



The motor trade industry, 2002

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Summary of findings for the year 2002

Income, expenditure and net profit

The total income for the motor trade industry in 2002 was R150 625 million. The largest contributor to the total income was the sales of motor vehicles (R85 454 million or 56,7%), followed by retail sales of automotive fuel (R33 216 million or 22,1%), sales of motor vehicle parts and accessories (R18 979 million or 12,6%), maintenance and repair of motor vehicles (R11 824 or 7,8%) and sales and repair of motor cycles and related parts (R1 152 million or 0,8%).

Most of the income in the motor trade industry was derived from the sales of new vehicles (R64 169 million or 42,6%), followed by the sales of automotive fuel (R29 781 or 19,8%), sales of used vehicles (R19 595 or 13,0%), sales of spares and accessories (R17 996 or 11,9%) and workshop sales (R10 435 or 6,9%).

Total expenditure for the motor trade industry was R150 080 million. The largest contributor to the total expenditure was sales of motor vehicles (R85 359 million or 56,9%), followed by retail sales of automotive fuel (R33 056 million or 22,04%), sale of motor vehicle parts and accessories (R18 777 million or 12,5%), maintenance and repair of motor vehicles (R11 761 or 7,8%) and sales and repair of motor cycles and related parts (R1 127 million or 0,8%).

The net profit before tax was R2 979 million. The largest contributor to the net profit before tax was sales of motor vehicles (R1 998 million or 67,1%), followed by sales of motor vehicle parts and accessories (R510 million or 17,1%), retail sales of automotive fuel (R242 million or 8,1%), maintenance and repair of motor vehicles (R175 million or 5,9%) and sales and repair of motorcycles and related parts (R54 million or 1,8%).

Employment, salaries and wages

The total number of people employed in the motor trade industry in 2002 was 185 122. The largest number of employees (52 535 or 28,4%) was employed by enterprises involved in the sales of motor vehicles, followed by retail sales of automotive fuel (51 362 or 27,7%), maintenance and repair of motor vehicles (46 709 or 25,2%), sales of motor vehicle parts and accessories (32 967 or 17,8%) and sales and repair of motor cycles and related parts (1 549 or 0,8%).

Gross salaries and wages paid to employees in 2002 amounted to R9 525 million. R4 270 million or 44,8% of the earnings were paid to employees in the sales of motor vehicles, followed by enterprises in maintenance and repair of motor vehicles (R2 011 million or 21,1%), sales of motor vehicles parts and accessories (R1 803 or 18,9%), retail sales of automotive fuel (R1 368 million or 14,4%) and sales and repair of motor cycles and related parts (R73 million or 0,8%).

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 8 024 million and R7 760 million, respectively.

Capital expenditure on new assets amounted to R1 209 million. The major contributor to the total capital expenditure on new assets was sales of motor vehicles (R720 million or 59,6%), followed by retail sales of automotive fuel (R215 million or 17,8%), maintenance and repair of motor vehicles (R150 million or 12,4%), sales of motor vehicles parts and accessories (R121 million or 10,0%) and sales and repair of motor cycles and related parts (R3 million or 0,2%).

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Table 1 - Income and expenditure in the motor trade industry: 2002

Item	Sales of motor vehicles R million	Maintenance and repair of motor vehicles R million	Sales of motor vehicle parts and accessories R million	Sales and repair of motor cycles and related parts R million	Retail sales of automotive fuel R million	Total R million
Income items						
Sales of goods	82 401	5 416	16 777	1 053	31 989	137 636
Income from services rendered	1 687	6 212	1 955	89	966	10 909
Interest received	219	36	32	4	28	319
Income from rental of land, buildings and other structures	196	42	13	-	40	291
Other income	951	118	202	6	193	1 470
Total income	85 454	11 824	18 979	1 152	33 216	150 625
Inventories						
Opening stock	10 869	1 763	1 795	143	2 948	17 518
Closing stock	12 771	1 866	2 101	171	3 030	19 939
Expenditure items						
Purchases and transfers-in	70 829	6 837	13 744	839	28 024	120 273
Gross salaries and wages	4 270	2 011	1 803	73	1 368	9 525
Interest paid	954	147	134	14	171	1 420
Depreciation	867	174	153	8	159	1 361
Rental of buildings, land and other structures	543	303	349	19	431	1 645
Motor vehicle repairs, maintenance and running expenditure	222	182	127	4	88	623
Communication	294	131	158	6	86	675
Other expenditure	7 380	1 976	2 309	164	2 729	14 558
Total expenditure	85 359	11 761	18 777	1 127	33 056	150 080
Net profit before providing for company tax and dividends	1 998	175	510	54	242	2 979
Book value of fixed assets at the beginning of financial year	3 825	1 359	1 120	329	1 391	8 024
Capital expenditure on new assets	720	150	121	3	215	1 209
Book value of fixed assets at the end of the financial year	3 500	1 360	1 136	321	1 443	7 760

Table 2 – Income from the sales of selected items in the motor trade industry: 2002

