

Food and beverages industry, 2007

Statistics South Africa

Report No. 64-20-01 (2007)

Pali Lehohla
Statistician-General

Food and beverages industry, 2007/ Statistics South Africa
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
Food and beverages industry, 2007 / Statistics South Africa. Pretoria: Statistics South Africa, 2009

iii. 31p. [Report No. 64-20-01 (2007)]

ISBN 978-0-621-38501-4

1. Food Industry (Production)
 - i. Statistics South Africa
 - ii. 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
Fax: (012) 321 7381
Email: joanl@statssa.gov.za

Table of contents

1. Introduction	1
1.1 – Scope and coverage	1
1.2 – Data items	1
1.3 – Reference period	1
1.4 – Current prices	2
1.5 – Reliability of data	2
1.6 – Confidentiality	2
2. Background to the large sample surveys	2
2.1 – Purpose and uses of large sample surveys	2
2.2 – Scope and coverage	3
2.3 – Reporting unit	3
3. Summary of findings for the year 2007	4
Figure 1 – Breakdown of income in the food and beverages industry, 2007	4
Figure 2 – Breakdown of income by enterprise size in the food and beverages industry, 2007	4
Figure 3 – Proportion of income by enterprise size and type of service, 2007	5
Figure 4 – Concentration ratios in the food and beverages industry, 2007	5
Figure 5 – Breakdown of expenditure in the food and beverages industry, 2007	6
Figure 6 – Profit margin by type of service in the food and beverages industry, 2007	6
Figure 7 – Capital expenditure on new assets in the food and beverages industry, 2007	7
Figure 8 – Employment by type of service in the food and beverages industry, 2007	7
Figure 9 – Employment by gender in the food and beverages industry, 2007	8
Figure 10 – Employment by enterprise size in the food and beverages industry, 2007	8
4. Tables	9
Table 1 – Principal statistics in the food and beverages industry, 2007	9
Table 2 – Profit margin in the food and beverages industry, 2007	10
Table 3 – Income in the food and beverages industry, 2007	11
Table 4 – Income by enterprise size in the food and beverages industry, 2007	12
Table 5 – Relative contribution of the largest enterprises in the food and beverages industry, 2007	13
Table 6 – Expenditure in the food and beverages industry, 2007	14
Table 7 – Book value of fixed assets in the food and beverages industry at the end of the financial year	16
Table 8 – Details of assets in the food and beverages industry, 2007	17
Table 9 – Details of liabilities and owners’ equity in the food and beverages industry, 2007	18
Table 10 – Capital expenditure on new assets in the food and beverages industry, 2007	19

Table 11 – Employment in the food and beverages industry at the end of June 2007	20
Table 12 – Employment by enterprise size in the food and beverages industry at the end of June 2007	21
Table 13 – Details of sales of goods in the food and beverages industry, 2007	22
Table 14 – Details of purchases in the food and beverages industry, 2007	23
Table 15 – Income from sales of goods and services rendered, by client base in the food and beverages industry, 2007	24
Explanatory notes	25
Size groups	26
Table 16 – Size groups for the food and beverages industry	26
Table 17 – Income in the food and beverages industry within 95% confidence limit: 2007	27
Glossary	29

Food and beverages industry, 2007

1. Introduction

This publication presents estimates in respect of the 2007 food and beverages large sample survey (LSS). The 2007 food and beverages LSS collected data from a sample of 1 017 enterprises drawn from a sampling frame of 9 446 which were operating between 1 July 2006 and 30 June 2007. The sample was stratified in such a way that all large, medium and small enterprises (those with turnover equal to or greater than R5,1 million) were included. The data for the number of employees were provided for the last pay period ended on or before 30 June 2007. Data were collected at the 5-digit SIC level of classification of enterprises and on commodity type.

1.1 – Scope and coverage

The 2007 food and beverages LSS covers private and public enterprises registered in the taxation system that are mainly engaged in the following activities classified according to the January 1993 edition of the *Standard Industrial Classification of all Economic Activities (SIC), Fifth Edition, Report No. 09-09-02*:

- i. Restaurants or tearooms with liquor licence (SIC 64201)
- ii. Restaurants or tearooms without liquor licence (SIC 64202)
- iii. Takeaway counters (SIC 64203)
- iv. Caterers (SIC 64204)
- v. Other catering services n.e.c. (SIC 64209)

Note: For reporting purposes, 'Restaurants or tearooms with liquor licence' and 'Restaurants or tearooms without liquor licence' were reported as 'Restaurants and coffee shops'. 'Caterers and Other catering services n.e.c.' were reported as 'Caterers and other catering services'.

1.2 – Data items

The following categories of data items were collected: industrial classification, details of employment, trading income, expenditure, profit or loss, inventories, book value of assets, and details of income from sales of goods and purchases.

1.3 – Reference period

The questionnaires were completed for the financial year of the enterprise which **ended 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 (**exclusive of value added tax**). Thus, when making comparisons with previous censuses, users should consider changes in prices that have occurred.

1.5 – Reliability of data

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

The estimates presented in this publication are subject to sampling variability since they are based on information obtained from a sample. That is, they may differ from the figures that would have been produced if the data had been obtained from all enterprises in the food and beverages industry in South Africa.

One measure of the likely difference is given by the standard error (SE), which 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.

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 pilot studies, 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 large sample surveys

The LSSs serve to document comprehensively the nature and structure 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 LSSs of industry sectors. These surveys are based on larger samples than the subannual 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 LSS results are used in constructing and refreshing input/output tables, and for benchmarking the Gross Domestic Product (GDP) and its components, as well as production and price indices, and annual and short-term statistical series.

