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1. Introduction

This publication updates Statistical Release P7000 'Transport, post and telecommunication industry 2006' with respect to the post and telecommunication industry, and adds the breakdown of income by sales and services. The financial information has been revised following the re-classification of some enterprises. Further financial tables have been added (capital expenditure, opening and closing inventory, assets and liabilities).

Estimates are presented in respect of the 2006 post and telecommunication large sample survey (LSS). The 2006 post and telecommunication LSS collected data from a sample of 276 enterprises drawn from a sampling frame of 875. The sample was stratified in such a way that all large enterprises (with an annual income exceeding R26 million) were included.

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 estimates are presently published only at national level.

A similar survey was last conducted in 2002 (P7501 The post and telecommunication industry, 2002).

1.1 Scope and coverage

The 2006 post and telecommunication large sample survey covers enterprises registered in the taxation system that are mainly engaged in providing post and associated courier activities, and telecommunication services. The activities are grouped as follows:

- | | |
|---|----------|
| (i) National postal activities | SIC 7511 |
| (ii) Courier activities other than national postal activities | SIC 7512 |
| (iii) Telecommunication | SIC 7520 |

Excluding

- The production of radio and television programmes, whether or not combined with broadcasting, is classified under SIC 96130.

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 2005 and 30 June 2006, according to the usual reporting schedule of the enterprise.

Example

- 1 October 2004 – 30 September 2005
- 1 January 2005– 31 December 2005
- 1 February 2005 – 31 January 2006
- 1 March 2005– 28 February 2006
- 1 April 2005 – 31 March 2006

1.4 Current prices

The rand values are at current prices.

1.5 Reliability of data

Data were collected at the 4-digit SIC level of classification of enterprises and the response rate was 93,9%.

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 Post and telecommunication 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 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 programme of large sample surveys

The large sample surveys 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 '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 for benchmarking the Gross Domestic Product (GDP) and its components, production and price indices, 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):

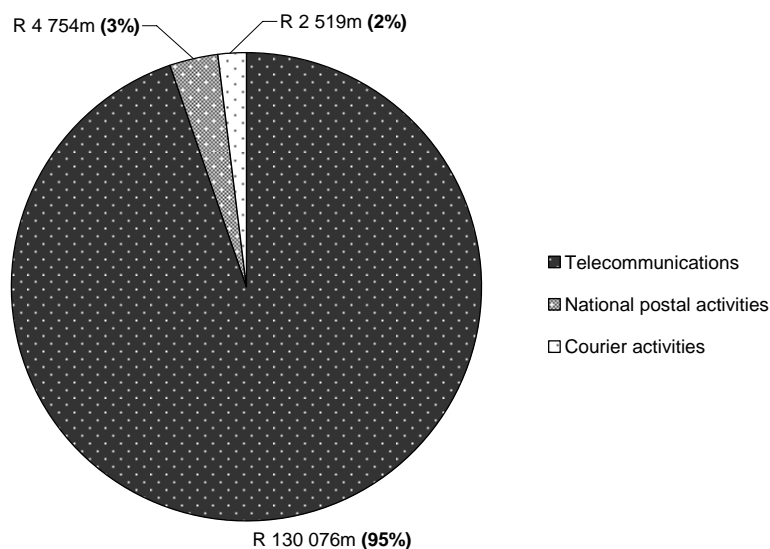
- Mining and quarrying
- Manufacturing
- Electricity, gas and water supply
- Construction
- Wholesale and retail trade, repair of motor vehicles, motor cycles and personal and household goods, and hotels and restaurants
- Transport, storage and communication
- Financial intermediation, insurance, real 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 2006

