 4, page 14).

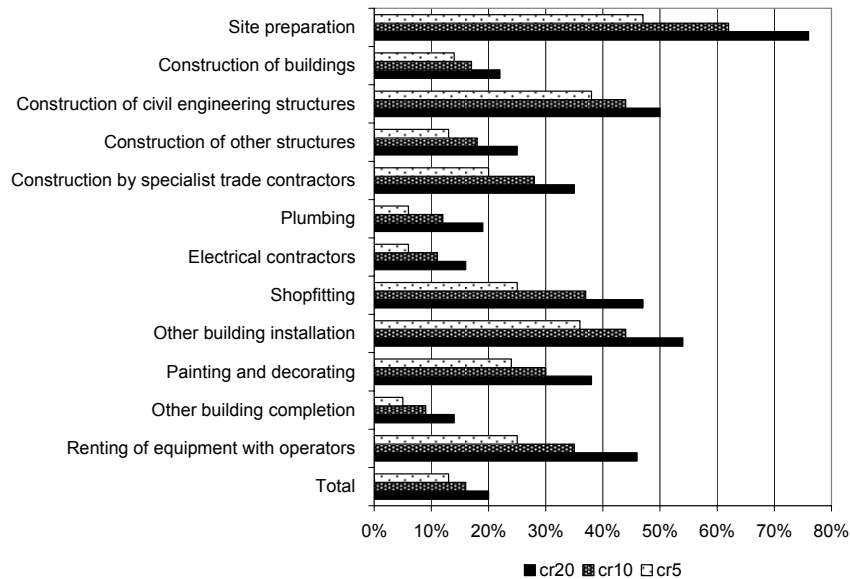
Figure 2 – Breakdown of income by enterprise size in the construction industry, 2007



3.1.2 Extent of concentration of income in the construction industry, 2007

The 20 largest enterprises contributed 20% to the total income of the construction industry. The contribution of the five largest enterprises by type of service ranges from 5% for 'Other building completion' to 47% for 'Site preparation' (Figure 3 and Table 5, page 15).

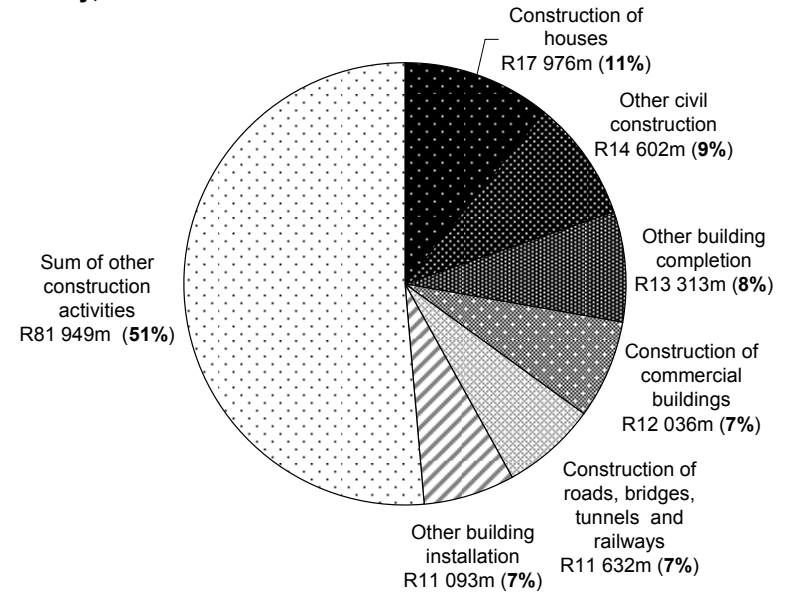
Figure 3 – Concentration ratios for the largest 5, 10 and 20 enterprises (CR5, CR10, CR20)



3.1.3 Income from services by activity in the construction industry, 2007

The types of services rendered within the construction industry are defined in accordance with the SIC classification at group (4-digit) level. The income generated is broken down further in terms of activities within each type of service. The construction activity generating the greatest income from services was 'Construction of houses' (R17 976 million or 11%), followed by 'Other civil construction' (R14 602 million or 9%) and 'Other building completion' (R13 313 million or 8%) (Figure 4 and Table 14, page 26).

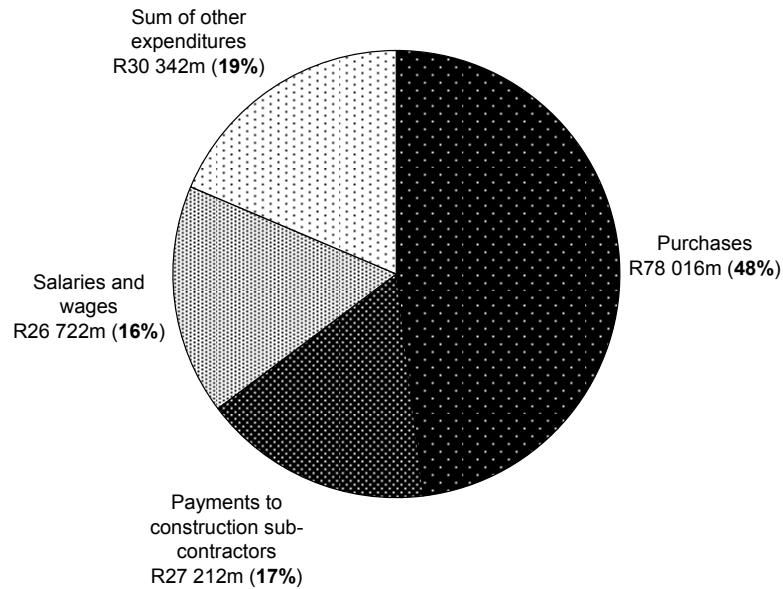
Figure 4 – Breakdown of income by activity in the construction industry, 2007



3.2 Expenditure

The total expenditure for the construction industry in 2007 was R162 292 million. The expenditure for the construction industry in 2007 was composed primarily of 'Purchases' (R78 016 million or 48%), followed by 'Payments to construction subcontractors' (R27 212 million or 17%) and 'Salaries and wages' (R26 722 million or 16%) (Figure 5 and Table 6, pages 16 -18).

