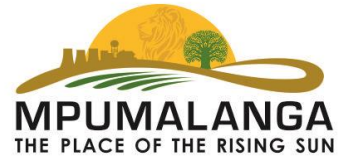




finance
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



**PROVINCIAL LABOUR
BULLETIN
FEBRUARY 2015**

"Together We Move South Africa Forward"





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MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



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1. INTRODUCTION

The purpose of the Provincial Labour Bulletin of the Economic Analysis Division (Department of Finance) on a quarterly basis is to provide an essential reference especially to the HOD and MEC of Finance, 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 on 10 February 2014 by Statistics South Africa.

2. KEY FINDINGS

- Nationally, job gains were recorded at 203 000 in the fourth quarter of 2014, while Mpumalanga's employment increased by only 3 000. On an annual basis, the province lost about 11 000 jobs (the second largest decline among the provinces) while the net job gains were 143 000 nationally.
- Mpumalanga registered an employment growth of only 0.2 per cent on a quarterly basis in the fourth quarter of 2014 and on an annual basis, it recorded a negative employment growth of -0.9 per cent, which was the third largest decline among the 9 provinces.
- Mpumalanga's provincial employment was 1 138 000 in the fourth quarter of 2014 - 105 000 higher than pre-recession employment level of 1 033 000.
- The unemployment rate (strict definition) of Mpumalanga improved from 29.3 per cent in the third quarter of 2014 to 26.6 per cent in the fourth quarter of 2014. It was however, the fourth highest rate of the nine provinces. On an annual basis, the unemployment rate has decreased slightly from 27.2 per cent recorded in the same period in 2013. The national figure decreased from 25.4 per cent to 24.3 per cent on a quarterly basis. Annually, there was however, a 0.2 percentage points increase.
- According to the expanded definition of unemployment (also including discouraged work-seekers), Mpumalanga's unemployment rate was the second highest among the provinces at 40.5 per cent in the fourth quarter of 2014, decreasing from 42.0 per cent in the third quarter of 2014. On an annual basis, it increased by 0.3 percentage points from 40.2 per cent recorded in 2013 in the same period. The national figure decreased from 35.8 to 34.6 per cent on a quarterly basis. Annually, there was an increase of 0.5 percentage points.
- The number of discouraged work-seekers in Mpumalanga increased by 3 000 to 262 000 in the fourth quarter of 2014. On an annual comparison, the discouraged work-seekers increased by 48 000.

3. LABOUR FORCE PROFILE

South Africa's employment figure increased from 15.117 million in the third quarter of 2014 to 15.320 million in the fourth quarter of 2014. The national economy gained about 203 000 jobs on a quarterly basis and recorded an unemployment rate (strict definition) of 24.3 per cent in the fourth quarter of 2014. The unemployment rate according to the expanded definition decreased to 34.6 per cent in the same period.

The provincial employment figure was estimated at 1 138 000 at the end of the fourth quarter of 2014. The unemployment rate (strict definition) of the province decreased to 26.6 per cent in the same period. The provincial unemployment rate according to the expanded definition decreased to 40.5 per cent. The number of unemployed people (strict definition) in the province decreased by 59 000 on a quarterly 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 decreased by 2.4 percentage points from 59.3 per cent in the third quarter of 2014. Annually, it decreased from 59.1 per cent in the fourth quarter of 2013 to 56.9 per cent in the fourth quarter of 2014. The absorption rate is the proportion of the working-age population that is employed. Mpumalanga's absorption rate decreased slightly by 0.1 percentage points on a quarterly basis. On an annual basis, the absorption rate decreased from 43.0 per cent recorded during the same period to 41.8 per cent recorded in the fourth quarter of 2014.

Table 1: Labour force profile of Mpumalanga, 2013-2014

Indicator	Q4 2013	Q3 2014	Q4 2014	Q3 2014 to Q4 2014 changes	Year-on-year changes
	'000	'000	'000	'000	'000
Working age population (15-64 years)	2 669	2 710	2 723	13	54
Not economically active	1 092	1 104	1 173	69	81
Labour Force/EAP	1 577	1 606	1 550	-56	-27
Employment	1 149	1 135	1 138	3	-11
Unemployed	429	471	412	-59	-17
Discouraged work-seekers	214	259	262	3	48
Rates	%	%	%	%	%
Unemployment rate (strict)	27.2	29.3	26.6	-2.7	-0.6
Labour force participation rate (EAP/pop)	59.1	59.3	56.9	-2.4	-2.2
Absorption rate (employed/pop ratio)	43.0	41.9	41.8	-0.1	-1.2
Unemployment rate (expanded)	40.2	42.0	40.5	-1.5	0.3

Source: Statistics South Africa – QLFS, Q4 of 2014

4. EMPLOYMENT

The South African economy gained about 203 000 jobs on a quarterly basis. The highest job gains were recorded in KwaZulu-Natal with 101 000 jobs, Gauteng (61 000), Limpopo (29 000) and North West (28 000). Mpumalanga registered the smallest gains of 3 000 jobs within this period (Table 2). Job losses were experienced in two provinces, Eastern Cape (-42 000) and Western Cape (-12 000).

