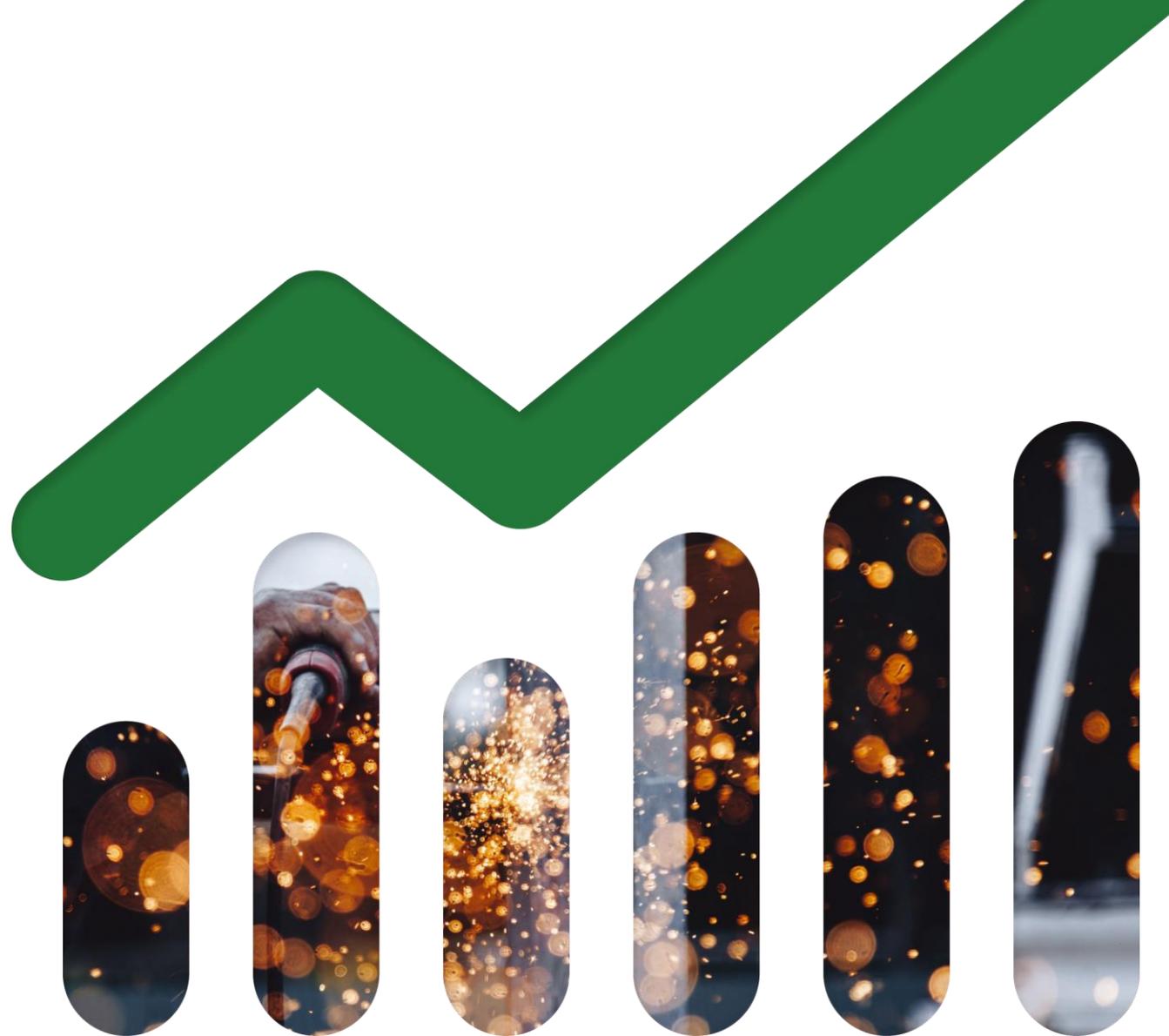




**National Economic
Development and
Labour Council**

Economic and Employment Trends in South Africa

July 2024 | Issue 16





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Overview of current economic and employment trends

In the recent elections, provinces with higher unemployment rates generally experienced lower voter turnouts, while those with lower unemployment rates saw higher voter turnouts. However, Gauteng is an exception with a relatively high unemployment rate and voter turnout ([Slide 11](#)).

Regarding household access to services and voter turnout, provinces with higher access to water and electricity generally experienced higher voter turnouts in 2024 ([Slide 12](#)).

The Conference Board, a global non-profit think tank, estimates that increases in the capital stock (capital deepening) from investment has been the most important contributor to GDP growth, followed by growth in the labour force, while contributions from improvements in the quality of the labour force and total factor productivity have been negligible ([Slide 4](#)).

Over the past decade, the likelihood of being employed has decreased across all education levels, with the most significant drop observed among those with up to primary education and the least among those with tertiary education ([Slide 5](#)).

Education spending per school-aged child decreased marginally across most provinces between 2012/13 and 2022/23. The Northern Cape and Western Cape were exceptions, experiencing slight increases of 0.3% and 0.1%, respectively ([Slide 6](#)).

In terms of electricity tariffs and consumer prices, Eskom's aggregate standard tariffs have increased by almost 410% since 2010, compared to about 200% for consumer prices ([Slide 7](#)).

