



provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

PROVINCIAL LABOUR BULLETIN



**WHEN THE SUN RISES
WE WORK HARD TO DELIVER**

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COMPILED BY: ECONOMIC ANALYSIS

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1. INTRODUCTION

The purpose of the Provincial Labour Bulletin of the Economic Analysis Unit (Provincial Treasury) on a quarterly basis is to provide an essential reference especially to the Head Official (HO) and MEC, by providing the latest labour data and analysis with specific reference to Mpumalanga. The data/analysis in this report is based on the latest Quarterly Labour Force Survey (QLFS) published by Statistics South Africa. The second quarter of 2015 data is based on the new Master Sample designed based on the 2011 Census which should improve the level of precision in the estimates produced.

2. KEY FINDINGS

- Nationally, job gains were recorded at 198 000 in the second quarter of 2015, while Mpumalanga's employment increased by 26 000. On an annual basis, the province gained about 53 000 jobs while the net job gains were 563 000 nationally.
- Mpumalanga registered an employment growth of 2.3 per cent on a quarterly basis in the second quarter of 2015 and a 4.7 per cent employment growth on an annual basis.
- Mpumalanga's provincial employment was 1 180 000 in the second quarter of 2015 - 147 000 higher than the pre-recession employment level of 1 033 00 and 173 000 higher than in the second quarter of 2008 (seven year period).
- The unemployment rate (strict definition) of Mpumalanga decreased from 28.4 per cent in the first quarter of 2015 to 27.2 per cent in the second quarter of 2015. It was however, the fourth highest unemployment rate of the nine provinces. On an annual basis, the unemployment rate has decreased from 29.5 per cent recorded in the same period in 2014. The national figure decreased from 26.4 per cent to 25.0 per cent on a quarterly basis. Annually, there was a 0.5 percentage point decrease.
- According to the expanded definition of unemployment (also including discouraged work-seekers), Mpumalanga recorded the fourth highest unemployment rate among the provinces at 39.1 per cent in the second quarter of 2015, decreasing from 40.7 per cent in the first quarter of 2015. On an annual basis, it decreased by 3.1 percentage points. The national figure decreased from 36.1 per cent to 34.9 per cent on quarterly basis. Annually, there was a 0.7 percentage point decrease.
- The number of discouraged work-seekers in Mpumalanga decreased by 10 000 to 223 000 in the second quarter of 2015. On an annual comparison, the discouraged work-seekers decreased by 3 000.

3. LABOUR FORCE PROFILE

South Africa's employment figure increased from 15.459 million in the first quarter of 2015 to 15.657 million in the second quarter of 2015. The national economy in other words, gained about 198 000 jobs on a quarterly basis and recorded an unemployment rate (strict definition) decrease to 25.0 per cent in the second quarter of 2015. The unemployment rate according to the expanded definition decreased to 34.9 per cent in the same period.

The provincial employment figure was estimated at 1 180 000 at the end of the second quarter of 2015. The unemployment rate (strict definition) of the province decreased to 27.2 per cent. The provincial unemployment rate according to the expanded definition decreased to 39.1 per cent. The number of unemployed people (strict definition) in the province decreased by 16 000 on a quarterly basis and 29 000 on an annual basis (Table 1).

The labour force participation rate is the proportion of the working-age population that is either employed or unemployed. Mpumalanga's participation rate on quarterly basis increased by 0.1 percentage points. Annually, it decreased however by 0.3 percentage points from 59.3 per cent in the second quarter of 2014 to 59.0 per cent in the second quarter of 2015. The absorption rate is the proportion of the working-age population that is employed. Mpumalanga's absorption rate increased by 0.7 of a percentage point on a quarterly basis. On an annual basis, the absorption rate increased from 41.8 per cent to 42.9 per cent.

Table 1: Labour force profile of Mpumalanga, 2014-2015

Indicator	Q2 2014	Q1 2015	Q2 2015	Q1 2015 to Q2 2015 changes	Year-on-year changes
	'000	'000	'000	'000	'000
Working age population (15-64 years)	2 696	2 736	2 750	13	53
Not economically active	1 098	1 124	1 127	3	29
Labour Force/EAP	1 598	1 612	1 622	11	24
Employment	1 127	1 154	1 180	26	53
Unemployed	471	458	442	-16	-29
Discouraged work-seekers	226	233	223	-10	-3
Rates	%	%	%	%	%
Unemployment rate (strict)	29.5	28.4	27.2	-1.2	-2.3
Labour force participation rate (EAP/pop)	59.3	58.9	59.0	0.1	-0.3
Absorption rate (employed/pop ratio)	41.8	42.2	42.9	0.7	1.1
Unemployment rate (expanded)	42.2	40.7	39.1	-1.6	-3.1

Source: Statistics South Africa – QLFS, Q2 of 2015

**Due to rounding by STATSSA numbers do not necessarily add up to totals*

4. EMPLOYMENT

The South African economy gained about 198 000 jobs on a quarterly basis. Mpumalanga registered the fourth largest job gains of 26 000 within this period. The highest job gains (Table 2) were recorded in Limpopo (85 000), Gauteng (58 000) and North West (28 000). Job losses were experienced in Northern Cape (-11 000), Free State (-4 000) and Western Cape (-3 000).

