Manufacturing and construction industries
2014
Manufacturing

Photo: Rodger Bosch | http://www.mediaclubsouthafrica.com/
Manufacturing

Contribution to economic activity in 2014

- Finance: 20.2%
- Government: 16.7%
- Trade: 14.8%
- Manufacturing: 13.5% (The industry contributed 13.5% to economic production)
- Transport: 10.2%
- Mining: 8.4%
- Personal services: 5.8%
- Construction: 4.1%
- Utilities: 3.7%
- Agriculture: 2.4%
Annual economic growth per annum

- 2005: 6.2%
- 2006: 6.4%
- 2007: 5.4%
- 2008: 2.3%
- 2009: -10.6%
- 2010: 5.9%
- 2011: 3.0%
- 2012: 2.1%
- 2013: 0.8%
- 2014: 0.1%

Note: Progressively slower growth since 2010

2008/09 recession

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The manufacturing industry earned an income of just over R2 trillion in 2014.
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Total income broken down by type of manufacturer

- Petroleum & chemical products: 34%
- Food & beverages: 17%
- Metals & machinery: 17%
- Transport equipment: 15%
- Wood, paper & publishing: 6%
- Other: 12%

Percentages have been rounded and may not sum to 100%
Manufacturing

Sales of goods and services broken down by province

R2,1 trillion

GP 40%
KZN 16%
WC 21%
MP 9%
EC 8%
FS 3%
NW 2%
LP 1%
NC 1%
Concentration ratios for total income in the manufacturing industry
Concentration ratios for total income in the manufacturing industry

Proportion of income earned by the top 5 largest enterprises

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>13%</td>
</tr>
<tr>
<td>2008</td>
<td>15%</td>
</tr>
<tr>
<td>2011</td>
<td>14%</td>
</tr>
<tr>
<td>2014</td>
<td>16%</td>
</tr>
</tbody>
</table>
Manufacturing

Concentration ratios for total income in the manufacturing industry

Proportion of income earned by the top 10 largest enterprises

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>21%</td>
</tr>
<tr>
<td>2008</td>
<td>25%</td>
</tr>
<tr>
<td>2011</td>
<td>23%</td>
</tr>
<tr>
<td>2014</td>
<td>26%</td>
</tr>
</tbody>
</table>
Concentration ratios for total income in the manufacturing industry

Proportion of income earned by the top 20 largest enterprises

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>31%</td>
</tr>
<tr>
<td>2008</td>
<td>36%</td>
</tr>
<tr>
<td>2011</td>
<td>32%</td>
</tr>
<tr>
<td>2014</td>
<td>37%</td>
</tr>
</tbody>
</table>
Concentration ratios for total income in the manufacturing industry

Proportion of income earned by the top 50 largest enterprises

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>44</td>
</tr>
<tr>
<td>2008</td>
<td>48</td>
</tr>
<tr>
<td>2011</td>
<td>45</td>
</tr>
<tr>
<td>2014</td>
<td>49</td>
</tr>
</tbody>
</table>
Concentration ratios for total income in the manufacturing industry

Proportion of income earned by the top 100 largest enterprises

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>54%</td>
</tr>
<tr>
<td>2008</td>
<td>57%</td>
</tr>
<tr>
<td>2011</td>
<td>54%</td>
</tr>
<tr>
<td>2014</td>
<td>58%</td>
</tr>
</tbody>
</table>
Profit margin in the manufacturing industry

- 2005: 7.0
- 2008: 8.0
- 2011: 4.9
- 2014: 4.4
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Profit margin ratio by type of manufacturer

- Furniture & other manufacturing: 9.4
- Wood, paper & publishing: 6.1
- Glass: 5.5
- Petroleum & chemical: 5.4
- Telecommunication & medical: 4.8
- Entire manufacturing industry: 4.4
- Electrical machinery: 4.2
- Food & beverages: 4.0
- Textiles & clothing: 3.5
- Transport equipment: 2.9
- Metals & machinery: 2.9