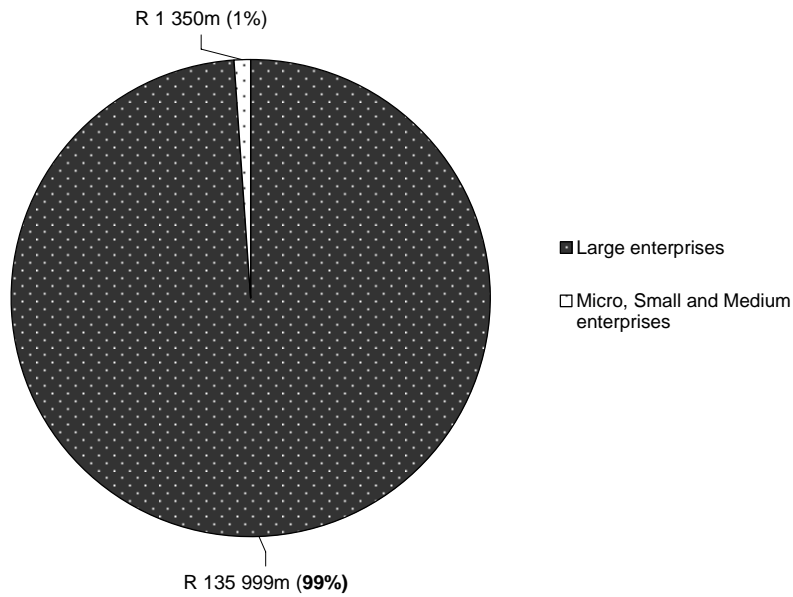
3.1 Income

Figure 1 – Breakdown of income in the post and telecommunication industry



In 2006, the total income in the post and telecommunication industry was R137 349 million. Income earned by the telecommunication industry contributed R130 076 million or 95%, with postal and courier activities contributing the balance of 5% to the total income in the industry (Figure 1).

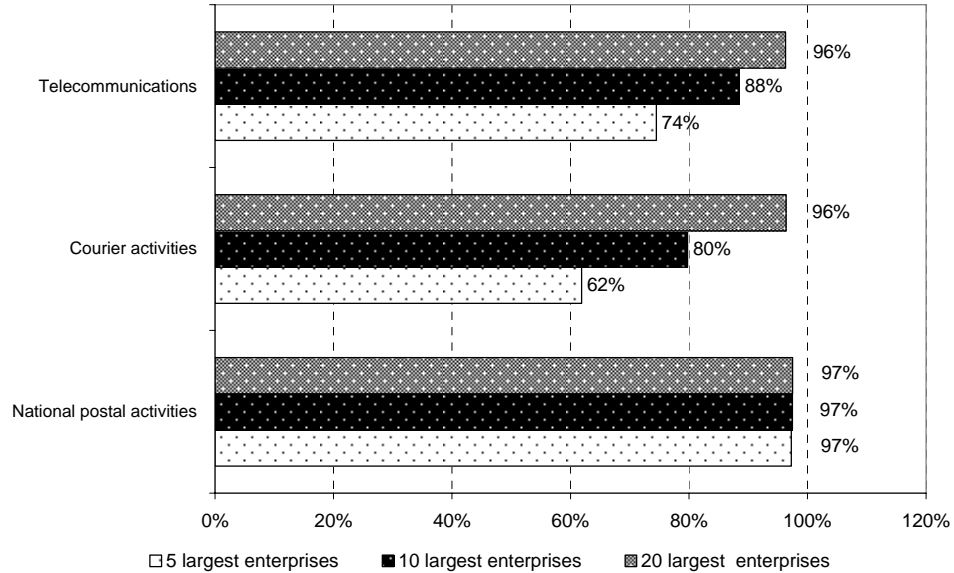
Figure 2 – Income in the post and telecommunication industry by enterprise size



Large enterprises (those with a turnover greater than R26 million) generated R135 999 million or 99% of the total income (Figure 2).

3.1.1 Extent of concentration in income

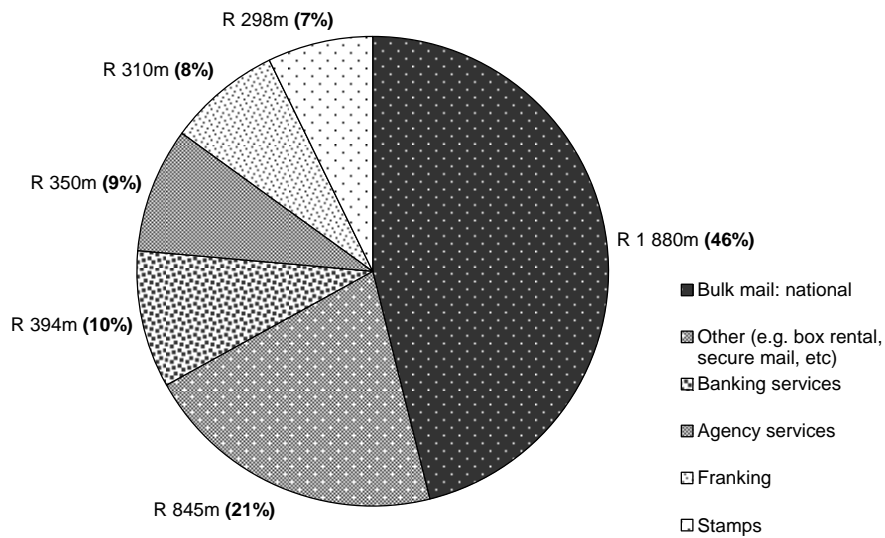
Figure 3 – Concentration ratios in the post and telecommunication industry



The 20 largest enterprises in each of the industry groups contributed 96% or more of total income (Figure 3).