Mpumalanga's net job creation contributed 13.1 per cent to the second quarter employment increase to the country.

On an annual basis, South Africa created a total of 563 000 jobs. Employment increased in all provinces, with the exception of the Northern Cape. The largest gains in employment were recorded in Gauteng (167 000), Limpopo (79 000) and KwaZulu-Natal (75 000). Mpumalanga's net job creation of 53 000 on an annual basis contributed 9.4 per cent to the annual employment increase in the country and registered the joint sixth largest employment increase.

Table 2: Changes in employment in South Africa and provinces, 2014-2015

Region	Q2 2014 '000	Q1 2015 '000	Q2 2015 '000	Q1 2015 to Q2 2015 changes '000	Year-on-year changes '000
Western Cape	2 192	2 261	2 257	-3	65
Eastern Cape	1 355	1 358	1 366	8	10
Northern Cape	297	307	297	-11	0
Free State	745	802	798	-4	53
KwaZulu-Natal	2 480	2 546	2 556	10	75
North West	879	912	940	28	61
Gauteng	4 803	4 911	4 969	58	167
Mpumalanga	1 127	1 154	1 180	26	53
Limpopo	1 214	1 208	1 293	85	79
South Africa	15 094*	15 459	15 657	198	563

Source: Statistics South Africa – QLFS, Q2 of 2015

*Due to rounding off by STATSSA numbers do not necessarily add up to totals

Total employment in the province represents 7.5 per cent of the South African employment. Table 3 shows that in the second quarter of 2015, Mpumalanga's employment increased by 2.3 per cent. On a year-on-year basis, Mpumalanga registered the fourth highest employment increase of 4.7 per cent, which was also higher than the national average of 3.7 per cent.

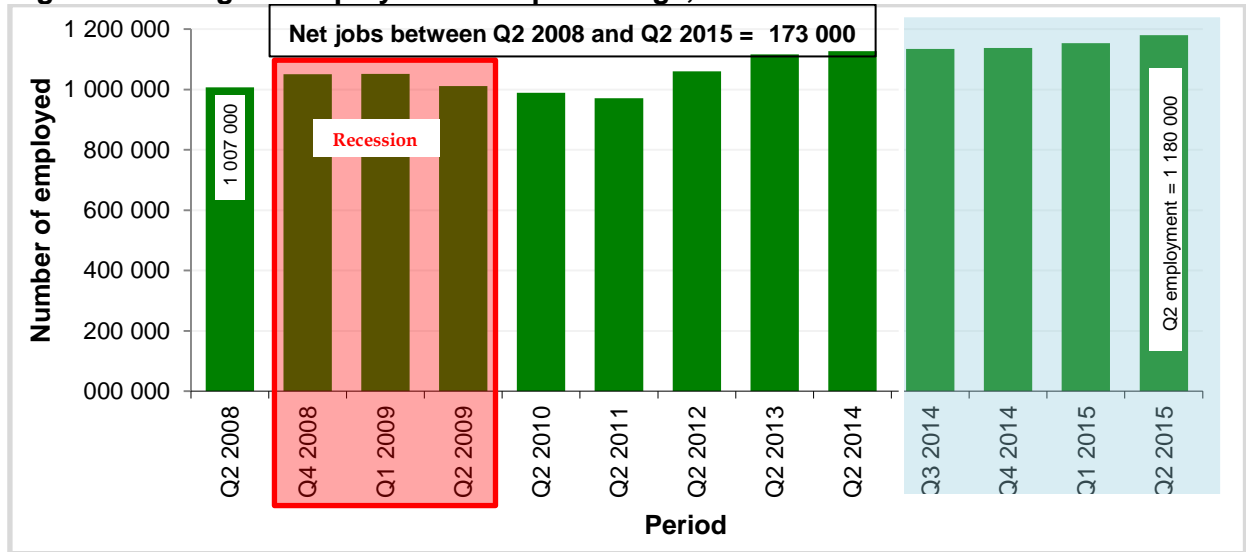
Table 3: Employment growth of South Africa and provinces, 2014-2015