Users of the LSSs include the following:

- i. Price statisticians, particularly in refreshing the commodity basket of producer price indices.
- ii. 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.
- iii. Industry associations monitoring trends in their own and competing or complementary industries in order to inform their members of market changes.
- iv. Individual businesses using the data to analyse their performance relative to their industry.

2.2 – Scope and coverage

The LSSs cover 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):

- i. Mining and quarrying
- ii. Manufacturing
- iii. Electricity, gas and water supply
- iv. Construction
- v. Wholesale and retail trade, repair of motor vehicles, motor cycles and personal and household goods, and hotels and restaurants
- vi. Transport, storage and communication
- vii. Financial intermediation, insurance, real estate and business services
- viii. Community, social and personal services (except national, provincial and local government activities)

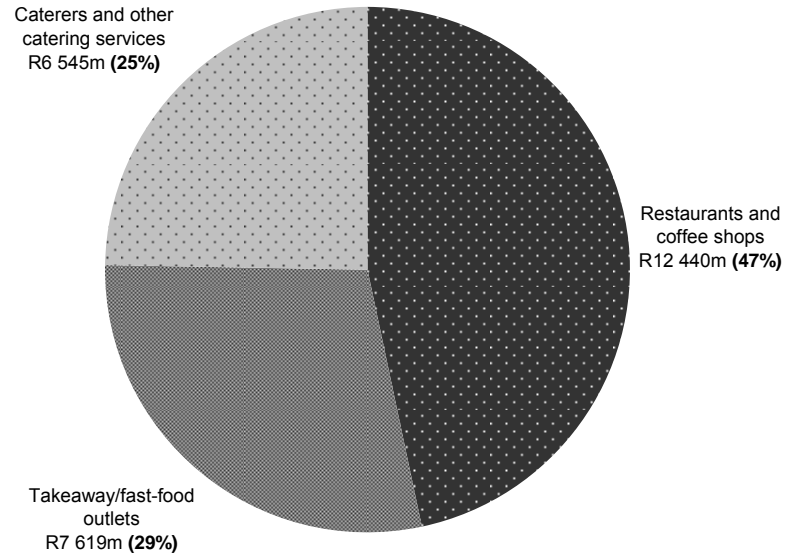
Note: The agriculture, forestry, fishing, hunting and related services industry (SIC 1) is not included as it is covered by a separate programme within Statistics South Africa. Similarly, the public administration and defence activities industry (SIC 91), the financial intermediation (SIC 81) and insurance and pension funding (SIC 82) industries are covered by other programmes within both Stats SA and elsewhere (e.g. the South African Reserve Bank (SARB)).

2.3 – Reporting unit

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 industry is classified to an industry that reflects its predominant activity. The estimates are presently published at national level only.

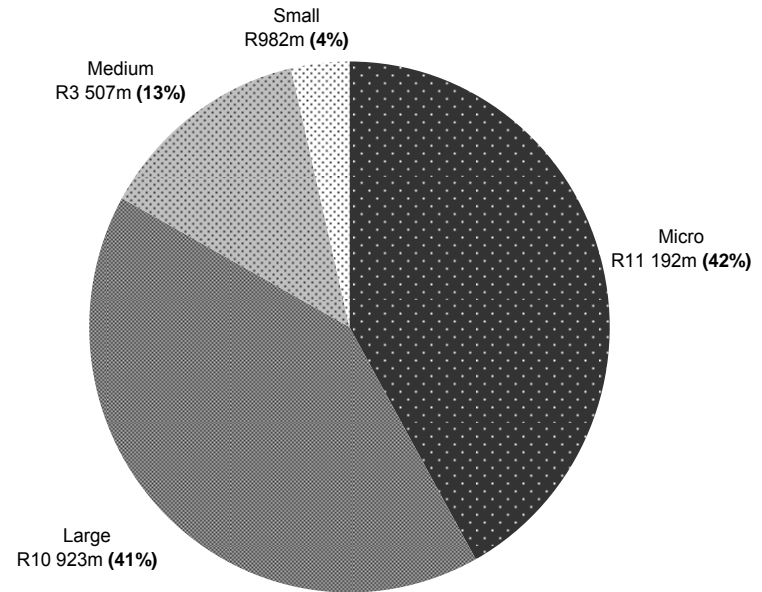
3. Summary of findings for the year 2007