On an annual basis, a total of 143 000 jobs were created in South Africa. Employment increased in five of the nine provinces. North West (80 000) followed by Limpopo (67 000) as well as Gauteng (58 000) and Free State (26 000), registered the largest employment gains. Job losses were recorded in four provinces with the highest (worst) being in Western Cape (-65 000) and Mpumalanga (-11 000).

Table 2: Changes in employment in South Africa and provinces, 2013-2014

Region	Q4 2013 '000	Q3 2014 '000	Q4 2014 '000	Q3 2014 to Q4 2014 changes '000	Year-on-year changes '000
Western Cape	2 235	2 182	2 170	-12	-65
Eastern Cape	1 332	1 377	1 336	-42	4
Northern Cape	329	302	320	18	-9
Free State	746	755	772	17	26
KwaZulu-Natal	2 527	2 419	2 520	101	-7
North West	869	921	948	28	80
Gauteng	4 823	4 820	4 881	61	58
Mpumalanga	1 149	1 135	1 138	3	-11
Limpopo	1 168	1 206	1 235	29	67
South Africa	15 177*	15 117	15 320	203	143

Source: Statistics South Africa – QLFS, Q4 of 2014

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

Total employment in the province represents 7.4 per cent of the South African employment. Table 3 shows that in the fourth quarter of 2014, Mpumalanga's employment growth increased by only 0.2 per cent. On a year-on-year basis, Mpumalanga's employment declined by 0.9 per cent, which was one of the three declines of provinces and contrary to the national increase of 0.9 per cent.

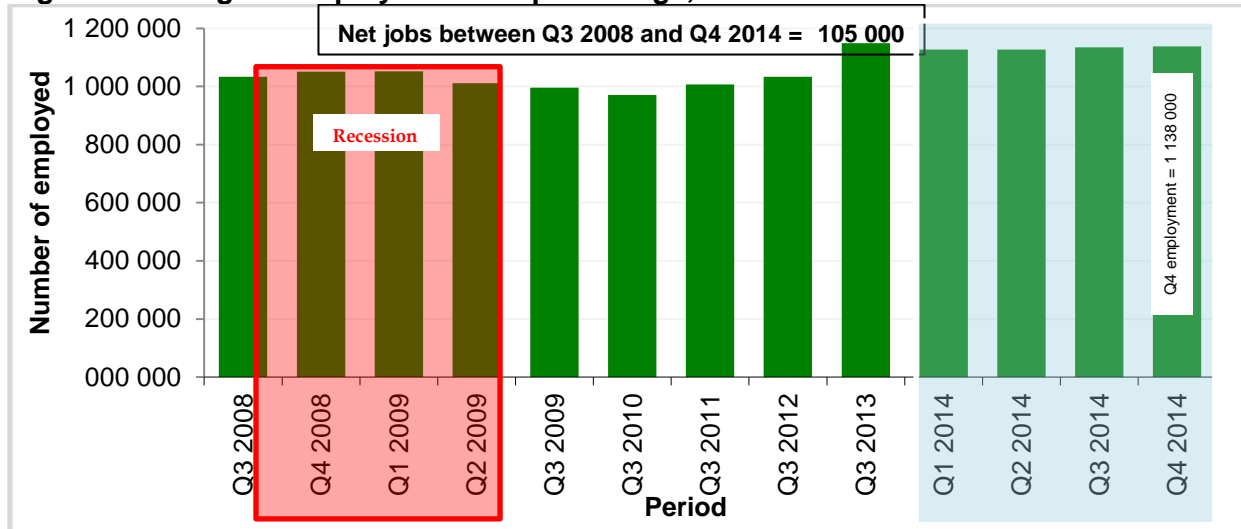
Table 3: Employment growth of South Africa and provinces, 2013-2014