Regions	Q2 2014 '000	Q1 2015 '000	Q2 2015 '000	Q1 2015 to Q2 2015 changes (%)	Year-on-year changes (%)
Western Cape	2 192	2 261	2 257	-0.1	3.0
Eastern Cape	1 355	1 358	1 366	0.6	0.8
Northern Cape	297	307	297	-3.5	0.0
Free State	745	802	798	-0.5	7.1
KwaZulu-Natal	2 480	2 546	2 556	0.4	3.0
North West	879	912	940	3.0	6.9
Gauteng	4 803	4 911	4 969	1.2	3.5
Mpumalanga	1 127	1 154	1 180	2.3	4.7
Limpopo	1 214	1 208	1 293	7.0	6.5
South Africa	15 094*	15 459	15 657	1.3	3.7

Source: Statistics South Africa – QLFS, Q2 of 2015

*Due to rounding off by STATSSA numbers do not necessarily add up to totals

Figure 1: Change in employment in Mpumalanga, Q2 2008-Q2 2015



Source: Statistics South Africa – QLFS, Q2 of 2015

Mpumalanga's employment number of 1 180 000 in the second quarter of 2015 remained above the pre-recession number/level recorded at 1 033 000 in the third quarter of 2008 (Figure 1). The employment level recorded at the end of the second quarter of 2015 was 173 000 higher than the second quarter of 2008 level of 1 007 000. Mpumalanga's employment level of 1 180 000 in the second quarter of 2015 was also the highest recorded employment level the province reached up to date.

Table 4: Changes in employment by industry in Mpumalanga, 2014-2015

Industries	Q2 2014	Q1 2015	Q2 2015	Q1 2015 to Q2 2015 changes	Year-on-year changes
	'000	'000	'000	'000	'000
Agriculture ¹	81	78	88	11	7
Mining ²	99	56	58	2	-41
Manufacturing ³	108	100	110	10	2
Utilities ⁴	23	40	30	-10	7
Construction ⁵	88	97	92	-5	4
Trade ⁶	237	242	240	-2	3
Transport ⁷	51	66	62	-4	12
Finance ⁸	105	127	142	15	37
Community services ⁹	233	250	249	-1	16
Private households	102	98	108	10	6
Total employed	1 127	1 154	1 180	26	53*

Source: Statistics South Africa – QLFS, Q2 of 2015

**Due to rounding off by STATSSA numbers do not necessarily add up to totals*

¹ ISIC detailed description = Agriculture, forestry and fishing

² ISIC detailed description = Mining and quarrying

³ ISIC detailed description = Manufacturing

⁴ ISIC detailed description = Electricity, gas and water

⁵ ISIC detailed description = Construction

⁶ ISIC detailed description = Wholesale and retail trade, catering and accommodation

⁷ ISIC detailed description = Transportation, storage and communication

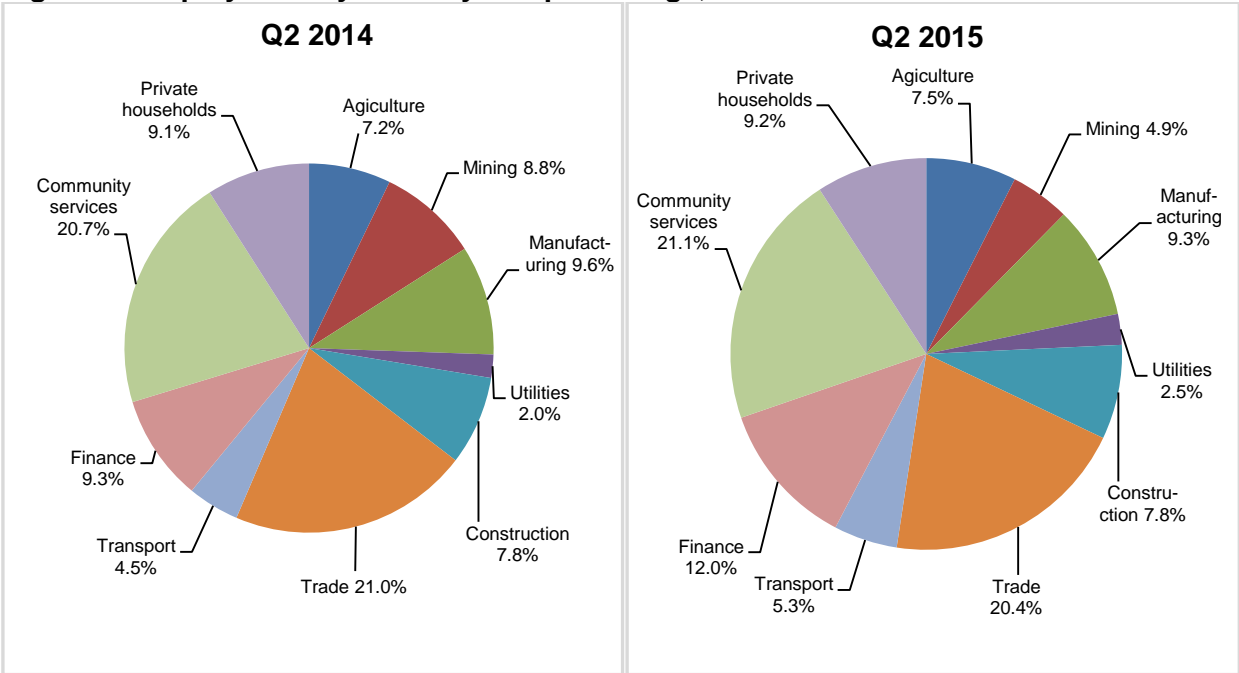
⁸ ISIC detailed description = Finance, insurance, real estate and business services