Figure 1 – Breakdown of income in the food and beverages industry, 2007



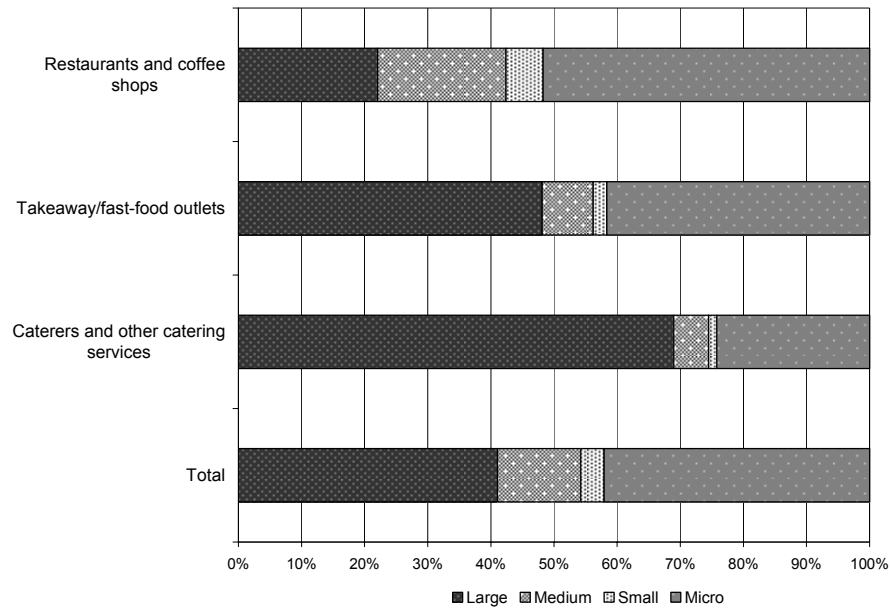
The total income for the food and beverages industry in 2007 was R26 604 million. The largest contributor to the total income in the food and beverages industry was 'Restaurants and coffee shops' (R12 440 million or 47%), followed by 'Takeaway/fast-food outlets' (R7 619 million or 29%) and 'Caterers and other catering services' (R6 545 million or 25%) (Figure 1 and Table 1, page 9).

Figure 2 – Breakdown of income by enterprise size in the food and beverages industry, 2007



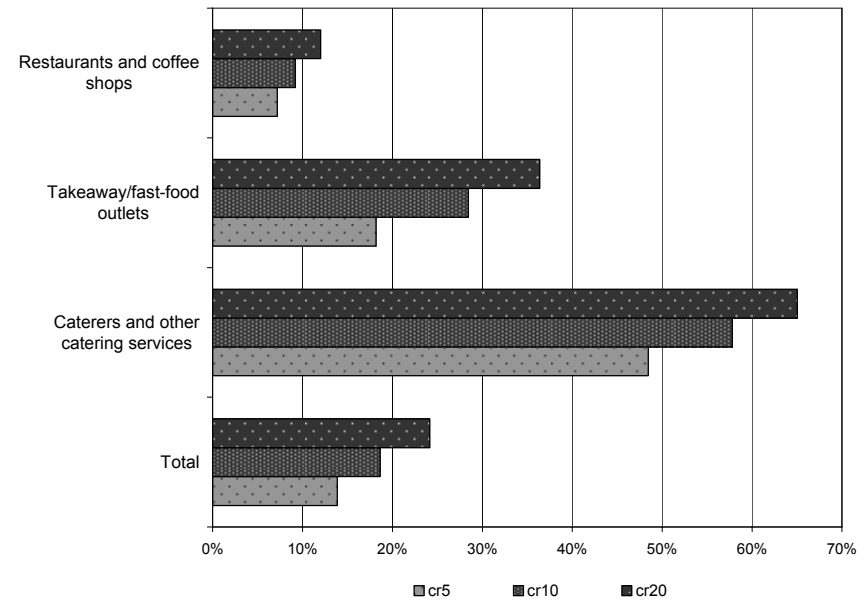
Micro enterprises (those with turnover less than R5,1 million) generated 42% or R11 192 million of the total income of the food and beverages industry, whilst large enterprises (those with turnover equal to or larger than R13,0 million) followed suit (41% or R10 923 million) (Figure 2 and Table 4, page 12).

Figure 3 – Proportion of income by enterprise size and type of service, 2007



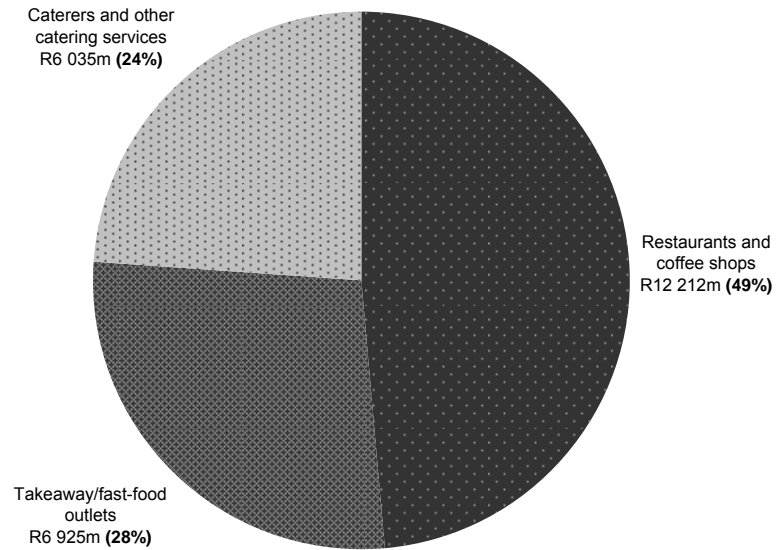
The share of the combined total income earned by medium, small and micro enterprises was greatest in ‘Restaurants and coffee shops’ (78%), followed by ‘Takeaway/fast-food outlets’ (52%) (Figure 3 and Table 4, page 12).

