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Department:
Finance
MPUMALANGA PROVINCIAL GOVERNMENT



PROVINCIAL LABOUR BULLETIN

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Working together we can do more



finance

Department:
Finance
MPUMALANGA PROVINCIAL GOVERNMENT



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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 30th October 2014 by Statistics South Africa.

2. KEY FINDINGS

- Nationally, job gains were recorded at 22 000 in the third quarter of 2014, while Mpumalanga's employment increased by only 8 000. On an annual basis, the province lost about 14 000 jobs (the third largest decline among the provinces) while the net job gains were 81 000 nationally.
- Mpumalanga registered employment growth of only 0.7 per cent on quarterly basis in the third quarter of 2014 and on an annual basis, it recorded a negative employment growth of minus 1.2 per cent, which was the third largest decline among the 9 provinces.
- Mpumalanga's provincial employment was 1 135 000 in the third quarter of 2014 - 102 000 higher than pre-recession employment level of 1 033 000.
- The unemployment rate (strict definition) of Mpumalanga improved slightly from 29.5 per cent in the second quarter of 2014 to 29.3 per cent in the third quarter of 2014. It was the fourth highest rate of the nine provinces. On an annual basis, the unemployment rate has increased from 26.5 per cent recorded in the same period in 2013. The national figure decreased slightly from 25.5 per cent to 25.4 per cent on a quarterly basis.
- According to the expanded definition of unemployment (also including discouraged work-seekers), Mpumalanga's unemployment rate was the second highest among the provinces at 42.0 per cent in the third quarter of 2014, decreasing slightly from 42.2 per cent in the second quarter of 2014. On an annual basis, Mpumalanga's unemployment rate increased by 1.8 percentage points from 40.2 per cent recorded in 2013 in the same period. The national figure increased from 35.6 to 35.8 per cent on a quarterly basis.
- The number of discouraged work-seekers in Mpumalanga increased by 32 000 to 259 000 in the third quarter of 2014. On an annual basis, the discouraged work-seekers increased by 23 000 people.

3. LABOUR FORCE PROFILE

South Africa's employment figure increased from 15.094 million in the second quarter of 2014 to 15.117 million in the third quarter of 2014. The national economy gained about 22 000 jobs on a quarterly basis and recorded an unemployment rate (strict definition) of 25.4 per cent in the third quarter of 2014. The unemployment rate according to the expanded definition increased to 35.8 per cent in the same period.

The provincial employment figure was estimated at 1 135 000 at the end of the third quarter of 2014. The unemployment rate (strict definition) of the province decreased slightly to 29.3 per cent in the same period. The provincial unemployment rate according to the expanded definition decreased slightly to 42.0 per cent. The number of unemployed people (strict definition) in the province remained unchanged on a quarterly basis (Table 1).

The labour force participation rate (proportion of the working-age population that is either employed or unemployed) in Mpumalanga remained unchanged on a quarterly basis. Annually it decreased slightly from 58.9 per cent in the third quarter of 2013 to 59.3 per cent in the third quarter of 2014. The absorption rate is the proportion of the working-age population that is employed. Mpumalanga's absorption rate increased slightly by 0.1 percentage point on quarterly basis. On an annual basis, the absorption rate decreased however, from 43.3 to 41.9 per cent.

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

| Indicator | Q3 2013 | Q2 2014 | Q3 2014 | Q2 2014 to Q3 2014 changes | Year-on-year changes |
|-------------------------------------------|---------|---------|---------|----------------------------|----------------------|
| | '000 | '000 | '000 | '000 | '000 |
| Working age population (15-64 years) | 2 656 | 2 696 | 2 710 | 14 | 54 |
| Not economically active | 1 092 | 1 098 | 1 104 | 6 | 12 |
| Labour Force/EAP | 1 564 | 1 598 | 1 606 | 8 | 42 |
| Employment | 1 149 | 1 127 | 1 135 | 8 | -14 |
| Unemployed | 415 | 471 | 471 | 0 | 55 |
| Discouraged work-seekers | 236 | 226 | 259 | 32 | 23 |
| Rates | % | % | % | % | % |
| Unemployment rate (strict) | 26.5 | 29.5 | 29.3 | -0.2 | 2.8 |
| Labour force participation rate (EAP/pop) | 58.9 | 59.3 | 59.3 | 0.0 | 0.4 |
| Absorption rate (employed/pop ratio) | 43.3 | 41.8 | 41.9 | 0.1 | -1.4 |
| Unemployment rate (expanded) | 40.2 | 42.2 | 42.0 | -0.2 | 1.8 |

Source: Statistics South Africa - QLFS, Q3 of 2014

4. EMPLOYMENT

The South African economy gained about 22 000 jobs on a quarterly basis. Job losses were experienced in three provinces. KwaZulu-Natal (-61 000) recorded the largest job losses in the period. Western Cape (-11 000) and Limpopo (-9 000) were the other provinces that recorded job

losses. The highest job gains were recorded in North West with 41 000 jobs as well as the Eastern Cape (22 000) and Gauteng (17 000) within this period (Table 2).