Regions	Q4 2013 '000	Q3 2014 '000	Q4 2014 '000	Q3 2014 to Q4 2014 changes (%)	Year-on-year changes (%)
Western Cape	2 235	2 182	2 170	-0.5	-2.9
Eastern Cape	1 332	1 377	1 336	-3.0	0.3
Northern Cape	329	302	320	5.9	-2.7
Free State	746	755	772	2.3	3.5
KwaZulu-Natal	2 527	2 419	2 520	4.2	-0.3
North West	869	921	948	3.0	9.2
Gauteng	4 823	4 820	4 881	1.3	1.2
Mpumalanga	1 149	1 135	1 138	0.2	-0.9
Limpopo	1 168	1 206	1 235	2.4	5.8
South Africa	15 177*	15 117	15 320	1.3	0.9

Source: Statistics South Africa – QLFS, Q4 of 2014

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

Figure 1: Change in employment in Mpumalanga, Q3 2008-Q4 2014



Source: Statistics South Africa – QLFS, Q4 of 2014

Mpumalanga's employment number of 1 138 000 in the fourth quarter of 2014 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 fourth quarter of 2014 was therefore 105 000 higher than the pre-recession level. It is interesting to note that South Africa's employment level at the end of the fourth quarter of 2014, was 771 000 higher than the pre-recession employment level of 14.549 million.

Table 4: Changes in employment by industry in Mpumalanga, 2013-2014

Industries	Q4 2013	Q3 2014	Q4 2014	Q3 2014 to Q4 2014 changes	Year-on-year changes
	'000	'000	'000	'000	'000
Agriculture ¹	77	83	89	7	13
Mining ²	89	90	76	-14	-12
Manufacturing ³	76	103	93	-10	17
Utilities ⁴	30	17	14	-2	-16
Construction ⁵	98	112	110	-2	12
Trade ⁶	265	234	254	20	-11
Transport ⁷	51	58	55	-3	4
Finance ⁸	134	125	129	4	-6
Community services ⁹	229	231	220	-11	-8
Private households	100	82	97	15	-3
Total employed	1 149	1 135	1 138	3	-11*

Source: Statistics South Africa – QLFS, Q4 of 2014

**Due to rounding off 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

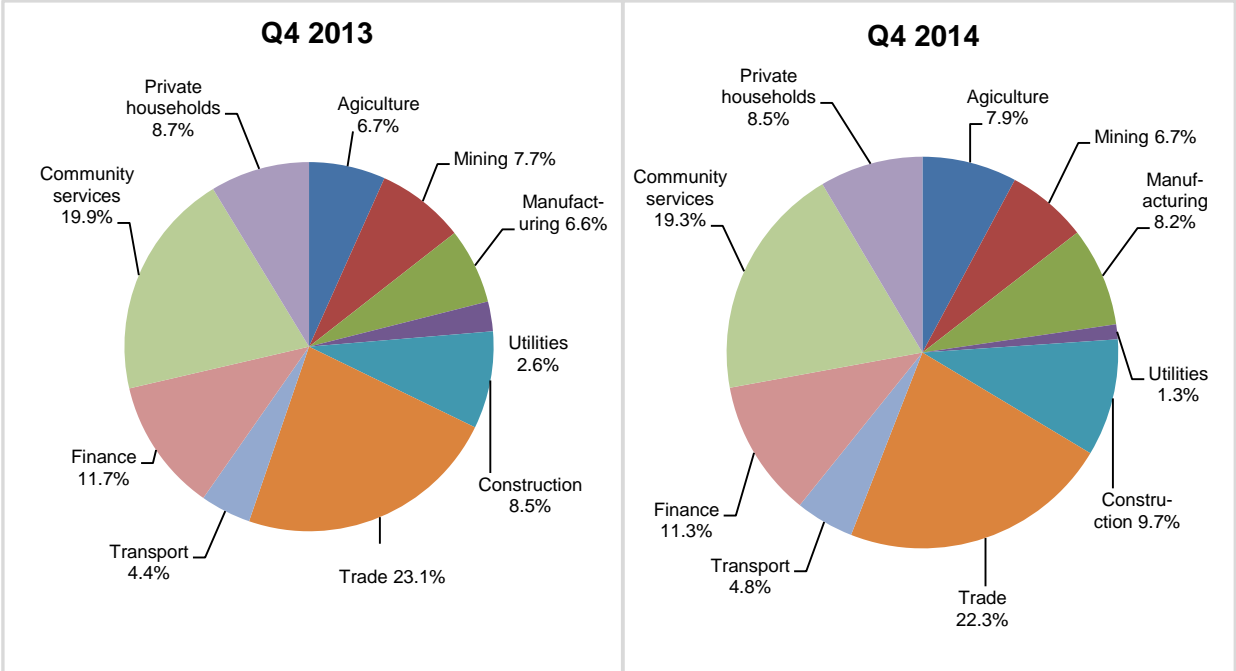
⁸ ISIC detailed description = Finance, insurance, real estate and business services