Figure 4 – Concentration ratios (cr) in the food and beverages industry, 2007



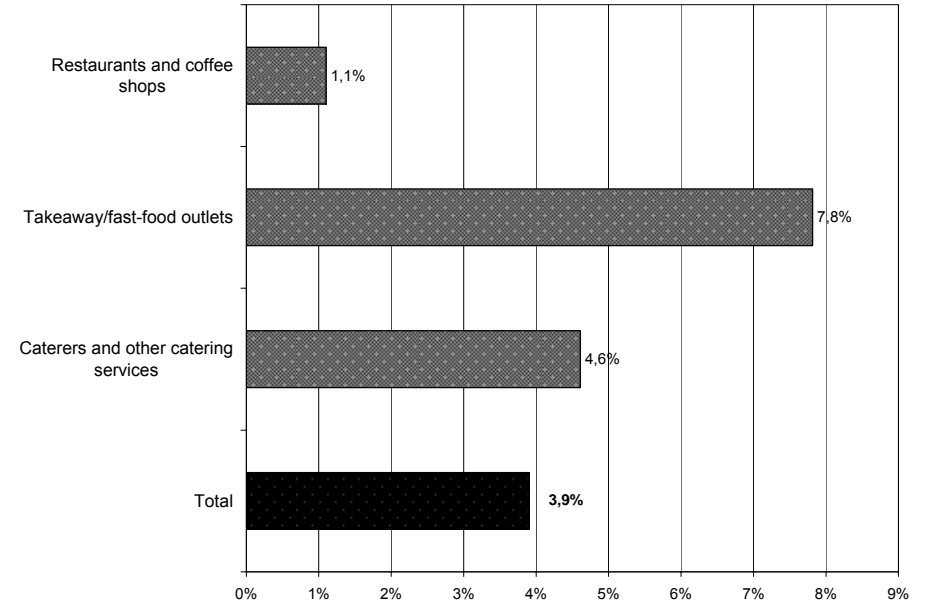
The 20 largest enterprises contributed 24% to the total income of the food and beverages industry. ‘Restaurants and coffee shops’ had the lowest of the three concentration ratios (7% for cr5, 9% for cr10 and 12% for cr20), while ‘Caterers and other catering services’ had the highest concentration ratios in all three categories (48% for cr5, 58% for cr10 and 65% for cr20) (Figure 4 and Table 5, page 13).

Figure 5 – Breakdown of expenditure in the food and beverages industry, 2007



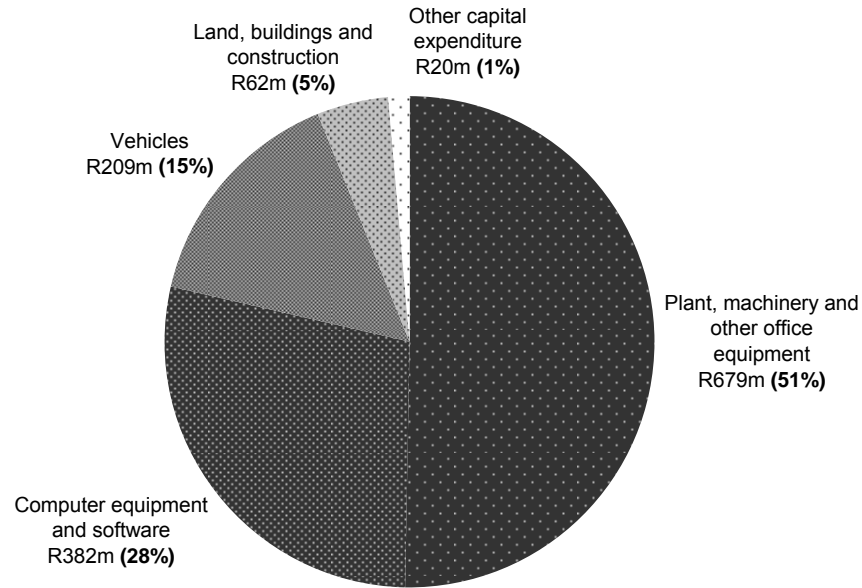
The total expenditure in the food and beverages industry, 2007 was R25 172 million. The largest contributor was 'Restaurants and coffee shops' (R12 212 million or 49%), followed by 'Takeaway/fast-food outlets' (R6 925 million or 28%) and 'Caterers and other catering services' (R6 035 million or 24%) (Figure 5 and Table 6, pages 14–15).

Figure 6 – Profit margin by type of service in the food and beverages industry, 2007



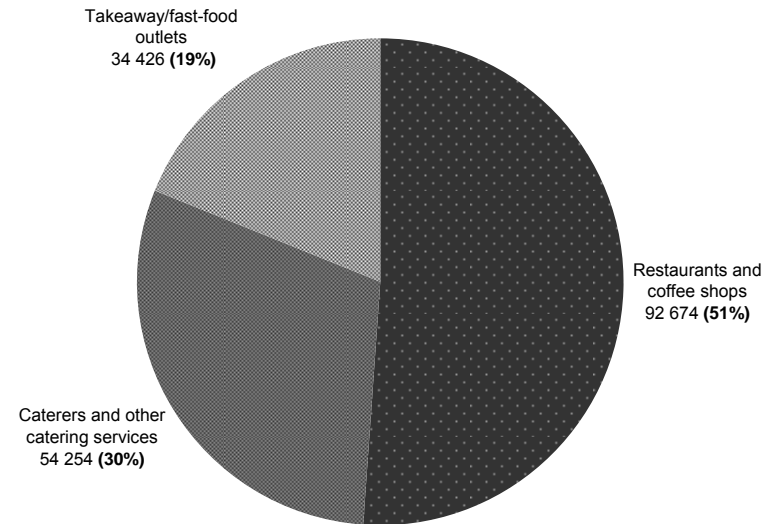
The profit margin for the food and beverages industry was 3,9% in 2007. 'Takeaway/fast-food outlets' had the highest profit margin at 7,8%, followed by 'Caterers and other catering services' at 4,6% and 'Restaurants and coffee shops' at 1,1% (Figure 6 and Table 2, page 10).