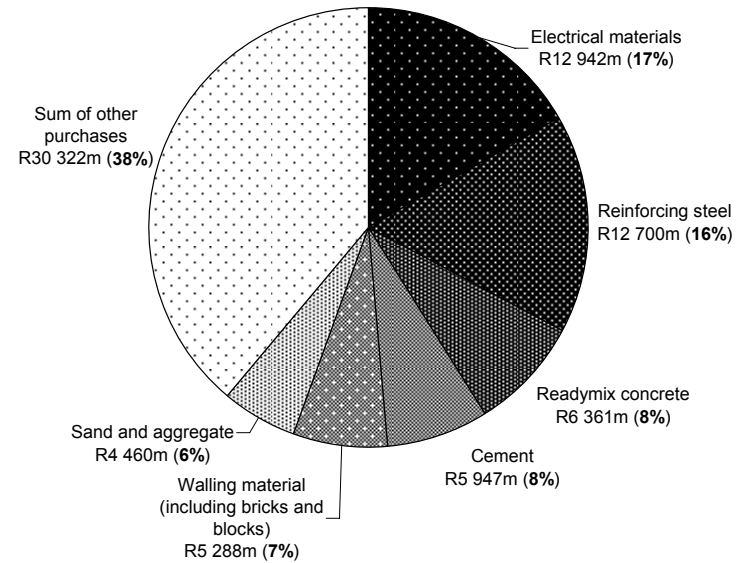
Figure 5 – Composition of expenditure in the construction industry, 2007



3.2.1 Purchases in the construction industry, 2007

The largest contributor to the value of purchases by the construction industry in 2007 was 'Electrical materials' (R12 942 million or 17%), followed by 'Reinforcing steel' (R12 700 million or 16%), 'Readymix concrete' (R6 361 million or 8%) and 'Cement' (R5 947 million or 8%) (Figure 6 and Table 15, page 27).

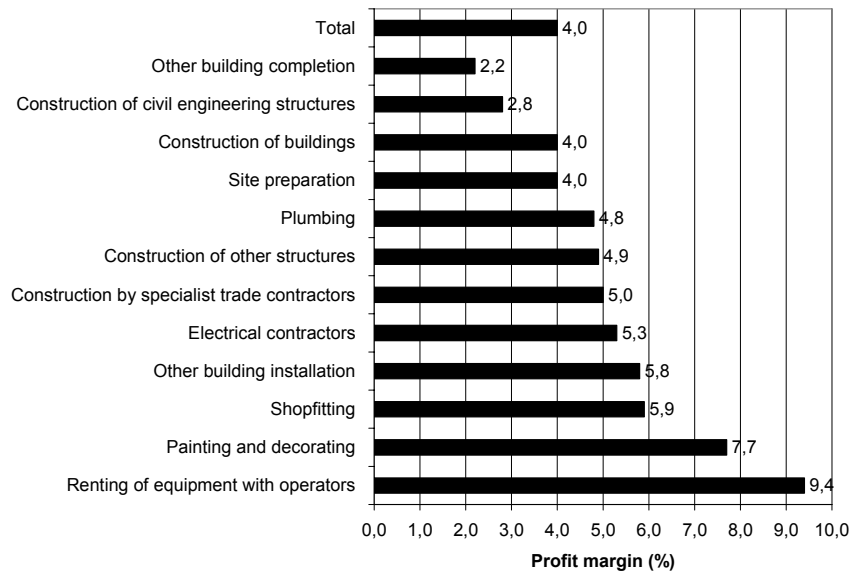
Figure 6 – Composition of purchases in the construction industry, 2007



3.3 Profit margin

The profit margin (Net profit after tax / turnover) for the construction industry in 2007 was 4,0%. The profit margin ranged from 2,2% for 'Other building completion' to 9,4% for 'Renting of equipment with operators' (Figure 7 and Table 2, page 12).

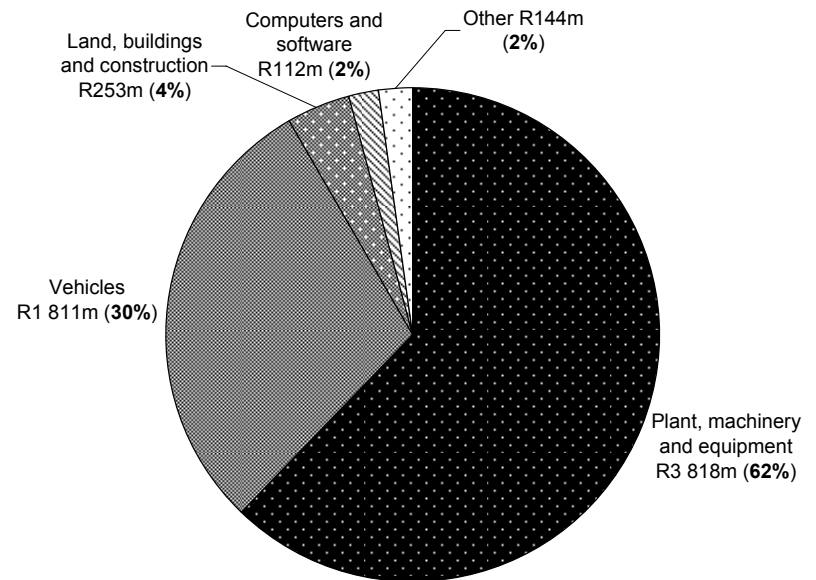
Figure 7 – Profit margin by type of service in the construction industry, 2007



3.4 Capital expenditure on new assets

The capital expenditure on new assets in the construction industry in 2007 was R6 138 million. The capital expenditure was composed primarily of 'Plant, machinery and equipment' (R3 818 million or 62%), followed by 'Vehicles' (R1 811 million or 30%) (Figure 8 and Table 10, page 22).