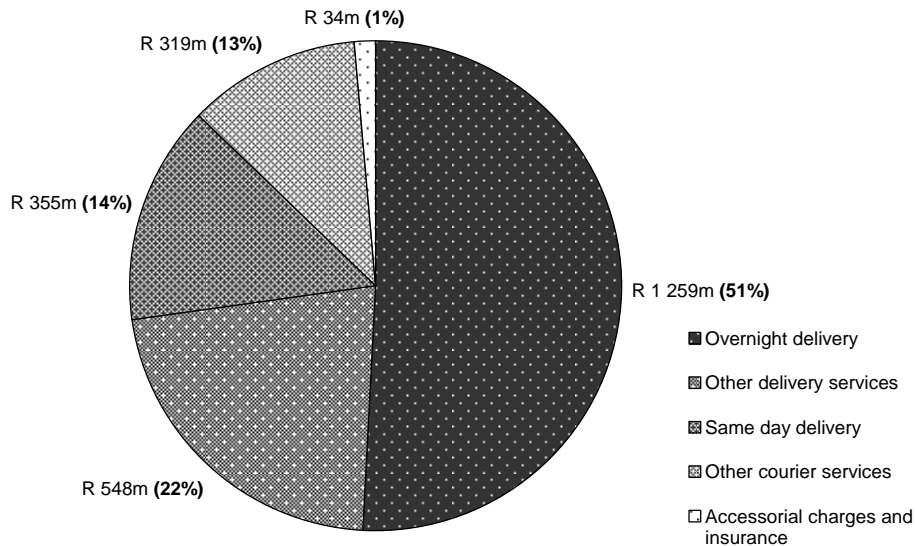
3.1.2 Income by type of service

Figure 4 – Income in the postal industry by type of service



The largest income for a specific service in the postal industry was for bulk mail with R1 880 million or 46% (Figure 4).

Figure 5 – Income in the courier industry by type of service



The largest income by type of service in the courier industry was for overnight delivery services with R1 259 million or 51% (Figure 5).

Figure 6 – Income in the telecommunication industry by type of service

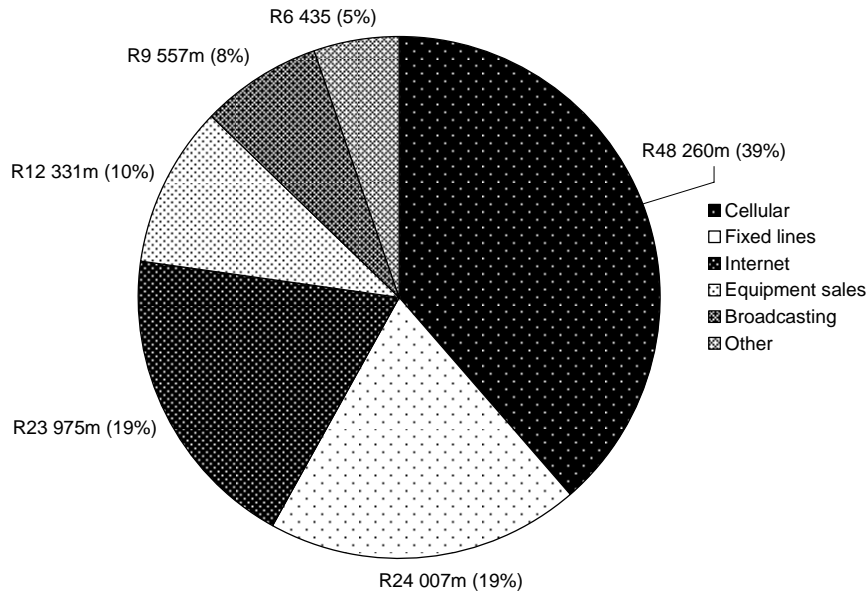
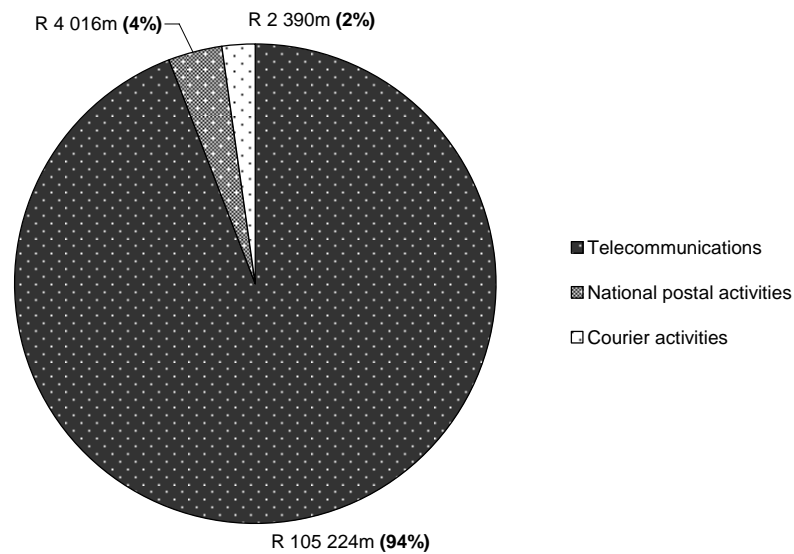