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, trade (20 000) and private households (15 000) achieved the highest job gains in Mpumalanga. Job losses were however experienced in five employment industries with mining (-14 000), community services (-11 000) and manufacturing (-10 000) recording the highest job losses in this period. On an annual basis, manufacturing (17 000) recorded the highest job gains, followed by agriculture (13 000) and construction (12 000). Major declines in employment were experienced in utilities (-16 000), mining (-12 000) and trade (-11 000).

Figure 2 shows employment by industry in Mpumalanga in the fourth quarter of 2013 and 2014. Trade and community services recorded the largest shares of employment in the province at 22.3 per cent and 19.3 per cent respectively. Four of the ten employment industries' shares increased on an annual basis, with manufacturing (1.6 per cent) as well as agriculture and construction (both 1.2 per cent), experiencing the largest increases. Utilities (-1.3 per cent), mining (-1 per cent) and trade (-0.8 per cent), recorded the largest declines in employment shares.

Figure 2: Employment by industry in Mpumalanga, 2013-2014



Source: Statistics South Africa – QLFS, Q4 of 2014

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. The two largest non-market activities in the province are fetching water or collecting wood/dung (364 000) and subsistence farming (71 000). Two of the four non-market activities decreased its involvement on a quarterly basis namely, fetching water or collecting wood/dung (-24 000) and produce other goods for household use (-5 000).

All non-market activities decreased on a year-on-year comparison but the largest losses was experienced in fetching water or collecting wood/dung (-108 000) and subsistence farming (-82 000). In the same period, construction or major repairs to own or household and producing other goods for household use, declined by 11 000 and 5 000, respectively.

Table 5: Involvement in non-market activities in Mpumalanga, 2013-2014

Non-market activities	Q4 2013	Q3 2014	Q4 2014	Q3 2014 to Q4 2014 changes	Year-on-year changes
	'000	'000	'000	'000	'000
Subsistence farming	152	71	71	0	-82
Fetching water or collecting wood/dung	472	388	364	-24	-108
Produce other goods for household use	26	26	21	-5	-5
Construction or major repairs to own or household	23	11	12	1	-11

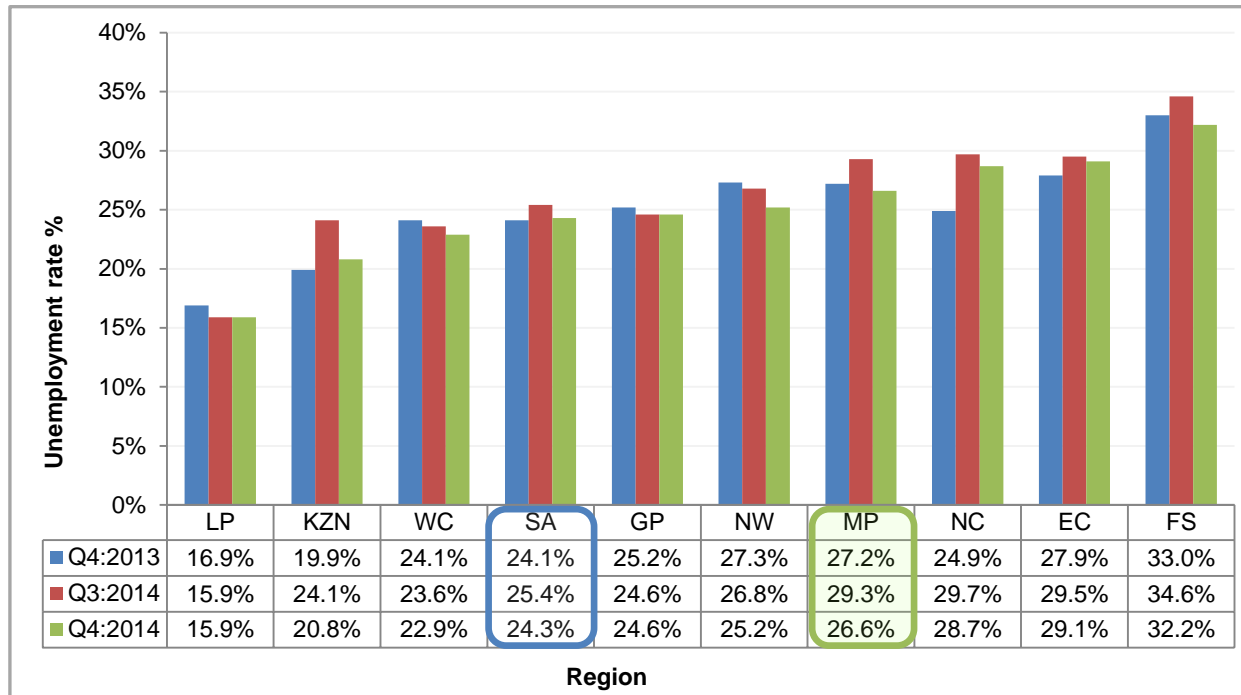
Source: Statistics South Africa – QLFS, Q4 of 2014