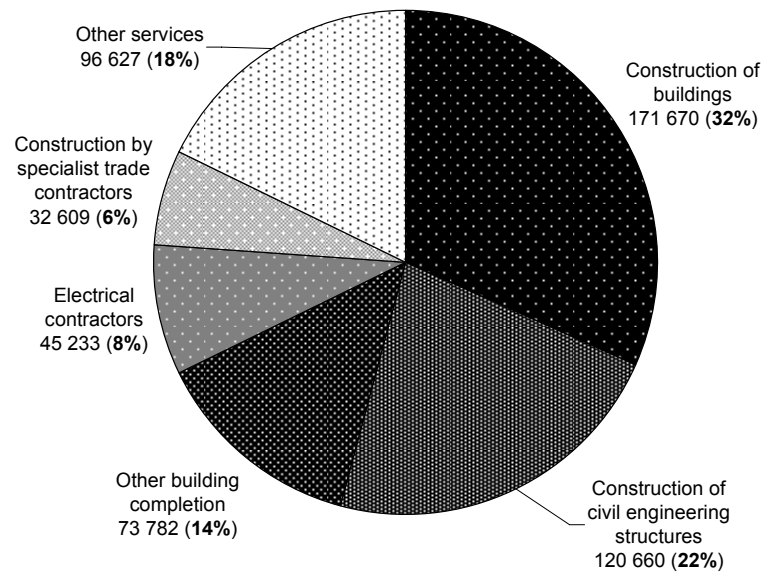
Figure 8 – Composition of capital expenditure on new assets in the construction industry, 2007



3.5 Employment

The total number of persons employed in the construction industry at the end of June 2007 was 540 581. 'Construction of buildings' employed the largest number of persons (171 670 or 32%), followed by 'Construction of civil engineering structures' (120 660 or 22%) (Figure 9 and Table 11, page 23).

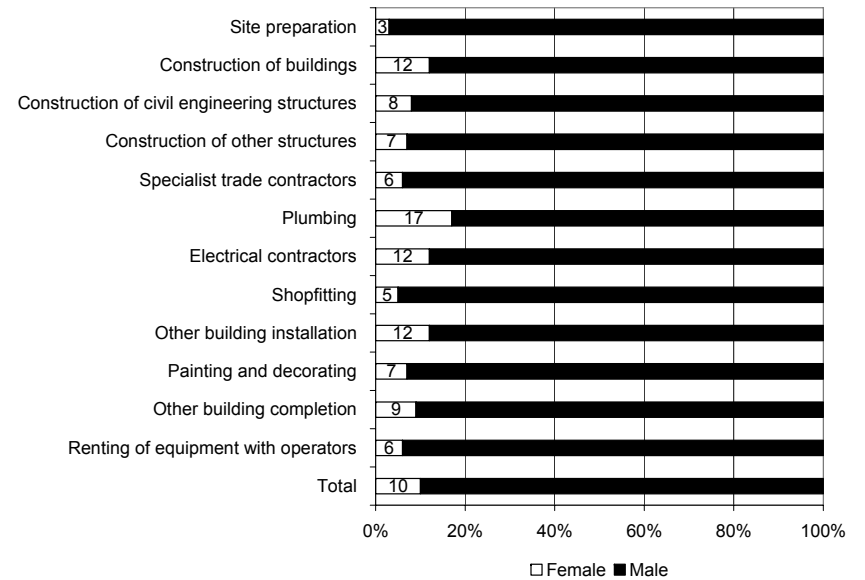
Figure 9 – Breakdown of employment by type of service in the construction industry, 2007



3.5.1 Employment by gender

The proportion of females in the work force was 10%, ranging from 3% in 'Site preparation' to 17% in 'Plumbing' (Figure 10 and Table 11, page 23).

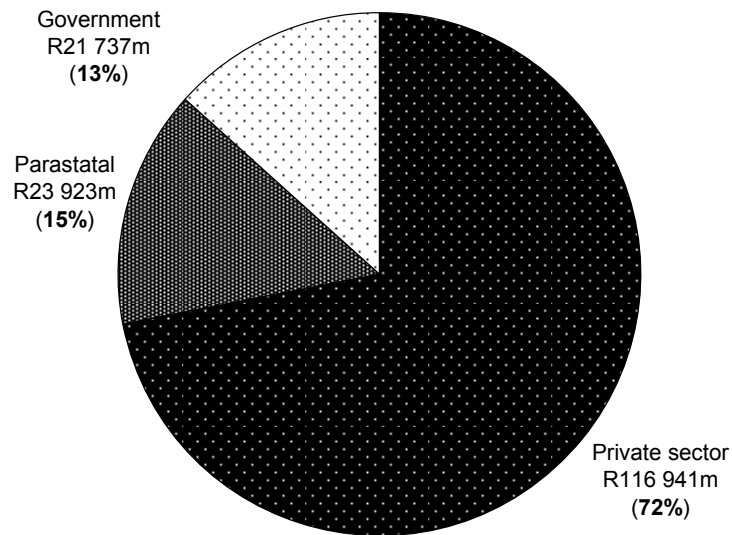
Figure 10 – Employment: gender ratios in the construction industry, 2007



3.6 The client base of the construction industry in 2007

The private sector was the major client of the construction industry in 2007, contributing 72% to the income from services, followed by parastatals (major public entities) with 15% and government with 13% (Figure 11 and Table 16, page 28).