Profit margin
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Total employment in the manufacturing industry

- **2005**: 1.44 million jobs
- **2008**: 1.34 million jobs
- **2011**: 1.29 million jobs
- **2014**: 1.19 million jobs

Number of jobs decreased by 0.25 million.
Who are the biggest employers in the manufacturing industry?
Percentage of employees by type of manufacturer, 2014

1. 21% – Metals & machinery
2. 19% – Food & beverages
3. 15% – Petroleum & chemical
4. 11% – Wood, paper & publishing
5. 10% – Textiles & clothing
6. 9% – Transport equipment
7. 15% – Other

Percentages have been rounded and may not sum to 100%
Income and employment by enterprise size (% contribution) in the manufacturing industry, 2014

- Large: 82% Income, 46% Employment
- Medium: 9% Income, 20% Employment
- Small: 4% Income, 13% Employment
- Micro: 5% Income, 21% Employment

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Income and employment for selected divisions (% contribution) in the manufacturing industry, 2014

- **Food & beverages**: Income 17%, Employment 19%
- **Textiles & clothing**: Income 2%, Employment 10%
- **Wood, paper & publishing**: Income 6%, Employment 11%
- **Petroleum & chemical**: Income 34%
- **Metals & machinery**: Income 17%, Employment 21%
- **Transport equipment**: Income 15%, Employment 9%
- **Furniture & other manufacturing**: Income 3%, Employment 5%
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Percentage distribution of manufacturing employees by province

Manufacturing

GP 44%
KZN 19%
WC 19%
EC 7%
FS 3%
NW 2%
NC 1%
LP 2%
MP 4%

Percentages have been rounded and may not sum to 100%
Over half of the SA’s manufacturing workforce is located in three metros

Percentage of employees by district, 2014

- Johannesburg: 26%
- Cape Town: 13%
- eThekwini: 13%
- Ekurhuleni: 10%
- NMB: 5%
- Other districts: 33%

Percentages have been rounded and may not sum to 100%
### Average annual salaries and wages by type of manufacturer, 2014

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum &amp; chemical</td>
<td>R 265 871</td>
</tr>
<tr>
<td>Electrical machinery</td>
<td>R 246 760</td>
</tr>
<tr>
<td>Transport equipment</td>
<td>R 231 607</td>
</tr>
<tr>
<td>Telecommunication &amp; medical</td>
<td>R 221 362</td>
</tr>
<tr>
<td>Metals &amp; machinery</td>
<td>R 209 405</td>
</tr>
<tr>
<td><strong>Entire manufacturing industry</strong></td>
<td><strong>R 183 417</strong></td>
</tr>
<tr>
<td>Wood, paper &amp; publishing</td>
<td>R 156 616</td>
</tr>
<tr>
<td>Food &amp; beverages</td>
<td>R 155 094</td>
</tr>
<tr>
<td>Glass</td>
<td>R 145 822</td>
</tr>
<tr>
<td>Furniture &amp; other manufacturing</td>
<td>R 114 240</td>
</tr>
<tr>
<td>Textiles &amp; clothing</td>
<td>R 69 443</td>
</tr>
</tbody>
</table>
Capital expenditure on new assets in the manufacturing industry

- 2005: R 41 263
- 2008: R 56 446
- 2011: R 68 827
- 2014: R 79 452
Manufacturing

Capital expenditure on new assets in the manufacturing industry, 2014

- Petroleum & chemical: 39%
- Food & beverages: 18%
- Transport equipment: 13%
- Metals & machinery: 11%
- Wood, paper & publishing: 9%
- Other: 10%

Percentages have been rounded and may not sum to 100%
Breakdown of income from own manufactured products by product group, 2014

- Petroleum & chemical: 36%
- Food & beverages: 19%
- Metals & machinery: 17%
- Transport equipment: 11%
- Other: 18%

Percentages have been rounded and may not sum to 100%
Construction
The South Africa I know, the home I understand