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 29.3 per cent in the third quarter of 2014 to 26.6 per cent in the fourth quarter of 2014. The provincial unemployment rate was higher than the national average of 24.3 per cent. The province recorded the fourth highest unemployment rate among the nine provinces with Free State recording the highest rate of 32.2 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 59 000 on a quarterly basis to 412 000. On an annual basis, the number of the unemployed in the province, decreased by 17 000. The provincial unemployment rate decreased by 0.6 percentage points on an annual basis from 27.2 per cent to 26.6 per cent.

Figure 3: Unemployment rate for South Africa & provinces, 2013-2014



Source: Statistics South Africa – QLFS, Q4 of 2014

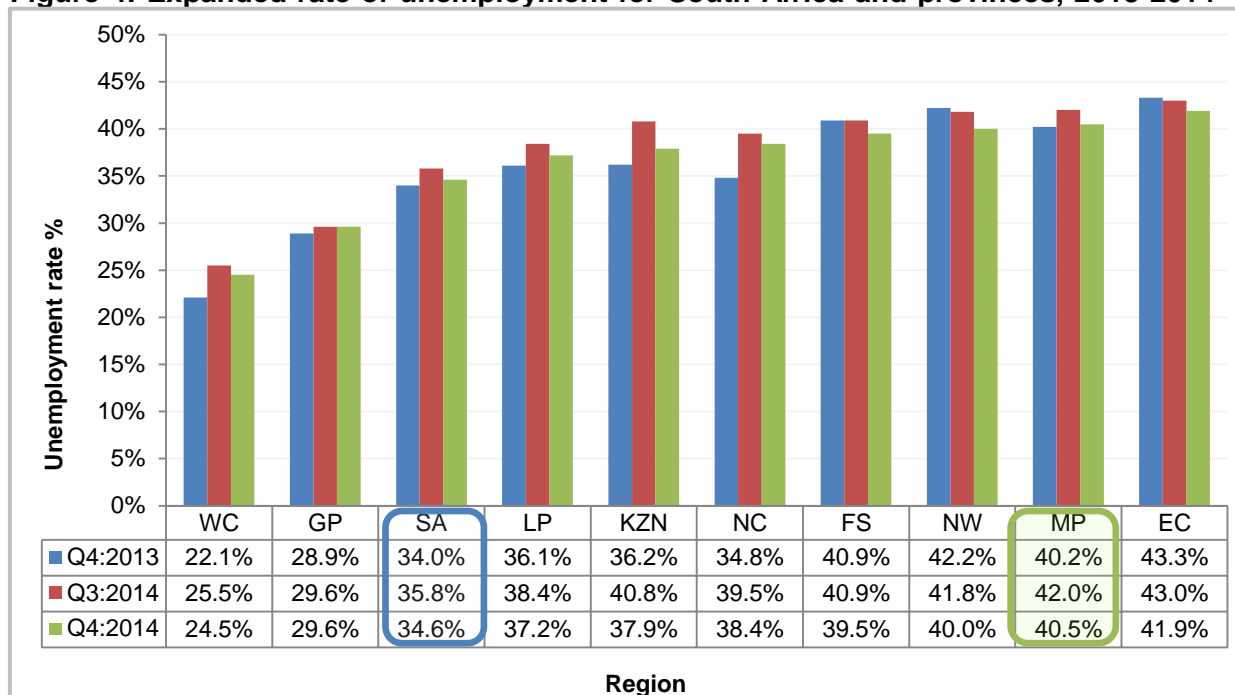
5.2 Expanded definition of unemployment

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 34.6 per cent in the fourth quarter of 2014, decreasing from 35.8 per cent in the third quarter of 2014. Mpumalanga’s unemployment rate decreased to 40.5 per cent in the fourth quarter of 2014. The number of unemployed decreased by 48 000 to 774 000 in the same period. On an annual basis, the provincial unemployment rate increased however by 0.3 percentage points.

