



**Statistics  
South Africa**

**Statistical release  
P7501**

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# **The post and telecommunication industry, 2002**

**Embargoed until:  
1 December 2004  
09:30**

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## Summary of findings

### Income, expenditure and net profit

The total income for the post and telecommunication industry in 2002 was estimated at R91 734 million. The main contributor to the total income was telecommunication with R85 985 million (93,7%). Post and related courier activities contributed R5 749 million (6,3%).

Total expenditure in the post and telecommunication industry was estimated at R82 884 million, with telecommunication contributing R76 650 million (92,5%), and post and related courier activities contributed R6 234 million (7,5%).

Total expenditure on purchases was estimated at R32 785 million. The main contributor to total purchases was telecommunication with R23 923 (73%), followed by materials, components and consumables with R4 939 (15,1%).

Net profit before tax for telecommunication is estimated at R9 219 million.

### Employment and salaries and wages

The estimated number of people employed in the post and telecommunication industry in 2002 was 93 429. Telecommunication employed the largest number of people (63 903 or 68,4%), and post and related courier activities employed 29 526 people (31,6%).

Gross salaries and wages paid to employees in 2002 was estimated at R14 154 million. 79,5% of the earnings were paid to people in telecommunication (R11 259 million), and post and related courier activities paid R2 895 million (20,5%).

### Capital expenditure on fixed assets and intangible assets

The book value of fixed and intangible assets at the beginning of the financial year and at the end of the financial year was estimated at R 54 654 million and R60 588 million, respectively.

Capital expenditure on new assets amounted to R15 739 million. Telecommunication contributed R15 700 million (99,8%), and post and related courier activities contributed R39 million (0,2%). The largest capital expenditure on new assets was on machinery and office equipment (R6 711 million or 42,6%) and computers and other information technology equipment (R6 555 or 41,6%).

**PP**  
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**Statistician-General**

**Table 1 - Income and expenditure in the post and telecommunication industry: 2002**

	<b>Post and related courier activities</b>	<b>Telecommunication</b>	<b>Total</b>
<b>Item</b>	<b>R million</b>	<b>R million</b>	<b>R million</b>
<b>Income items</b>			
Income from services rendered	3 938	47 708	51 646
Sales of goods	1 354	34 091	35 445
Interest received	174	1 632	1 806
Other income	283	2 554	2 837
<b>Total income</b>	<b>5 749</b>	<b>85 985</b>	<b>91 734</b>
<b>Inventories</b>			
Opening stock	87	2 088	2 175
Closing stock	109	1 972	2 081
<b>Expenditure items</b>			
Purchases and transfers-in	647	32 138	32 785
Gross salaries and wages	2 895	11 259	14 154
Interest paid	168	3 606	3 774
Depreciation	209	8 349	8 558
Rental of buildings, land and other structures	222	1 135	1 357
Advertising, marketing and running expenditure	25	1 242	1 267
Other expenditure	2 068	18 921	20 989
<b>Total expenditure</b>	<b>6 234</b>	<b>76 650</b>	<b>82 884</b>
<b>Net profit before providing for company tax and dividends</b>	<b>- 463</b>	<b>9 219</b>	<b>8 756</b>
Book value of fixed and intangible assets at the beginning of the financial year	1 315	53 339	54 654
Capital expenditure on new assets	39	15 700	15 739
Book value of fixed and intangible assets at the end of the financial year	1 203	59 385	60 588

**Table 2 - Income in the post and telecommunication industry: 2002**

	<b>Post and related courier activities</b>	<b>Telecommunication</b>	<b>Total</b>
<b>Enterprise size</b>	<b>R million</b>	<b>R million</b>	<b>R million</b>
Large	5 238	80 008	85 246
Medium	205	4 339	4 544
Small	134	286	420
Micro	172	1 352	1 524
<b>Total</b>	<b>5 749</b>	<b>85 985</b>	<b>91 734</b>

**Table 3 - Expenditure on purchases in the post and telecommunication industry: 2002**

	<b>Telecommunication services</b>	<b>Materials, components and consumables</b>	<b>Containers and packaging materials</b>	<b>Other</b>	<b>Total</b>
<b>Enterprise size group</b>	<b>R million</b>	<b>R million</b>	<b>R million</b>	<b>R million</b>	<b>R million</b>
Large	22 691	4 706	1 309	470	29 176
Medium	855	90	-	2 030	2 975
Small	66	24	1	38	129
Micro	311	119	6	69	505
<b>Total</b>	<b>23 923</b>	<b>4 939</b>	<b>1 316</b>	<b>2 607</b>	<b>32 785</b>

**Table 4 - Capital expenditure on new assets in the post and telecommunication industry: 2002**

	<b>Post and related courier activities</b>	<b>Telecommunication</b>	<b>Total</b>
<b>Type of asset</b>	<b>R million</b>	<b>R million</b>	<b>R million</b>
Machinery and office equipment	3	6 708	6 711
Computers and other IT equipment	13	6 542	6 555
Non-residential buildings	5	857	862
Other assets	18	1 593	1 611
<b>Total</b>	<b>39</b>	<b>15 700</b>	<b>15 739</b>

**Table 5 - Number of employees in the post and telecommunication industry: 2002**

<b>Enterprise size</b>	<b>Post and related courier activities</b>	<b>Telecommunication</b>	<b>Total</b>
Large	27 437	58 663	86 100
Medium	840	2 086	2 926
Small	438	567	1 005
Micro	811	2 587	3 398
<b>Total</b>	<b>29 526</b>	<b>63 903</b>	<b>93 429</b>

**Table 6 - Number of land freight vehicles in the post and telecommunication industry: 2002**

<b>Enterprise size</b>	<b>Post and related courier activities</b>	<b>Telecommunication</b>	<b>Total</b>
Large	3 141	15 616	18 757
Medium	228	15	243
Small	110	48	158
Micro	81	140	221
<b>Total</b>	<b>3 560</b>	<b>15 819</b>	<b>19 379</b>

## Explanatory notes

### Background

The results presented in this publication have been derived from the 2002 large sample survey of post and telecommunication. This is a periodic survey which measures economic activity in the post and telecommunication industry of the South African economy. This survey is based on a sample of private and public enterprises operating in the post and telecommunication industry and provides information regarding post and telecommunication activities in South Africa.