Figure 7 – Capital expenditure on new assets in the food and beverages industry, 2007



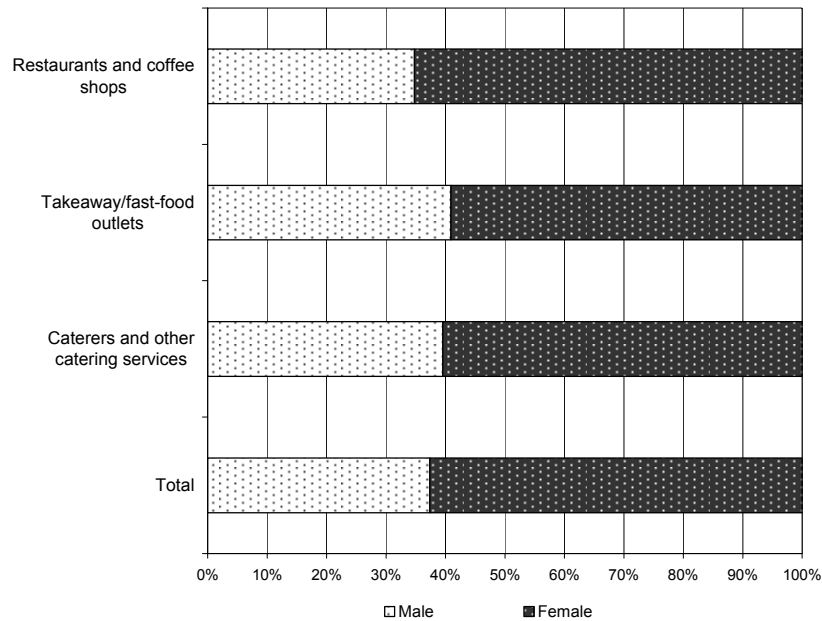
The total capital expenditure on new assets in the food and beverages industry in 2007 was R1 352 million. The largest category of capital expenditure was 'Plant, machinery and other office equipment' (R679 million or 50%), followed by 'Computer equipment and software' (R382 million or 28%), 'Vehicles' (R209 million or 15%), 'Land, buildings and construction' (R62 million or 5%) and 'Other capital expenditure' (R20 million or 1%) (Figure 7 and Table 10, page 19).

Figure 8 – Employment by type of service in the food and beverages industry, 2007



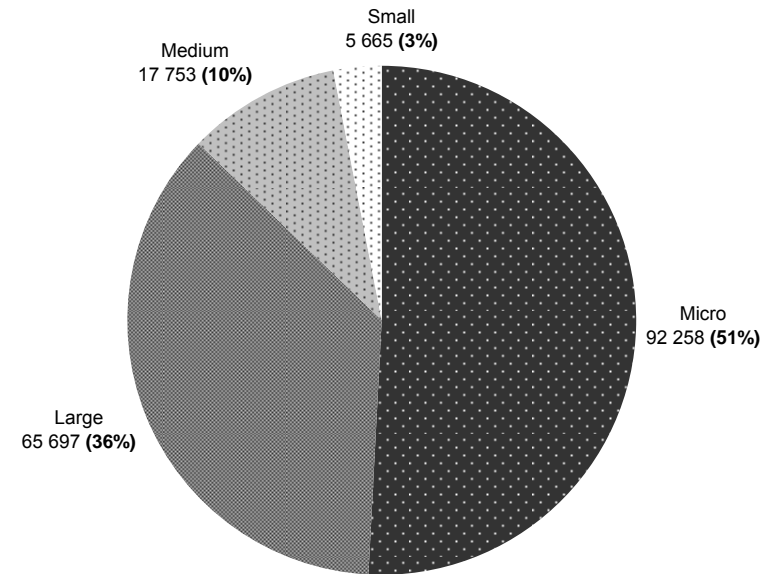
The total number of persons employed in the food and beverages industry at the end of June 2007 was 181 373. 'Restaurants and coffee shops' employed the largest number of persons (92 674 or 51%), followed by 'Caterers and other catering services' (54 273 or 30%) and 'Takeaway/fast-food outlets' (34 426 or 19%) (Figure 8 and Table 11, page 20).

Figure 9 – Employment by gender in the food and beverages industry, 2007



The proportion of females out of the total persons employed was 63% and that for males was 37%. The type of service with the highest proportion of females employed was 'Restaurants and coffee shops' (65%), while 'Takeaway/fast-food outlets' had the highest proportion of males employed (41%) (Figure 9 and Table 11, page 20).

Figure 10 – Employment by enterprise size in the food and beverages industry, 2007



Employment by enterprise size indicates that the micro enterprises (those with turnover less than R5,1 million) employed 51% or 92 258 of the total persons employed in the food and beverages industry in 2007, followed by large enterprises at 36% or 65 697, medium enterprises at 10% or 17 753 and small enterprises at 3% or 5 665 (Figure 10 and Table 12, page 21).