Mpumalanga (40.5 per cent) registered the second highest unemployment rate in the fourth quarter of 2014 with the Eastern Cape registering the highest rate at 41.9 per cent. Western Cape (24.5 per cent), recorded the lowest unemployment rate and Gauteng (29.6 per cent) the second lowest rate of the nine provinces.

Figure 4: Expanded rate of unemployment for South Africa and provinces, 2013-2014



Source: Statistics South Africa – QLFS, Q4 of 2014

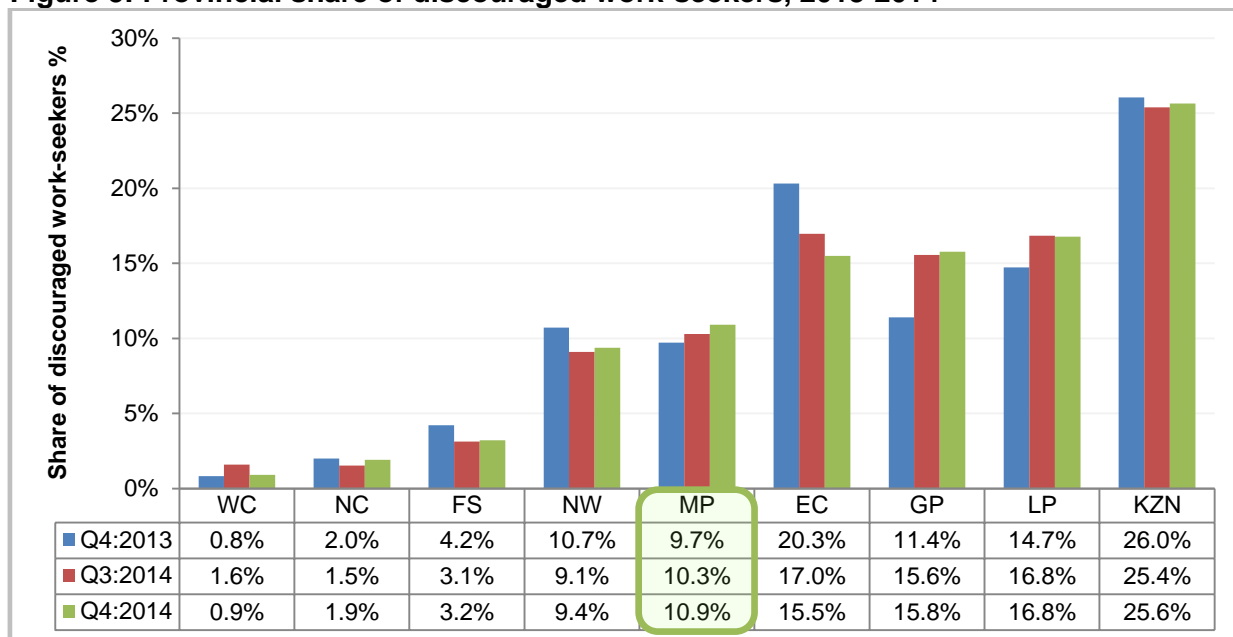
5.3 Discouraged work-seekers

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 with 111 000 workers on a quarter-to-quarter comparison. The number of discouraged work-seekers in Mpumalanga increased by 3 000 to 262 000 in the same period.

Figure 5 indicates that Mpumalanga’s share of total discouraged work-seekers was 10.9 per cent of the national figure in the fourth quarter of 2014. This represents an increase of 0.6 percentage points on a quarterly basis. When compared with other provinces, Mpumalanga registered the fifth largest share of discouraged workers. The highest percentage share of the country’s total discouraged work-seekers, was recorded in KwaZulu-Natal (25.6 per cent) followed by Limpopo (16.8 per cent). The Western Cape (0.9 per cent) and Northern Cape (1.9 per cent), registered the lowest shares of discouraged work-seekers in South Africa.