Statistics South Africa (Stats SA) has developed a new business register, based on the value-added tax (VAT) database obtained from the South African Revenue Service (SARS), which replaced the previous business register. All enterprises are legally bound to register for VAT when their turnover for a period of twelve months equals or exceeds R300 000. Enterprises that conform to these criteria are included on the new business register, and hence were given a chance of selection in the sample for this survey. Results obtained from this survey are based on a sample drawn from the new business register which significantly enhanced coverage of South African businesses.

No previous separate survey has been conducted in the post and telecommunication industry.

### Reference period

The information was collected from enterprises for their financial year which ended on any date between 1 July 2001 and 30 June 2002.

### Purpose of the survey

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.

### Scope and coverage

This survey covers private and public post and telecommunication enterprises conducting activities in –

- (i) Postal and related courier activities
  - National postal activities includes:
    - pick-up, transport and delivery of mail and parcels
    - sale of postage stamps
    - collection of mail and parcels from boxes or from post offices and distribute and deliver their of
    - mail-sorting
    - mailbox rental
  - Courier activities other than national postal activities includes:
    - pick-up, transport and delivery of letters and mail-type (usually small parcels and packages)
- (ii) Telecommunication
  - Communication via:
    - Telephone
    - Telegraph
    - Telex
  - Maintenance of the network
  - Service providers (selling airtime)

**Classification by industry**

The 1993 edition of the *Standard Industrial Classification of all Economic Activities (SIC)*, Fifth Edition, Report No. 09-90-02, 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 (3-digit) level. Each enterprise is classified to an industry which reflects its predominant activity.

**Statistical unit**

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.

**Enterprise size group**

All enterprises were divided into four size groups according to the value of their respective VAT turnover. Large enterprises are those which had a VAT turnover of R55 million and above. Table A presents the distribution of the number and turnover of enterprises according to size group.

**Table A – Summary of enterprises according to size group**

Enterprise size group	Number of enterprises	Percentage enterprises	Percentage VAT turnover
Large	32	10,1	96,6
Medium	30	9,5	1,7
Small	42	13,3	0,9
Micro	211	67,1	0,8
<b>Total</b>	<b>315</b>	<b>100,0</b>	<b>100,0</b>

The cut-off points defining the size groups, namely large, medium, small and micro enterprises, are given in tables B.

**Table B – Size groups of enterprises**

Enterprise size group	VAT turnover
Large	>R55 000 000
Medium	R12 155 556 < VAT turnover < R54 999 999
Small	R6 077 778 < VAT turnover < R12 155 555
Micro	R300 000 < VAT turnover < R6 077 777

**Survey methodology and design**

A stratified simple random sample of 315 enterprises was used. The enterprises was first stratified at 3-digit level according to the SIC and then by size group. The survey was conducted by mail, fax and telephone.

**Weighting methodology**

For those size groups 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. Size group estimates are calculated and then aggregated with the completely enumerated size group to form division 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](http://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 post and telecommunication 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.

**Table B – Relative standard errors of total income in the post and telecommunication industry 2002**

<b>Major group</b>	<b>Total income (R million)</b>	<b>RSE</b>
Post and related courier activities	5 749	1,3
Telecommunication	85 985	2,8
<b>Total</b>	<b>91 734</b>	<b>2,6</b>

**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.

**Comparability with previously published information** The findings of the large sample survey of the post and telecommunication industry are broadly consistent with the findings of the economic activity survey, 2002.

## Glossary

<b>Capital expenditure on new assets</b>	<p>Capital expenditure on new assets includes –</p> <ul style="list-style-type: none"> <li>• The erection of new buildings and works, additions to and alterations of existing buildings and works;</li> <li>• Capital work in progress capitalised;</li> <li>• New plant and machinery, vehicles and equipment; and</li> <li>• Used plant and machinery, which was imported by or on behalf of the enterprise whether paid to outside contractor/concerns, or which was done by the enterprise itself.</li> </ul>
<b>Employees</b>	Employees are those people employed by the enterprise who received payment (in salaries, wages, commission, piece rates or payments in kind) for the last pay period ended on or before 30 June 2002.
<b>Enterprise</b>	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.
<b>Gross salaries and wages</b>	Gross salaries and wages are payments for ordinary-time, standard or agreed hours and overtime hours during the financial year for all permanent, temporary, casual, managerial and executive employers and employees, before taxation and other deductions.
<b>Industry</b>	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> .
<b>Inventories</b>	Stocks include raw materials/ materials for processing, packaging materials, fuel and consumables and maintenance stores, e.g. spares, work in progress (partially completed) and finished goods (own manufacturers).
<b>Net profit or loss before tax</b>	<p>Net profit or loss before tax is derived as:</p> <p>Total income  <i>plus</i> closing stocks  <i>minus</i> total expenditure  <i>minus</i> opening stocks</p>
<b>Statistical unit</b>	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.

## General information

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