

MONITORING THE PERFORMANCE  
OF THE SOUTH AFRICAN LABOUR MARKET

AN OVERVIEW OF THE PUBLIC SECTOR  
FROM 2014 QUARTER 1 TO 2017  
QUARTER 1

FACTSHEET 19

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## SOUTH AFRICA'S PUBLIC SECTOR

Government—broadly defined as the public sector—is the largest single employer in the South African labour market. The public sector consists of general government, which comprises the national government, provincial government and local government, and state-owned enterprises (or public corporations) such as Eskom (Black et al. 2015). Employment within the public sector increased from 1.9 million in March 2002 to 2.8 million in the first quarter of 2017. Over the period, the sector's share of total employment increased from 16.2 percent to 17.1 percent, equivalent to an average annual growth rate of 2.4 percent, compared to 2.0 percent in the private sector.

Following the structural change of the South African economy, the tertiary sector has played an important role in driving the country's economic growth. This is illustrated by the fact that the tertiary sector's share of gross value added (GVA) increased from 60.7 percent in 1994 to 63.0 percent in 2000 and 69.6 percent in 2016. Relative to the other industries within the tertiary sector, the annualised real GVA of the general government services industry increased relatively slowly over the period 2000 to 2016:

GVA for government grew by 2.6 percent per annum, compared to 4.4 percent for finance, 3.8 percent for transport, and 3.0 percent for wholesale and retail trade. Nevertheless, in 2016 general government services still accounted for 24.3 percent of the GVA of the tertiary sector (dropping from 27.6 percent in 2000) and 17.0 percent of the total GVA from all sectors (down from 17.4 percent in 2000) (own calculations, South African Reserve Bank 2017).

As a key employer, government plays an important role within the broader labour market. Apart from absorbing labour, government policy related to remuneration and benefits may impact on the behaviour of private sector employers as the two sectors compete for the available pool of labour and skills.

This factsheet analyses employment trends in the public sector, the demographic characteristics of the employed and aspects related to the nature of employment in the sector. The analysis is based on the first quarter rounds of the Quarterly Labour Force Surveys (QLFS), with the particular focus on trends covering the five-year period between 2014Q1 and 2017Q1.

## RECENT LABOUR MARKET TRENDS

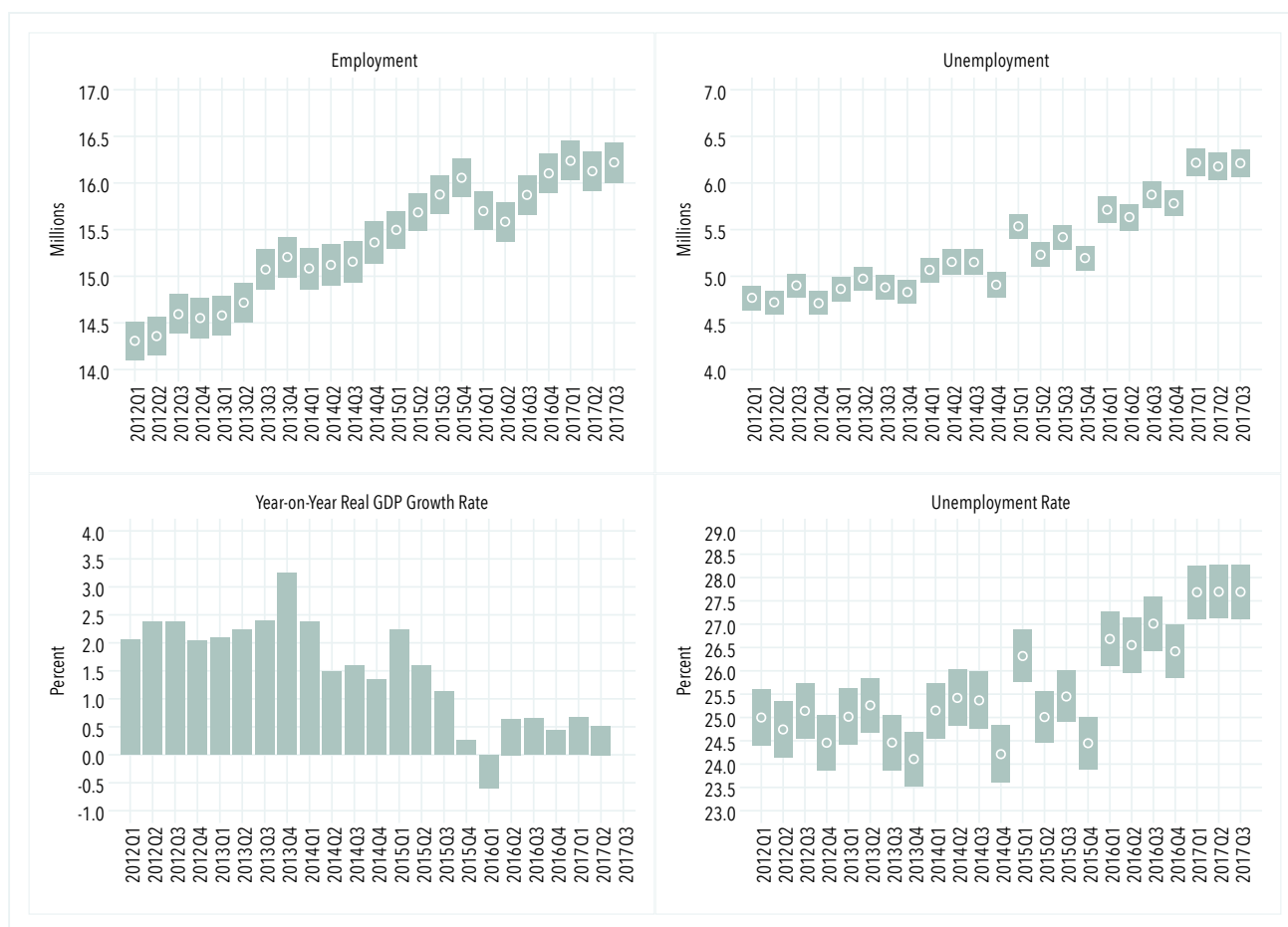
Economic growth in the post-recession period has been weak (see the lower left-hand panel of Figure 1). Apart from the final quarter of 2013, year-on-year real GDP growth ranged between 2.0 percent and 2.5 percent per annum for the first 9 quarters of the period, and around 1.5 percent per annum during the following 6 quarters. However, growth has since hovered around 0.5 percent; this is less than one-third of the rate of population growth—1.6 percent in 2016-17 (Statistics South Africa, 2017a)—which implies falling per capita GDP levels.