On an annual basis, a total of 81 000 jobs were created in South Africa. Employment increased in five of the nine provinces. Mpumalanga lost 14 000 jobs in the same period. The largest employment gains were recorded in Eastern Cape (84 000) and North West (69 000). The largest job losses were registered in KwaZulu-Natal (-150 000), followed by Mpumalanga and Northern Cape which both registered -14 000 jobs on an annual basis.

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

| Region | Q3 2013 '000 | Q2 2014 '000 | Q3 2014 '000 | Q2 2014 to Q3 2014 changes '000 | Year-on-year changes '000 |
|---------------|-----------------|-----------------|-----------------|---------------------------------------|---------------------------------|
| Western Cape | 2 138 | 2 192 | 2 182 | -11 | 44 |
| Eastern Cape | 1 293 | 1 355 | 1 377 | 22 | 84 |
| Northern Cape | 316 | 297 | 302 | 6 | -14 |
| Free State | 737 | 745 | 755 | 10 | 18 |
| KwaZulu-Natal | 2 569 | 2 480 | 2 419 | -61 | -150 |
| North West | 851 | 879 | 921 | 41 | 69 |
| Gauteng | 4 823 | 4 803 | 4 820 | 17 | -3 |
| Mpumalanga | 1 149 | 1 127 | 1 135 | 8 | -14 |
| Limpopo | 1 159 | 1 214 | 1 206 | -9 | 47 |
| South Africa | 15 036* | 15 094 | 15 117 | 22 | 81 |

Source: Statistics South Africa - QLFS, Q3 of 2014

*Due to rounding 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 third quarter of 2014, Mpumalanga's employment growth increased by only 0.7 per cent. On a year-on-year basis, Mpumalanga's employment declined by 1.2 per cent, which was the third lowest of the nine provinces and contrary to the national increase of 0.5 per cent.

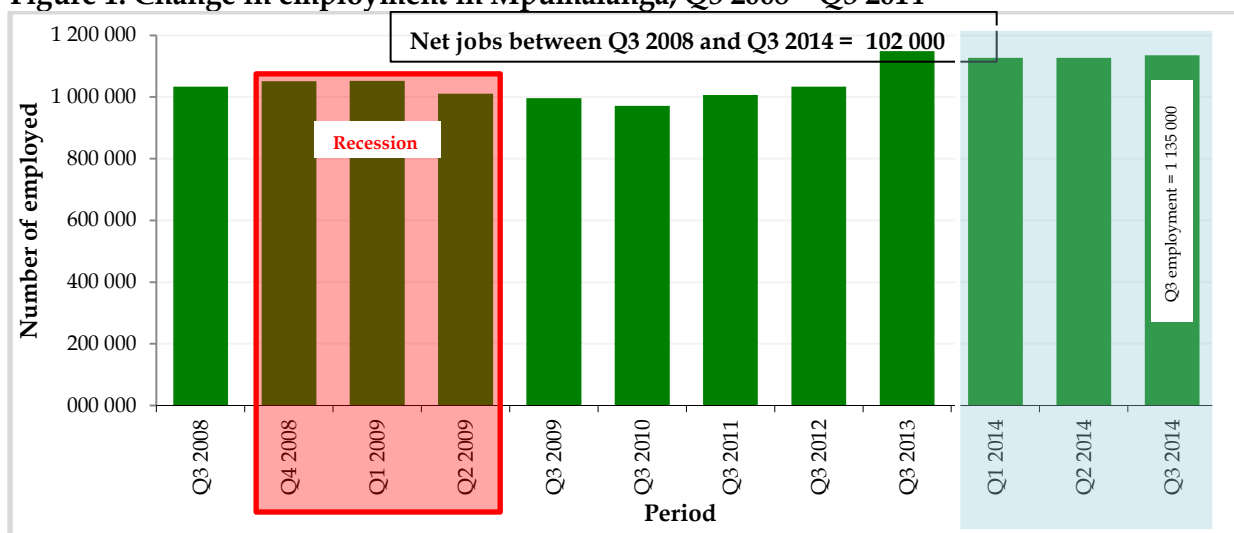
Table 3: Employment growth of South Africa and provinces, 2013 - 2014