Association of Savings and Investment South Africa (ASISA) data shows cumulative investment flows have been the largest in SA Multi-Asset, Bond, and Money Market funds. Over the last decade, SA equity funds have experienced significant increases in holdings from accumulated inflows and investment returns ([Slide 8](#)).

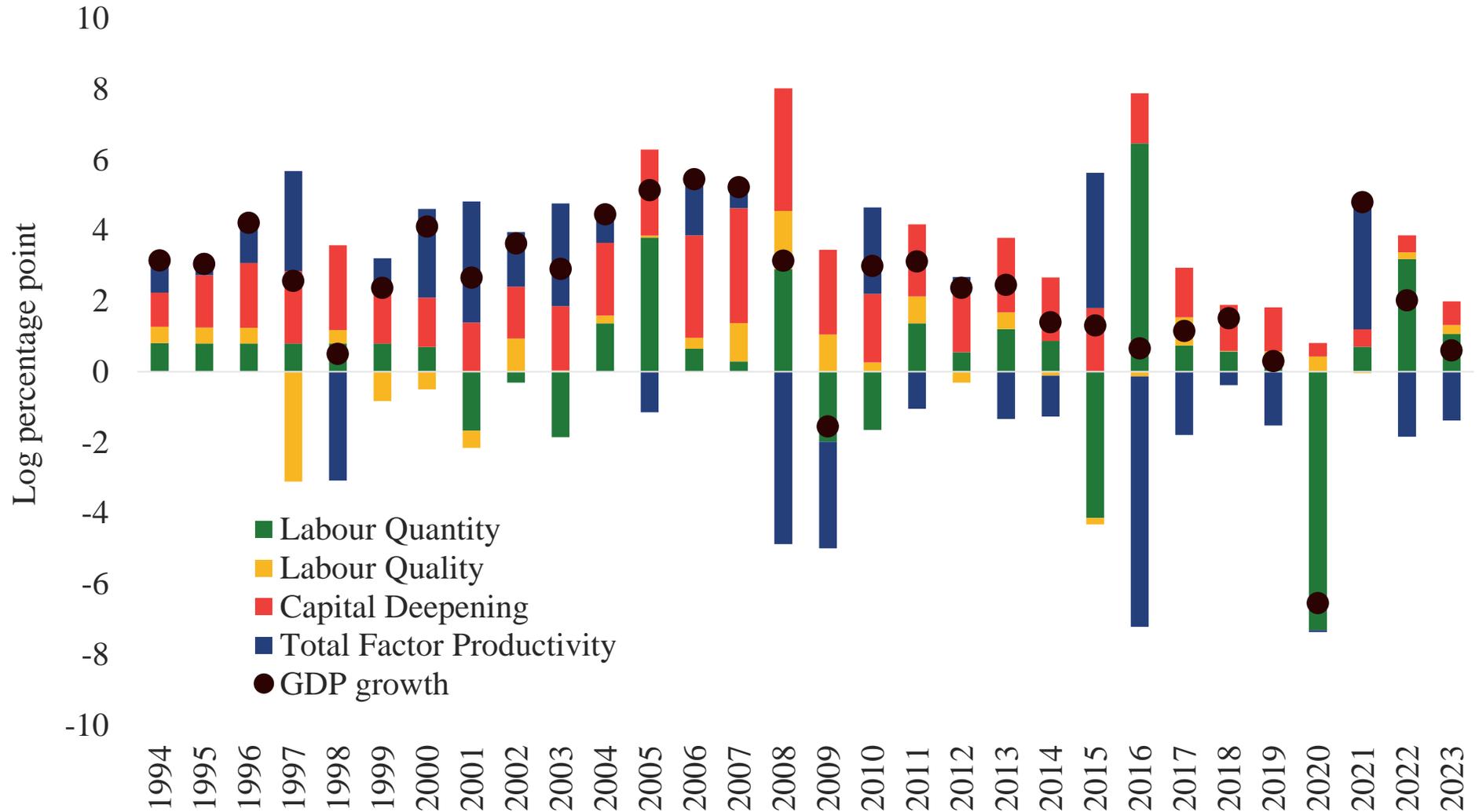
Over the last four years, imports of petroleum oils and oils from bituminous minerals, other than crude, grew significantly, becoming the dominant import category in 2023. Conversely, crude oil imports declined due to the reduction in South Africa's refining capacity ([SAPVIA, 2024](#)) ([Slide 9](#)).

Industry employment in South Africa has not been very responsive to economic growth. Simple regression estimates indicate that employment elasticities are largest in the Community and Social Services, as well as the Finance and Business Services industries. However, this relationship is very weak in other industries, reflecting declining output volumes and volatile informal employment in these industries ([Slide 10](#)).

Gross Domestic Product

The Conference Board, a global non-profit think tank providing various economic insights, estimates that increases in the capital stock (capital deepening) from investment has been the most important contributor to GDP growth. This is followed by growth in the labour force, while contributions from improvements in the quality of the labour force and total factor productivity have been negligible.