Within this context of relatively weak output expansion, just under two million jobs have been added over the five-year period (upper left-hand panel of Figure 1). By 2017Q1, total employment stood at 16.2 million with employment having grown by an average annual rate of 2.6 percent since the first quarter of 2012, a fair pace of expansion. Critically, however, virtually all of this growth had occurred by the fourth

quarter of 2015, at which time employment had reached 16.1 million.

While employment has expanded by roughly 13.5 percent in total over the period, the number of South Africans unemployed, according to the narrow definition of unemployment, has expanded more than twice as rapidly. While in the first quarter of 2012 there were 4.8 million unemployed individuals, there were 6.2 million five years later (see the upper right-hand panel of Figure 1). This is equivalent to an average annual growth rate of 5.4 percent per annum over the period. While unemployment was relatively stable in absolute terms for the first three years of the period, from the end of 2014 onwards it has increased rapidly. The result is that the narrow unemployment rate has increased from 25.0 percent in the first quarter of 2012 to 27.7 percent five years later, where it has remained since.

**Figure 1: Labour Market and Economic Trends since 2012**



Source: Own calculations, Statistics South Africa (various years), South African Reserve Bank (2017).

Notes: 1. The official definition of unemployment is utilised here. Shaded areas in the employment and unemployment graphs represent the 95 percent confidence intervals around the estimates.

## A LABOUR MARKET OVERVIEW

Table 1 explores some of these main labour market trends in greater detail. Total employment expanded by 2.5 percent per annum between 2014 and 2017, which is significantly more rapid than the rate of expansion of the working age population (1.7 percent per annum). However, even though employment expanded more rapidly than the working age population, this does not necessarily mean that employment has been expanding at a sufficiently rapid pace. Indeed, both the narrow labour force and the expanded labour force have expanded more rapidly than employment, averaging rates of growth of 3.7 percent and 3.2 percent respectively over the period.

The narrow labour force grew by 2.3 million individuals between the first quarters of 2014 and 2017, driven by rapid growth in narrow unemployment. The number of narrowly unemployed individuals grew by more than 1.1 million to 6.2 million, equivalent to 7.0 percent per annum. Similarly, expanded unemployment grew at 4.6 percent per annum, more slowly than narrow unemployment but more than

two percentage points above the employment growth rate.

In other words, while employment growth exceeded the rate of growth of the working age population, it was not as rapid as the rate of expansion of the labour force; as a consequence, the number of unemployed individuals grew rapidly. The implication of this is that the period saw upward pressure on the unemployment rate. The narrow unemployment rate increased from 25.2 percent in the first quarter of 2014 to 27.7 percent in the same quarter in 2017, a statistically significant increase of 2.5 percentage points. The expanded unemployment rate rose by 1.4 percentage points.

The rapid expansion of the labour force—irrespective of the unemployment definition used—is reflected in rising labour force participation rates. In 2017, it is estimated that three out of five (60.2 percent) working age individuals were participating in the narrow labour force, with the expanded labour force participation rate estimated at 66.3 percent. In the case of the narrow labour force participation rate, this is

3.3 percentage points higher than three years earlier, while the difference was 2.8 percentage points in the case of the expanded labour force participation rate. In both instances, these changes are statistically significant.