| Regions | Q3 2013 '000 | Q2 2014 '000 | Q3 2014 '000 | Q2 2014 to Q3 2014 changes (%) | Year-on-year changes (%) |
|---------------|-----------------|-----------------|-----------------|--------------------------------------|-----------------------------|
| Western Cape | 2 138 | 2 192 | 2 182 | -0.5 | 2.1 |
| Eastern Cape | 1 293 | 1 355 | 1 377 | 1.6 | 6.5 |
| Northern Cape | 316 | 297 | 302 | 1.9 | -4.4 |
| Free State | 737 | 745 | 755 | 1.3 | 2.4 |
| KwaZulu-Natal | 2 569 | 2 480 | 2 419 | -2.5 | -5.8 |
| North West | 851 | 879 | 921 | 4.7 | 8.1 |
| Gauteng | 4 823 | 4 803 | 4 820 | 0.4 | -0.1 |
| Mpumalanga | 1 149 | 1 127 | 1 135 | 0.7 | -1.2 |
| Limpopo | 1 159 | 1 214 | 1 206 | -0.7 | 4.0 |
| South Africa | 15 036* | 15 094 | 15 117 | 0.1 | 0.5 |

Source: Statistics South Africa - QLFS, Q3 of 2014

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

Figure 1: Change in employment in Mpumalanga, Q3 2008 – Q3 2014



Source: Statistics South Africa – QLFS, Q3 of 2014

Mpumalanga's employment number of 1 135 000 in the third 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 third quarter of 2014 was therefore 102 000 higher than the pre-recession level. It is interesting to note that South Africa's employment level at the end of the third quarter of 2014, was 568 000 higher than the pre-recession employment level of 14.549 million.

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

| Industries | Q3 2013 | Q2 2014 | Q3 2014 | Q2 2014 to Q3 2014 changes | Year-on-year changes |
|---------------------------------|--------------|--------------|--------------|----------------------------|----------------------|
| | '000 | '000 | '000 | '000 | '000 |
| Agriculture ¹ | 99 | 81 | 83 | 2 | -16 |
| Mining ² | 87 | 99 | 90 | -9 | 4 |
| Manufacturing ³ | 91 | 108 | 103 | -5 | 12 |
| Utilities ⁴ | 27 | 23 | 17 | -6 | -10 |
| Construction ⁵ | 92 | 88 | 112 | 24 | 20 |
| Trade ⁶ | 253 | 237 | 234 | -3 | -19 |
| Transport ⁷ | 49 | 51 | 58 | 7 | 9 |
| Finance ⁸ | 116 | 105 | 125 | 20 | 8 |
| Community services ⁹ | 231 | 233 | 231 | -2 | - |
| Private households | 102 | 102 | 82 | -20 | -20 |
| Total employed | 1 149 | 1 127 | 1 135 | 8 | -14* |

Source: Statistics South Africa – QLFS, Q3 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