Figure 6 indicates that the largest income by type of service in the telecommunication industry was from services related to cellular phones (R48 260 million or 39%).

3.2 Expenditure

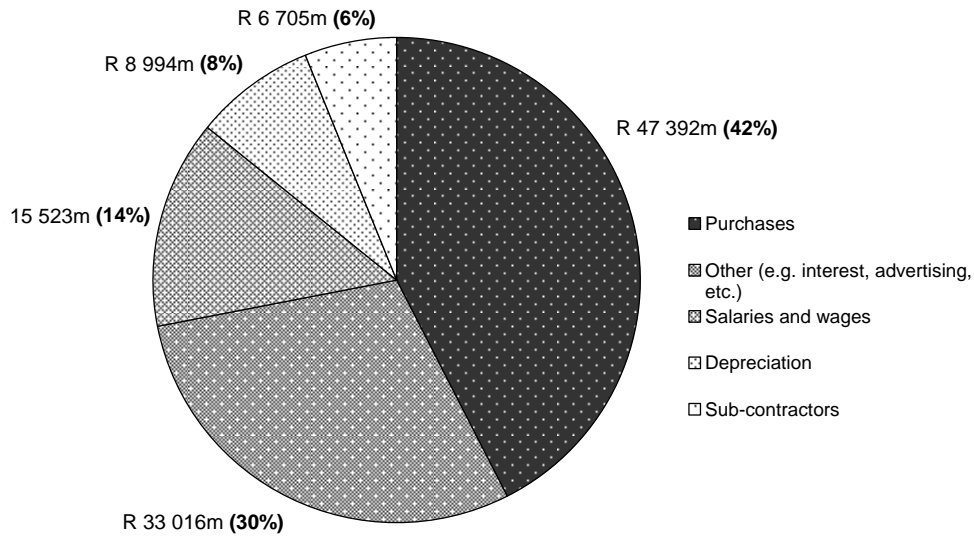
Figure 7 – Breakdown of expenditure in the post and telecommunication industry



Total expenditure in the post and telecommunication industry in 2006 was R111 630 million. Expenditure incurred by the telecommunication industry amounted to R105 224 million or 94% (Figure 7).

3.2.1 Composition of expenditure

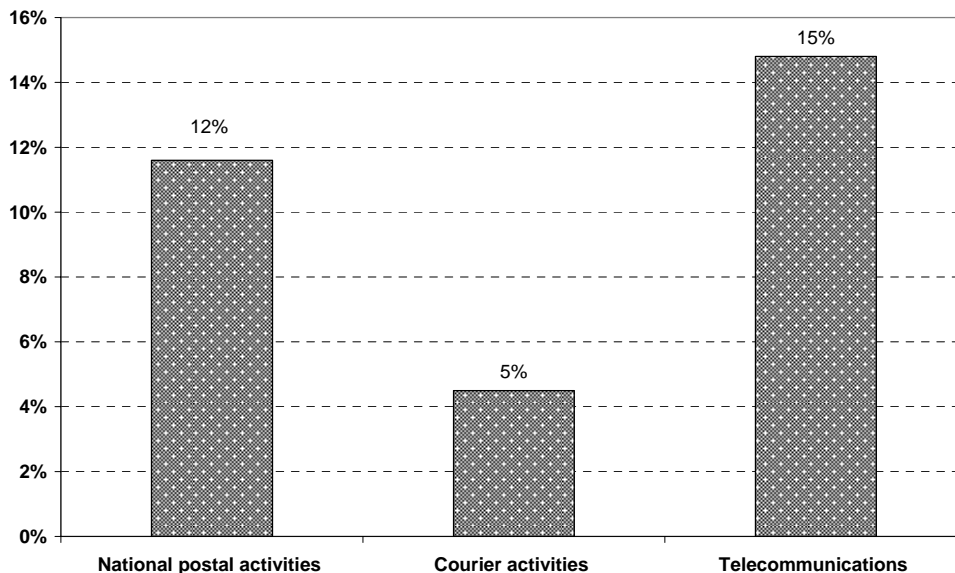
Figure 8 – Composition of expenditure in the post and telecommunication industry