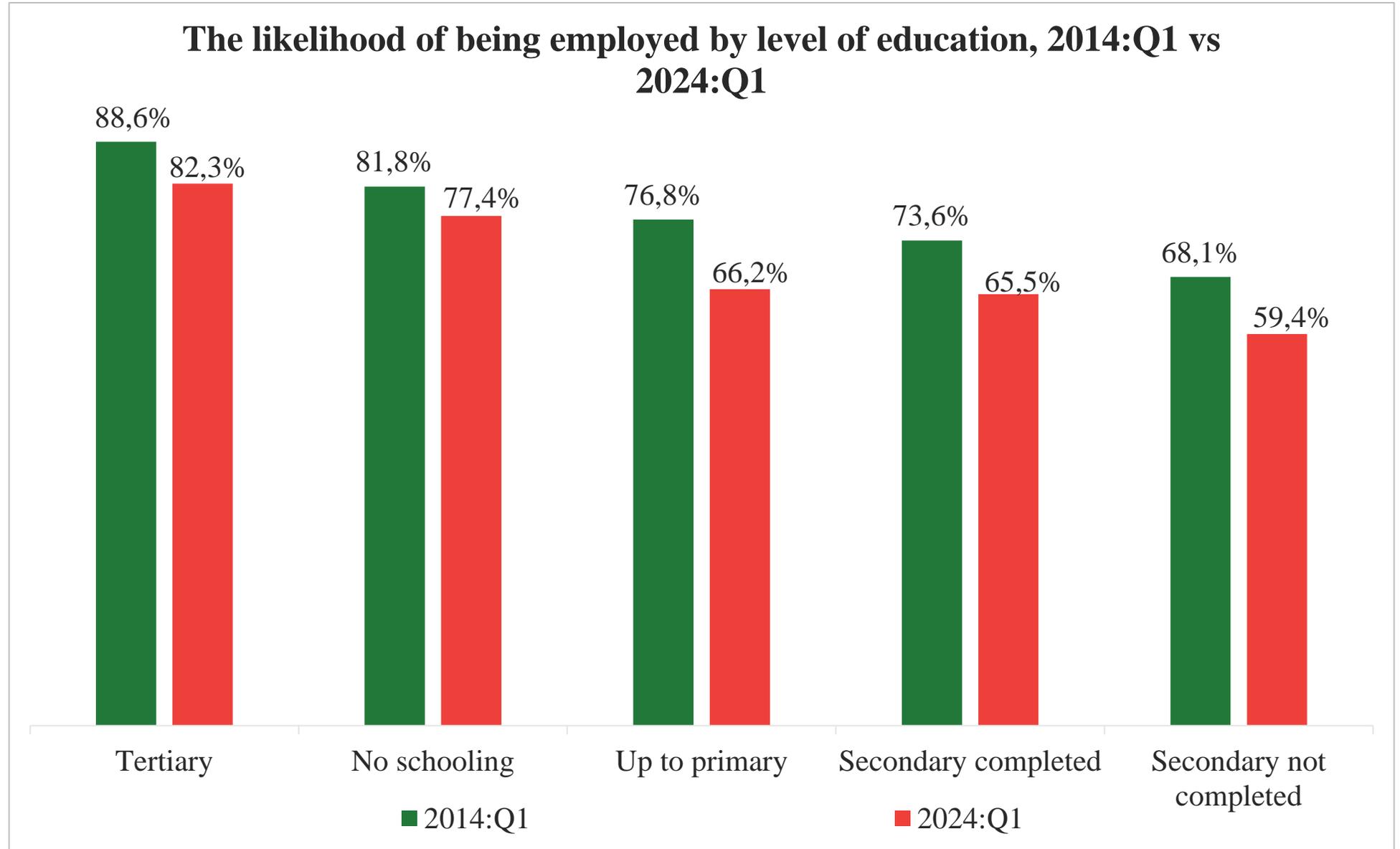
Contributions to GDP Growth in South Africa



Source: The Conference Board. Total factor productivity growth accounts for the changes in output not caused directly by changes in labour and capital inputs.

Employment

Over the past decade, the likelihood of being employed has decreased across all education levels, with the most significant drop observed among those with up to primary education and the least among those with tertiary education.

