

Productivity Statistics

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Summary

Any comments and queries regarding
this document should be addressed to:

Productivity SA

Private bag 235, Midrand, 1685

Email: info@productivitysa.co.za

Tel: 011 848 5300, Fax: 011 848 5555

Prepared by:

Raputsoane Leroi (Chief Economist)

Mashabela Juliet (Economic Statistician)

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Executive summary

Gross domestic product decelerated further in 2016 maintaining a downward trend recorded since 2013. The Official unemployment rate registered 26.5 percent while the Expanded unemployment rate was 36.3 percent in the last quarter of 2016. The economic slowdown in 2016 was realised as a result of a combination of domestic and external constraints that include the deterioration in commodity prices as well as the growth slowdown in emerging markets economies, in particular, the Chinese economy which has recently become one of the most important trading partners of South Africa. The domestic macroeconomic developments included a prolonged drought which adversely affected agricultural output as well as a lack of demand for goods and services and persistently weak consumer and economic sentiment. The economy in 2016 recorded the slowest growth since a recession in 2009 while the country has struggled to maintain its investment grade credit rating. The Credit Rating Agencies assessments of the nation's foreign currency debt are now just one level above junk status.

Real output, excluding General government services as well as community and personal services, decelerated further in 2016. The deceleration in Real output was mainly realised by the primary sector while Real output of the Secondary and the Tertiary sectors recorded a weak positive growth in the same period. The major decline growth in Real output was recorded by Agriculture, forestry and fishing, Mining and quarrying as well as Electricity, gas and water while Finance, real estate and business services realised strong positive growth in the same period. Capital input declined significantly in 2016 following a weak positive growth in the indicator in the previous year. The Primary, Secondary and Tertiary sectors recorded a decline in growth where major decline in Capital input was registered by Mining and quarrying, Manufacturing as well as Construction. Capital productivity increased in 2016 supported by the increase in growth of all the main economic sectors, in particular, the Primary sector. The negative growth in Capital productivity was recorded by Agriculture, forestry and fishing as well as Electricity, gas and water while relatively strong positive growth in the indicator was realised by Manufacturing and Construction.

Labour input decelerated in 2016 following a strong positive growth in the indicator in 2015. All the main sectors that comprise the Primary, Secondary and Tertiary sectors recorded decreasing, albeit, positive growth in Labour input. A relatively strong positive growth in Labour input was realised by Agriculture, forestry and fishing while Mining and quarrying, Transport, storage and communication as well as General government services registered a decline. Labour productivity decreased in 2016 mainly led by the decline in all the main economic sectors, in particular, the Primary sector. The major decline in the indicator were recorded in Agriculture, forestry and fishing while a positive growth in the indicator was only realised by Transport, storage and communication as well as General government services. Multifactor productivity declined in 2016 mainly on account of the Primary Sector while the Secondary and Tertiary sectors also registered mild decline. The indicator declined most in Mining and quarrying as well as Construction while the opposite is true with General government services.

Further details on the Productivity Statistics can be found in the October 2017 Productivity Statistics Report.

Productivity indicators of the South African economy

Year	Real Output Index	Capital Input Index	Labor Input Index	Capital Labour Ratio Index	Compensation Per Employee Index	Unit Labour Cost Index	Capital Productivity Index	Labour Productivity Index	Multi factor Productivity Index
1970	39.9	30.8	81.2	38.0	26.3	66.0	129.4	49.2	23.0
1971	41.1	33.6	82.0	40.9	27.0	67.8	122.4	50.1	24.9
1972	41.5	34.9	83.7	41.6	26.6	69.0	119.2	49.6	25.2
1973	43.2	38.1	87.4	43.6	26.3	71.8	113.4	49.4	26.7
1974	44.7	40.3	89.8	44.8	26.5	74.8	111.1	49.8	28.0
1975	45.4	44.4	92.7	47.9	27.2	78.0	102.1	48.9	30.2
1976	46.6	43.9	92.3	47.6	28.3	76.8	106.1	50.5	31.1
1977	46.2	41.5	90.9	45.6	30.8	77.8	111.5	50.8	30.3
1978	47.2	41.0	92.7	44.2	30.7	75.4	115.0	50.9	30.1
1979	48.8	42.7	95.4	44.7	30.1	73.9	114.3	51.1	31.1
1980	51.5	51.6	100.3	51.5	36.6	94.7	99.8	51.4	35.8
1981	54.4	57.1	103.9	55.0	38.0	99.5	95.3	52.4	39.9
1982	53.7	55.5	103.5	53.6	39.9	104.7	96.8	51.9	39.2
1983	53.3	53.5	104.4	51.2	39.8	104.4	99.7	51.0	37.8
1984	56.5	52.6	105.8	49.8	41.1	101.2	107.3	53.4	39.4
1985	56.3	48.3	106.7	45.3	39.4	96.5	116.5	52.7	37.1
1986	55.6	38.5	107.3	35.9	37.7	94.7	144.2	51.8	32.3
1987	55.9	36.7	109.1	33.6	36.8	94.1	152.3	51.2	31.4
1988	58.0	42.3	112.1	37.7	37.6	94.7	137.2	51.7	34.6
1989	59.2	44.8	113.3	39.5	38.5	95.1	132.2	52.2	36.3
1990	58.7	43.4	113.2	38.3	39.9	98.3	135.5	51.9	35.5
1991	57.8	40.2	112.4	35.8	40.5	98.0	143.7	51.5	33.4
1992	56.7	37.4	110.8	33.7	41.1	98.3	151.6	51.1	31.5
1993	57.5	37.6	109.9	34.2	40.9	95.0	153.1	52.4	31.6
1994	59.2	41.4	111.3	37.2	40.4	92.4	142.9	53.2	34.0
1995	60.7	45.9	113.8	40.4	42.7	93.6	132.2	53.4	36.7
1996	63.2	50.2	113.9	44.1	45.2	91.4	125.9	55.5	40.2
1997	65.1	52.6	113.9	46.2	47.7	89.4	123.8	57.1	42.6
1998	65.4	54.3	111.6	48.7	52.7	92.4	120.4	58.6	44.2
1999	67.4	49.7	110.4	45.0	56.5	93.3	135.5	61.0	43.5
2000	70.7	51.2	110.1	46.5	60.3	92.7	138.1	64.2	46.2
2001	73.1	53.7	107.8	49.8	62.5	91.1	136.1	67.8	49.2
2002	76.1	55.7	106.8	52.1	62.7	89.2	136.6	71.2	52.3
2003	78.3	60.5	103.5	58.4	67.0	89.4	129.5	75.7	57.3
2004	82.3	68.6	104.0	66.0	72.9	92.6	119.9	79.1	64.7
2005	86.7	77.2	105.0	73.5	73.5	93.7	112.3	82.6	72.9
2006	91.5	86.1	107.3	80.3	79.2	95.7	106.2	85.3	81.4
2007	96.6	96.6	107.7	89.7	85.1	97.1	100.0	89.7	91.8
2008	99.3	110.9	105.3	105.3	88.2	96.3	89.5	94.3	103.3
2009	96.9	103.4	98.6	104.8	94.0	97.1	93.8	98.3	99.4
2010	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2011	102.9	105.2	103.7	101.5	101.2	101.5	97.8	99.3	104.5
2012	105.1	108.1	106.8	101.2	103.5	102.8	97.2	98.4	107.0
2013	107.6	115.7	108.2	107.0	106.4	104.7	93.0	99.5	113.3
2014	109.3	115.7	109.8	105.4	108.2	105.5	94.5	99.6	114.2
2015	110.8	117.3	115.3	101.7	108.3	107.2	94.5	96.1	114.2
2016	110.9	111.9	118.5	94.5	107.4	108.8	99.1	93.6	109.9