**Table 1: Labour Market Overview, 2014 Quarter 1 – 2017 Quarter 1**

	2014	2015	2016	2017	Change ('14-'17)	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Absolute (‘000s)	Relative (%)
<b>Labour Market Aggregates (‘000s)</b>						
Working Age Population	35 432	36 063	36 720	37 318	1 886	1.7
Employment	15 084	15 498	15 700	16 238	1 154	2.5 *
Narrow Unemployment	5 068	5 536	5 714	6 217	1 149	7.0 *
Narrow Labour Force	20 153	21 034	21 414	22 455	2 303	3.7 *
Expanded Unemployment	7 424	7 933	8 164	8 496	1 072	4.6 *
Expanded Labour Force	22 508	23 431	23 864	24 734	2 226	3.2 *
Discouraged Workseekers	2 355	2 397	2 450	2 279	-77	-1.1
<b>Labour Force Participation Rate (%)</b>						
Narrow Labour Force Participation Rate	56.9	58.3	58.3	60.2	3.3 percentage points	*
Expanded Labour Force Participation Rate	63.5	65.0	65.0	66.3	2.8 percentage points	*
<b>Unemployment Rate (%)</b>						
Narrow Unemployment Rate	25.2	26.3	26.7	27.7	2.5 percentage points	*
Expanded Unemployment Rate	33.0	33.9	34.2	34.3	1.4 percentage points	*

Source: Own calculations, Statistics South Africa (2014, 2015, 2016, 2017b).

Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

2. The working age population includes all individuals aged between 15 years and 65 years inclusive.

## PUBLIC AND PRIVATE SECTOR EMPLOYMENT

Employment in South Africa is predominantly located within the private sector of the economy. In the first quarter of 2017 (Table 2), nearly 13.5 million people were employed in the private sector, including both the formal and informal sectors; this represents 82.9 percent of total employment. The remaining almost 2.8 million jobs were in the public sector.

Private sector employment growth has driven overall employment growth over the three-year period, with the

public sector lagging behind. Private sector employment is estimated to have grown slightly faster than average at 2.8 percent per annum, with public sector employment expanding at just 1.0 percent per annum, although this change is not statistically significant. Thus, just seven percent of net new jobs were created within the public sector over the three years, a substantially lower proportion than this sector's share of total employment in the first quarter of 2014 (17.9 percent).

**Table 2: Employment in the Public and Private Sectors, 2014 Quarter 1 – 2017 Quarter 1**

	2014	2015	2016	2017	Change ('14-'17)	
	Quarter 1	Quarter 1	Quarter 1	Quarter 1	Absolute	Relative (%)
<b>OVERALL EMPLOYMENT (‘000s)</b>	15 084	15 498	15 700	16 238	1 154	2.5 *
<b>Private Sector Employment (‘000s)</b>	12 390	12 666	12 937	13 459	1 069	2.8 *
<i>Share (%) of private sector employment in:</i>						
Wholesale and retail trade	25.7	23.8	24.2	23.8	-1.9	*
Financial and business services	15.9	16.4	16.6	16.9	1.0	
Manufacturing	14.5	13.7	12.5	13.1	-1.4	*
<b>Public Sector Employment (‘000s)</b>	2 695	2 832	2 763	2 780	85	1.0
<i>Share (%) of public sector employment in:</i>						
Community, social and personal services	82.5	77.0	81.1	79.2	-3.3	*
Construction	3.6	5.3	4.7	5.0	1.3	†
Transport, storage and communication	5.4	5.5	4.7	4.8	-0.6	

Source: Own calculations, Statistics South Africa (2014, 2015, 2016, 2017b).

Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

It is not surprising that the two sectors are very different in terms of the industrial structure of employment. Within private sector employment, the largest

employment industries are wholesale and retail trade (23.8 percent of private sector employment in the first quarter of 2017), financial and business services (16.9

percent) and manufacturing (13.1 percent). Of the three industries, only financial and business services saw its share of private sector employment increase over the period. Within the public sector, 79.2 percent of

employment is located within CSP services, with no other industry accounting for more than five percent of public sector employment.

## DEMOGRAPHIC CHARACTERISTICS OF PUBLIC SECTOR WORKERS

Table 3 provides estimates of public sector employment by race, gender, age and educational attainment, and contrasts it with the private sector. Of the nearly 2.8 million public sector workers in the first quarter of 2017, 2.2 million (78.7 percent) were African; a further 258 000 (9.3 percent) were Coloured and a similar number were White. No race group, however, saw a statistically significant increase in public sector employment. The public sector is more likely than the private sector to employ Africans: in 2017, Africans accounted for 78.7 percent of public sector employment, compared with 73.1 percent of private sector employment. Conversely, Coloureds and Whites account for larger proportions of private sector employment, when compared with the public sector. In the case of Coloureds, this difference is relatively small at 1.4 percentage points in the first quarter of 2017; for Whites, the gap is larger at 3.5

percentage points.