⁹ ISIC detailed description = Community, health and personal services

Table 4 illustrates the provincial industries that contributed to employment losses and gains on a quarterly and annual basis. On a quarterly basis the highest job gains were recorded in finance (15 000) and agriculture (11 000), where manufacturing and private households both contributed 10 000 jobs each. Job losses were however experienced in five employment industries, with utilities (-10 000), construction (-5 000) and transport (-4 000) recording the highest job losses in this period. On an annual basis, finance (37 000), community services (16 000) and transport (12 000), recorded the highest job gains. The only annual decline in employment was experienced in mining (-41 000), which is in line with developments in the mining industry at the moment.

Figure 2 shows employment by industry in Mpumalanga in the second quarter of 2014 and 2015. Community services and trade recorded the largest shares of employment in the province at 21.1 per cent and 20.4 per cent respectively in the second quarter of 2015. Six of the ten employment industries experienced an increase on an annual basis with finance (2.7 per cent) recording the highest increase.

Figure 2: Employment by industry in Mpumalanga, 2014-2015



Source: Statistics South Africa – QLFS, Q2 of 2015

4.1 Non-market activities

Economic activities are those that contribute to the production of goods and services in the country. There are two types of economic activities, namely:

- Market production activities (work done for others and usually associated with pay or profit).
- Non-market production activities (work done for the benefit of the household, e.g. subsistence farming).

Table 5 shows the figures of the involvement in non-market activities in Mpumalanga. Fetching water or collecting wood/dung (443 000) and subsistence farming (109 000) are the two largest non-market activities in the province. In the second quarter of 2015 an increase was experienced in fetching water or collecting wood/ dung, as well as the production of other goods for household use.

Construction or major repairs to own or household (-5 000) and subsistence farming (-1 000), were the non-market activities that experienced a decline on a year-on-year comparison. Fetching water or collecting wood/dung (86 000) registered the largest increase in the relevant period.

Table 5: Involvement in non-market activities in Mpumalanga, 2014-2015

Non-market activities	Q2 2014	Q1 2015	Q2 2015	Q1 2015 to Q2 2015 changes	Year-on-year changes
	'000	'000	'000	'000	'000
Subsistence farming	110	135	109	-26	-1
Fetching water or collecting wood/dung	357	406	443	37	86
Produce other goods for household use	25	21	30	10	5
Construction or major repairs to own or household	16	12	11	-1	-5

