



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 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 26 May 2015 by Statistics South Africa. The first 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 140 000 in the first quarter of 2015, while Mpumalanga's employment increased by 16 000. On an annual basis, the province gained about 27 000 jobs while the net job gains were 405 000 nationally.
- Mpumalanga registered an employment growth of only 1.4 per cent on a quarterly basis in the first quarter of 2015 and a 2.4 per cent employment growth on an annual basis.
- Mpumalanga's provincial employment was 1 154 000 in the first quarter of 2015 - 121 000 higher than the pre-recession employment level of 1 033 000 and 160 000 higher than in the first quarter of 2008 - seven years ago.
- The unemployment rate (strict definition) of Mpumalanga increased from 26.6 per cent in the fourth quarter of 2014 to 28.4 per cent in the first quarter of 2015. It was however, the joint fourth highest rate of the nine provinces. On an annual basis, the unemployment rate has decreased slightly from 30.4 per cent recorded in the same period in 2014. The national figure increased from 24.3 per cent to 26.4 per cent on a quarterly basis. Annually, there was a 1.2 percentage point increase.
- According to the expanded definition of unemployment (also including discouraged work-seekers), Mpumalanga's unemployment rate recorded the fifth highest among the provinces at 40.7 per cent in the first quarter of 2015, increasing from 40.5 per cent in the fourth quarter of 2014. On an annual basis, it decreased by 1.2 percentage points from recorded in the same period in 2014. The national figure increased from 34.6 per cent to 36.1 per cent on a quarterly basis. Annually, there was an increase of 1.0 percentage point.
- The number of discouraged work-seekers in Mpumalanga decreased by 30 000 to 233 000 in the first quarter of 2015. On an annual comparison, the discouraged work-seekers increased by 25 000.

3. LABOUR FORCE PROFILE

South Africa's employment figure increased from 15.320 million in the fourth quarter of 2014 to 15.459 million in the first quarter of 2015. The national economy gained about 140 000 jobs on a quarterly basis and recorded an unemployment rate (strict definition) increase to 26.4 per cent in the first quarter of 2015. The unemployment rate according to the expanded definition increased to 36.1 per cent in the same period.

The provincial employment figure was estimated at 1 154 000 at the end of the first quarter of 2015. The unemployment rate (strict definition) of the province increased to 28.4 per cent in the same period. The provincial unemployment rate according to the expanded definition increased slightly to 40.7 per cent. The number of unemployed people (strict definition) in the province increased by 46 000 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 increased by 2.0 percentage points from 56.9 per cent in the fourth quarter of 2014. Annually, it decreased from 60.4 per cent in the first quarter of 2014 to 58.9 per cent in the first quarter of 2015. The absorption rate is the proportion of the working-age population that is employed. Mpumalanga's absorption rate increased by 0.4 percentage points on a quarterly basis. On an annual basis, the absorption rate increased slightly from 42.0 per cent recorded during the same period to 42.2 per cent recorded in the first quarter of 2015.

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

Indicator	Q1 2014	Q4 2014	Q1 2015	Q4 2014 to Q1 2015 changes	Year-on-year changes
	'000	'000	'000	'000	'000
Working age population (15-64 years)	2 683	2 723	2 736	13	54
Not economically active	1 064	1 173	1 124	-49	61
Labour Force/EAP	1 619	1 550	1 612	62	-7
Employment	1 127	1 138	1 154	16	27
Unemployed	492	412	458	46	-35
Discouraged work-seekers	207	262	233	-30	25
Rates	%	%	%	%	%
Unemployment rate (strict)	30.4	26.6	28.4	1.8	-2.0
Labour force participation rate (EAP/pop)	60.4	56.9	58.9	2.0	-1.5
Absorption rate (employed/pop ratio)	42.0	41.8	42.2	0.4	0.2
Unemployment rate (expanded)	41.9	40.5	40.7	0.2	-1.2

Source: Statistics South Africa – QLFS, Q1 of 2015

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

4. EMPLOYMENT

The South African economy gained about 140 000 jobs on a quarterly basis. The highest job gains were recorded in Western Cape with 91 000 jobs, Gauteng (31 000), Free State (30 000) and KwaZulu-Natal (26 000). Mpumalanga registered the smallest gains of 16 000 jobs within

this period (Table 2). Job losses were experienced in three provinces, North West (-36 000), Limpopo (-27 000) and Northern Cape (-13 000).