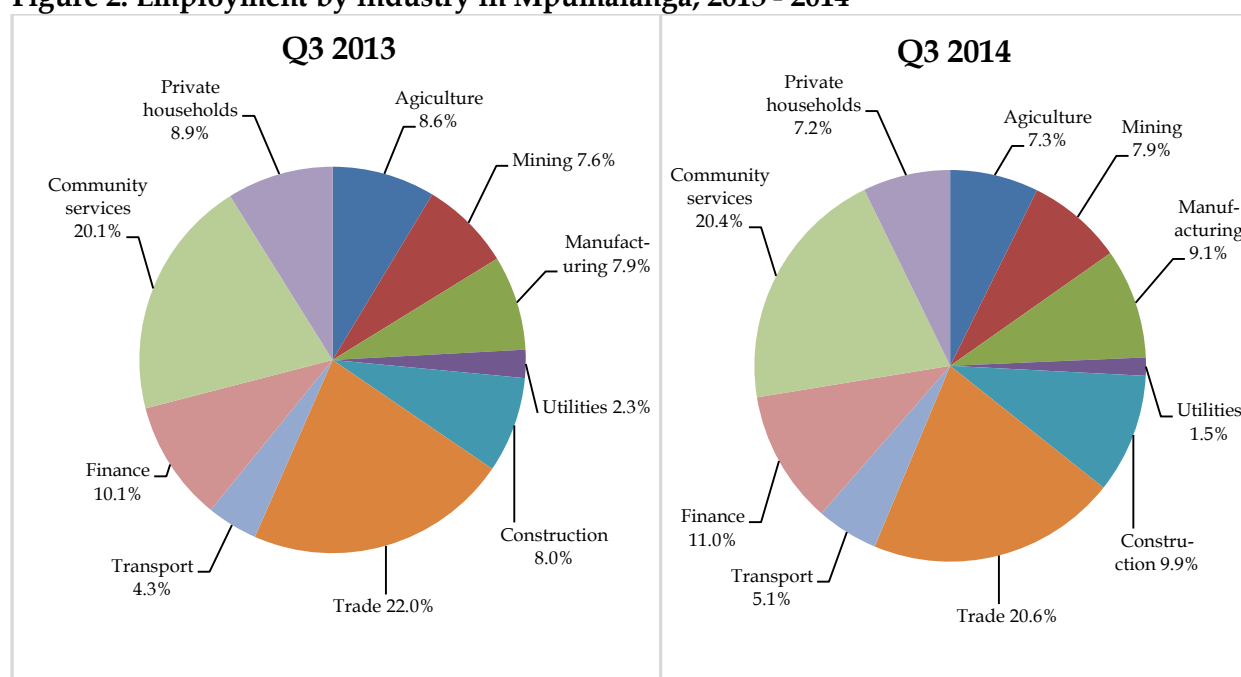
⁸ ISIC detailed description = Finance, insurance, real estate and business services

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, construction (24 000) and finance (20 000) achieved the highest job gains in Mpumalanga. Job losses were however experienced in five employment industries with private households (-20 000) and mining (-9 000) recording the highest job losses in this period. On an annual basis, construction (20 000) recorded the highest job gains followed by manufacturing (12 000). Major declines in employment were experienced in private households (-20 000), trade (-19 000) and agriculture (-16 000).

Figure 2 shows employment by industry in Mpumalanga in the third quarter of 2013 and 2014. Trade and community services recorded the largest shares of employment in the province at 20.6 per cent and 20.4 per cent respectively. Six of the ten employment industries' shares increased on an annual basis, with construction (1.9 per cent) and manufacturing (1.2 per cent) experiencing the largest increases. Private households (-1.7 per cent), trade (-1.4 per cent) and agriculture (-1.3 per cent) recorded the largest decline in employment shares.

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



Source: Statistics South Africa - QLFS, Q3 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 biggest non-market activities in the province are fetching water or collecting wood/dung (388 000) and subsistence farming (71 000). Two of the four non-market activities decreased its involvement on a quarterly basis namely, subsistence farming (-39 000) and construction or major repairs to own or household (-5 000).

Two non-market activities decreased on year-on-year comparisons namely subsistence farming (-67 000) and fetching water or collecting wood/dung (-1 000). There was no change recorded in producing other goods for household use and construction or major repairs to own or household in the same period.

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

| Non-market activities | Q3 2013 | Q2 2014 | Q3 2014 | Q2 2014 to Q3 2014 changes | Year-on-year changes |
|---------------------------------------------------|---------|---------|---------|----------------------------|----------------------|
| | '000 | '000 | '000 | '000 | '000 |
| Subsistence farming | 138 | 110 | 71 | -39 | -67 |
| Fetching water or collecting wood/dung | 389 | 357 | 388 | 31 | -1 |
| Produce other goods for household use | 26 | 25 | 26 | 1 | 0 |
| Construction or major repairs to own or household | 12 | 16 | 11 | -5 | 0 |