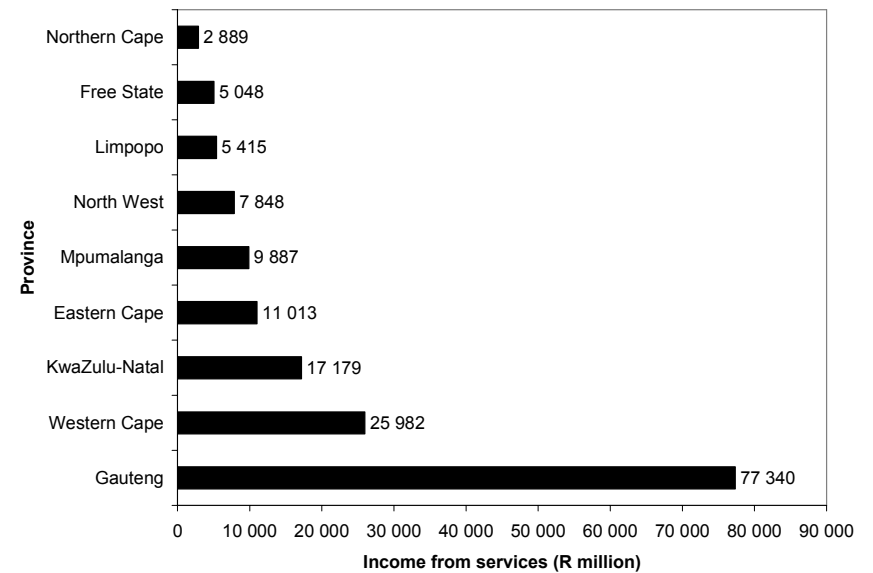
Figure 11 – Breakdown of income from services by client base in the construction industry, 2007



3.7 Geographical distribution of construction activity in 2007

In 2007, 48% of construction activity took place in Gauteng (R77 340 million), followed by 16% in the Western Cape (R25 982 million) and 11% in KwaZulu-Natal (R17 179 million) (Figure 12 and Table 17, page 29).

Figure 12 – Breakdown of income from services by province in the construction industry, 2007



Pali Lehohla
Statistician-General

4. Tables

Table 1 – Principal statistics in the construction industry, 2007

Type of service	Total income	Total expenditure	Net profit before tax	Total value of opening inventories	Value of closing inventories	Book value of fixed assets: opening	Book value of fixed assets: closing	Capital expenditure on new assets
	R million							
Site preparation	3 130	2 956	180	48	54	895	1 049	381
Construction of buildings	60 199	57 825	3 333	4 021	4 981	6 894	8 164	1 346
Construction of civil engineering structures	46 386	44 725	1 911	1 706	1 956	4 208	5 149	2 163
Construction of other structures	3 079	2 895	191	74	82	384	496	168
Construction by specialist trade contractors	8 294	7 807	555	264	331	1 309	1 516	170
Plumbing	3 055	2 938	166	63	112	283	291	44
Electrical contractors	10 252	9 688	660	297	393	1 074	1 284	312
Shopfitting	1 290	1 197	93	14	15	90	111	30
Other building installation	12 010	11 369	934	466	760	529	637	188
Painting and decorating	1 937	1 780	170	27	39	149	169	63
Other building completion	15 943	15 874	552	528	1 012	3 310	2 984	366
Renting of construction or demolition equipment with operators	3 674	3 238	437	23	25	1 412	1 949	907
Total	169 249	162 292	9 182	7 531	9 760	20 537	23 799	6 138

Table 2 – Profit margin in the construction industry, 2007

Type of service	Net profit after tax	Turnover	Profit margin
	R million		%
Site preparation	124	3 066	4,0
Construction of buildings	2 395	59 282	4,0
Construction of civil engineering structures	1 274	44 922	2,8
Construction of other structures	148	3 031	4,9
Construction by specialist trade contractors	411	8 164	5,0
Plumbing	146	3 036	4,8
Electrical contractors	533	10 082	5,3
Shopfitting	74	1 255	5,9
Other building installation	677	11 664	5,8
Painting and decorating	142	1 835	7,7
Other building completion	348	15 629	2,2
Renting of construction or demolition equipment with operators	330	3 505	9,4
Total	6 602	165 471	4,0

Table 3 – Income in the construction industry, 2007

Type of service	Sales	Services	Rental of land, buildings and equipment	Interest received	Sale or revaluation of assets	Dividends	Other	Total
	R million							
Site preparation	0	3 038	28	12	11	3	38	3 130
Construction of buildings	761	58 123	398	305	129	35	448	60 199
Construction of civil engineering structures	508	43 876	538	319	212	183	750	46 386
Construction of other structures	100	2 928	3	17	5	0	26	3 079
Construction by specialist trade contractors	28	8 056	80	33	9	1	87	8 294
Plumbing	3	3 020	13	8	2	0	9	3 055
Electrical contractors	92	9 987	3	41	12	5	112	10 252
Shopfitting	0	1 240	15	4	20	0	11	1 290
Other building installation	177	11 484	3	59	7	103	177	12 010
Painting and decorating	0	1 835	0	55	3	0	44	1 937
Other building completion	75	15 542	12	77	10	7	220	15 943
Renting of construction or demolition equipment with operators	2	3 472	31	25	79	2	63	3 674
Total	1 746	162 601	1 124	955	499	339	1 985	169 249

Table 4 – Income by enterprise size in the construction industry, 2007

Type of service	Large enterprises	Medium enterprises	Small enterprises	Micro enterprises	Total
	R million				
Site preparation	2 354	459	182	135	3 130
Construction of buildings	32 830	12 532	5 360	9 477	60 199
Construction of civil engineering structures	39 071	5 561	498	1 256	46 386
Construction of other structures	482	1 001	696	900	3 079
Construction by specialist trade contractors	3 673	2 254	608	1 759	8 294
Plumbing	387	794	626	1 248	3 055
Electrical contractors	2 329	3 457	1 062	3 404	10 252
Shopfitting	446	389	120	335	1 290
Other building installation	8 757	2 444	674	135	12 010
Painting and decorating	480	637	361	459	1 937
Other building completion	3 712	5 674	3 221	3 336	15 943
Renting of construction or demolition equipment with operators	1 730	1 166	254	524	3 674
Total	96 251	36 368	13 662	22 968	169 249

