Productivity Statistics Summary

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Executive summary

Gross domestic product accelerated slightly in 2017 breaking the downward trend recorded since 2013. The Official unemployment rate registered 26.7 percent while the Expanded unemployment rate was 36.3 percent in the last quarter of 2017. The mild acceleration in economic growth was realised amid wide ranging constraints in the economy, in particular, the enduring weakening production base in the Secondary sector as well as the weak rand exchange rate despite the recovery from the significant depreciation of the currency in 2016. Global Ratings Agencies downgraded South Africa's long term sovereign credit rating to sub investment grade and placed the country on review for a downgrade depending on government's response to the deteriorating fiscal position and commitment to credible growth enhancing policies. On international front, stronger World growth contributed to an increase in global demand for goods and services, especially commodities, culminating into higher international oil prices. The World's leading economies intensified the adoption of protectionist trade policies which adversely discourage positive global interaction and pose enormous implications for global supply chains and customer networks. Although the slight increase in economic growth is welcome, the economy remained sluggish continuing the trend realised over the last few years. Consumer demand and business investment remain weak while bottlenecks remain in infrastructure driving up costs of services and inputs for business.

Real output, excluding General government services as well as Community and personal services, accelerated in 2017 also breaking a downward trend recorded since 2013. The acceleration in Real output was mainly realised by the primary sector while the Tertiary sectors recorded a weak positive growth and the Secondary sector declined in the same period. The increase in Real output growth was recorded by Agriculture, forestry and fishing, Mining and quarrying, Electricity, gas and water, Transport, storage and communication as well as Finance, real estate and business services while Manufacturing, Construction as well as Wholesale, trade, catering and accommodation realised mild negative growth in the same period. Labour input recorded a mild negative growth in 2017 following a positive growth in the indicator in 2016. Labour input of the Tertiary sector realised a positive but decreasing growth and both the Primary sector and Secondary recorded a decline growth in 2017. A mild positive growth in Labour input was realised in as Wholesale, trade, catering and accommodation as well as Electricity, gas and water while Agriculture, forestry and fishing as well as Construction recorded negative growth in the same period. Capital input grew mildly in 2017 following a negative growth in the indicator in the previous year. The Primary sector realised a positive growth while the Secondary and Tertiary sectors recorded declining growth where increase in Capital input was registered in Mining and quarrying while the opposite is true for Electricity, gas and water as well as Finance, real estate and business services.

Capital productivity realised a mild positive growth in 2017 supported by the Secondary and Tertiary sectors while the Primary sector recorded a significant decline in the same period. The increase in Capital productivity was recorded by Agriculture, forestry and fishing as well as Electricity, gas and water while relatively strong negative growth was realised in Mining and quarrying. Labour productivity increased in 2017 mainly led by the strong positive growth in all the main economic sectors, in particular, the Primary sector. Labour productivity accelerated significantly in Agriculture, forestry and fishing while the major decline was realised by Electricity, gas and water, Wholesale, trade, catering and accommodation as well as Community and personal services. Multifactor productivity increased in 2017 following a decline in the previous year on account of the Primary Sector and Tertiary sectors while the Secondary registered a mild negative growth in the same period. The indicator declined most in Agriculture, forestry and fishing as well as Mining and quarrying while the opposite is true with Electricity, gas and water.