Source: Statistics South Africa – QLFS, Q2 of 2015

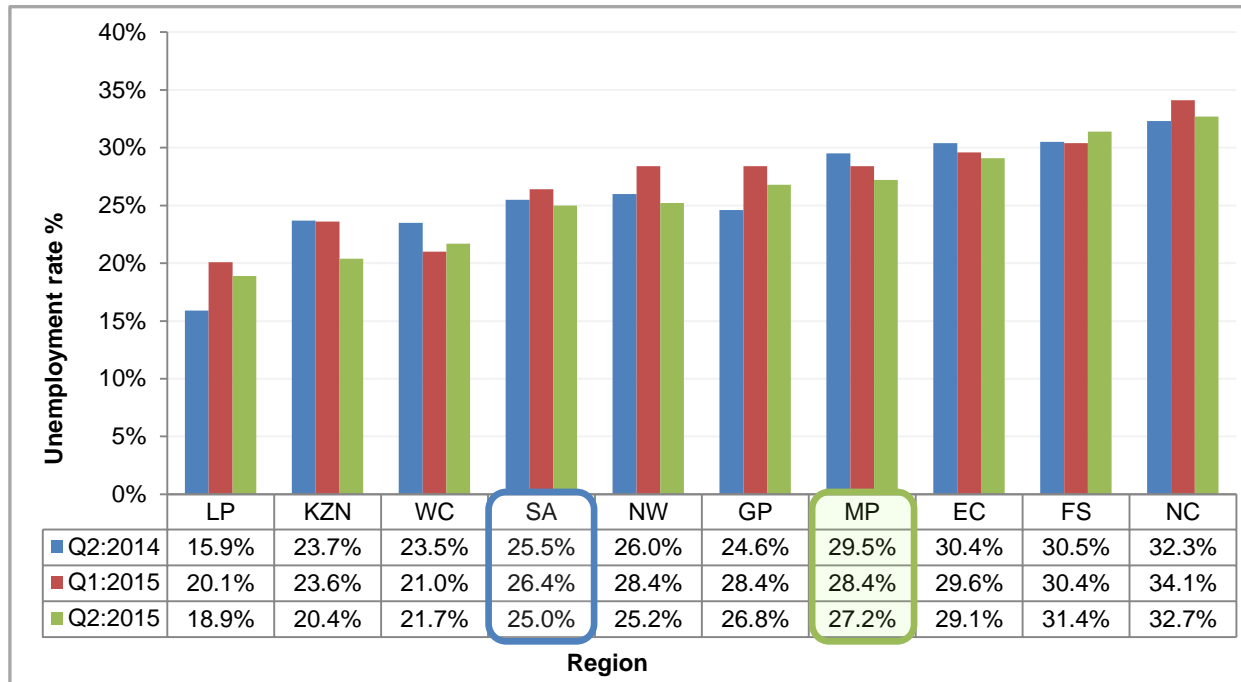
5. UNEMPLOYMENT

5.1 Strict definition of unemployment

According to Statistics South Africa's latest QLFS, the unemployment rate (strict definition) in Mpumalanga decreased from 28.4 per cent in the first quarter of 2015 to 27.2 per cent in the second quarter of 2015. The provincial unemployment rate was however, higher than the national average of 25.0 per cent. The province recorded the fourth highest unemployment rate among the nine provinces with Northern Cape recording the highest rate of 32.7 per cent and Limpopo the lowest at 18.9 per cent.

The graphical illustration of the provincial and national unemployment figures is presented in Figure 3. The number of unemployed in the province (according to the strict definition) decreased by 16 000 on a quarterly basis to 442 000. On an annual basis, the number of the unemployed in the province, decreased by 29 000. The provincial unemployment rate decreased by 2.3 percentage points on an annual basis from 29.5 per cent to 27.2 per cent.

Figure 3: Unemployment rate for South Africa & provinces, 2014-2015



Source: Statistics South Africa – QLFS, Q2 of 2015

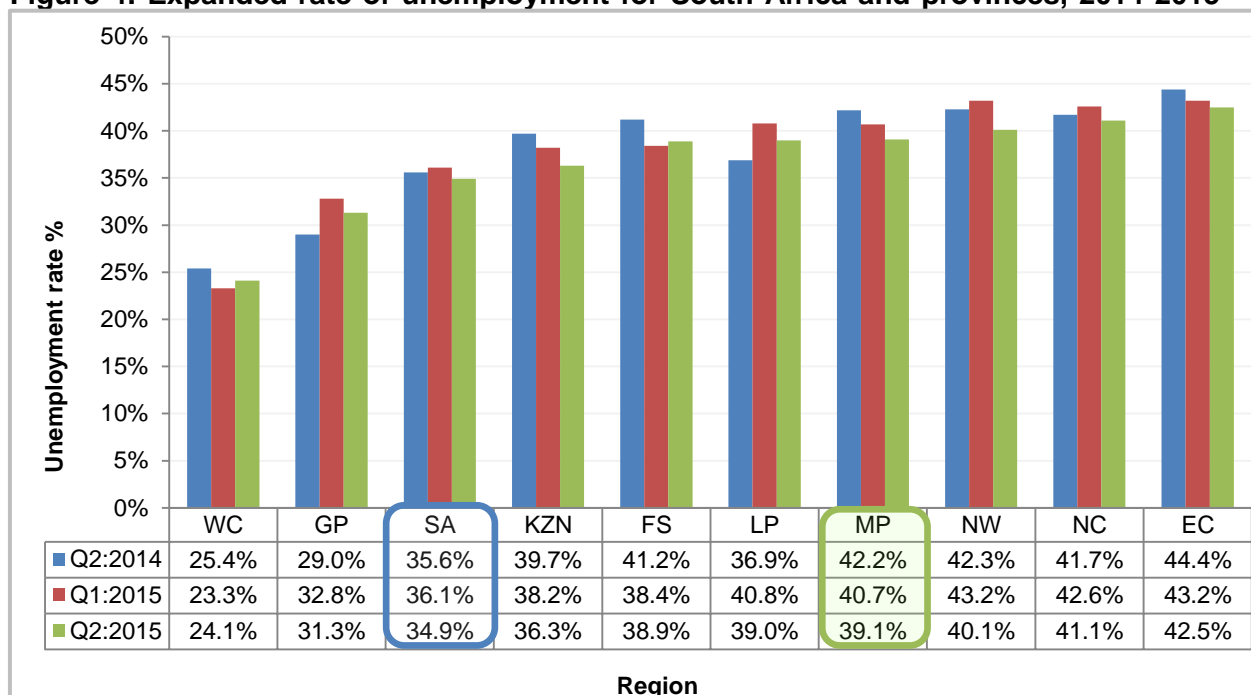
5.2 Expanded definition of unemployment

The expanded unemployment rate takes into account everybody who was available for work even if they did not search for work. It does however, not only include the discouraged work-seekers. In essence it includes all persons who are unemployed according to the official definition plus the part of the inactive population (according to official definition) who indicated that they were available, regardless of the reason they gave up for looking for work.