The total expenditure in the post and telecommunication industry was primarily made up of purchases (R47 392 million or 42%) and salaries and wages (R15 523 million or 14%) (Figure 8).

3.3 Profit margin

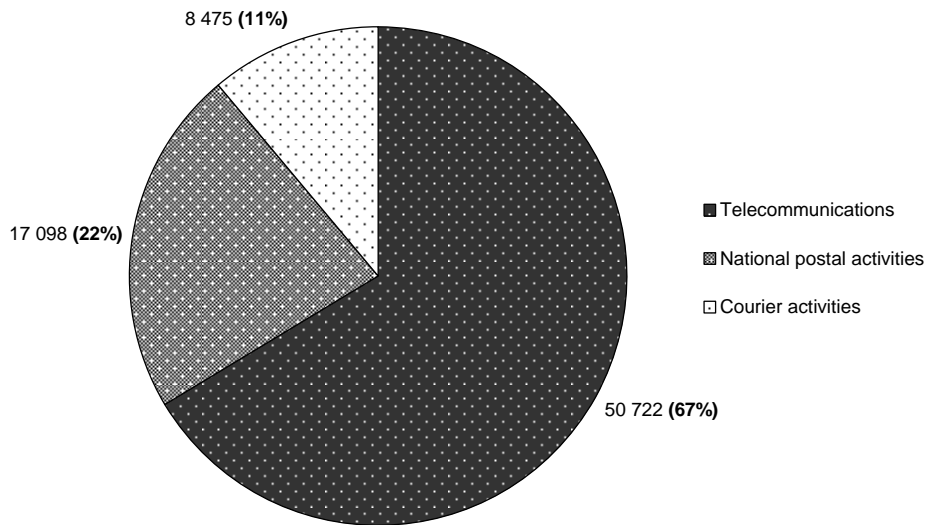
Figure 9 – Profit margin in the post and telecommunication industry



In 2006, the telecommunication industry reported the highest profit margin (15%) in the post and telecommunication industry (Figure 9).

3.4 Employment

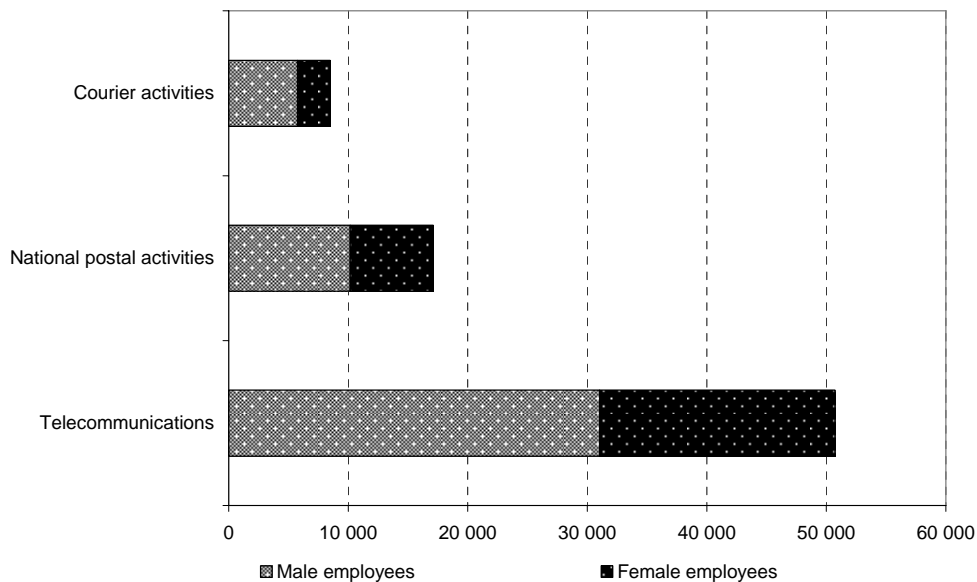
Figure 10 – Breakdown of employment in the post and telecommunication industry



The total number of persons employed in the post and telecommunication industry at the end of June 2006 was 76 295, with the telecommunication industry employing the largest number of persons (50 722 or 67%) (Figure 10).