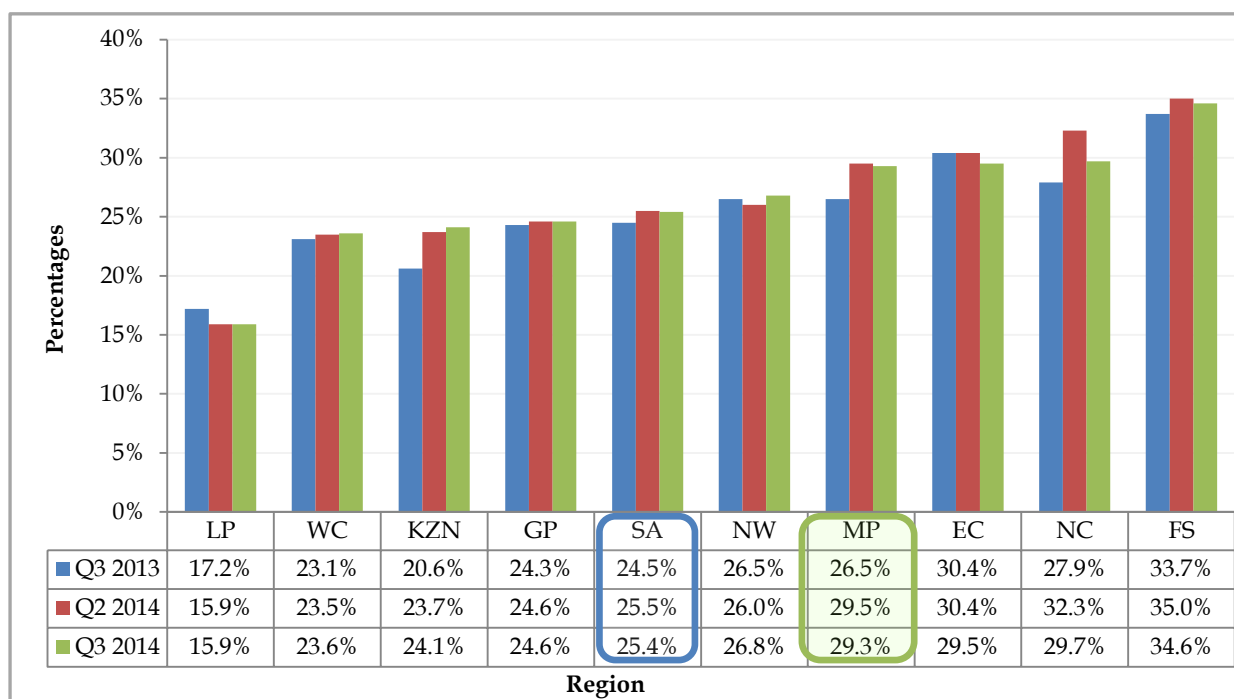
Source: Statistics South Africa - QLFS, Q3 of 2014

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 29.5 per cent in the second quarter of 2014 to 29.3 per cent in the third quarter of 2014. The provincial unemployment rate was higher than the national average of 25.4 per cent. The province recorded the fourth highest unemployment rate among the nine provinces with Free State recording the highest rate of 34.6 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) remained unchanged at 471 000 workers. On an annual basis, the number of the unemployed in the province, increased however by 55 000. The provincial unemployment rate increased by 2.8 percentage points on an annual basis.