Construction

Contribution to economic activity in 2014

Finance: 20.2%
Government: 16.7%
Trade: 14.8%
Manufacturing: 13.5%
Transport: 10.2%
Mining: 8.4%
Personal services: 5.8%
Construction: 4.1%
Utilities: 3.7%
Agriculture: 2.4%

The industry contributed 4.1% to economic production.
Construction

Annual economic growth per annum

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>11.9%</td>
</tr>
<tr>
<td>2006</td>
<td>10.4%</td>
</tr>
<tr>
<td>2007</td>
<td>15.5%</td>
</tr>
<tr>
<td>2008</td>
<td>9.9%</td>
</tr>
<tr>
<td>2009</td>
<td>8.5%</td>
</tr>
<tr>
<td>2010</td>
<td>0.7%</td>
</tr>
<tr>
<td>2011</td>
<td>0.4%</td>
</tr>
<tr>
<td>2012</td>
<td>2.6%</td>
</tr>
<tr>
<td>2013</td>
<td>4.6%</td>
</tr>
<tr>
<td>2014</td>
<td>3.6%</td>
</tr>
</tbody>
</table>
Construction

Income in the construction industry

<table>
<thead>
<tr>
<th>Year</th>
<th>Income (R million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>100 442</td>
</tr>
<tr>
<td>2007</td>
<td>169 249</td>
</tr>
<tr>
<td>2011</td>
<td>268 966</td>
</tr>
<tr>
<td>2014</td>
<td>392 292</td>
</tr>
</tbody>
</table>
Construction

Total income broken down by type of service

- Construction of civil engineering structures: 42%
- Construction of buildings: 23%
- Other building installation & completion: 14%
- Electrical contractors: 6%
- Other: 16%

Percentages have been rounded and may not sum to 100%
Sales of goods and services broken down by province

R379 billion

GP 38%
GC 15%
WC 12%
KZN 12%
MP 12%
EC 6%
LP 5%
NC 4%
FS 3%
NW 3%
Concentration ratios for total income in the construction industry
Construction

Concentration ratios for total income in the construction industry

Proportion of income earned by the top 5 largest enterprises

- 2004: 15%
- 2007: 15%
- 2011: 16%
- 2014: 13%
Construction

Concentration ratios for total income in the construction industry

Proportion of income earned by the top 10 largest enterprises

- 2004: 19%
- 2007: 19%
- 2011: 21%
- 2014: 19%
Construction

Concentration ratios for total income in the construction industry

Proportion of income earned by the top 20 largest enterprises

<table>
<thead>
<tr>
<th>Year</th>
<th>Concentration Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>23%</td>
</tr>
<tr>
<td>2007</td>
<td>22%</td>
</tr>
<tr>
<td>2011</td>
<td>26%</td>
</tr>
<tr>
<td>2014</td>
<td>25%</td>
</tr>
</tbody>
</table>
Construction

Concentration ratios for total income in the construction industry

Proportion of income earned by the top 50 largest enterprises

- 2004: 22%
- 2007: 28%
- 2011: 33%
- 2014: 33%
Construction

Concentration ratios for total income in the construction industry

Proportion of income earned by the top 100 largest enterprises

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>35%</td>
</tr>
<tr>
<td>2007</td>
<td>34%</td>
</tr>
<tr>
<td>2011</td>
<td>40%</td>
</tr>
<tr>
<td>2014</td>
<td>40%</td>
</tr>
</tbody>
</table>
Construction

Profit margin for the construction industry

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>3.2</td>
</tr>
<tr>
<td>2007</td>
<td>4.0</td>
</tr>
<tr>
<td>2011</td>
<td>2.9</td>
</tr>
<tr>
<td>2014</td>
<td>2.9</td>
</tr>
</tbody>
</table>
Construction