On an annual basis, a total of 405 000 jobs were created in South Africa. Employment increased in all the provinces, with the exception of the Northern Cape which registered 1 000 job losses. Gauteng (117 000), followed by Free State (79 000), Limpopo (72 000), North West (42 000) as well as Mpumalanga (27 000), registered the largest employment gains.

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

Region	Q1 2014 '000	Q4 2014 '000	Q1 2015 '000	Q4 2014 to Q1 2015 changes '000	Year-on-year changes '000
Western Cape	2 237	2 170	2 261	91	24
Eastern Cape	1 332	1 336	1 358	22	26
Northern Cape	308	320	307	-13	-1
Free State	724	772	802	30	79
KwaZulu-Natal	2 527	2 520	2 546	26	19
North West	870	948	912	-36	42
Gauteng	4 794	4 881	4 911	31	117
Mpumalanga	1 127	1 138	1 154	16	27
Limpopo	1 136	1 235	1 208	-27	72
South Africa	15 055*	15 320	15 459	140	405

Source: Statistics South Africa – QLFS, Q1 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 first quarter of 2015, Mpumalanga's employment growth increased by 1.4 per cent. Mpumalanga's net job creation of 16 000 has contributed 11.4 per cent to the first quarter employment increase to the country. On a year-on-year basis, Mpumalanga jointly with Gauteng registered the fourth highest employment increase of 2.4 per cent, but lower than the national rate of 2.7 per cent. Mpumalanga's net job creation of 27 000 on an annual basis, contributed 6.7 per cent to the annual employment increase in the country.

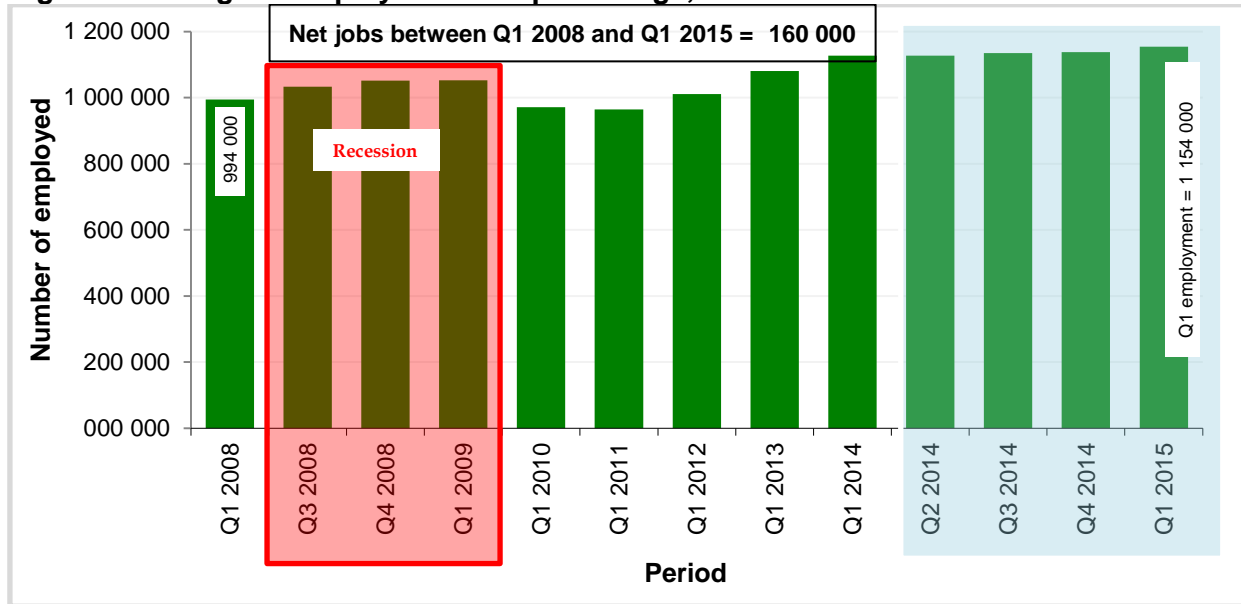
Table 3: Employment growth of South Africa and provinces, 2014-2015