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



Source: Statistics South Africa – QLFS, Q3 of 2014

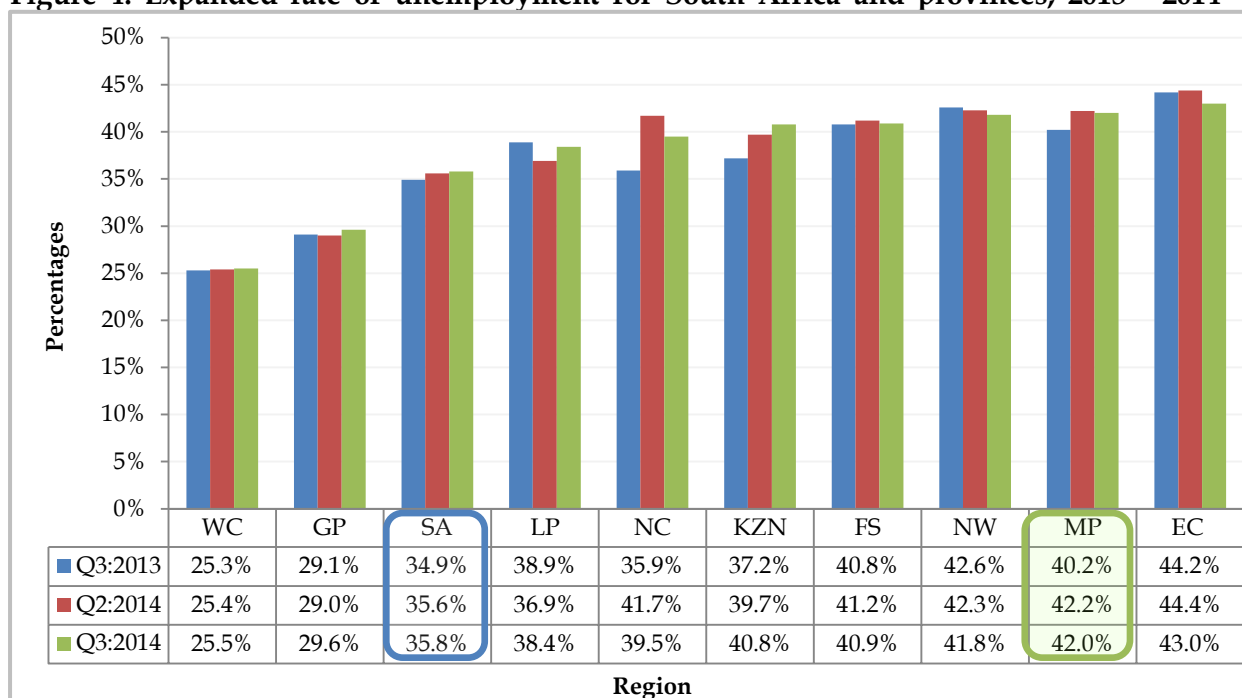
5.2 Expanded definition of unemployment

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 35.8 per cent in the third quarter of 2014, increasing from 35.6 per cent in the second quarter of 2014. Mpumalanga’s rate decreased slightly to 42.0 per cent in the third quarter of 2014. The number of unemployed decreased by 3 000 to 821 000 in the same period. On an annual basis, the provincial unemployment rate increased however, by 1.8 percentage points.

Mpumalanga (42.0 per cent) registered the second highest unemployment rate in the third quarter of 2014 with the Eastern Cape registering the highest rate at 43.0 per cent. Western Cape (25.5 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, Q3 of 2014

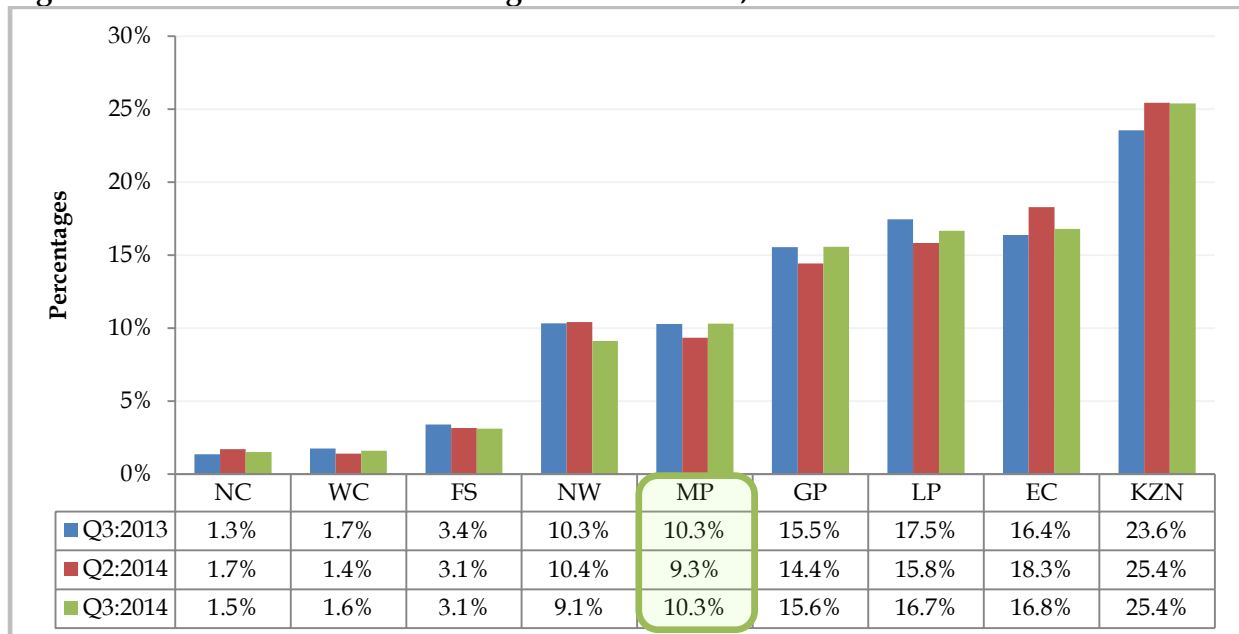
5.3 Discouraged work-seekers

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 increased from 2.4 million in the second quarter of 2014 to more or less 2.5 million in the third quarter of 2014. This represents an increase of 95 000 discouraged workers on a quarter-to-quarter comparison. The number of discouraged work-seekers in Mpumalanga increased by 32 000 to 259 000 in the same period.