Enterprise size	Income (R million)				
	New vehicles	Used vehicles	Automotive fuel	Spares and accessories	Workshop
Large	55 920	9 177	3 562	7 153	1 591
Medium	4 394	4 081	7 037	2 157	868
Small	1 660	2 980	10 224	2 385	1 254
Micro	2 195	3 357	8 958	6 301	6 722
Total	64 169	19 595	29 781	17 996	10 435

Table 3 – Expenditure on selected items in the motor trade industry: 2002

Enterprise size	Expenditure (R million)				
	New vehicles	Used vehicles	Automotive fuel	Electricity	Spares and consumables
Large	30 529	9 216	1 041	788	23 139
Medium	2 573	2 929	2 344	1 091	5 473
Small	771	2 039	2 841	1 696	5 978
Micro	1 333	2 492	2 043	1 601	10 800
Total	35 206	16 676	8 269	5 176	45 390

Table 4 - Number of employees in the motor trade industry by size of enterprise: 2002

Enterprise size	Sales of motor vehicles	Maintenance and repair of motor vehicles	Sales of motor vehicle parts and accessories	Sales and repair of motor cycles and related parts	Retail sales of automotive fuel	Total
Large	34 963	1 239	10 709	232	3 906	51 049
Medium	6 506	1 633	3 028	214	11 023	22 404
Small	4 117	4 251	3 510	227	17 347	29 452
Micro	6 949	39 586	15 720	876	19 086	82 217
Total	52 535	46 709	32 967	1 549	51 362	185 122

Explanatory notes

Background

The results presented in this publication have been derived from the 2002 motor trade large sample survey. This is a periodic survey, which measures economic activity in the motor trade industry of the South African economy. This survey is based on a sample of private and public enterprises operating in the motor trade industry. The survey is designed to give information regarding motor trade 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 new sample for the 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.

The last census of the motor trade industry, namely 'Census of motor trade and motor repair services' was conducted in 1998.

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 motor trade enterprises conducting activities in -

- (i) Sales of motor vehicles
 - Wholesale sales of motor vehicles
 - Retail sales of motor vehicles
- (ii) Maintenance and repair of motor vehicles
 - General repairs
 - Electrical repairs
 - Radiator repairs
 - Body repairs
 - Other maintenance and repairs
- (iii) Sales of motor vehicle parts and accessories
 - Sales of new part and accessories
 - Sales of used parts and accessories
- (iv) Sales and repair of motor cycles and related parts
- (v) Retail sales of automotive fuel

Classification by industry

The 1993 edition of the *Standard Industrial Classification of all 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 (2-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.

Size groups

The enterprises are divided into four size groups according to the value of their respective VAT turnover. Large enterprises are enterprises with an annual VAT turnover of R55 million and more. Table A presents the distribution of the number and turnover of enterprises in the sample according to size group.

Table A – Number and turnover of enterprises according to size group

Size of Enterprise	Total number of enterprises	Number of enterprises sampled	Percentage enterprises	Percentage VAT turnover
Large	315	315	10,0	78,8
Medium	676	466	14,8	13,0
Small	1 499	434	13,8	5,1
Micro	8 657	1 936	61,4	3,1
Total	11 147	3 151	100,0	100,0

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

Table B – Size groups for motor trade industry

Size Group	VAT turnover
Large	> R 55 000 000
Medium	R 20 182 061 < VAT turnover < R 54 999 999
Small	R 8 889 869 < VAT turnover < R 20 182 060
Micro	R 300 000 < VAT turnover < R 8 889 869

Survey methodology and design

The survey was conducted by mail, fax and telephone.

A sample of approximately 3 200 enterprises was drawn from a population of approximately 11 200 enterprises using stratified simple random sampling. The enterprises were first stratified at 3-digit level according to the SIC and then by size of enterprises. All large enterprises are completely enumerated. Vat 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 are calculated and then aggregated with the completely enumerated stratum to form division estimates. These procedures, which are in line with international best practice, are described in more detail on the Stats SA website 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 motor trade 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 income in the motor trade industry: 2002

Division	Total income (R million)	RSE
Sales of motor vehicles	85 454	0,7
Maintenance and repair of motor vehicles	11 824	10,9
Sale of motor vehicles parts and accessories	18 979	2,6
Sale, maintenance and repair of motor cycles and related parts and accessories	1 152	8,2
Supporting and auxiliary transport activities	33 216	2,7
Total	150 625	1,2

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.

Comparability with previously published information

The information in this statistical release and previous motor trade censuses is not strictly comparable. The previous censuses were conducted using the old business register, while the large sample survey was conducted from a sample drawn from the new VAT business register, implemented in 2001. The new VAT register has better coverage of the enterprises.

Glossary

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 2002.
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 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 <i>plus</i> Closing stocks <i>minus</i> Total expenditure <i>minus</i> Opening stocks
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.
Stocks	Stocks include raw materials or materials for processing, packaging materials, fuel and consumable s and maintenance stores, e.g. spares; work in progress (partially completed) and finished goods (own manufacturers).

General information

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