Regions	Q1 2014 '000	Q4 2014 '000	Q1 2015 '000	Q4 2014 to Q1 2015 changes (%)	Year-on-year changes (%)
Western Cape	2 237	2 170	2 261	4.2	1.1
Eastern Cape	1 332	1 336	1 358	1.6	1.9
Northern Cape	308	320	307	-4.0	-0.3
Free State	724	772	802	3.9	10.9
KwaZulu-Natal	2 527	2 520	2 546	1.0	0.7
North West	870	948	912	-3.8	4.9
Gauteng	4 794	4 881	4 911	0.6	2.4
Mpumalanga	1 127	1 138	1 154	1.4	2.4
Limpopo	1 136	1 235	1 208	-2.2	6.3
South Africa	15 055*	15 320	15 459	0.9	2.7

Source: Statistics South Africa – QLFS, Q1 of 2015

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

Figure 1: Change in employment in Mpumalanga, Q1 2008-Q1 2015



Source: Statistics South Africa – QLFS, Q1 of 2015

Mpumalanga's employment number of 1 154 000 in the first 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 first quarter of 2015 was 160 000 higher than the first quarter of 2008 level of 994 000, 7 years ago. Mpumalanga's employment level of 1 154 000 in the first quarter of 2015 was also the highest recorded employment level the province reached up to date. It is interesting to note that SA's employment level in first quarter of 2015, was 910 000 higher than the pre-recession employment level of 14.549 million.

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

Industries	Q1 2014	Q4 2014	Q1 2015	Q4 2014 to Q1 2015 changes	Year-on-year changes
	'000	'000	'000	'000	'000
Agriculture ¹	82	89	78	-12	-5
Mining ²	98	76	56	-21	-42
Manufacturing ³	96	93	100	7	4
Utilities ⁴	31	14	40	25	8
Construction ⁵	80	110	97	-13	17
Trade ⁶	243	254	242	-12	-1
Transport ⁷	52	55	66	11	14
Finance ⁸	122	129	127	-2	5
Community services ⁹	213	220	250	30	37
Private households	109	97	98	1	-11
Total employed	1 127	1 138	1 154	16	27*

Source: Statistics South Africa – QLFS, Q1 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

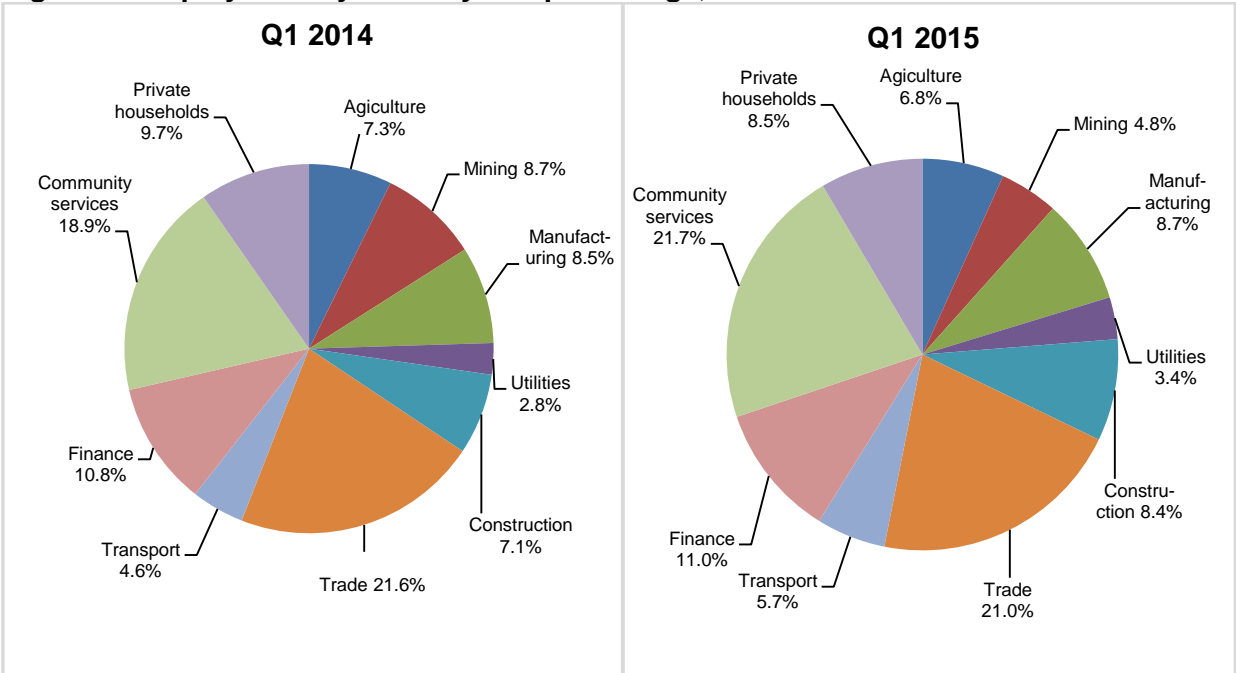
⁸ ISIC detailed description = Finance, insurance, real estate and business services