Profit margin ratio by type of service

<table>
<thead>
<tr>
<th>Service</th>
<th>Profit margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of other structures</td>
<td>10.0</td>
</tr>
<tr>
<td>Shopfitting</td>
<td>8.7</td>
</tr>
<tr>
<td>Site preparation</td>
<td>8.1</td>
</tr>
<tr>
<td>Renting of construction equipment</td>
<td>5.8</td>
</tr>
<tr>
<td>Plumbing</td>
<td>5.4</td>
</tr>
<tr>
<td>Electrical contractors</td>
<td>4.7</td>
</tr>
<tr>
<td>Other building installation</td>
<td>3.8</td>
</tr>
<tr>
<td>Other building completion</td>
<td>3.7</td>
</tr>
<tr>
<td>Construction of buildings</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>Entire construction industry</strong></td>
<td><strong>2.9</strong></td>
</tr>
<tr>
<td>Painting and decorating</td>
<td>2.9</td>
</tr>
<tr>
<td>Construction of civil engineering structures</td>
<td>1.4</td>
</tr>
<tr>
<td>Construction by specialist trade contractors</td>
<td>0.4</td>
</tr>
</tbody>
</table>
Construction

Employment in the construction industry

- **2004**: 403,000
- **2007**: 541,000
- **2011**: 485,000
- **2014**: 502,000

Number of jobs **↑ 99,000**
Construction

Who are the biggest employers in the construction industry?
Percentage of employees by type of service, 2014

- Construction of civil engineering structures: 33%
- Construction of buildings: 22%
- Other building completion: 11%
- Electrical contractors: 9%
- Construction by specialist trade contractors: 5%
- Other: 20%

Percentages have been rounded and may not sum to 100%
Income and employment by enterprise size (% contribution) in the construction industry, 2014

- **Large enterprises**: 55.9% income, 37.3% employment
- **Medium enterprises**: 19.1% income, 22.1% employment
- **Small enterprises**: 8.8% income, 13.6% employment
- **Micro enterprises**: 16.2% income, 26.8% employment
Income and employment for selected groups (% contribution) in the construction industry, 2014

- Construction of buildings: Income 23%, Employment 22%
- Construction of civil engineering structures: Income 42%, Employment 33%
- Construction of other structures: Income 2%, Employment 3%
- Construction by specialist trade contractors: Income 5%, Employment 5%
- Plumbing: Income 2%, Employment 3%
- Electrical contractors: Income 6%, Employment 9%
- Other building installation: Income 7%, Employment 5%
- Other building completion: Income 7%, Employment 11%
- Renting of construction: Income 5%, Employment 4%
Construction

Percentage distribution of construction employees by province

- GP: 36%
- KZN: 16%
- EC: 9%
- FS: 4%
- NW: 4%
- NC: 4%
- WC: 13%
- LP: 4%
- MP: 11%

Percentages have been rounded and may not sum to 100%
Construction

Average annual salaries and wages by type of service, 2014

- Renting of construction: R 182,266
- Other building installation: R 178,519
- Construction of civil engineering structures: R 163,876
- Shopfitting: R 146,728
- Site preparation: R 143,302
- Construction of other structures: R 134,263
- **Entire construction industry**: R 122,206
- Electrical contractors: R 98,114
- Construction of buildings: R 85,056
- Construction by specialist trade contractors: R 82,183
- Other building completion: R 76,533
- Plumbing: R 75,635
- Painting and decorating: R 69,172
Construction

Capital expenditure on new assets in the construction industry

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (R million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>2 248</td>
</tr>
<tr>
<td>2007</td>
<td>6 138</td>
</tr>
<tr>
<td>2011</td>
<td>11 264</td>
</tr>
<tr>
<td>2014</td>
<td>12 908</td>
</tr>
</tbody>
</table>
Capital expenditure on new assets in the construction industry, 2014

- Construction of civil engineering structures: 28%
- Renting of construction: 18%
- Construction by specialist trade contractors: 6%
- Other: 11%
- Electrical contractors: 9%
- Construction of buildings: 13%
- Site preparation: 16%

Percentages have been rounded and may not sum to 100%
Thank you!