PJ Lehohla
Statistician-General

4. Tables

Table 1 – Principal statistics in the food and beverages industry, 2007

Item	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
	R million			
Total income	12 440	7 619	6 545	26 604
Total expenditure	12 212	6 925	6 035	25 172
Total value of opening inventory	176	140	248	564
Total value of closing inventory	205	132	126	463
Net profit or loss before tax	257	687	387	1 331
Book value of assets at the beginning of the year	1 763	1 961	877	4 601
Book value of assets at the end of the year	1 998	1 953	1 263	5 214
Capital expenditure on new assets	600	285	467	1 352

Table 2 – Profit margin in the food and beverages industry, 2007

Item	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
Net profit after tax (R million)	133	584	297	1 014
Turnover (R million)	12 092	7 474	6 439	26 005
Profit margin¹ %	1,1	7,8	4,6	3,9

¹ Profit margin = (Net profit after tax * 100) / Turnover

Table 3 – Income in the food and beverages industry, 2007

Item	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
	R million			
Sales	12 054	7 389	6 400	25 843
Services	34	16	37	87
Rental of land, buildings and other structures	2	64	0	66
Leasing and hiring of plant, machinery, equipment and vehicles	2	1	2	5
Leasing and hiring of motor vehicles and other transport equipment	0	4	0	4
Interest	46	22	39	107
Subsidies	0	0	0	0
Dividends received	173	0	3	176
Profit for redemption, liquidation or revaluation of liabilities	0	19	0	19
Profit on assets, investments and liabilities sold or revalued	22	4	1	27
Royalties	21	42	5	68
Net profit on foreign loans	2	1	0	3
Other income	84	57	58	199
Total income	12 440	7 619	6 545	26 604

Table 4 – Income by enterprise size in the food and beverages industry, 2007

Enterprise size	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
	R million			
Large	2 744	3 665	4 514	10 923
Medium	2 528	618	361	3 507
Small	733	164	85	982
Micro	6 435	3 172	1 585	11 192
Total	12 440	7 619	6 545	26 604

Table 5 – Relative contribution of the largest enterprises in the food and beverages industry, 2007

Item		Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
Total income	R million	12 440	7 619	6 545	26 604
Income of 5 largest enterprises		894	1 384	3 171	3 685¹
Relative contribution of 5 largest enterprises	%	7,2	18,2	48,4	13,9
Income of 10 largest enterprises	R million	1 144	2 166	3 783	4 953¹
Relative contribution of 10 largest enterprises	%	9,2	28,4	57,8	18,6
Income of 20 largest enterprises	R million	1 496	2 771	4 256	6 425¹
Relative contribution of 20 largest enterprises	%	12,0	36,4	65,0	24,2

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

Table 6 – Expenditure in the food and beverages industry, 2007

Item	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
	R million			
Salaries and wages	2 285	1 020	1 619	4 924
Purchases	5 365	3 640	3 266	12 271
Subcontracting	5	8	17	30
Interest	96	64	54	214
Accommodation	15	9	5	29
Advertising	332	203	27	562
Bank charges	131	45	22	198
Containers and packaging materials	106	37	8	151
Depreciation	354	224	116	694
Entertainment	24	3	6	33
Insurance	70	39	41	150
Losses on liabilities	172	0	0	172
Motor vehicle running expenditure	67	40	57	164
Operational leasing and hiring of plant, machinery and equipment	81	10	177	268

Table 6 – Expenditure in the food and beverages industry, 2007 (concluded)

Item	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
	R million			
Rental of land and buildings	1 100	453	148	1 701
Repair and maintenance	184	103	53	340
Royalties, franchise fees, copyright, trade names and patent rights	501	427	2	930
Security services (including IT security services)	33	79	19	131
Staff training	10	12	8	30
Travelling	24	13	5	42
Water and electricity services	197	114	37	348
Other expenditure	1 060	382	348	1 790
Total expenditure	12 212	6 925	6 035	25 172

Table 7 – Book value of fixed assets in the food and beverages industry at the end of the financial year

Item	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
	R million			
Land	44	187	12	243
Residential buildings	25	10	2	37
Non-residential buildings	24	340	32	396
Construction works	14	3	3	20
Computer and IT equipment	54	38	46	138
Motor vehicles and other transport	214	109	99	422
Plant, machinery and other office equipment	845	616	470	1 931
Intangible non-produced assets	489	584	591	1 664
Other intangible fixed assets	8	10	1	19
Other fixed assets	281	56	7	344
Total	1 998	1 953	1 263	5 214

Table 8 – Details of assets in the food and beverages industry, 2007

Item	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
	Current assets (R million)			
Bank	367	309	214	890
Debtors	116	112	657	885
Inventory	205	132	126	463
Other current assets	176	65	160	401
Total current assets	864	618	1 157	2 639
Non-current assets (R million)				
Fixed non-current assets	1 505	1 362	695	3 562
Goodwill	481	587	568	1 636
Long-term investment	323	64	30	417
Other non-current assets	501	131	175	807
Total non-current assets	2 810	2 144	1 468	6 422
Total assets	3 674	2 762	2 625	9 061

Table 9 – Details of liabilities and owners’ equity in the food and beverages industry, 2007

Item	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
Current liabilities (R million)				
Creditors	490	323	952	1 765
Overdraft	200	49	51	300
Other current liabilities	652	318	256	1 226
Total current liabilities	1 342	690	1 259	3 291
Non-current liabilities (R million)				
Long-term loan	951	1 003	411	2 365
Other non-current liabilities	711	336	537	1 584
Total non-current liabilities	1 662	1 339	948	3 949
Owners’ equity	670	733	418	1 821
Total liabilities	3 674	2 762	2 625	9 061

Table 10 – Capital expenditure on new assets in the food and beverages industry, 2007

Item	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
	R million			
Land, buildings and construction	14	42	6	62
Computer equipment and software	238	36	108	382
Vehicles	120	38	51	209
Plant, machinery and other office equipment	214	166	299	679
Other capital expenditure	14	3	3	20
Total	600	285	467	1 352