Figure 4 shows that South Africa’s unemployment rate in terms of the expanded definition was recorded at 34.9 per cent in the second quarter of 2015, decreasing from 36.1 per cent in the first quarter of 2015. Mpumalanga’s unemployment rate decreased to 39.1 per cent in the second quarter of 2015. The number of unemployed decreased by 34 000 to 757 000 in the same period. On an annual basis, the provincial unemployment rate decreased by 3.1 percentage points.

Mpumalanga (39.1 per cent) registered the fourth highest unemployment rate in the second quarter of 2015 with Eastern Cape registering the highest rate at 42.5 per cent and the Western Cape (24.1 per cent) the lowest unemployment rate among the nine provinces. During this period, seven of nine provinces recorded a decrease in their expanded unemployment rate.

Figure 4: Expanded rate of unemployment for South Africa and provinces, 2014-2015



Source: Statistics South Africa – QLFS, Q2 of 2015

5.3 Discouraged work-seekers

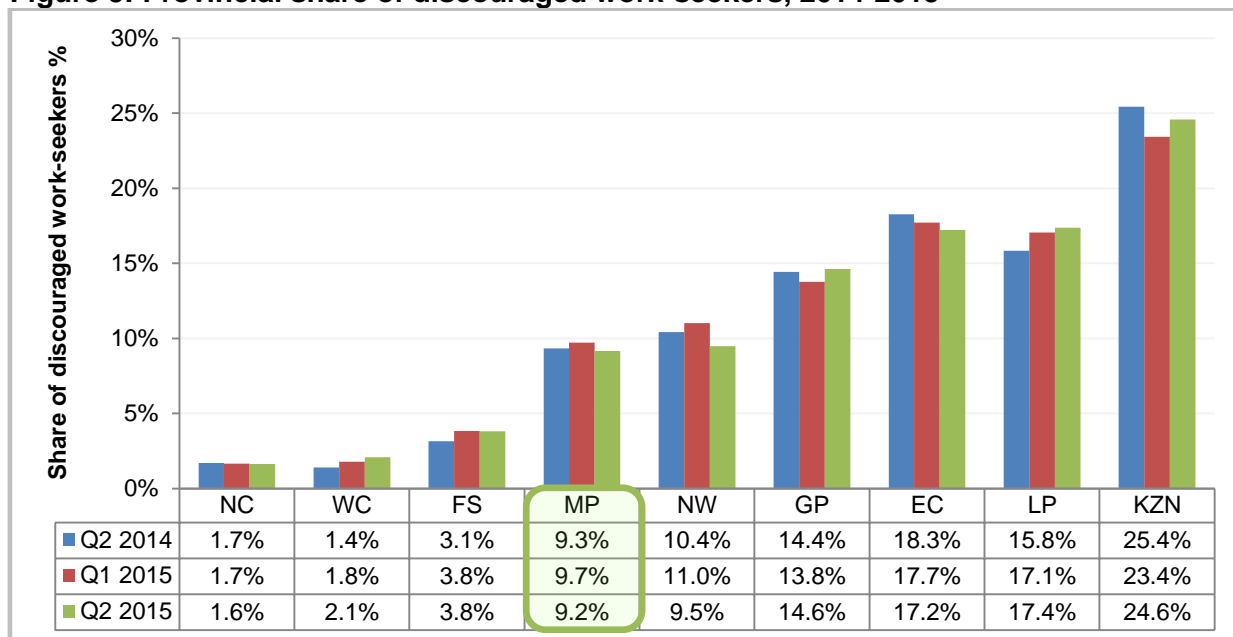
Statistics South Africa defines a discouraged work-seeker as a person who was not employed during the reference period, wanted to work, was available to work/start a business but did not take active steps to find work during the last four weeks, provided that the main reason given for not seeking work was any of the following: no jobs available in the area, unable to find work requiring his/her skills, lost hope of finding any kind of work.

South Africa’s discouraged work-seekers decreased by 38 000 workers on a quarter-to-quarter comparison. The number of discouraged work-seekers in Mpumalanga decreased by 10 000 to 223 000 in the same period.