3.4.1 Employment by gender

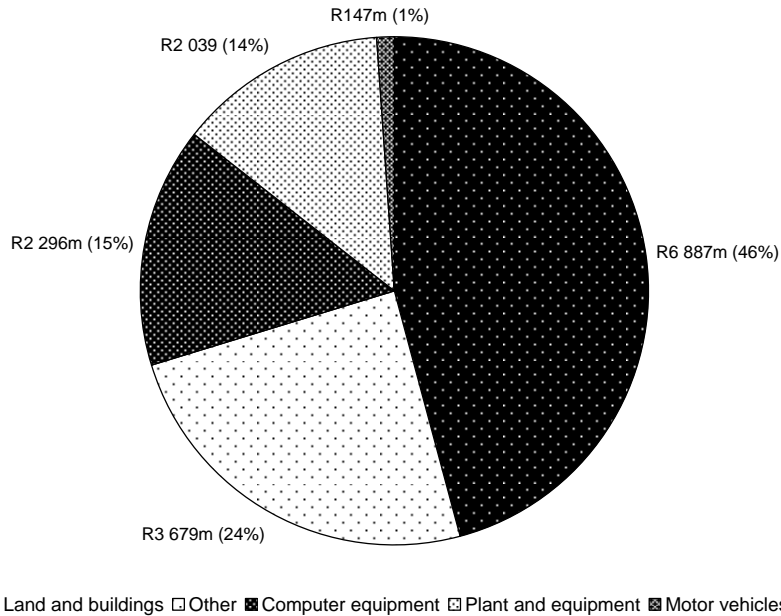
Figure 11 – Employment in the post and telecommunication industry by gender



All the sectors in the post and telecommunication industry employed more males than females (Figure 11).

3.5 Capital expenditure on new assets in the post and telecommunication industry

Figure 12 – Capital expenditure on new assets in the post and telecommunication industry



Capital expenditure on new assets amounted to R15 048 million. The largest expenditure was on land, buildings and construction (R6 887 million or 46%) (Figure 12).

P J Lehohla
Statistician-General

4. Tables

Table 1 – Principal statistics in the post and telecommunication industry 2006

Principal statistics	National postal activities	Courier activities	Telecommunication	Total
	R million			
Total income	4 754	2 519	130 076	137 349
Total expenditure	4 016	2 390	105 224	111 630
Total value of opening inventory	100	0	2 760	2 860
Total value of closing inventory	74	0	3 391	3 465
Net profit before tax	712	129	25 482	26 323
Book value of fixed assets at the beginning of the year	1 376	236	52 330	53 942
Book value of fixed assets at the end of the year	1 101	303	58 701	60 105
Capital expenditure on new assets	128	143	14 777	15 048

Table 2 – Profit margin in the post and telecommunication industry 2006

Principal statistics	National postal activities	Courier activities	Telecommunication	Total
	R million			
Net profit after tax	472	113	18 409	18 994
Turnover	4 077	2 486	124 736	131 299
Profit margin	11,6%	4,6%	14,8%	14,5%

Table 3 – Income in the post and telecommunication industry 2006

Income	National postal activities	Courier activities	Telecommunication	Total
	R million			
Sales and services ¹	4 077	2 484	124 565	131 126
Interest	284	9	894	1 187
Dividends	24	8	2 768	2 800
Government subsidy	87	0	51	138
Income from rental of land, buildings and other structures	0	1	162	163
Royalties, franchise fees, trade names and patent rights	0	0	48	48
Other income	282	17	1 588	1 887
Total income	4 754	2 519	130 076	137 349

¹ The distinction between sales and services is not always clear in this industry.

Table 4 – Income by enterprise size in the post and telecommunication industry 2006

Enterprise size	National postal activities	Courier activities	Telecommunication	Total
	R million			
Large enterprises	4 577	2 398	129 024	135 999
Medium enterprises	34	59	337	430
Small enterprises	59	49	476	584
Micro enterprises	83	14	239	336
Total	4 754	2 519	130 076	137 349

Table 5 – Concentration ratios (relative contribution of largest enterprises) in the post and telecommunication industry, 2006