Table 11 – Employment in the food and beverages industry at the end of June 2007

Employment type		Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
		Number			
Permanent	Male	23 249	12 520	17 955	53 724
	Female	48 258	18 645	25 734	92 637
	Total	71 507	31 165	43 689	146 361
Temporary	Male	2 674	417	126	3 217
	Female	2 717	751	1 063	4 531
	Total	5 391	1 168	1 189	7 748
Casual	Male	6 311	1 147	3 382	10 840
	Female	9 465	946	6 013	16 424
	Total	15 776	2 093	9 395	27 264
Total	Male	32 234	14 084	21 463	67 781
	Female	60 440	20 342	32 810	113 592
	Total	92 674	34 426	54 273	181 373

Table 12 – Employment by enterprise size in the food and beverages industry at the end of June 2007

Enterprise size	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
	Number			
Large	16 593	15 251	33 853	65 697
Medium	13 861	2 800	1 092	17 753
Small	4 333	800	532	5 665
Micro	57 887	15 575	18 796	92 258
Total	92 674	34 426	54 273	181 373

Table 13 – Details of sales of goods in the food and beverages industry, 2007

Commodity type	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
	R million			
Food prepared for consumption off the premises (takeaway)	3 891	5 129	1 992	11 012
Food prepared for consumption on the premises	5 403	1 425	2 726	9 554
Non-alcoholic beverages prepared for consumption off the premises (takeaway)	357	311	417	1 085
Non-alcoholic beverages prepared for consumption on the premises	802	214	201	1 217
Packaged or bottled alcoholic drinks for consumption off the premises	209	2	131	342
Alcoholic drinks served on the premises	1 117	192	623	1 932
Groceries and other food items for consumption off the premises	138	95	107	340
Cigars, cigarettes, tobacco and accessories	38	6	23	67
Souvenirs and novelty items	84	7	0	91
Other sales of goods	15	8	180	203
Total sales of goods	12 054	7 389	6 400	25 843

Table 14 – Details of purchases in the food and beverages industry, 2007

Type of purchase	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
	R million			
Processed food	1 689	1 479	845	4 013
Fresh food	2 172	1 591	1 787	5 550
Alcoholic beverages	693	108	406	1 207
Non-alcoholic beverages	460	370	110	940
Gas	153	24	10	187
Bathing products (bar soap, shower gel, bath foam, etc.)	16	5	29	50
Cleaning detergents (for housekeeping and kitchen)	136	37	29	202
Other purchases	46	26	50	122
Total purchases	5 365	3 640	3 266	12 271

Table 15 – Income from sales of goods and services rendered, by client base in the food and beverages industry, 2007

Type of client	Restaurants and coffee shops	Takeaway/fast-food outlets	Caterers and other catering services	Total
	R million			
Business domestic	1 136	1 110	3 484	5 730
Government domestic	65	22	1 280	1 367
Individuals domestic	9 730	6 176	1 559	17 465
International clients	1 156	97	18	1 271
Other clients	1	0	96	97
Total	12 088	7 405	6 437	25 930

Explanatory notes

Background	<p>The results presented in this publication have been derived from the 2007 food and beverages large sample survey. This is a periodic survey, which measures economic activity in the food and beverages industry of the South African economy. This survey is based on a sample of private and public enterprises operating in the food and beverages industry.</p> <p>The sample was drawn from Stats SA's Business Register. Stats SA continuously upgrades its Business Register, based on units registered for value added tax (VAT) and income tax (IT) at the South African Revenue Service (SARS).</p> <p>All figures exclude value added tax (VAT).</p>
Reference period	<p>The information was collected from enterprises for their financial year, which ended on any date between 1 July 2006 and 30 June 2007.</p>
Purpose of the survey	<p>Results of the survey are used within Stats SA for compiling South Africa's National Accounts, e.g. the Gross Domestic Product (GDP) and gross fixed capital formation. These statistics are also used by the private sector in analyses of comparative business and industry performance.</p>
Scope and coverage	<p>This survey covers the following income tax-registered private and public enterprises that are mainly engaged in food and beverages services:</p> <ol style="list-style-type: none">i. Restaurants or tearooms with liquor licence (SIC 64201)ii. Restaurants or tearooms without liquor licence (SIC 64202)iii. Takeaway counters (SIC 64203)iv. Caterers (SIC 64204)v. Other catering services n.e.c. (SIC 64209) <p>Note: For reporting purposes, 'Restaurants or tearooms with liquor licence' and 'Restaurants or tearooms without liquor licence' were reported as 'Restaurants and coffee shops'. 'Caterers and Other catering services n.e.c.' were reported as 'Caterers and other catering services'.</p>
Classification by industry	<p>The 1993 edition of the <i>Standard Industrial Classification of all Economic Activities (SIC), Fifth Edition, Report No. 09-09-02</i>, was used to classify the statistical units in the survey. The SIC is based on the 1990 <i>International Standard Industrial Classification of all Economic Activities (ISIC)</i> with suitable adaptations for local conditions. Statistics in this publication are presented at 5-digit SIC level (subgroup). Each enterprise is classified to an industry, which reflects its predominant activity.</p>
Statistical unit	<p>The statistical unit for the collection of the 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.</p>

Size groups

The enterprises are divided into four size groups according to the value of their Business Register turnover. Large enterprises are enterprises with an annual turnover of R13 million and more. Table 16 presents the size groups defined using the Department of Trade and Industry (DTI) cut-off points.