Table 5 – Concentration ratios (relative contribution of largest enterprises) in the construction industry, 2007

Type of service	Total income	Income of 5 largest enterprises	Relative contribution of 5 largest enterprises	Income of 10 largest companies	Relative contribution of 10 largest companies	Income of 20 largest enterprises	Relative contribution of 20 largest enterprises
	R million	R million	%	R million	%	R million	%
Site preparation	3 130	1 455	46,5	1 953	62,4	2 365	75,6
Construction of buildings	60 199	8 207	13,6	10 268	17,1	13 331	22,1
Construction of civil engineering structures	46 386	17 433	37,6	20 199	43,5	23 112	49,8
Construction of other structures	3 079	401	13,0	557	18,1	771	25,0
Construction by specialist trade contractors	8 294	1 680	20,3	2 300	27,7	2 867	34,6
Plumbing	3 055	197	6,4	358	11,7	580	19,0
Electrical contractors	10 252	637	6,2	1 079	10,5	1 684	16,4
Shopfitting	1 290	328	25,4	477	37,0	603	46,7
Other building installation	12 010	4 293	35,7	5 319	44,3	6 530	54,4
Painting and decorating	1 937	455	23,5	579	29,9	736	38,0
Other building completion	15 943	845	5,3	1 387	8,7	2 183	13,7
Renting of construction or demolition equipment with operators	3 674	922	25,1	1 278	34,8	1 676	45,6
Total	169 249	22 209¹	13,1	27 604¹	16,3	33 309¹	19,7

¹ These figures reflect the income of the 5 (respectively 10 and 20) largest enterprises, and not the column totals.

Table 6 – Expenditure in the construction industry, 2007

Type of service	Purchases	Salaries and wages	Payments to construction sub-contractors	Payment to labour brokers	Rental of plant, machinery and equipment	Depreciation	Vehicle running costs
	R million						
Site preparation	1 207	594	21	93	196	220	163
Construction of buildings	30 485	7 554	13 041	468	853	647	764
Construction of civil engineering structures	17 002	8 249	9 274	283	1 828	872	1 222
Construction of other structures	1 355	558	295	1	48	117	98
Construction by specialist trade contractors	4 352	1 166	1 105	48	107	182	133
Plumbing	1 488	717	93	3	43	77	95
Electrical contractors	5 546	2 053	392	89	46	208	247
Shopfitting	689	233	82	1	4	13	24
Other building installation	6 582	2 078	391	516	74	126	113
Painting and decorating	939	388	139	9	28	39	34
Other building completion	7 898	2 380	2 229	180	169	604	390
Renting of construction or demolition equipment with operators	473	752	150	31	331	440	440
Total	78 016	26 722	27 212	1 721	3 727	3 545	3 723

Table 6 – Expenditure in the construction industry, 2007 (continued)

Type of service	Rental of land and buildings	Insurance	Interest paid	Repairs and maintenance	Tele-communications	Travelling	Losses on sale or revaluation of assets	Railage and transport out
	R million							
Site preparation	20	28	44	65	16	23	61	1
Construction of buildings	248	280	364	162	210	120	22	19
Construction of civil engineering structures	716	241	350	240	134	146	273	116
Construction of other structures	46	31	25	34	30	11	7	7
Construction by specialist trade contractors	48	58	55	63	51	35	10	12
Plumbing	23	49	22	10	47	10	1	1
Electrical contractors	78	142	68	27	92	37	18	2
Shopfitting	13	13	7	7	9	6	0	1
Other building installation	96	54	64	37	50	51	10	31
Painting and decorating	16	18	22	5	15	9	0	1
Other building completion	145	242	168	92	121	56	25	22
Renting of construction or demolition equipment with operators	24	78	114	183	21	15	13	6
Total	1 473	1 234	1 303	925	796	519	440	219

Table 6 – Expenditure in the construction industry, 2007 (concluded)

Type of service	Water and electricity	Bank	Entertainment	Advertising	Accommodation	Security	Other	Total
	R million							
Site preparation	6	4	4	3	6	6	175	2 956
Construction of buildings	76	107	63	68	43	60	2 171	57 825
Construction of civil engineering structures	57	42	30	40	64	51	3 495	44 725
Construction of other structures	9	15	6	19	1	6	176	2 895
Construction by specialist trade contractors	17	21	14	14	10	9	297	7 807
Plumbing	9	12	5	10	2	3	218	2 938
Electrical contractors	36	29	30	10	12	18	508	9 688
Shopfitting	4	10	2	3	4	1	72	1 197
Other building installation	12	13	16	14	74	8	959	11 369
Painting and decorating	7	5	6	4	4	2	90	1 780
Other building completion	61	59	35	21	10	22	945	15 874
Renting of construction or demolition equipment with operators	5	9	5	5	8	8	127	3 238
Total	299	326	216	211	238	194	9 233	162 292

Table 7 – Book value of fixed assets at the end of the year in the construction industry, 2007