Figure 5 indicates that Mpumalanga’s share of total discouraged work-seekers was 9.2 per cent of the national figure in the second quarter of 2015. This represents a decrease of 0.5 percentage points on a quarterly basis from the 9.7 per cent in the first quarter of 2015. When compared with other provinces, Mpumalanga registered the fourth lowest share of discouraged workers. The highest percentage share of the country’s total discouraged work-seekers was recorded in KwaZulu-Natal (24.6 per cent), followed by Limpopo (17.4 per cent). Northern Cape (1.6 per cent) and Western Cape (2.1 per cent), registered the lowest shares of discouraged work-seekers in South Africa.

On an annual basis, Mpumalanga recorded a slight decrease of 0.1 percentage points to 9.2 per cent in the second quarter of 2015.

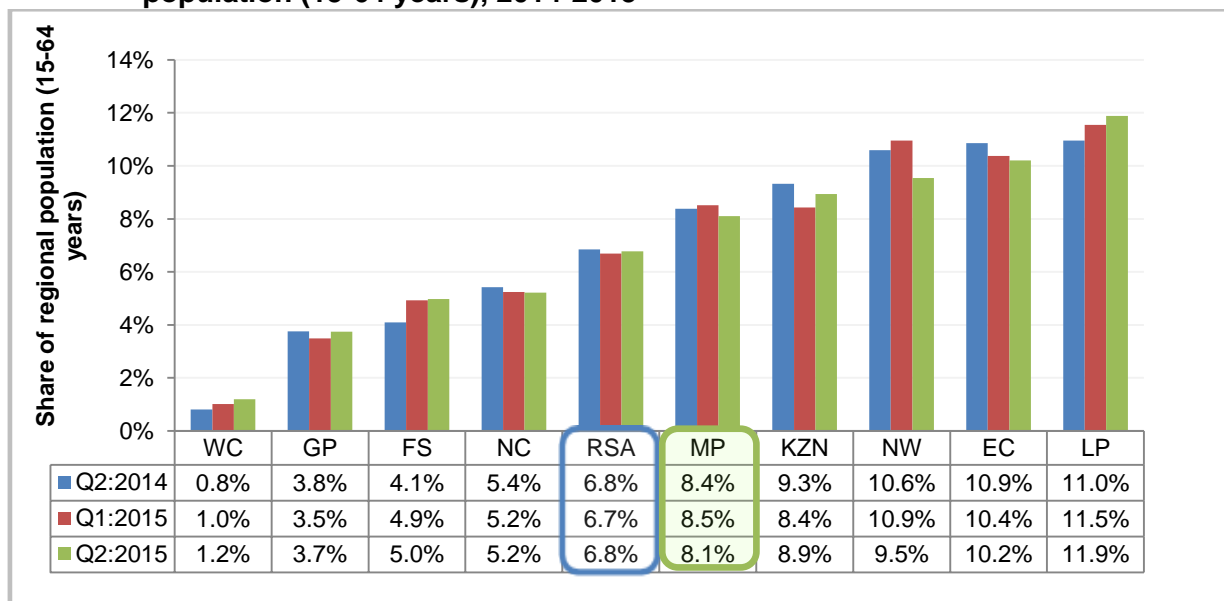
Figure 5: Provincial share of discouraged work-seekers, 2014-2015



Source: Statistics South Africa – QLFS, Q2 of 2015

It is evident from Figure 6 that Mpumalanga’s discouraged work seekers declined as a percentage of the provincial working age population (15-64 years) on a quarterly basis to 8.1 per cent. Mpumalanga’s share was larger than the national average share of 6.8 per cent. Year-on-year, Mpumalanga’s share also decreased from 8.4 per cent to 8.1 per cent. Limpopo (11.9 per cent) recorded the largest share among the provinces while Mpumalanga recorded the fifth largest/smallest share in the second quarter of 2015. Western Cape recorded the lowest share of only 1.2 per cent during the period.

Figure 6: Comparison of discouraged work seekers as a ratio of regional working age, population (15-64 years), 2014-2015



