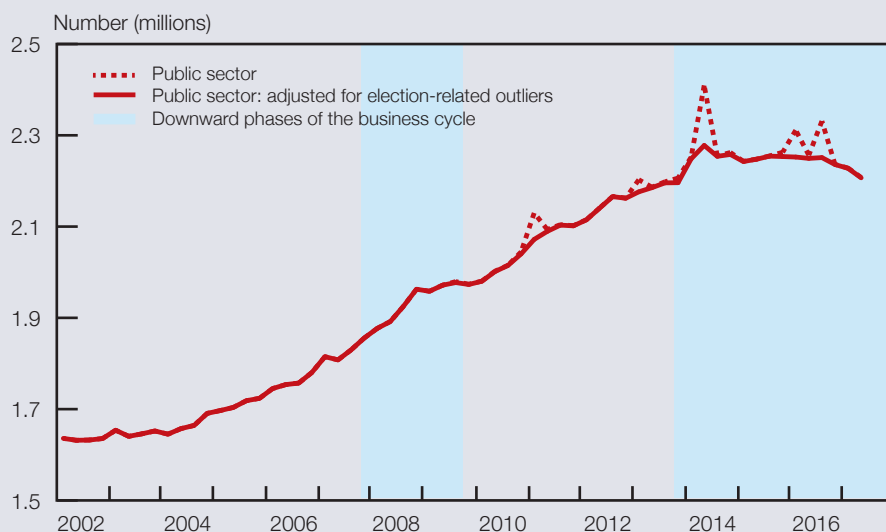


Box 2 Recent trends in public sector employment

The public sector is a significant contributor to employment in the South African economy, comprising 23% of total formal non-agricultural employment in the second quarter of 2017. The public sector's contribution to job creation is evidenced by the notable increase in employees, from around 1.6 million in 2002 to a record high of almost 2.3 million in the second quarter of 2014. However, fiscal consolidation has contributed to a contraction in public sector employment in recent years.

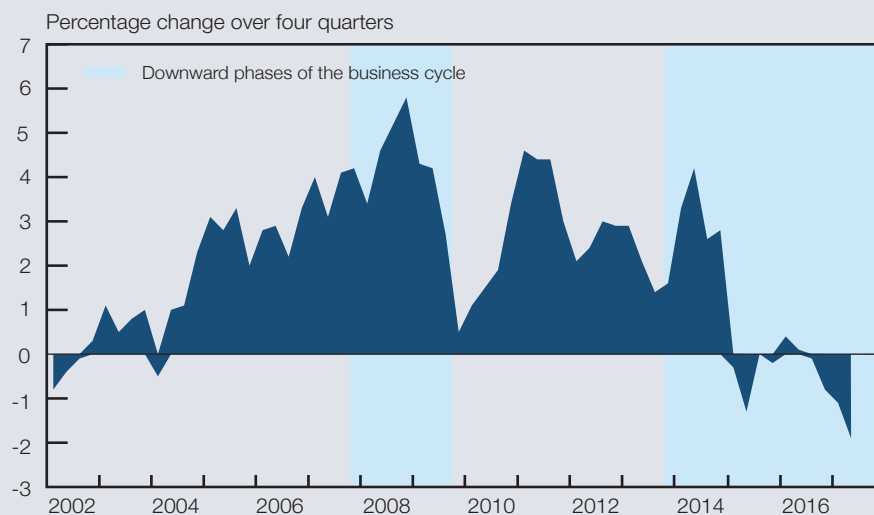
Public sector employment



Sources: Stats SA and SARB

Following the 2008–09 global financial crisis, South Africa, similar to many other countries, followed counter-cyclical fiscal policies to stimulate economic activity and minimise the impact of the recession. Although public sector employment growth slowed briefly in 2009, a cumulative 261 700 new public sector employment opportunities were created between the second quarter of 2010 and the first quarter of 2014. Against this backdrop, public sector debt rose substantially and the national government budget deficit widened, exacerbated by the rapidly rising wage bill and slower-than-expected real economic growth.

Growth in public sector employment



Sources: Stats SA and SARB

To reduce the fiscal deficit and stabilise debt levels, measures such as a freeze on headcount and the permanent withdrawal of funded vacancies were introduced in 2014 to contain the public sector's wage bill, along with natural attrition. These measures gradually reduced the number of employees; this resulted in public sector employment contracting in a pro-cyclical fashion during the current downward phase of the business cycle. When adjusting for election-related outliers, the public sector reduced its staff complement by a cumulative 44 400 between the second quarter of 2014 and the second quarter of 2017.

Public sector employment