Figure 5 indicates that Mpumalanga's share of total discouraged work-seekers was 10.3 per cent of the national figure in the third quarter of 2014. This represents an increase of 1.0 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 (25.4 per cent) followed by Eastern Cape (16.8 per cent). The Northern Cape (1.5 per cent) and Western Cape (1.6 per cent) registered the lowest shares of discouraged work-seekers in South Africa.

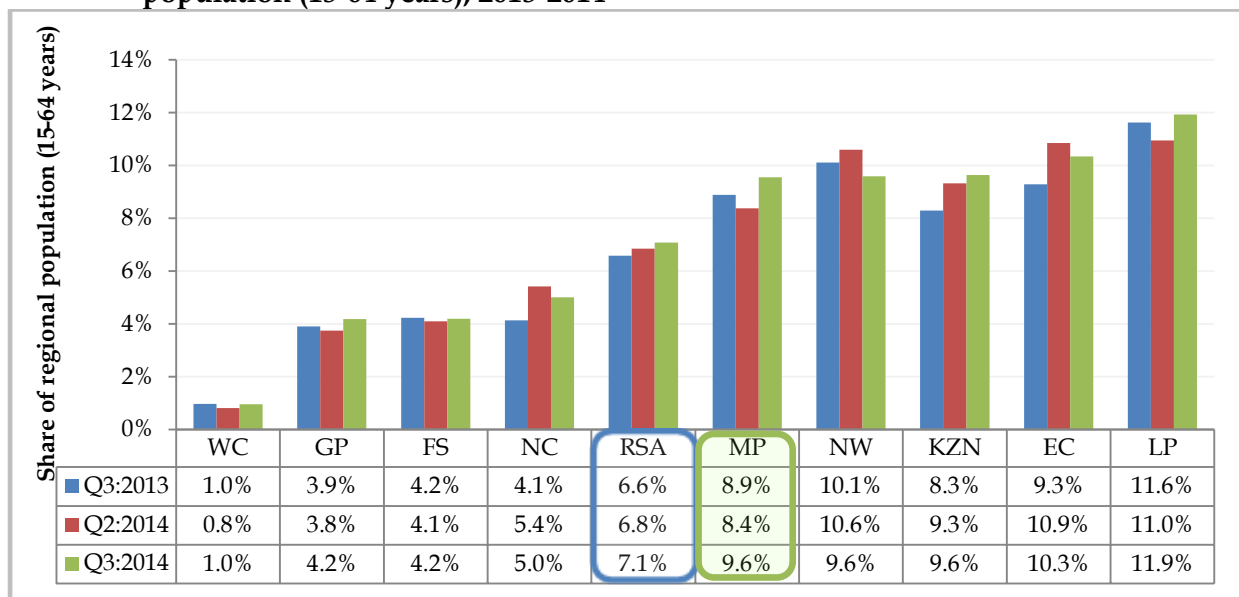
Figure 5: Provincial share of discouraged work-seekers, 2013 - 2014



Source: Statistics South Africa - QLFS, Q3 of 2014

It is evident from Figure 6 that Mpumalanga’s discouraged work seekers increased as a percentage of the provincial working age population (15-64 years) from the end of the second quarter 2014 (8.4 per cent) to the end of the third quarter 2014 (9.6 per cent). Mpumalanga’s share was larger than the national average of 7.1 per cent. Year-on-year, Mpumalanga’s share increased from 8.9 per cent to 9.6 per cent. Limpopo recorded the largest share among the provinces while Mpumalanga recorded the fifth largest share in the third quarter of 2014. Western Cape recorded the lowest share of only 1.0 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, Q3 of 2014