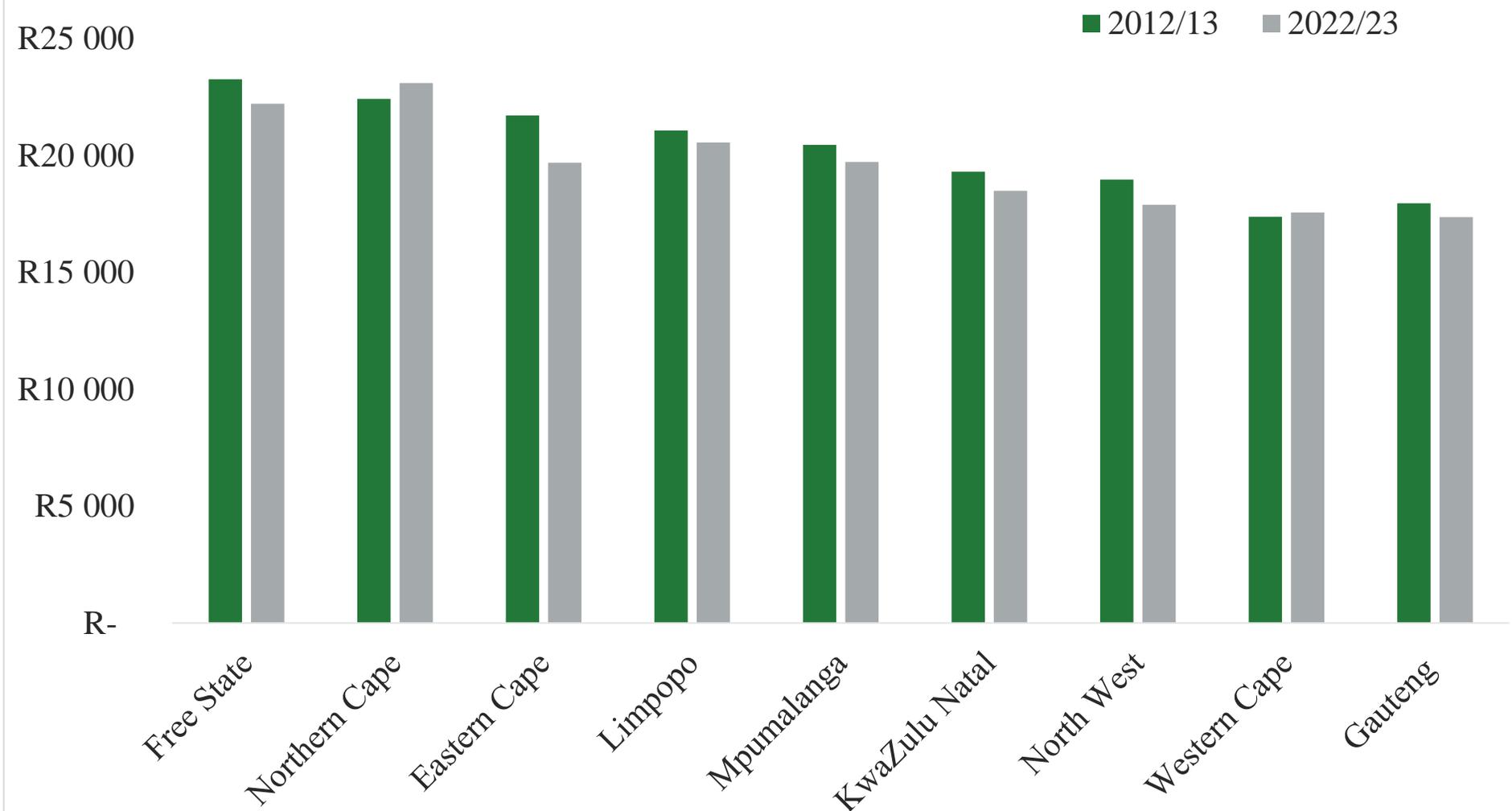


Source: Quarterly Labour Force Survey (QLFS), 1st Quarter 2024, Statistics South Africa

Government

Education spending per school-aged child decreased marginally across most provinces between 2012/13 and 2022/23. The Northern Cape and Western Cape were exceptions, experiencing slight increases of 0.3% and 0.1%, respectively. In 2022/23, Gauteng and the Western Cape spent the least due to the lower proportion of fee-free schools.

Education spending per school-aged child, real (2023/24 rands)