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, community services (30 000) and utilities (25 000) achieved the highest job gains in Mpumalanga. Job losses were however experienced in five employment industries with mining (-21 000), construction (-13 000) as well as agriculture and trade (both -12 000), recording the highest job losses in this period. On an annual basis, community services (37 000) recorded the highest job gains, followed by construction (17 000) and transport (14 000). Major declines in employment were experienced in mining (-42 000), private households (-11 000) and agriculture (-5 000).

Figure 2 shows employment by industry in Mpumalanga in the first quarter of 2014 and 2015. Community services and trade recorded the largest shares of employment in the province at 21.7 per cent and 21.0 per cent respectively in the first quarter of 2015. Six of the ten employment industries experienced an increase on an annual basis with community services (2.8 per cent) as well as construction (1.3 per cent) and transport (1.1 per cent), experienced the largest increases. Mining (-3.9 per cent), private households (-1.2 per cent), trade (-0.6 per cent) and agriculture (-0.5 per cent) however, experienced a decline in their shares.

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



Source: Statistics South Africa – QLFS, Q1 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. The two largest non-market activities in the province are fetching water or collecting wood/dung (406 000) and subsistence farming (135 000). These two non-market activities experienced an increase in the first quarter of 2015 of 42 000 and 64 000 respectively.

Subsistence farming (-55 000) and construction or major repairs to own or household (-7 000), were the non-market activities that decreased on a year-on-year comparison. Fetching water or collecting wood/dung (39 000) registered the largest increase in the relevant period.

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

Non-market activities	Q1 2014	Q4 2014	Q1 2015	Q4 2014 to Q1 2015 changes	Year-on-year changes
	'000	'000	'000	'000	'000
Subsistence farming	190	71	135	64	-55
Fetching water or collecting wood/dung	367	364	406	42	39
Produce other goods for household use	18	21	21	-1	3
Construction or major repairs to own or household	19	12	12	0	-7