Table 16 – Size groups for the food and beverages industry

Size group	Turnover
Large	Turnover ≥ R13 000 000
Medium	R6 000 000 ≤ Turnover < R13 000 000
Small	R5 100 000 ≤ Turnover < R6 000 000
Micro	< R5 100 000

Survey methodology and design

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

A sample of approximately 1 017 enterprises was drawn using stratified simple random sampling. The enterprises were first stratified at 5-digit level according to the SIC and then by size of enterprise. All large, medium and small enterprises were completely enumerated. Business Register turnover 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 were calculated and then aggregated with the completely enumerated stratum to form subgroup estimates. These procedures, which are in line with international best practice, are described in more detail on the Stats SA website at www.statssa.gov.za/publications/publicationsearch.asp.

Relative standard error Data presented in this publication are based on information obtained from a sample and are, therefore, subject to sampling variability; that is, they may differ from the figures that would have been produced if the data had been obtained from all enterprises in the food and beverages industry in South Africa.

One measure of the likely difference is given by the standard error (SE), which 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 accrued due to sampling.

Table 17 – Income in the food and beverages industry within 95% confidence limit: 2007

Type of service	Lower limit	Total income	Upper limit	Relative standard error (RSE)
	R million			%
Restaurants and coffee shops	9 148	12 440	15 732	13,5
Takeaway/fast-food outlets	6 170	7 619	9 067	9,7
Caterers and other catering services	5 313	6 545	7 776	9,6
Total	22 850	26 604	30 358	7,2

Non-sampling errors	Inaccuracies may occur because of imperfections in reporting by enterprises and errors made in the collection and processing of the data. Inaccuracies of this kind are referred to as non-sampling errors. Every effort is made to minimise non-sampling errors by careful design of questionnaires, testing them in pilot studies, editing reported data and implementing efficient operating procedures. Non-sampling errors occur in both sample surveys and censuses.	
Rounding-off of figures	The figures in the tables have, where necessary, been rounded off to the nearest final digit shown. There may therefore be slight discrepancies between the sums of the constituent items and the totals shown.	
Symbols and abbreviations	DTI	Department of Trade and Industry
	GDP	Gross Domestic Product
	ISIC	International Standard Industrial Classification of all Economic Activities
	IT	Income tax
	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
	0	Nil or less than half the final digit shown

Glossary

Casual employees	Employees who fall neither within the 'permanent employees' category nor within that of a 'temporary employees'. Such employees are typically working daily or hourly.
Caterers	Enterprises involved in the sale and supply of meals and drinks prepared on the premises on a contract basis and brought to other premises chosen by the person ordering them, to be served for immediate consumption to guests or customers.
Current assets	<p>Current assets are assets that are not expected to be turned into cash within one year during the normal course of business. They include:</p> <ul style="list-style-type: none">• trade and other receivables;• cash and bank;• inventory; and• other current assets.
Current liabilities	<p>Current liabilities are debts or obligations that are due within one year. They include:</p> <ul style="list-style-type: none">• trade and other payables;• bank overdraft; and• other current liabilities.
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	The enterprise is 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 consists of a group of enterprises engaged in the same or similar kinds of economic activity. Industries are defined in the <i>System of National Accounts (SNA)</i> in the same way as in the <i>Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No. 09-90-02 of January 1993 (SIC)</i> .

Net profit or loss after tax	<p>Net profit or loss after tax is derived as:</p> <p>Total income <i>plus</i> closing value of inventory <i>minus</i> total expenditure <i>minus</i> opening value of inventory <i>minus</i> company tax</p>
Net profit or loss before tax	<p>Net profit or loss before tax is derived as:</p> <p>Total income <i>plus</i> closing value of inventory <i>minus</i> total expenditure <i>minus</i> opening value of inventory</p>
Non-current assets	<p>Non-current assets are assets which are not easily convertible to cash or not expected to become cash within the next year. They include:</p> <ul style="list-style-type: none">• property, plant and equipment and intangible assets;• long-term investments; and• other non-current assets.
Non-current liabilities	<p>Non-current liabilities are liabilities not due to be paid within one year during the normal course of business. They include:</p> <ul style="list-style-type: none">• long-term loans; and• other non-current liabilities.
Other catering services	<p>Includes bars, taverns, other drinking places, ice-cream parlours, etc.</p>
Owners' equity	<p>Owners' equity is the residual interest in the entity's assets after deducting its liabilities.</p>
Permanent employees	<p>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.</p>

Profit margin	Profit margin is derived as: Net profit after tax <i>divided by</i> turnover <i>multiplied by</i> 100
Restaurants and coffee shops	Enterprises involved in the sale and provision of meals and drinks, ordered from a menu, prepared on the premises for immediate consumption and with provided seating.
Statistical unit	A statistical unit is a unit about which statistics are tabulated, compiled or published. The statistical units are derived from and linked to the South African Revenue Service (SARS) administrative data.
Stratum	A stratum is constructed by concatenating the SIC classification and size group variables.
Takeaway/fast-food outlets	Enterprises involved in the sale and provision of meals and drinks, ordered from a menu, prepared on the premises for takeaway purposes in a packaged format (not on plates), at a stand or in a location, with or without provided seating.
Temporary employees	Employees appointed on a short-term contract basis for periods normally not exceeding one year.
Turnover	Turnover includes: <ul style="list-style-type: none">• The value of sales of goods;• Amount received for services rendered;• Rent and lease payments received for land and buildings; and• Rent, leasing and hiring received for machinery, vehicles and other equipment.