Income		National postal activities	Courier activities	Telecommunication	Post and telecommunication
Total income	R million	4 753	2 520	130 076	137 349
Income of 5 largest enterprises	R million	4 622	1 559	96 885	96 885
Relative contribution of 5 largest enterprises	%	97,2	61,9	74,5	70,8
Income of 10 largest enterprises	R million	4 632	2 010	115 070	116 994
Relative contribution of 10 largest enterprises	%	97,4	79,8	88,4	85,5
Income of 20 largest enterprises	R million	4 633	2 429	125 245	129 617
Relative contribution of 20 largest enterprises	%	97,5	96,4	96,3	94,7

Table 6 – Expenditure in the post and telecommunication industry, 2006

Expenditure	National postal activities	Courier activities	Telecommunication	Total
	R million			
Salaries and wages	2 010	765	12 748	15 523
Purchases	85	298	47 009	47 392
Rental of land and buildings	128	58	1 581	1 767
Rental of plant and equipment	56	34	1 238	1 328
Advertising	77	29	2 563	2 669
Depreciation	150	77	8 767	8 994
Interest	120	32	2 560	2 712
Sub-contractors	208	181	6 316	6 705
Royalties and copyright	0	14	1 066	1 080
Security	82	28	859	969
Telecommunication	103	77	418	598
Entertainment	3	9	321	333
Repairs and maintenance	31	56	2 823	2 910
Insurance	26	37	212	275
Railage and transport	271	102	5	378
Containers and packaging	1	13	304	318
Paper, printing and stationery	70	22	152	244
Accommodation	16	22	38	76
Banking	37	6	77	120
Skills levy	15	4	21	40
Postage	1	13	120	134
Travelling	27	10	237	274
Losses on assets	0	7	262	269
Losses on liabilities	0	0	44	44
Vehicle running costs	47	103	127	277
Training	11	5	72	88
Property tax	23	1	3	27
Regional services levy	9	4	122	135
Research and development	0	0	27	27
Other expenditure	409	383	15 132	15 924
Total	4 016	2 390	105 224	111 630

Table 7 – Book value of assets in the post and telecommunication industry, 2006

Assets	National postal activities	Courier activities	Telecommunication	Total
	R million			
Land	0	1	243	244
Residential buildings	2	2	828	832
Non-residential buildings	681	2	13 858	14 541
Construction works	0	0	2 196	2 196
Computers and other IT equipment	1	21	25 517	25 539
Motor vehicles and other transport equipment	2	162	202	366
Plant, machinery and other equipment	359	50	6 477	6 886
Computer software	57	3	4 329	4 389
Other intangible fixed assets	0	0	3 334	3 334
Intangible non-produced assets	1	61	886	948
Other	0	0	831	831
Total	1 103	303	58 701	60 105

Table 8 – Details of assets in the post and telecommunication industry, 2006

Assets		National postal activities	Courier activities	Telecommunication	Total
		R million			
Current assets	Bank	3 270	98	11 096	14 464
	Debtors	435	483	24 636	25 554
	Inventory	74	0	3 391	3 465
	Other	1	19	5 936	5 956
	Total	3 780	600	45 059	49 439
Non-current assets	Fixed	1 100	235	58 619	59 954
	Goodwill	1	68	81	150
	Long-term investment	49	11	2 874	2 934
	Other	487	60	5 366	5 913
	Total	1 638	374	66 941	68 953
Total assets		5 418	974	112 001	118 393

Table 9 – Capital expenditure on new assets in the post and telecommunication industry, 2006

Assets	National postal activities	Courier activities	Telecommunication	Total
	R million			
Land, buildings and construction	23	1	6 863	6 887
Computer equipment and software	31	12	2 253	2 296
Motor vehicles	0	76	71	147
Plant and equipment	74	6	1 959	2 039
Other	0	48	3 631	3 679
Total	128	143	14 777	15 048

Table 10 – Liabilities and owners' equity in the post and telecommunication industry, 2006

Liabilities		National postal activities	Courier activities	Telecommunication	Total
		R million			
Current liabilities	Creditors	1 152	410	22 043	23 605
	Overdraft	3	65	8 555	8 623
	Other	2 672	98	19 268	22 038
	Total	3 827	572	49 867	54 266
Non-current liabilities	Long-term loan	8	296	22 385	22 689
	Other	696	124	7 325	8 145
	Total	704	420	29 710	30 834
Total liabilities		4 531	992	79 577	85 100
Owners' equity		887	-18	32 424	33 293

Table 11 – Employment in the post and telecommunication industry, at end June 2006

Number of employees	National postal activities	Courier activities	Telecommunication	Total
Male employees	10 159	5 760	31 024	46 943
Female employees	6 939	2 715	19 698	29 352
Total employees	17 098	8 475	50 722	76 295
Workers supplied by labour brokers	1 099	309	1 318	2 726
Income generated per person employed (R million)	0,3	0,3	2,6	1,8