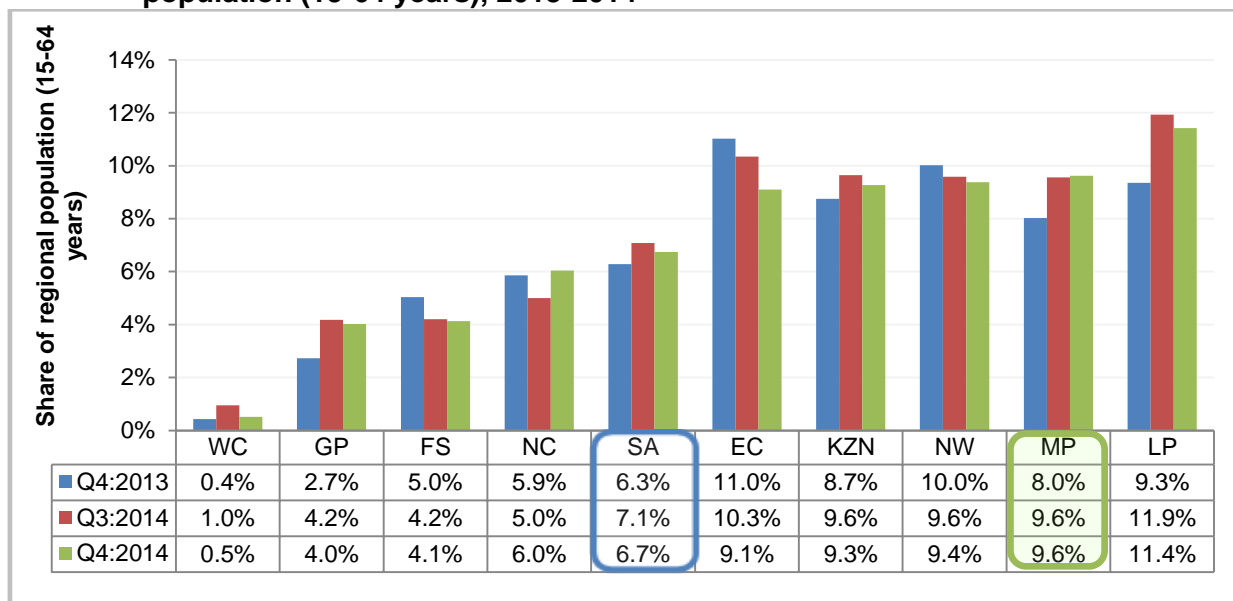
Figure 5: Provincial share of discouraged work-seekers, 2013-2014



Source: Statistics South Africa – QLFS, Q4 of 2014

It is evident from Figure 6 that Mpumalanga’s discouraged work seekers remained the same as a percentage of the provincial working age population (15-64 years) between the two relevant quarters at 9.6 per cent. Mpumalanga’s share was larger than the national average share of 6.7 per cent. Year-on-year, Mpumalanga’s share increased however, from 8.0 per cent to 9.6 per cent. Limpopo recorded the largest share among the provinces while Mpumalanga recorded the second largest share in the fourth quarter of 2014. Western Cape recorded the lowest share of only 0.5 per cent during the period.

Figure 6: Comparison of discouraged work seekers as a ratio of regional working age, population (15-64 years), 2013-2014