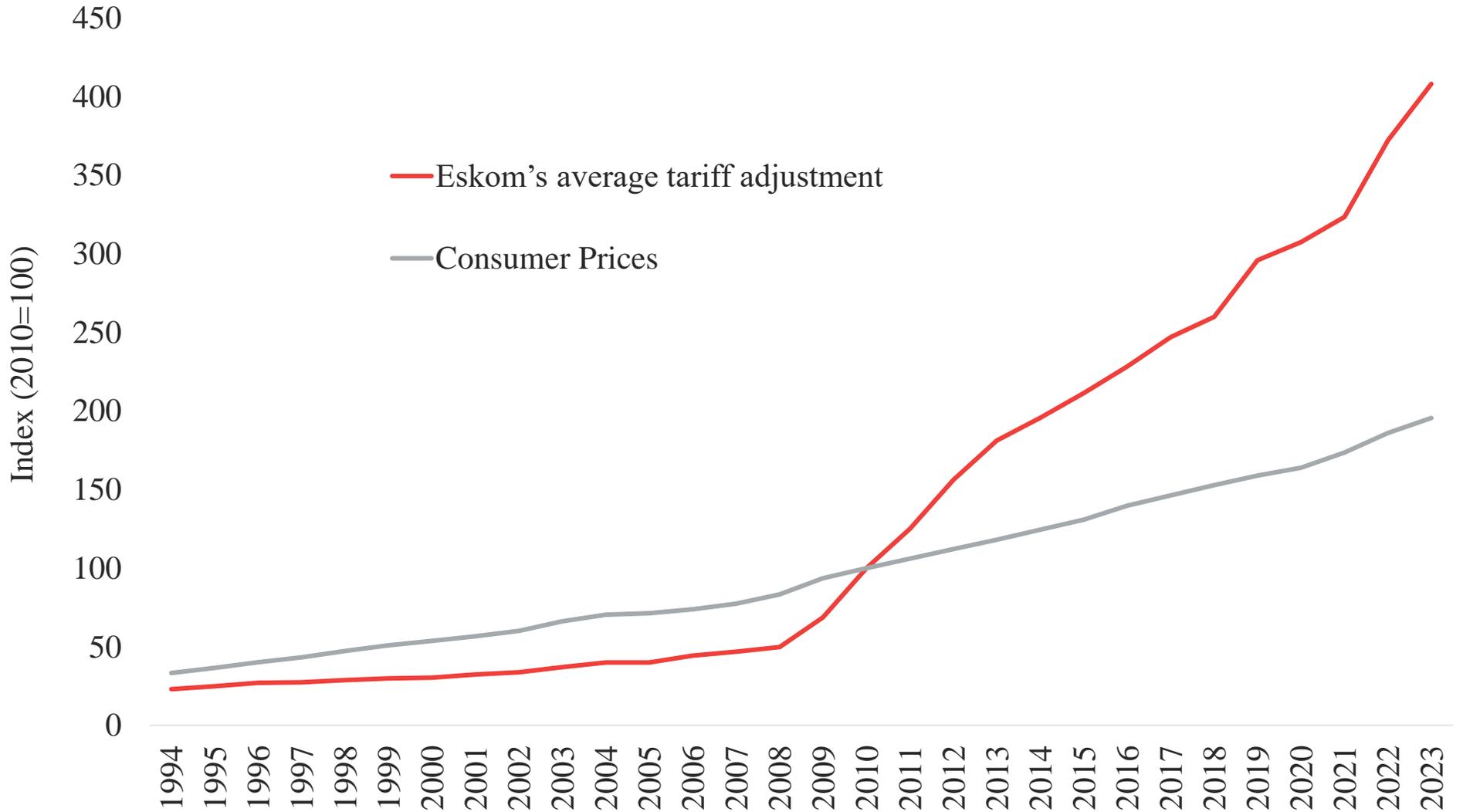


Source: (1) National Treasury, Provincial Budget, 2024, Estimates of Provincial Revenue and Expenditure; (2) Statistics South Africa, Mid-year population estimates, 2022.

Households

Eskom’s aggregate standard tariffs have increased by almost 410% since 2010, compared to about 200% for consumer prices.