The majority of people employed in the public sector are women, accounting for 55.6 percent of employment in the sector in 2017. Employment of women in the public sector is estimated to have increased by 108 000 over the period, although this difference is not statistically significant. The predominance of women in public sector employment stands in contrast to their position in private sector employment, where they account for just 42.0 percent of employment in 2017. Women's large share of employment in the public sector can be ascribed to the occupational and sectoral differences between the public and private sectors. For example, two major occupations—nursing and teaching—are female dominated and predominantly public sector occupations.

**Table 3: Demographic Characteristics of Public Sector Workers, 2014 Quarter 1 – 2017 Quarter 1**

	2014	2017	Change (2014-2017)		2014 Quarter 1		2017 Quarter 1				
	Qtr 1	Qtr 1	Absolute	Relative	Public Sector	Private Sector	Public Sector	Private Sector			
	('000s)	('000s)	('000s)	(%)	(%)	(%)	(%)	(%)			
<b>Employment</b>	2 695	2 780	85	1.0	100.0	100.0	100.0	100.0			
<b>By Race</b>											
African	2 117	2 187	70	1.1	78.6	71.5	*	78.7	73.1	*	
Coloured	265	258	-8	-1.0	9.8	11.0	†	9.3	10.7	*	
Asian	65	77	12	5.9	2.4	3.5	*	2.8	3.5		
White	247	257	10	1.4	9.2	14.1	*	9.3	12.8	*	
<b>By Gender</b>											
Male	1 257	1 234	-23	-0.6	46.6	57.8	*	44.4	58.0	*	
Female	1 438	1 546	108	2.4	53.4	42.2	*	55.6	42.0	*	
<b>By Age Group</b>											
15 to 24 years	102	89	-13	-4.4	3.8	9.1	*	3.2	9.1	*	
25 to 34 years	649	677	29	1.5	24.1	33.3	*	24.4	31.9	*	
35 to 44 years	961	846	-115	-4.2	†	35.7	29.9	*	30.4	31.0	
45 to 54 years	675	781	106	5.0	*	25.0	19.0	*	28.1	19.4	*
55 to 65 years	308	387	78	7.8	*	11.4	8.8	*	13.9	8.6	*
<b>By Education</b>											
Primary	220	234	13	1.9	8.2	15.3	*	8.4	13.5	*	
Incomplete secondary	477	473	-4	-0.3	17.7	35.7	*	17.0	36.1	*	
Matric	754	716	-39	-1.7	28.0	32.1	*	25.8	32.5	*	
Diploma/certificate	705	794	90	4.1	†	26.2	10.2	*	28.6	10.8	*
Degree	520	545	25	1.6	19.3	5.6	*	19.6	5.9	*	

Source: Own calculations, Statistics South Africa (2014, 2017b).

Notes: 1. An asterisk denotes statistically significant changes/differences at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes/differences at the 90 percent confidence level.

In terms of the age structure of employment, public sector workers tend to be somewhat older than their counterparts in the private sector. In 2017, it is estimated that 42.0 percent of workers in the public sector were at least 45 years old, compared to just 28.0 percent in the private sector. For the

oldest cohort, aged 55 to 65 years, the difference is more than five percentage points in the first quarter of 2017. Conversely, 15 to 24 year olds account for 9.1 percent of private sector employment in 2017, compared with just 3.2 percent in the public sector. More generally, private sector

workers are significantly more likely to be under the age of 35 years compared with public sector workers, and are significantly less likely to be over the aged 45 years or older. This is reflected in the difference of nearly two years in the median age of workers in the public sector (42.1 years) and the private sector (38.2 years). Within the public sector, the three-year period saw rapid growth in the number of workers aged 45-54 years (5.0 percent per annum) and 55-65 years (7.8 percent), while the number of workers aged 35-44 years declined by 4.2 percent per annum. These changes are statistically significant.

While just under half of private sector workers have primary or incomplete secondary education (49.6 percent), this is true of just 25.4 percent of public sector workers. Public sector workers were more than three times as likely as private sector workers to have degrees in the first quarter of 2017 (19.6 percent compared with 5.9 percent), and nearly three times as likely to have diplomas or certificates (28.6 percent compared with 10.8 percent). Within the public sector in 2017, the largest proportions of employment are accounted for by diplomas and certificates (28.6 percent), matric certificates (25.8 percent) and degrees (19.6 percent). The only statistically significant change in terms of

educational attainment is observed for diplomas and certificates: employment of individuals with these qualifications grew by 4.1 percent per annum over the three-year period.