Type of service	Land and construction works	Residential buildings	Non-residential buildings	Computers and IT equipment	Motor vehicles	Plant, machinery and equipment	Computer software and other intangible fixed assets	Intangible non-produced assets	Other assets	Total
	R million									
Site preparation	16	66	9	6	142	744	58	3	5	1 049
Construction of buildings	2 968	860	395	123	1 913	1 740	143	3	19	8 164
Construction of civil engineering structures	108	15	247	111	777	3 523	222	3	143	5 149
Construction of other structures	8	5	2	7	181	228	5	0	60	496
Construction by specialist trade contractors	140	284	19	7	418	330	270	15	33	1 516
Plumbing	13	3	0	4	212	49	8	0	2	291
Electrical contractors	79	123	18	23	753	257	28	1	2	1 284
Shopfitting	9	0	8	1	50	25	18	0	0	111
Other building installation	45	5	32	18	215	234	61	15	12	637
Painting and decorating	10	0	3	1	79	67	8	0	1	169
Other building completion	109	46	2	19	992	1 538	179	90	9	2 984
Renting of construction or demolition equipment with operators	48	10	30	3	531	1 268	43	0	16	1 949
Total	3 553	1 417	765	323	6 263	10 003	1 043	130	302	23 799

Table 8 – Details of assets in the construction industry, 2007

Type of service	Current assets					Non-current assets					Total
	Bank	Debtors	Inventories	Other	Total	Fixed	Goodwill	Long-term investment	Other	Total	
	R million										
Site preparation	145	359	54	101	659	991	58	54	32	1 135	1 794
Construction of buildings	4 027	5 213	4 979	1 806	16 025	8 037	127	1 041	1 757	10 962	26 987
Construction of civil engineering structures	2 644	7 547	1 958	1 227	13 376	4 942	207	1 678	1 837	8 664	22 040
Construction of other structures	135	271	82	139	627	491	5	137	45	678	1 305
Construction by specialist trade contractors	414	792	329	157	1 692	1 243	273	150	202	1 868	3 560
Plumbing	113	267	112	50	542	286	5	24	95	410	952
Electrical contractors	544	1 357	392	452	2 745	1 257	27	188	251	1 723	4 468
Shopfitting	87	91	15	32	225	93	18	15	20	146	371
Other building installation	808	2 062	760	436	4 066	562	75	395	200	1 232	5 298
Painting and decorating	82	246	38	98	464	161	8	23	51	243	707
Other building completion	623	1 358	1 016	525	3 522	2 808	176	363	118	3 465	6 987
Renting of construction or demolition equipment with operators	241	579	25	86	931	1 937	12	135	140	2 224	3 155
Total	9 863	20 142	9 760	5 109	44 874	22 808	991	4 203	4 748	32 750	77 624

Table 9 – Details of liabilities and owners' equity in the construction industry, 2007

Type of service	Current liabilities				Non-current liabilities			Owners' equity	Total
	Creditors	Overdraft	Other	Total	Long-term loan	Other	Total		
	R million								
Site preparation	344	29	299	672	354	145	499	623	1 794
Construction of buildings	7 714	698	3 356	11 768	5 239	1 931	7 170	8 049	26 987
Construction of civil engineering structures	9 310	895	3 120	13 325	3 692	944	4 636	4 079	22 040
Construction of other structures	233	36	270	539	292	98	390	376	1 305
Construction by specialist trade contractors	694	124	326	1 144	960	177	1 137	1 279	3 560
Plumbing	276	73	83	432	224	92	316	204	952
Electrical contractors	1 480	364	306	2 150	781	309	1 090	1 228	4 468
Shopfitting	67	22	59	148	61	13	74	149	371
Other building installation	2 000	142	1 199	3 341	393	326	719	1 238	5 298
Painting and decorating	180	50	128	358	103	23	126	223	707
Other building completion	1 841	637	1 354	3 832	1 624	456	2 080	1 075	6 987
Renting of construction or demolition equipment with operators	518	108	354	980	1 051	241	1 292	883	3 155
Total	24 657	3 178	10 854	38 689	14 774	4 755	19 529	19 406	77 624

Table 10 – Capital expenditure on new assets in the construction industry, 2007

Type of service	Land, buildings and construction	Computers and computer software	Vehicles	Plant, machinery and equipment	Other	Total
	R million					
Site preparation	46	8	41	282	4	381
Construction of buildings	153	29	431	725	8	1 346
Construction of civil engineering structures	25	25	335	1 683	95	2 163
Construction of other structures	0	2	60	103	3	168
Construction by specialist trade contractors	8	4	120	38	0	170
Plumbing	2	1	30	11	0	44
Electrical contractors	0	4	192	116	0	312
Shopfitting	0	1	24	5	0	30
Other building installation	13	9	59	97	10	188
Painting and decorating	0	1	16	46	0	63
Other building completion	2	6	170	167	21	366
Renting of construction or demolition equipment with operators	4	22	333	545	3	907
Total	253	112	1 811	3 818	144	6 138

Table 11 – Employment in the construction industry at the end of June 2007

Type of service	Construction workers			Other workers			Total			Workers from labour brokers
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Site preparation	13 642	179	13 821	1 505	353	1 858	15 147	532	15 679	1 760
Construction of buildings	137 094	12 724	149 818	13 843	8 009	21 852	150 937	20 733	171 670	11 040
Construction of civil engineering structures	97 340	5 425	102 765	13 112	4 783	17 895	110 452	10 208	120 660	6 157
Construction of other structures	10 511	450	10 961	2 384	567	2 951	12 895	1 017	13 912	26
Construction by specialist trade contractors	26 181	980	27 161	4 526	922	5 448	30 707	1 902	32 609	1 012
Plumbing	11 344	1 383	12 727	1 367	1 249	2 616	12 711	2 632	15 343	3
Electrical contractors	35 938	1 849	37 787	3 933	3 513	7 446	39 871	5 362	45 233	1 522
Shopfitting	3 271	51	3 322	257	141	398	3 528	192	3 720	2
Other building installation	14 289	709	14 998	6 354	2 023	8 377	20 643	2 732	23 375	5 993
Painting and decorating	8 309	221	8 530	1 046	521	1 567	9 355	742	10 097	112
Other building completion	58 524	4 525	63 049	8 429	2 304	10 732	66 953	6 829	73 782	4 339
Renting of construction or demolition equipment with operators	9 577	192	9 769	4 008	724	4 732	13 585	916	14 501	553
Total	426 020	28 688	454 708	60 764	25 109	85 873	486 784	53 797	540 581	32 519