Technical notes

Productivity SA collects data from official sources, namely Statistics South Africa and the South African Reserve Bank. Productivity indices are then calculated using the data collected from these sources. The collected data comprise Real Output, Capital input, Labour input as well as Compensation of employees. The data are used to calculate indices such as Capital labour ratio, Capital productivity, Labour productivity, Multifactor productivity, Compensation per employee as well as Unit labour cost. These indices are calculated for the total economy, the 3 main sectors of the economy, the 10 main industries as well as the 8 selected manufacturing sub sectors. The main sectors, industries and manufacturing sectors are organised according to the Statistics South Africa's Standard Industrial Classification (SIC) of all Economic Activities (2012). The SIC covers productive activities, that is, economic activities within the production boundary of the System of National Accounts (SNA). The base year of the current statistics is 2010 whereas that of previous Productivity Statistics releases of between 2009 and 2013 is 2005. This is due to the rebasing exercise by the sources.

The 3 main sectors are the Primary sector, Secondary sector and the Tertiary sector. The 10 main industries are Agriculture, forestry and fishing, Mining and quarrying, Manufacturing, Electricity, gas and water, Construction, Wholesale, trade, catering and accommodation, Transport, storage and communication, Finance, real estate and business services. The additional industries are General government services as well as community and personal services. Agriculture, forestry and fishing and Mining and quarrying constitute the Primary sector, Manufacturing, Electricity, gas and water as well as Construction form the Secondary sector, while Wholesale, trade, catering and accommodation, Transport, storage and communication as well as Finance, real estate and business services represent the Tertiary sector. The 8 selected manufacturing sub sectors include Food, beverages and tobacco, Textiles, clothing and leather, Wood, paper, publishing and printing, Basic chemicals, rubber and plastic, Glass and non-metallic products, Basic metals, iron and steel and non-ferrous metals, Electrical machinery as well as Motor vehicles and other transport equipment. The selected manufacturing sectors exclude Radio, television communication equipment and apparatus as well as Furniture, manufacturing and recycling.

Total value added at Statistics SA includes agriculture, General government services and Community and personal services, while that at Productivity SA excludes agriculture and exclude General government services and Community and personal services. General government services and Personal services sectors measure the expenditure, and not the value of inputs and outputs, as it is the case with the other industries hence their exclusion from Total Value added at Productivity SA. Furthermore, the outputs of general government, non-profit institutions, and paid employees of private households are assumed to be based on the incomes of input factors. This approach leads to a negligible change in productivity because the growth in output will be identical, or similar to, the growth in input.

Midrand

International Business Gateway
Cnr New and Sixth Roads
Midrand

TEL: +27 (0) 11 848 5300
FAX: +27 (0) 11 848 5555

Cape Town

Office 202, Edward III Building
70 Edward Street (cnr Bloemhof and Mispel Road)
Tyger Valley

TEL: +27 (0) 21 910 1591
FAX: +27 (0) 21 910 1574

Durban

Suite 201, Cowey Park
91-123 Cowey Road
Essenwood, 4000

TEL: +27 (0) 31 268 9770
FAX: +27 (0) 31 268 9777

Port Elizabeth

Eastern Cape Training Centre
Spondo Road, Struandale
Port Elizabeth, 6201

TEL: +27 (0) 41 452 2926
FAX: +27 (0) 41 452 3948