Within the survey data, it is possible to distinguish within the public sector between individuals employed by government (national, provincial and local) and those employed in state-owned enterprises (SOE, or “government controlled business” as per the survey). Approximately 372 000 or 13.4 percent of public sector employment was within SOEs in the first quarter of 2017, while the remaining 2.4 million were employed by government. These two subsectors are, in fact, quite different from each other in terms of the demographics of their workers (Table 4).

The QLFSs reveal that workers in SOEs are substantially more likely to be White or Asian, and less likely to be African or Coloured, than workers within the government sector. In 2017, for example, while 80.2 percent of government workers were African and 8.2 percent were White, within SOEs 68.8 percent of workers were African and 16.1 percent were White. The differences in the African and White shares of public sector and SOE employment are statistically significant.

**Table 4: Demographic Characteristics of Public Sector Workers, 2014 Quarter 1 – 2017 Quarter 1**

	2014 Quarter 1			2017 Quarter 1		
	Public Sector %	Government %	SOEs %	Public Sector %	Government %	SOEs %
<b>Employment ('000s)</b>	<b>2 695</b>	<b>2 380</b>	<b>314</b>	<b>2 780</b>	<b>2 407</b>	<b>372</b>
<b>By Race</b>						
African	78.6	79.6	70.3 *	78.7	80.2	68.8 *
Coloured	9.8	10.0	9.0	9.3	9.4	8.4
Asian	2.4	2.2	4.3	2.8	2.2	6.7 *
White	9.2	8.2	16.4 *	9.3	8.2	16.1 *
<b>By Gender</b>						
Male	46.6	44.3	64.6 *	44.4	42.2	58.8 *
Female	53.4	55.7	35.4 *	55.6	57.8	41.2 *
<b>By Age Group</b>						
15 to 24 years	3.8	3.4	6.3	3.2	3.5	1.4 †
25 to 34 years	24.1	23.0	32.3 *	24.4	23.4	30.5 †
35 to 44 years	35.7	36.6	28.8	30.4	29.6	35.7
45 to 54 years	25.0	25.6	21.1	28.1	29.6	18.6 *
55 to 65 years	11.4	11.4	11.5	13.9	13.9	13.7
<b>By Education</b>						
Primary	8.2	8.6	4.9	8.4	8.9	4.9
Incomplete secondary	17.7	17.6	18.5	17.0	17.6	13.2
Matric	28.0	27.3	33.2	25.8	25.5	27.2
Diploma/certificate	26.2	26.3	24.8	28.6	27.8	33.4
Degree	19.3	19.4	18.6	19.6	19.4	21.0

Source: Own calculations, Statistics South Africa (2014, 2017b).

Notes: 1. An asterisk denotes statistically significant differences at the 95 percent confidence level between the public sector estimates and the estimates for government or SOEs, while a dagger (†) denotes statistically significant differences at the 90 percent confidence level.

SOEs are much more similar to the private sector in terms of the gender composition of workers. While women dominate within government, accounting for 57.8 percent of employment in the first quarter of 2017, they

account for just 41.2 percent of SOE employment (compared to 42.0 percent in the private sector). The three-year period does, however, seem to have seen a shift towards the employment of more women in both



government and SOEs: in 2014, men accounted for almost two-thirds (64.6 percent) of SOE employment and 44.3 percent of government employment.

Government workers tend to be older than their counterparts within SOEs: 58.5 percent of government workers are between the ages of 35 and 54 years, while 66.2 percent of SOE workers are aged 25 to 44 years. However, where the differences are statistically significant in 2017 are amongst youth aged 15 to 25 years

(3.5 percent of public sector employment, compared with 1.4 percent of SOE employment), 25 to 34 year olds (23.4 percent compared with 30.5 percent), and 45 to 54 year olds (29.6 percent compared with 18.6 percent).

Educationally, however, there are no statistically significant differences between the public sector and either government or SOEs, even though workers in the latter subsector seem more likely to have grade 12 or post-secondary education.

## OCCUPATIONAL DISTRIBUTION OF EMPLOYMENT

The structure of employment in terms of occupation and skills level in the public and private sectors is quite different, a fact that is at least partly due to the absence of domestic work as an occupation in the public sector (Table 5). At the aggregate level of skills, public sector workers tend to be employed in more highly skilled occupations than is the case in the private sector. In the

first quarter of 2017, 21.2 percent of public sector workers were employed in high skilled occupations, 58.4 percent in skilled occupations, and 20.4 percent in low skilled occupations; in contrast, high skilled occupations account for 13.1 percent of private sector employment, while skilled and low skilled occupations account for 55.5 percent and 31.4 percent of employment, respectively.