Further details on the Productivity Statistics can be found in the October 2018 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	32.5	66.0	129.4	49.2	23.0
1971	41.1	33.6	82.0	40.9	34.0	67.8	122.4	50.1	24.9
1972	41.5	34.9	83.7	41.6	34.2	69.0	119.2	49.6	25.2
1973	43.2	38.1	87.4	43.6	35.5	71.8	113.4	49.4	26.7
1974	44.7	40.3	89.8	44.8	37.3	74.8	111.1	49.8	28.0
1975	45.4	44.4	92.7	47.9	38.2	78.0	102.1	48.9	30.2
1976	46.6	43.9	92.3	47.6	38.8	76.8	106.1	50.5	31.1
1977	46.2	41.5	90.9	45.6	39.5	77.8	111.5	50.8	30.3
1978	47.2	41.0	92.7	44.2	38.3	75.4	115.0	50.9	30.1
1979	48.8	42.7	95.4	44.7	37.8	73.9	114.3	51.1	31.1
1980	51.5	51.6	100.3	51.5	48.6	94.7	99.8	51.4	35.8
1981	54.4	57.1	103.9	55.0	52.1	99.5	95.3	52.4	39.9
1982	53.7	55.5	103.5	53.6	54.3	104.7	96.8	51.9	39.2
1983	53.3	53.5	104.4	51.2	53.3	104.4	99.7	51.0	37.8
1984	56.5	52.6	105.8	49.8	54.1	101.2	107.3	53.4	39.4
1985	56.3	48.3	106.7	45.3	50.9	96.5	116.5	52.7	37.1
1986	55.6	38.5	107.3	35.9	49.0	94.7	144.2	51.8	32.3
1987	55.9	36.7	109.1	33.6	48.2	94.1	152.3	51.2	31.4
1988	58.0	42.3	112.1	37.7	49.0	94.7	137.2	51.7	34.6
1989	59.2	44.8	113.3	39.5	49.7	95.1	132.2	52.2	36.3
1990	58.7	43.4	113.2	38.3	51.1	98.3	135.5	51.9	35.5
1991	57.8	40.2	112.4	35.8	50.4	98.0	143.7	51.5	33.4
1992	56.7	37.4	110.8	33.7	50.3	98.3	151.6	51.1	31.5
1993	57.5	37.6	109.9	34.2	49.8	95.0	153.1	52.4	31.6
1994	59.2	41.4	111.3	37.2	49.1	92.4	142.9	53.2	34.0
1995	60.7	45.9	113.8	40.4	50.0	93.6	132.2	53.4	36.7
1996	63.2	50.2	113.9	44.1	50.7	91.4	125.9	55.5	40.2
1997	65.1	52.6	113.9	46.2	51.1	89.4	123.8	57.1	42.6
1998	65.4	54.3	111.6	48.7	54.2	92.4	120.4	58.6	44.2
1999	67.4	49.7	110.4	45.0	56.9	93.3	135.5	61.0	43.5
2000	70.7	51.2	110.1	46.5	59.6	92.7	138.1	64.2	46.2
2001	73.1	53.7	107.8	49.8	61.7	91.1	136.1	67.8	49.2
2002	76.1	55.7	106.8	52.1	63.5	89.2	136.6	71.2	52.3
2003	78.3	60.5	103.5	58.4	67.6	89.4	129.5	75.7	57.3
2004	82.3	68.6	104.0	66.0	73.2	92.6	119.9	79.1	64.7
2005	86.7	77.2	105.0	73.5	77.3	93.7	112.3	82.6	72.9
2006	91.5	86.1	107.3	80.3	81.6	95.7	106.2	85.3	81.4
2007	96.6	96.6	107.7	89.7	87.1	97.1	100.0	89.7	91.8
2008	99.3	110.9	105.3	105.3	90.8	96.3	89.5	94.3	103.3
2009	96.9	103.4	98.6	104.8	95.4	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	100.7	101.5	97.8	99.3	104.5
2012	105.1	108.1	106.8	101.2	101.2	102.8	97.2	98.4	107.0
2013	107.6	115.7	108.2	107.0	104.2	104.7	93.0	99.5	113.3
2014	109.5	115.7	109.8	105.4	104.9	105.2	94.6	99.7	114.4
2015	110.9	116.0	115.3	100.6	102.8	107.0	95.6	96.2	113.6
2016	111.4	112.2	118.5	94.7	101.5	108.0	99.3	94.0	110.5
2017	113.1	113.3	117.5	96.4	104.2	108.3	99.8	96.3	113.3

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.

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