Source: Statistics South Africa – QLFS, Q4 of 2014

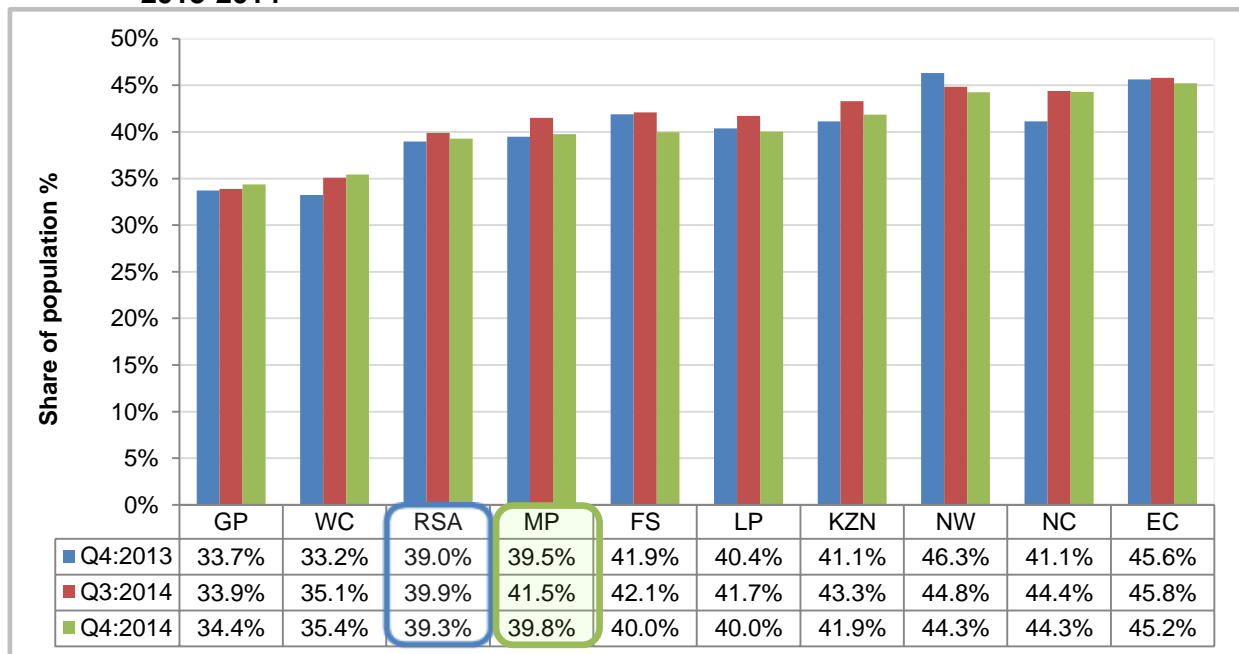
6. PROFILE OF THOSE NOT IN EMPLOYMENT AND NOT IN EDUCATION

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 14.0 million (39.3 per cent) of the 35.6 million South African aged 15 to 64 years were not in employment and not in education in the fourth quarter of 2014. Mpumalanga (39.8 per cent) registered the third lowest rate of those aged 15 to 64 years behind Gauteng (34.4 per cent) and Western Cape (35.4 per cent), while Eastern Cape recorded the highest rate of 45.2 per cent (Figure 6).

On a quarter-to-quarter comparison, Mpumalanga recorded 41.5 per cent in the third quarter decreasing slightly by 1.7 percentage points to 39.8 per cent in the fourth quarter of 2014. Contrary to the quarterly trend, annually the 39.5 per cent recorded in the fourth quarter of 2013, increased by 0.3 percentage points.

Figure 6: Profile of those not in employment & education, South Africa & provinces, 2013-2014



Source: Statistics South Africa – QLFS, Q4 of 2014

7. CONCLUSION

The employment performance is normally used as a yardstick to gauge the performance of the economy on a quarterly and annual basis. Mpumalanga's performance in the labour market from a job creation/employment point of view, continue to indicate a difficult period of the country's economic performance. Mpumalanga's net job creation of 3 000 on quarterly basis is relatively low compared with other provinces and represents an employment growth of only 0.2 per cent.

Provincially, some key industries/sectors in the economy were shedding jobs in the fourth quarter of 2014 such as mining and manufacturing. If these industries/sectors experience a low economic growth rate, it won't only have a negative effect on the economic performance of the province but also on the labour market, hence it will not create meaningful employment. Comparing annually with other provinces, Mpumalanga lost jobs and had the third largest decline as these comparisons reflect the true labour force performance over time.

Mpumalanga has reflected an increase in job creation on a quarterly basis according to the latest QLFS. These job gains are however not in line with the more than 80 000 job creation targeted for Mpumalanga on an annual basis, required in terms of the MEGDP and Provincial Vision 2030. 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.

The high unemployment rate remains one of Mpumalanga's central challenges. The provincial unemployment rate was measured at 26.6 per cent at the end of the fourth quarter of 2014. The challenge is to create decent and sustainable jobs for the 412 000 unemployed people of Mpumalanga. Almost three-quarters of the unemployed are young people below the age of 35 years. Another challenge is the high number of discouraged work-seekers, which increased to a level of 262 000 in the fourth quarter of 2014.

Government and the private sector should work together closely to respond to the growth and job creation challenge of our province. Our plans and interventions in specific industries/sectors must be in line with the Mpumalanga Economic Growth and Development Path (MEGDP).

It will also be crucial to have LED (local economic development) Forums and strategies in place to address the economic and job creation challenges of every local municipal area of our province, to ensure higher economic growth and job creation in these areas. We should also continue to promote small businesses and entrepreneurship to contribute to employment in the province. It is however important to address the challenges faced by SMMEs and Cooperatives in Mpumalanga. We have to respond to this challenge and make sure that our expenditure on

SMME and Cooperative development, is making a positive impact on job creation. We must create an environment where it is easy to establish a new business and where there are opportunities for young entrepreneurs in South Africa and more specifically Mpumalanga..

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