**Table 5: Occupational structure of employment, 2014 Quarter 1 to 2017 Quarter 1**

	2014Q1		2017Q1		Ave. Ann. Change in Employment	
	Public (%)	Private (%)	Public (%)	Private (%)	Public (%)	Private (%)
<b>Total employment ('000s)</b>	<b>2 695</b>	<b>12 390</b>	<b>2 780</b>	<b>13 459</b>	<b>1.0</b>	<b>2.8</b> *
Managers	7.2	9.3 *	5.9	9.6 *	-5.7	3.9 *
Professionals	9.5	5.0 *	15.3	3.5 *	18.4 *	-8.9 *
<b>High skilled</b>	<b>16.7</b>	<b>14.3</b> *	<b>21.2</b>	<b>13.1</b> *	<b>9.3</b> *	<b>-0.3</b>
Technicians	26.0	7.1 *	19.1	6.8 *	-8.9 *	0.9
Clerks	14.4	9.9 *	14.9	10.0 *	2.2	3.0
Service and sales workers	15.6	15.0	17.1	14.9 *	4.1	2.5 †
Skilled agricultural workers	0.1	0.5 *	0.0	0.5 *	-26.7	2.3
Crafts and related trades	4.1	13.2 *	4.2	14.1 *	2.0	5.3 *
Operators and assemblers	3.0	9.6 *	3.2	9.3 *	3.6	1.6
<b>Skilled</b>	<b>63.1</b>	<b>55.3</b> *	<b>58.4</b>	<b>55.5</b> *	<b>-1.5</b>	<b>2.9</b> *
Elementary occupations	20.2	22.3 †	20.4	23.9 *	1.4	5.2 *
Domestic work	-	8.1 *	-	7.5 *	-	0.3
<b>Low skilled</b>	<b>20.2</b>	<b>30.4</b> *	<b>20.4</b>	<b>31.4</b> *	<b>1.4</b>	<b>3.9</b> *

Source: Own calculations, Statistics South Africa (2014, 2017b).

Notes: 1. An asterisk denotes statistically significant differences at the 95 percent confidence interval, while a dagger (†) denotes statistically significant differences in the share of employment at the 90 percent confidence level. In columns 4 and 7, significance tests refer to the proportion of employment in each occupational or skill category; in columns 9 and 11, they refer to the growth rate of employment in each sector over the period.

The largest occupational groupings within the public sector are elementary occupations (20.4 percent in the first quarter of 2017), technicians (19.1 percent) and service and sales workers (17.1 percent). In contrast, the largest groupings in private sector employment are elementary occupations (23.9 percent), service and sales workers (14.9 percent) and craft and related trades workers (14.1 percent). The public sector is particularly intensive relative to the private sector in its employment of professionals (15.3 percent of public sector employment compared with 3.5 percent in the private sector), and technicians (19.1 percent compared with 6.8 percent). Conversely, it employs very few skilled agricultural workers, craft and related trades workers, and operators and assemblers. Differences between the two

sectors are statistically significant across all occupations in both years, except for service and sales workers in 2014.

While total employment in the public sector did not see statistically significant growth over the period, employment in high skilled occupations expanded by 9.3 percent per annum between 2014 and 2017. This was driven by rapid expansion in the number of professionals in the public sector, which grew by 18.4 percent per annum over the three years. The only other occupation that saw statistically significant change in employment in the public sector was technicians, where employment contracted by 8.9 percent per annum. In contrast, in the private sector statistically significant employment growth was observed for craft and

related trades workers (5.3 percent per annum), elementary occupations (5.2 percent), managers (3.9 percent), and service and sales workers (2.5 percent).

## EMPLOYMENT CONTRACTS AND BENEFITS

In this section, we turn to the nature of employment contracts, the benefits and protections enjoyed by workers, and aspects of their jobs. Table 6 presents details of the types of employment contracts held by formal sector employees in the public and private sectors of the South African economy. The sample is limited to employees since the self-employed in the private sector do not have employment contracts, while limiting the comparison to formal sector employees removes the effect of the informal sector on the private sector's estimates. In 2017, there were nearly 8.7 million formal sector employees in the private sector—up from just under 8.2 million three years earlier—having grown at an average of 2.1 percent per annum over the period. Within the public sector, 2.7 million individuals are classified as formal sector employees.

Written contracts are virtually universal in the public sector, with 99.7 percent of employees reporting having written contracts in the first quarter of 2017. Within the private sector, nine out of ten formal sector employees report having written contracts—a very high proportion—but the gap between the public and private sectors is nevertheless statistically significant. The number of those employed in the private sector with written contracts is estimated to have increased by 1.5 percent per annum over the period, substantially lower than the 8.1 percent growth in employees with verbal contracts. Within the public sector, neither of these groups saw statistically significant growth between the first quarters of 2014 and 2017.