Source: Statistics South Africa – QLFS, Q1 of 2015

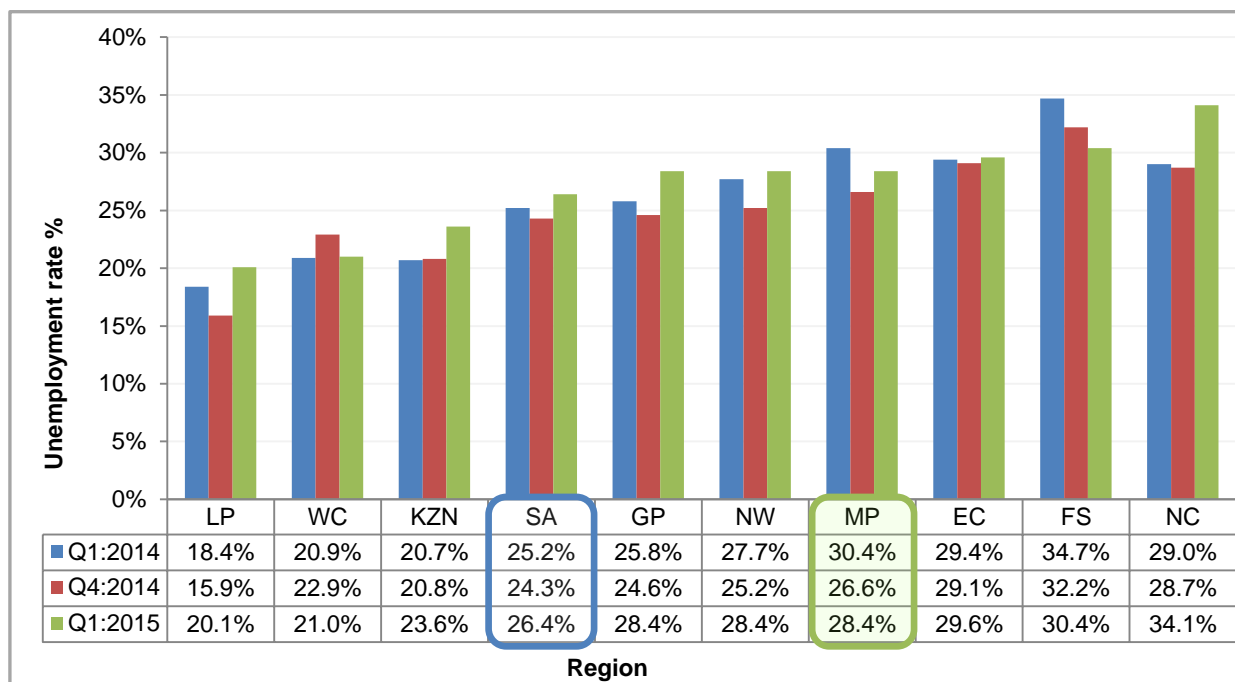
5. UNEMPLOYMENT

5.1 Strict definition of unemployment

According to Statistics South Africa's latest QLFS, the unemployment rate (strict definition) in Mpumalanga increased from 26.6 per cent in the fourth quarter of 2014 to 28.4 per cent in the first quarter of 2015. The provincial unemployment rate was higher than the national average of 26.4 per cent. The province recorded the joint fourth highest unemployment rate with North West among the nine provinces with Northern Cape recording the highest rate of 34.1 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) increased by 46 000 on a quarterly basis to 458 000. On an annual basis, the number of the unemployed in the province, decreased however, by 35 000. The provincial unemployment rate decreased by 2.0 percentage points on an annual basis from 30.4 per cent to 28.4 per cent.