Source: Statistics South Africa – QLFS, Q2 of 2015

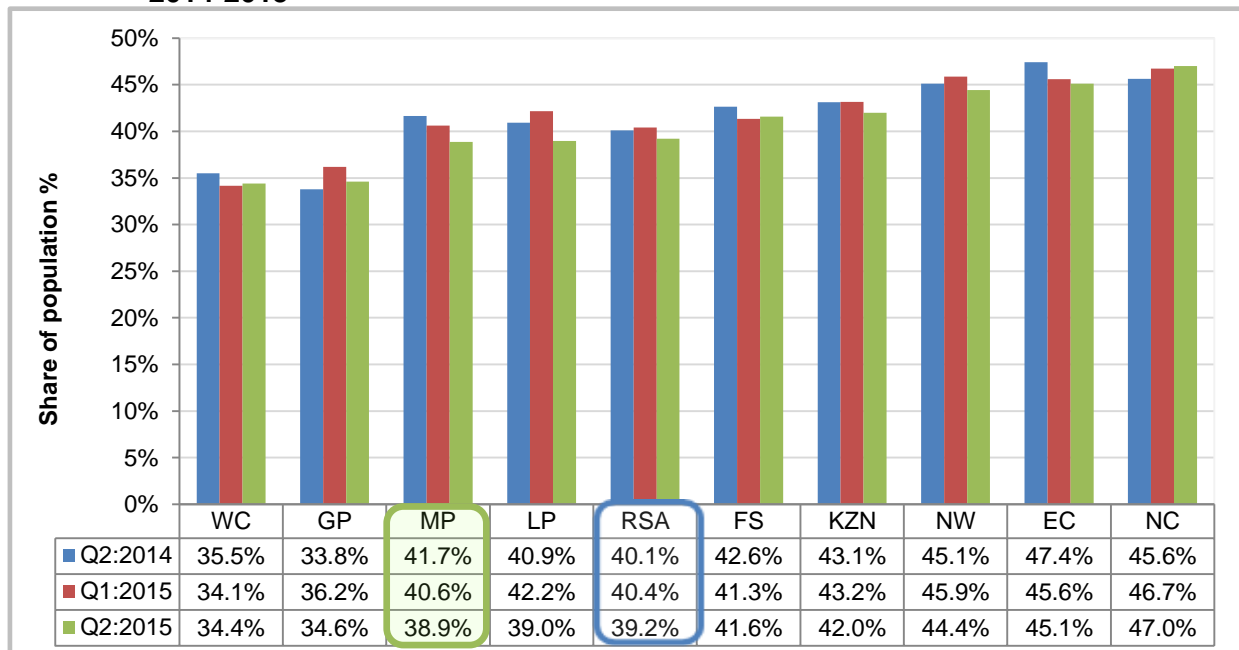
6. PROFILE OF THOSE NOT IN EMPLOYMENT AND NOT IN EDUCATION

There is an increasing interest in the challenges faced by non-participating people in the labour market. This resulted in a demand for more data/information on the dynamics of the labour force of those not in employment and education. This category is considered to be disengaged from both employment and education. Consequently, Statistics South Africa decided to include questions in the QLFS questionnaire to enable the identification of the profile that is not participating in neither employment and nor education.

Approximately 14.1 million (39.2 per cent) of the 35.9 million South Africans aged 15 to 64 years were not in employment and not in education in the second quarter of 2015. Northern Cape (47.0 per cent) registered the highest rate in this regard while the Western Cape (34.4 per cent) the lowest rate (Figure 7).

On a quarter-to-quarter comparison, Mpumalanga recorded 40.6 per cent in the first quarter of 2015, decreasing to 38.9 per cent in the second quarter of 2015. Annually the profile of those not in employment and education, decreased from 41.7 per cent in the second quarter of 2014 to 38.9 per cent during the same quarter in 2015.

Figure 7: Profile of those not in employment & education, South Africa & provinces, 2014-2015



Source: Statistics South Africa – QLFS, Q2 of 2015

7. CONCLUDING REMARKS

South Africa's employment levels reached its highest levels in the second quarter of 2015 with no job losses recorded in any province. The employment level was more than a million higher than pre-recession levels of 2008.

Mpumalanga recorded an increase in job creation on a quarterly and on an annual basis according to the latest QLFS. Mpumalanga reached the highest ever recorded employment levels at 1 180 000 in the second quarter of 2015. Mpumalanga's net job creation of 53 000 compared with the same quarter last year contributed 9.4 per cent to the annual increase of employment in the country. These job gains are about two-thirds of the more than 80 000 job creation target for Mpumalanga on an annual basis, required in terms of the MEGDP and Provincial Vision 2030.

The high unemployment rate remains however, one of Mpumalanga's central challenges. The provincial unemployment rate decreased on a quarterly and on an annual basis, but was still measured at a relatively high level of 27.2 per cent at the end of the second quarter of 2015. The challenge is to create decent and sustainable jobs for the 442 000 unemployed people of Mpumalanga.

Another challenge is the high number of discouraged work-seekers, which was recorded at a level of 223 000 in the second quarter of 2015. Performances like these in the labour market calls for the evaluation of our skills policies and their alignment to the growth of the economy and the shortcomings of the labour force in its entirety in the country, and in the province.

Provincially, some key industries in the economy continue to shed jobs such as utilities, construction and transport on a quarterly basis. The main concern is the job losses experienced in industries such as mining (the largest industry/sector of Mpumalanga), which experienced more than 40 000 job losses on an annual basis. The mining industry continues to struggle both provincially and nationally with the likelihood of more jobs being shed in the near future.

It is crucial that Government and Business form partnerships and interact on provincial level by means of relevant forums per industry as well as LED (local economic development) forums on local level, to address the economic challenges of/in the provincial economy. The economic and labour challenges of the mining industry, can be highlighted in this regard.

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