Electricity tariffs vs Consumer prices in South Africa

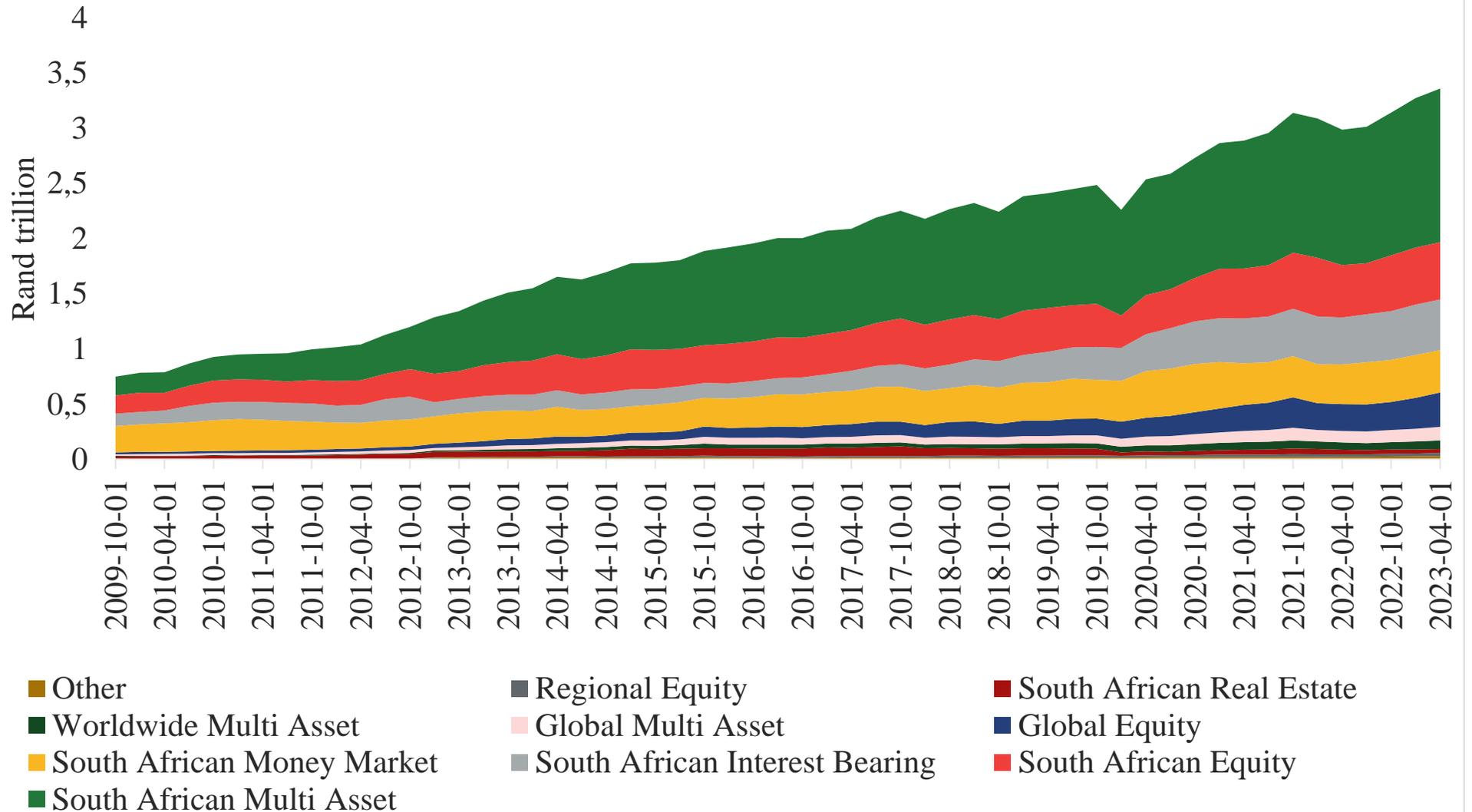


Source: Eskom Tariff books, Stats SA, EconData.

Investment

Association for Savings and Investment SA (ASISA) data shows cumulative investment flows have been the largest in SA Multi-Asset, Bond, and Money Market funds. Over the last decade, SA equity funds have experienced significant increases in holdings from accumulated inflows and investment returns. However, the most substantial growth has occurred in funds with significant foreign exposure. This trend reflects the relatively attractive foreign returns, driven by SA's slow economic growth and the rand's depreciation.

Local collective investment scheme holdings by major sub-sector

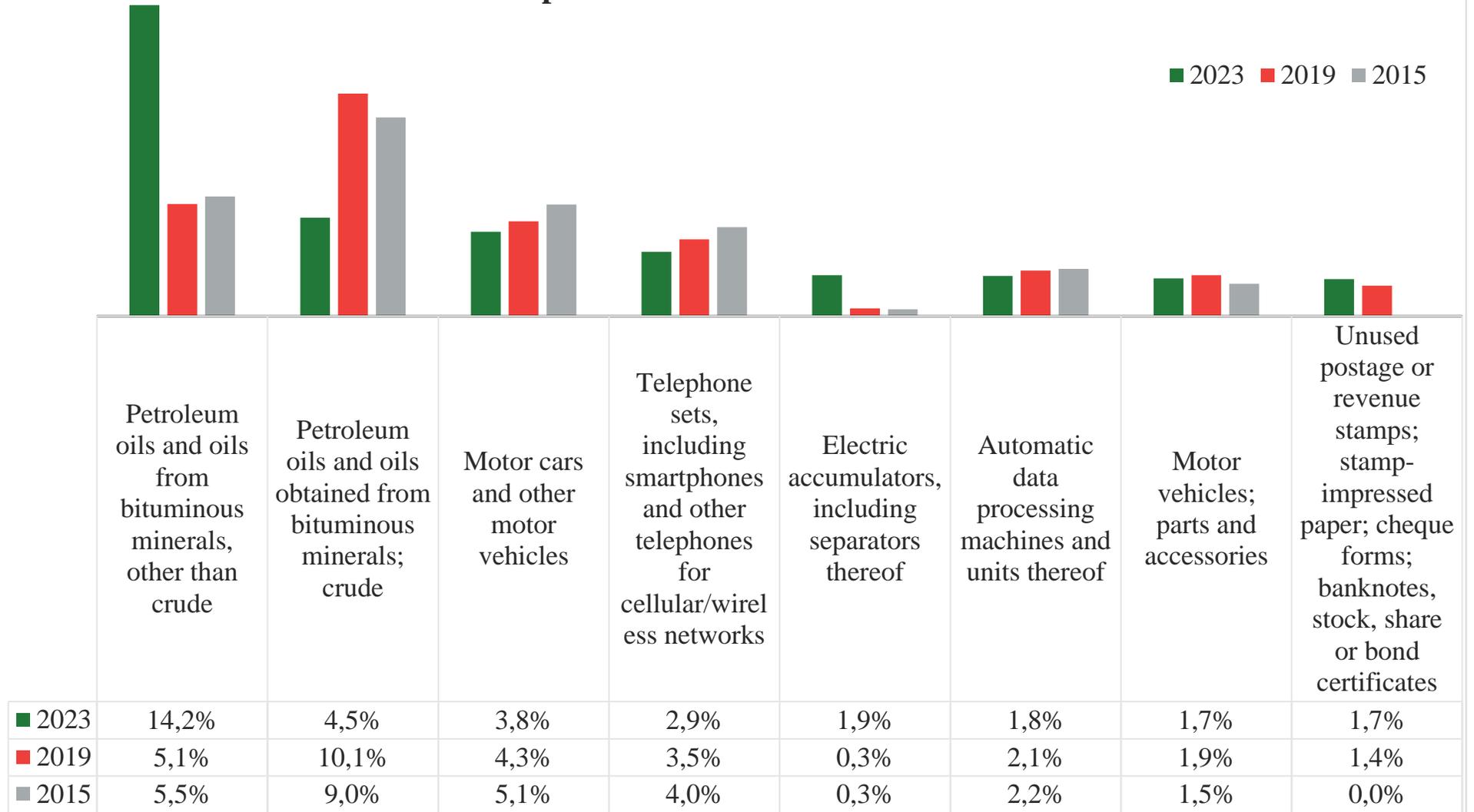


Source: ASISA, EconData.