**Table 6: Nature of employment contracts in the public and private sectors, 2014 Quarter 1 to 2017 Quarter 1**

	2014Q1		2017Q1		Ave. Ann. Change in Employment	
	Public (%)	Private (%)	Public (%)	Private (%)	Public (%)	Private (%)
<b>Total employees ('000s)</b>	<b>2 622</b>	<b>8 157</b>	<b>2 699</b>	<b>8 692</b>	<b>1.0</b>	<b>2.1 *</b>
<b>Contract Type</b>						
Written contract	99.8	90.5 *	99.7	88.7 *	0.9	1.5 *
Verbal contract	0.2	9.5 *	0.3	11.3 *	9.4	8.1 *
<b>Contract duration</b>						
Limited	15.5	16.1	16.1	13.8 *	2.4	-3.0 †
Permanent	79.4	67.4 *	78.7	67.8 *	0.7	2.4 *
Unspecified duration	5.1	16.5 *	5.1	18.4 *	1.1	5.9 *

Source: Own calculations, Statistics South Africa (2014, 2017b).

Notes: 1. An asterisk denotes statistically significant differences in the share of employment at the 95 percent confidence interval, while a dagger (†) denotes statistically significant differences in the share of employment at the 90 percent confidence level.

Permanent employment is substantially more common within the public sector when compared with the formal private sector. In the first quarter of 2017, 78.7 percent of public sector employees were permanently employed, compared with 67.8 percent in the formal private sector. This gap of 10.9 percentage points is statistically significant, but is marginally narrower than the 12.0 percentage point gap found in 2014. This gap is accounted for by the much higher proportion of private sector employees who report contracts of unspecified duration: 18.4 percent in 2017, compared with 5.1 percent in the public sector.

At the same time, limited duration contracts, which were almost equally prevalent in both the public and private sectors in 2014, were slightly more common in the public sector in 2017 (16.1 percent compared to 13.8 percent in the private sector). Within the private sector, employment growth has occurred amongst those with permanent contracts (2.4 percent per annum) and those with contracts of unspecified duration (5.9 percent per

annum), while employees with limited duration decreased by 3.0 percent per annum over the period.

Table 7 presents rates of access to various benefits and protections, as well as information on hours of work. As with the analysis in Table 6, the sample here is restricted to formal sector employees in the public and private sectors.

Across virtually all benefits, public sector employees have higher rates of access than their private sector counterparts. In the first quarter of 2017, more than eight out of ten employees in the public sector reported having access to paid leave and paid sick leave, while 85.0 percent of male employees reported having access to paid paternity leave. Access rates to paid leave and paid sick leave in the private sector were roughly ten percentage points lower, while only 59.8 percent of male employees in the private sector report access to paid paternity leave. Access to paid maternity leave was almost ten percentage points higher in the public sector (77.5 percent compared with 67.9 percent).



Most stark, though, are the gaps in access to medical aid and pension contributions: access rates for medical aid were 72.1 percent in the public sector, compared with just 25.3 percent in the private sector, while those for pension contributions were 78.8 percent in the public sector compared with 50.5 percent in the private sector.

The only aspect in which public sector employees lag behind those in the private sector is UIF contributions, due to the current legislative framework that excludes government employees from the UIF: just over one-third of public sector employees have UIF contributions made by their employer, compared with 78.5 percent in the private sector.

**Table 7: Benefits and hours of work for formal sector employees in the public and private sectors, 2014 Quarter 1 to 2017 Quarter 1**

	2014 Quarter 1			2017 Quarter 1	
	Public (%)	Private (%)		Public (%)	Private (%)
<b>Total formal sector employees ('000s)</b>	<b>2 622</b>	<b>8 157</b>		<b>2 699</b>	<b>8 692</b>
<i>Benefits</i>					
Medical aid	73.4	26.2	*	72.1	25.3 *
Pension contributions	79.2	51.2	*	78.8	50.5 *
UIF contributions	34.0	80.7	*	36.1	78.5 *
Paid leave	83.9	70.6	*	83.7	73.2 *
Paid sick leave	85.5	75.4	*	87.6	78.5 *
Paid maternity leave	76.7	62.8	*	77.5	67.9 *
Paid paternity leave	82.0	52.0	*	85.0	59.8 *
<i>Hours of Work</i>					
1 to 19 hours	4.0	1.2	*	6.6	1.2 *
20 to 39 hours	16.2	4.7	*	13.8	4.6 *
40 to 44 hours	58.9	42.4	*	58.6	41.9 *
45 to 49 hours	14.8	31.6	*	14.2	31.1 *
50+ hours	6.1	20.1	*	6.7	21.3 *
Mean hours worked	40.2	45.0	*	39.7	45.1 *
<i>Other</i>					
Trade union membership	66.7	23.2	*	67.8	24.0 *

Source: Own calculations, Statistics South Africa (2014, 2017b).

Notes: 1. An asterisk denotes statistically significant differences in the share of employment at the 95 percent confidence interval, while a dagger (†) denotes statistically significant differences in the share of employment at the 90 percent confidence level.