Table 12 – Employment by status (permanent, casual or temporary) in the construction industry at the end of June 2007

Type of service	Permanent			Temporary			Casual			Total
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Site preparation	10 882	532	11 414	3 906	0	3 906	359	0	359	15 679
Construction of buildings	95 891	15 196	111 087	40 312	4 347	44 659	14 734	1 190	15 924	171 670
Construction of civil engineering structures	68 395	6 081	74 476	36 065	2 943	39 008	5 992	1 184	7 176	120 660
Construction of other structures	9 865	695	10 560	1 833	124	1 957	1 197	198	1 395	13 912
Construction by specialist trade contractors	21 174	1 162	22 336	6 845	557	7 402	2 688	183	2 871	32 609
Plumbing	10 897	1 625	12 522	1 376	982	2 358	438	25	463	15 343
Electrical contractors	28 095	3 392	31 487	1 941	159	2 100	9 835	1 811	11 646	45 233
Shopfitting	2 810	185	2 995	535	7	542	183	0	183	3 720
Other building installation	15 158	2 226	17 384	4 271	433	4 704	1 214	73	1 287	23 375
Painting and decorating	7 750	656	8 406	1 406	83	1 489	199	3	202	10 097
Other building completion	55 492	5 222	60 714	5 930	1 391	7 321	5 531	216	5 747	73 782
Renting of construction or demolition equipment with operators	9 468	837	10 305	631	74	705	3 486	5	3 491	14 501
Total	335 877	37 809	373 686	105 051	11 100	116 151	45 856	4 888	50 744	540 581

Table 13 – Employment by enterprise size in the construction industry at the end of June 2007

Type of service	Large enterprises	Medium enterprises	Small enterprises	Micro enterprises	Total
Site preparation	12 372	1 693	957	657	15 679
Construction of buildings	47 527	40 155	27 695	56 292	171 669
Construction of civil engineering structures	87 441	22 554	1 044	9 620	120 659
Construction of other structures	661	4 048	2 052	7 151	13 912
Construction by specialist trade contractors	8 403	7 247	1 858	15 102	32 610
Plumbing	1 963	3 826	3 120	6 434	15 343
Electrical contractors	3 386	10 791	4 721	26 336	45 234
Shopfitting	715	1 025	184	1 796	3 720
Other building installation	15 241	6 370	901	863	23 375
Painting and decorating	1 462	3 787	1 898	2 950	10 097
Other building completion	7 357	21 305	10 298	34 820	73 780
Renting of construction or demolition equipment with operators	4 153	4 003	748	5 599	14 503
Total	190 681	126 804	55 476	167 620	540 581

Table 14 – Details of income from services by activity in the construction industry, 2007

Activity	Income (R million)	% contribution to total income
Site preparation	3 017	1,9
Construction of houses	17 976	11,1
Construction of multi-storey residential buildings	4 185	2,6
Construction of other residential buildings	2 534	1,6
Construction of commercial buildings	12 036	7,4
Construction of other non-residential buildings	2 560	1,6
Construction of roads, bridges, tunnels and railways	11 632	7,2
Construction of airports, airfields, landing strips and harbours	354	0,2
Construction of dams, reservoirs, pipelines, irrigation systems, towers and sewerage systems	5 898	3,6
Other civil construction	14 602	9,0
Construction of other structures	4 073	2,5
Construction by specialist trade contractors	10 182	6,3
Plumbing	2 927	1,8
Electrical	9 595	5,9
Shopfitting	1 158	0,7
Other building installation	11 093	6,8
Painting and decorating	1 696	1,0
Other building completion	13 313	8,2
Rental of construction equipment	3 322	2,0
Architectural services	73	0,0
Engineering services	1 446	0,9
Other services	1 717	1,1
Subcontracted services	27 212	16,7
Total income from services	162 601	100,0

Table 15 – Details of purchases in the construction industry, 2007

Material	R million	% contribution to total purchases
Cement	5 946	7,6
Sand and aggregate	4 460	5,7
Readymix concrete	6 360	8,2
Walling material (including bricks and blocks)	5 288	6,8
Roofing material	4 006	5,1
Flooring material (including tiles and carpets)	2 737	3,5
Reinforcing steel	12 699	16,3
Plumbing materials	3 697	4,7
Electrical materials	12 941	16,6
Doors, windows, ceilings, door handles, kitchen cupboards and baths	3 970	5,1
Paint and limewash (including pigments, binders and thinners)	2 277	2,9
Prefabricated gypsum, cement, asbestos and earthenware products	3 007	3,9
Bitumen products	3 637	4,7
Other construction materials	5 088	6,5
Other purchases	1 903	2,4
Total	78 016	100,0

Table 16 – Income from services by client base in the construction industry, 2007

Type of service	Private		Government		Parastatals		Total income from services
	R million	%	R million	%	R million	%	R million
Site preparation	2 126	70	29	1	884	29	3 038
Construction of buildings	49 440	85	6 646	11	2 036	4	58 123
Construction of civil engineering structures	20 105	46	9 482	22	14 291	33	43 878
Construction of other structures	1 752	60	855	29	319	11	2 926
Construction by specialist trade contractors	6 579	82	740	9	737	9	8 056
Plumbing	2 505	83	226	7	289	10	3 020
Electrical contractors	6 922	69	1 089	11	1 976	20	9 987
Shopfitting	1 108	89	25	2	107	9	1 240
Other building installation	10 166	89	285	2	1 033	9	11 484
Painting and decorating	1 612	88	46	2	177	10	1 835
Other building completion	11 861	76	1 970	13	1 711	11	15 542
Renting of construction or demolition equipment with operators	2 766	80	345	10	362	10	3 472
Total	116 941	72	21 737	13	23 923	15	162 601