Table 12 – Employment by enterprise size in the post and telecommunication industry, at end June 2006

Enterprise size	National postal activities	Courier activities	Telecommunication	Total
Large enterprises	16 657	7 815	47 026	71 498
Medium enterprises	113	448	1 288	1 849
Small enterprises	48	146	1 271	1 465
Micro enterprises	280	66	1 137	1 483
Total	17 098	8 475	50 722	76 295

Table 13 – Details of income by type of sales and services within the postal industry, 2006

Sales and services ¹	Income R million	Percentage
Bulk mail: national	1 880	46,1
Franking	310	7,6
Envelopes	157	3,9
Stamps	298	7,3
Box rental	220	5,4
Secure mail	32	0,8
Money transfers	44	1,1
Lotto and game cards	9	0,2
Banking services	394	9,7
Remailing services	34	0,8
Fax and photocopy	22	0,5
Internet services	8	0,2
Agency services	350	8,6
Other sales and services	319	7,8
Total postal sales and services	4 077	100

Table 14 – Details of income by type of sales and services within the courier industry, 2006

Sales and services ¹	Income R million	Percentage
Same-day delivery	355	14,3
Overnight delivery	1 259	50,7
Other delivery services	548	22,1
Assessorial charges	20	0,8
Insurance	14	0,6
Other courier services	285	11,5
Total courier sales and services	2 484	100

¹ The distinction between sales and services is not always clear in this industry.

Table 15 – Details of income by type of sales and services within the telecommunication industry, 2006

Sales and services ¹	Income R million	Percentage
Fixed lines	24 007	19,3
Call costs: Local	18 235	14,6
Call costs: International	997	0,8
Subscriptions	4 775	3,8
Cellular	48 260	38,7
Airtime: Local	28 083	22,5
Airtime: International	1 108	0,9
Subscription: Contract	6 166	5,0
Subscription: Prepaid	12 269	9,8
Subscription: Community service	634	0,5
Equipment sales	12 331	9,9
Telephone	976	0,8
Cell phones	8 011	6,4
Other	3 344	2,7
Internet	23 975	19,2
Narrowband	834	0,7
Broadband	2 006	1,6
Backbone services	25	0,0
Data revenue	8 343	6,7
Interconnect revenue	12 767	10,2
Broadcasting	9 557	7,7
TV licence and subscriptions	5 364	4,3
Sales: decoders	465	0,4
Sales: other	13	0,0
Advertising: TV	1 339	1,1
Advertising: Radio	517	0,4
Sponsorship: TV	43	0,0
Sponsorship: Radio	64	0,1
Connecting services	40	0,0
Other broadcasting activities	1 712	1,4
Other telecommunication	6 435	5,2
Total telecommunication sales and services	124 565	100

¹ The distinction between sales and services is not always clear in this industry.

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 R64 million and above. Table 16 presents the size groups defined using the Department of Trade and Industry (DTI) cut-off points,

Table 16 – Size groups for the Post and telecommunication industry, 2006

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 276 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 are completely enumerated. 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.

Relative standard error and confidence intervals

Table 17 – Relative standard errors and income in the post and telecommunication industry 2006 within 95% confidence limits

Service	Lower limit	Total income	Upper limit	Relative standard error
	R million			%
National postal activities	4 670	4 754	4 837	0,9
Courier activities	2 499	2 519	2 538	0,4
Telecommunication	129 821	130 076	130 330	0,1
Total	137 080	137 349	137 618	0,1

The relative standard error of the total income due to unit imputation was estimated at 0,04%.

Comparability with previously published information

The information in this publication is comparable with the post and telecommunication industry as a whole and with the post and telecommunication sector from the Economic Activity Survey 2006.

Rounding of figures

The figures in the tables have, where necessary, been rounded to the nearest final digit shown. There may therefore be slight discrepancies between the sums of the constituent items of the totals shown.

Abbreviations

BR	Business register
DTI	Department of Trade and Industry
GDP	Gross Domestic Product
	International Standard Industrial Classification of all Economic
ISIC	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

Glossary

Concentration ratio	The concentration ratio is the ratio of the income of the <i>n</i> 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 2006.
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 <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 before tax	Net profit or loss before tax is derived as: Total income plus Closing stocks minus Total expenditure minus Opening stocks
Profit margin	Profit margin is derived as: Net profit or loss after tax divided by turnover multiplied by 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.
Sub-contractors	Includes labour brokers
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 <p>Turnover excludes:</p> <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