Public sector employees also work, on average, fewer hours per week than their counterparts in the private sector. In 2017, public sector employees reported working an average of 39.7 hours per week, compared to the 45.1 hours per week reported by private sector employees. Public sector employees are more than three times as likely as private sector employees to report usually working less than 40 hours per week than are private sector employees (20.4 percent compared with 5.8 percent), and are one-third as likely to report working 50 hours or more per week (6.7 percent compared with 21.3 percent). The majority of public sector employees (58.6 percent) report usually working between 40 and 44 hours per week, nearly 17 percentage points higher than the proportion in the private sector. The data therefore reflects government's commitment to a 40-

hour work week, and may also suggest a greater willingness on the part of the public sector to accommodate part-time work.

Finally, the public and private sectors are very different in terms of union density. While two-thirds (67.8 percent) of public sector employees reported belonging to a trade union in the first quarter of 2017, this is true of one-quarter (24.0 percent) of private sector employees. In the case of the public sector, this proportion is marginally higher than three years earlier, while the opposite is true for the private sector. This means that, although the public sector represents just 23.7 percent of formal sector employees, it accounts for 46.7 percent of union members (amongst formal sector employees).

## CONCLUSION

Despite relatively slow growth during the 2000s in real GVA compared with other industries in the tertiary sector, the public sector has been an important source of jobs. Public sector employment is estimated to have been just under 2.8 million in the first quarter of 2017, marginally up from three

years earlier. The sector's contribution to net new jobs has, however, been small over the period: the sector added 85 000 jobs (the change not being statistically significant), while the private sector added nearly 1.1 million jobs.

This low growth in public sector employment occurred

during a period in which real GDP growth has been subdued and gradually weakening. Job creation has slowed, while the unemployment rate has trended upwards, reaching 27.7 percent in the first quarter of 2017. One of the factors contributing to higher unemployment rates—irrespective of the unemployment definition used—is the relatively large increase in the labour force participation rate: the narrow participation rate rose 3.3 percentage points over the period to reach 60.2 percent in 2017.

Public sector employment differs significantly from that of private sector employment in a number of ways. Public sector employment is dominated by women, who account for 55.6 percent of employment compared with 42.0 percent of private sector employment. The public sector employs relatively more African and relatively fewer Coloureds and Whites than the private sector. Public sector workers tend to be older than private sector workers, with the median public sector worker, at 42.1 years old, being almost four years older than the median private sector worker. They are also more likely to have higher levels of education than private sector workers.

However, within the public sector, there are important differences. Employment within SOEs is in many ways similar to that within the private sector. SOEs tend to employ larger proportions of Asians and Whites, and smaller proportions of Africans when compared with the public sector as a whole. Their employees are also more likely to be male than female, and to be between the ages of 25 and 44 years. If anything, SOE workers are even more likely than government workers to have completed secondary or post-secondary qualifications.

Public sector workers are therefore, unsurprisingly, more likely to be employed in more highly skilled occupations than is the case in the private sector. In particular, the public sector employs relatively large proportions of professionals and technicians.

The analysis with respect to the nature of employment contracts, access to benefits and working hours focuses only on formal sector employees to ensure that the comparisons are not impacted by the existence of informal sector workers and the self-employed that are included within the private sector. In almost all respects, public sector employees report better outcomes than their counterparts in the private sector. Written contracts are essentially universal in the

public sector, while just more than one in ten private sector employees report being employed on a verbal contract. The proportion of employees in permanent employment and in limited duration employment is higher in the public sector. The key difference here is that very few employees in the public sector report having contracts of unspecified duration.

Across all benefits, except access to UIF contributions, public sector employees enjoy higher rates of access. In some areas, the differences are very large: for example, access to medical aid is almost three times as common in the public sector than in the private sector, while access rates for pension contributions and paid paternity leave are roughly 50 percent and 40 percent higher respectively in the public sector. Public sector employees are also far more likely than their private sector counterparts to be union members.

In terms of hours of work, public sector employees report working approximately five hours less per week than is the case for private sector employees (39.7 hours compared with 45.1 hours). The public sector is also more likely to employ people in 'part-time' positions, with roughly one in five public sector employees reporting usually working between 1 and 39 hours per week, compared with 5.8 percent of private sector employees.

In general, then, the data suggests that the public sector, and government in particular, is a relatively progressive employer in terms of employing groups that are more likely to be marginalised within the formal economy (particularly Africans and women), and in terms of providing employees with protections and benefits. There are, however, two glaring exceptions to this: first, only around one-third of public sector employees report having UIF contributions being made by their employer; and, second, the public sector employs a relatively small proportion of youth. With respect to the former, this difference is due to public servants being excluded from UIF coverage; the latter is potentially linked to the public sector's relatively large appetite for more highly educated employees, which precludes many young people from employment in the sector.

In summary, then, survey data suggests that the past three years has seen little change in the level of public sector employment, suggesting that efforts to contain employment growth in the sector have been successful.

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