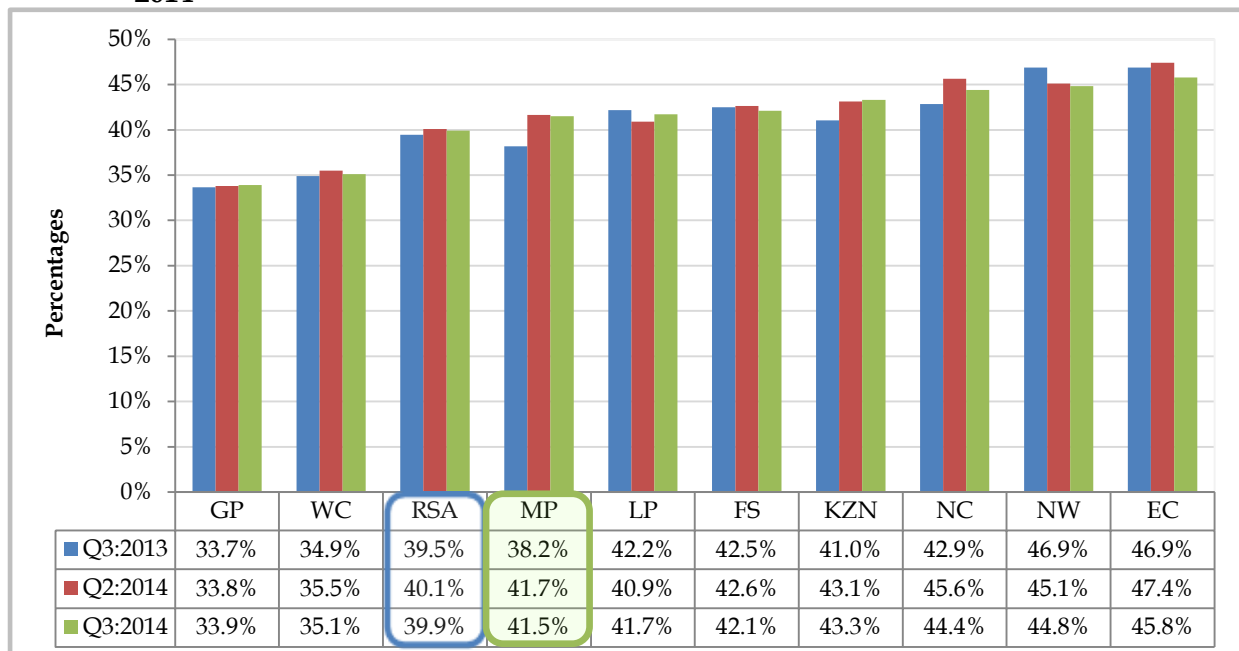
6. PROFILE OF THOSE NOT IN EMPLOYMENT AND NOT IN EDUCATION

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 not participating in neither employment and nor education.

Approximately 14.1 million (39.9 per cent) of the 34.8 million South African aged 15 to 64 years were not in employment and not in education in the third quarter of 2014. Mpumalanga (41.5 per cent) registered the third lowest rate of those aged 15 to 64 years behind Gauteng (33.9 per cent) and Western Cape (35.1 per cent), while the Eastern Cape recorded the highest rate of 45.8 per cent (Figure 6).

On a quarter-to-quarter comparison, Mpumalanga recorded 41.7 per cent in the second quarter of 2014, decreasing slightly by 0.2 percentage points to 41.5 per cent in the third quarter of 2014. Contrary to the quarterly trend, annually the 38.2 per cent recorded in the third quarter of 2013, increased by 3.3 percentage points.

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



Source: Statistics South Africa – QLFS, Q3 of 2014

7. CONCLUSION

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 and labour performance. Provincially, employment grew marginally as result of the performance of the economy in the same period although there might be some lagging factors when it comes to employment. Mpumalanga's net job creation of 8 000 on a quarterly basis is however relatively low compared with other provinces and represents an employment growth of only 0.7 per cent.

Provincially some key sectors in the economy are shedding jobs at the moment, namely mining, manufacturing, utilities, trade, community services and private households. Technically, some of these economic sectors such as mining and manufacturing (two largest industries of Mpumalanga), are in a recession as they had two consecutive quarters of negative growth. If these sectors continue to grow negatively, it will have a negative impact on the economic performance of the province and the labour market, hence it will not create any 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 however reflected an increase in job creation on a quarterly basis according to the latest QLFS. These quarterly job gain contributions are much lower than 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.

The high unemployment rate remains one of Mpumalanga's central challenges. The provincial unemployment rate was measured at 29.3 per cent at the end of the third quarter of 2014. The challenge is to create decent and sustainable jobs for the 471 000 unemployed people of Mpumalanga. More than 70% 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 high level of 259 000 in the third 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 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.

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