International Trade

Over the last four years, imports of petroleum oils and oils from bituminous minerals, other than crude, grew significantly, becoming the dominant import category in 2023. Conversely, crude oil imports declined due to the reduction in South Africa’s refining capacity (SAPVIA, 2024). In addition to petroleum products, the other main imports include vehicles and their parts, electrical equipment, and batteries.

South African imports, top eight import products, by value, percentage of total exports

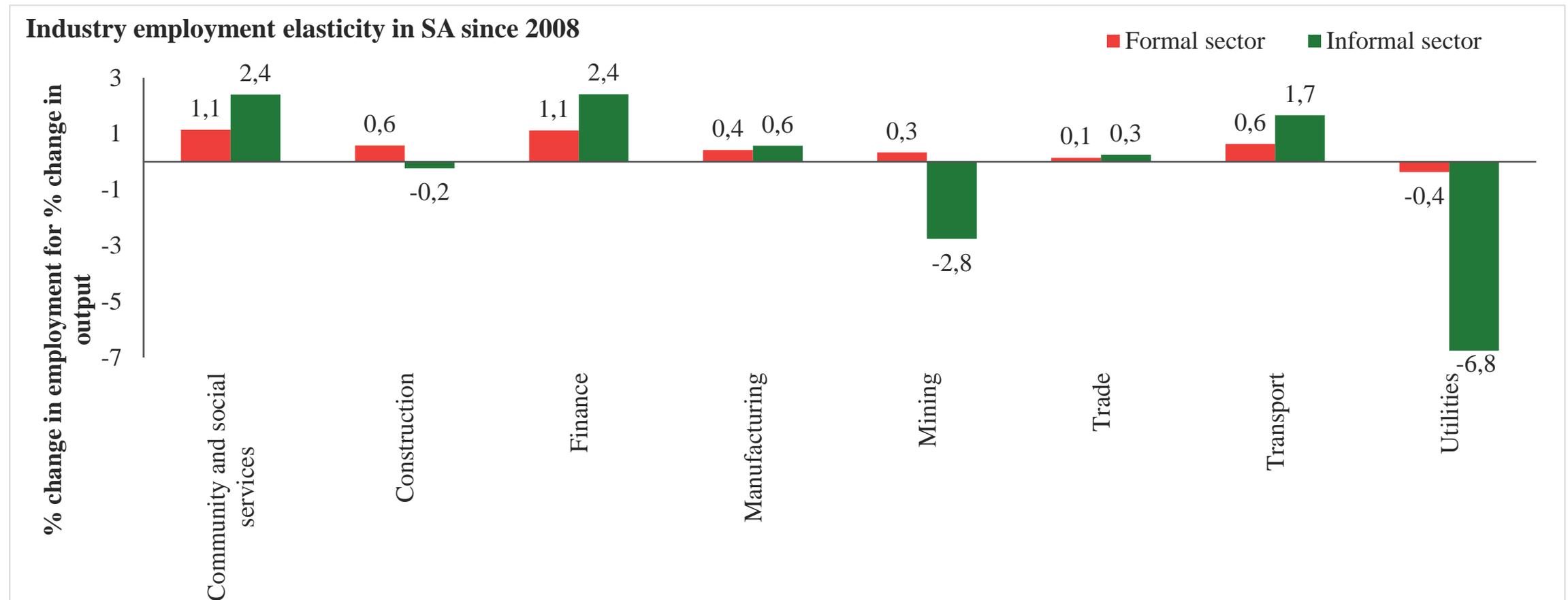


Note: The category 'Commodities not specified by kind' has been excluded as it refers to goods that cannot be easily categorised into specific categories due to the diverse nature of the goods or difficulties in classification.

Source: UN Comtrade Database; South African Petroleum Industry Association [SAPVIA](#).

Industry employment responsiveness to economic growth

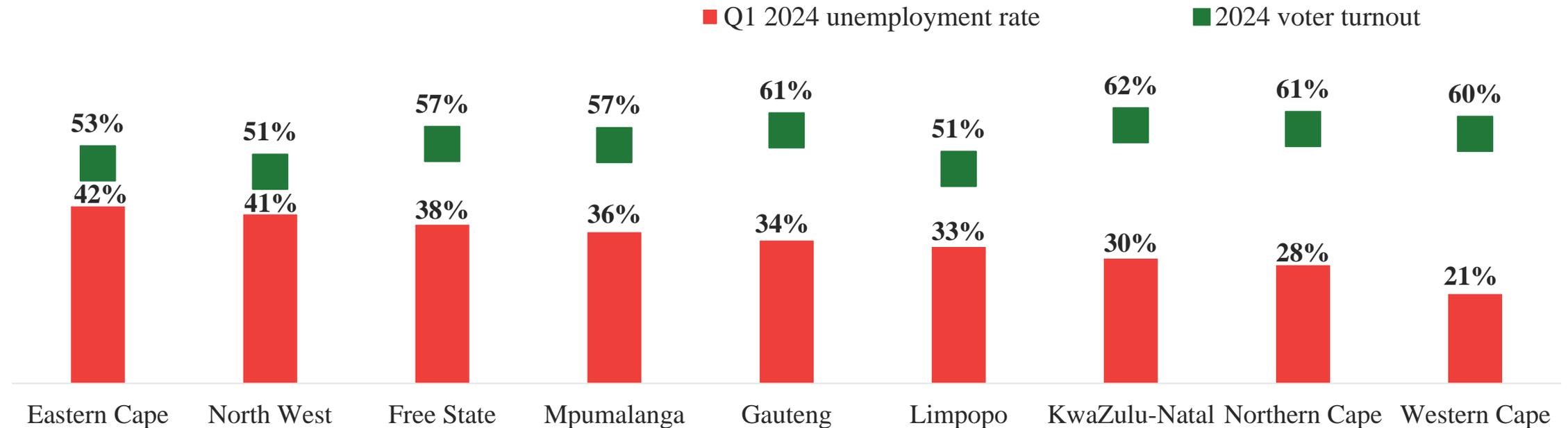
Industry employment in South Africa has not been very responsive to economic growth. Simple regression estimates indicate that employment elasticities are largest in the Community and Social Services, as well as the Finance and Business Services industries, where there is slightly more than a one-for-one response for both formal and informal employment. However, this relationship is very weak in other industries and even negative in the Utilities sector (electricity, gas, and water) for both formal and informal employment, as well as in the Mining sector for informal employment. These trends reflect declining output volumes and volatile informal employment in these industries.