Table 17 – Income from services by province in the construction industry, 2007

Province	Income (R million)	% contribution to total income from services
Eastern Cape	11 013	6,8
Free State	5 048	3,1
Gauteng	77 340	47,5
KwaZulu-Natal	17 179	10,6
Limpopo	5 415	3,3
Mpumalanga	9 887	6,1
North West	7 848	4,8
Northern Cape	2 889	1,8
Western Cape	25 982	16,0
Total income from services	162 601	100,0

Explanatory notes

Business register The sample was drawn from Stats SA’s business register. The business register is based mainly on the income tax (IT) and value-added tax (VAT) databases of the South African Revenue Service (SARS). All enterprises are legally bound to register for either VAT or IT or both. Enterprises registered in the taxation system are included on the business register, and hence were given a chance of selection in the sample for the survey.

Value Added Tax (VAT) All figures exclude Value Added Tax (VAT).

Classification by industry The 1993 edition of the *Standard Industrial Classification of all Economic Activities* (SIC), Fifth Edition, Report No. 09-09-02, 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 presented at SIC division (four-digit) level. Each enterprise is classified to an industry, which reflects its predominant activity.

Size groups The enterprises are divided into four size groups according to the value of turnover recorded for them on the Stats SA business register. Large enterprises are those with an annual recorded turnover of R26 million and above. Table 18 presents the size groups defined using the Department of Trade and Industry (DTI) cut-off points.

Table 18 – Size groups for the construction industry

Size group	Turnover
Large	Turnover ≥ R26 000 000
Medium	R13 000 000 ≤ Turnover < R26 000 000
Small	R6 000 000 ≤ Turnover < R13 000 000
Micro	Turnover < R6 000 000

Survey methodology and design The survey was conducted by post, email, fax, telephone and personal visits.

A sample of 4 118 enterprises was drawn using stratified simple random sampling. The enterprises were first stratified at four-digit level according to the SIC and then by enterprise size. All large enterprises were included. Turnover as recorded on the business register was used as the measure of size for stratification.

Weighting methodology For those strata not completely enumerated, the weights to produce estimates are the inverse ratio of the sampling fraction, modified to take account of non-response in the survey. Stratum estimates are calculated and then aggregated with the completely enumerated stratum to form division estimates. These procedures, which are in line with international best practice, are described in more detail on the Stats SA website www.statssa.gov.za/publications/publicationsearch.asp.

Relative standard error and confidence intervals

Table 19 – Relative standard error and income in the construction industry within 95% confidence limits, 2007

Type of service	Lower limit	Total income	Upper limit	Relative standard error
	R million			%
Site preparation	3 001	3 130	3 259	2,1
Construction of buildings	54 535	60 199	65 863	4,8
Construction of civil engineering structures	43 659	46 386	49 113	2,1
Construction of other structures	2 494	3 079	3 664	9,7
Construction by specialist trade contractors	7 254	8 294	9 334	6,4
Plumbing	2 271	3 055	3 839	13,1
Electrical contractors	8 703	10 252	11 797	7,7
Shopfitting	911	1 290	1 669	15,0
Other building installation	11 422	12 010	12 598	2,5
Painting and decorating	1 523	1 937	2 351	10,9
Other building completion	13 693	15 943	18 193	7,2
Renting of construction or demolition equipment with operators	3 048	3 674	4 300	8,7
Total	162 613	169 249	175 881	2,1

The imputation of non-responding units in size group 1 (large enterprises) introduces an additional error into the estimate of income. The relative standard error in the total income due to imputation was estimated at 0,6%.

Comparability with previously published information

The information in this publication is comparable with the construction industry as a whole and with the construction sector from the release P0021 - *Annual financial statistics, 2007*.

Rounding of figures Due to rounding, there may be discrepancies between the sums of the constituent items and the totals shown.

Abbreviations	BR	Business register
	DTI	Department of Trade and Industry
	GDP	Gross Domestic Product
	ISIC	International Standard Industrial Classification of all Economic Activities
	IT	Income tax
	LSS	Large sample survey
	RSE	Relative standard error
	SARS	South African Revenue Service
	SE	Standard error
	SIC	Standard Industrial Classification of all Economic Activities
	SNA	System of National Accounts
	Stats SA	Statistics South Africa
	VAT	Value-added tax

Glossary

Concentration ratio The concentration ratio is the ratio of the income of the *n* largest enterprises to the total income.

Employees Employees are those people employed by the business or organisation who received payment (in salaries, wages, commission, piece rates or payments in kind) for the last pay period ended on or before 30 June 2007.

Enterprise A legal entity or a combination of legal units that includes and directly controls all functions necessary to carry out its production activities.

Industry An industry is made up of enterprises engaged in the same or similar kinds of economic activity. Industries are defined in the *System of National Accounts (SNA)* in the same way as in the *Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No. 09-90-02 of January 1993 (SIC)*.

Net profit or loss before tax Net profit or loss before tax is derived as:

- Total income
- plus** Closing inventories
- minus** Total expenditure
- minus** Opening inventories

Profit margin	Profit margin is derived as: Net profit or loss after tax <i>divided by</i> turnover <i>multiplied by</i> 100
Statistical unit	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.
Stratum	A stratum is constructed by concatenating the SIC classification and size group variables.
Turnover	Turnover includes: <ul style="list-style-type: none">• the value of sales• amounts received for work done• amounts received for services rendered• rent and/or lease payments received for land and buildings• rent, leasing and hiring received for machinery, vehicles and other equipment Turnover excludes: <ul style="list-style-type: none">• 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• excise duty