Source: Statistics South Africa ([QLFS](#)), EconData, Codera Analytics.

Provincial unemployment and voter turnout

Provincial unemployment and voter turnout

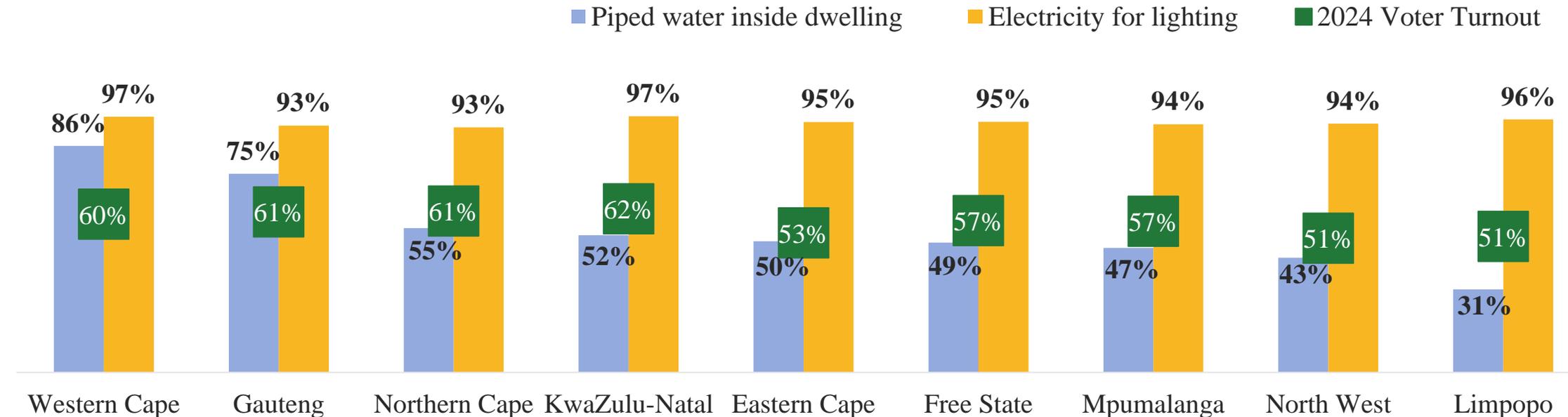


Source: (1) Statistics SA, Quarterly Labour Force Survey. (2) IEC Results Dashboard, 2024 National and Provincial Elections.

- In the first quarter of 2024, four provinces had unemployment rates exceeding 35%: the Eastern Cape (42%), the North West (41%), the Free State (38%), and Mpumalanga (36%).
- The Western Cape had the lowest unemployment rate at 21%, followed by the Northern Cape (28%) and KwaZulu Natal (30%).
- Provinces with higher unemployment rates generally experienced lower voter turnouts, while those with lower unemployment rates saw higher voter turnouts in 2024. However, Gauteng is an exception with a relatively high unemployment rate and voter turnout.

Provincial household living conditions and voter turnout

Household access to services (2022 Census) and Voter Turnout



Source: (1) Census 2022. (2) IEC Results Dashboard, 2024 National and Provincial Elections.

- Household access to basic services differs across provinces. According to the 2022 Census, the Western Cape and Gauteng had the highest percentages of households with access to piped water inside dwellings, at 86% and 75%, respectively.
- Other provinces reported lower access rates, with Mpumalanga (47%), North West (43%), and Limpopo (31%) having the lowest proportions.
- Regarding access to electricity for lighting, the Western Cape and KwaZulu Natal led with the highest proportions of households at 97%. In contrast, Gauteng and the Northern Cape reported the lowest access rates at 93%.
- Generally, provinces with higher access to water and electricity experienced higher voter turnouts in 2024.

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Purpose of this Report

This report has been prepared in support of the NEDLAC Social Partners' Economic Recovery Action Plan. The report provides a snapshot of key macro-economic and employment trends based on official statistics and other relevant sources of data.

Disclaimer

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