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



Source: Statistics South Africa – QLFS, Q1 of 2015

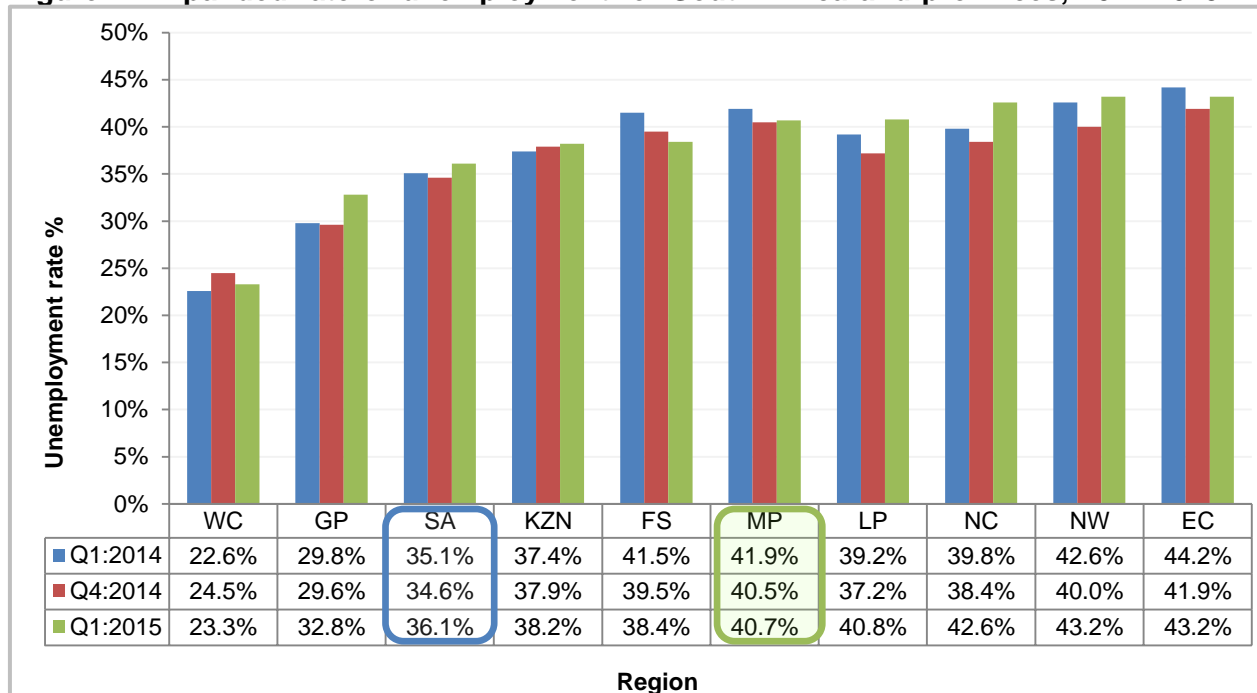
5.2 Expanded definition of unemployment

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 36.1 per cent in the first quarter of 2015, increasing from 34.6 per cent in the fourth quarter of 2014. Mpumalanga’s unemployment rate increased slightly to 40.7 per cent in the first quarter of 2015. The number of unemployed increased by 18 000 to 791 000 in the same period. On an annual basis, the provincial unemployment rate decreased however, by 1.2 percentage points.

Mpumalanga (40.7 per cent) registered the fifth highest unemployment rate in the first quarter of 2015 with the Eastern Cape and North West registering the joint highest rate at 43.2 per cent. Western Cape (23.3 per cent) recorded the lowest unemployment rate among the nine provinces.

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



Source: Statistics South Africa – QLFS, Q1 of 2015

5.3 Discouraged work-seekers

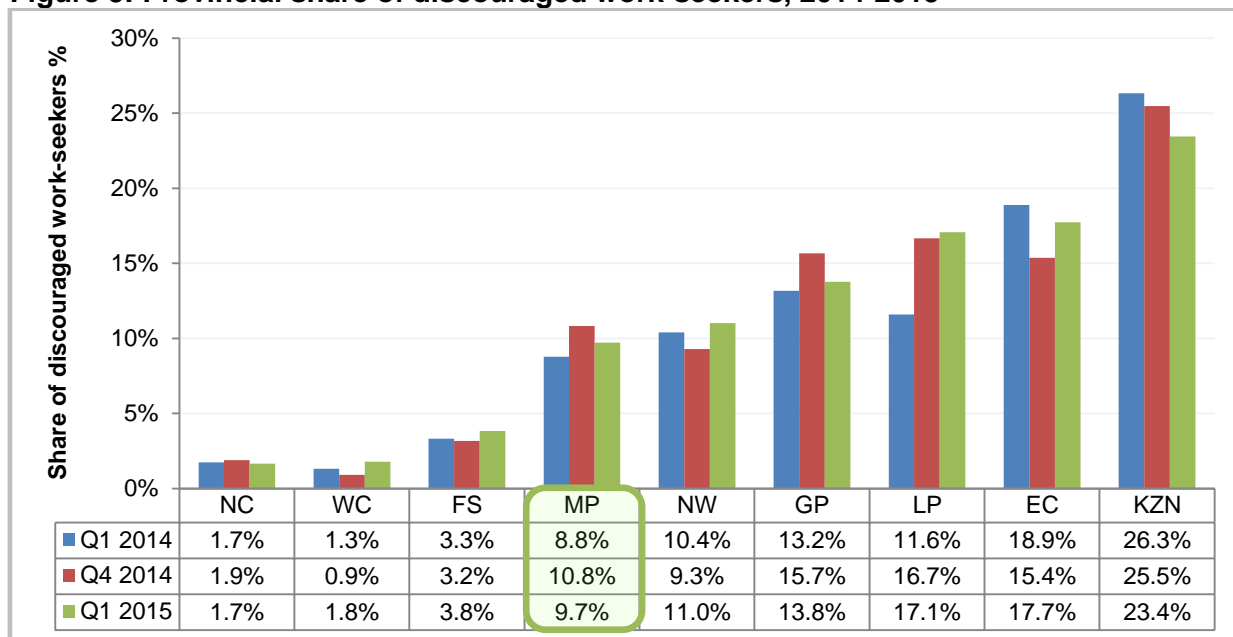
Statistics South Africa defines a discouraged work-seeker as a person who was not employed during the reference period, wanted to work, was available to work/start a business but did not take active steps to find work during the last four weeks, provided that the main reason given for not seeking work 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 6 000 workers on a quarter-to-quarter comparison. The number of discouraged work-seekers in Mpumalanga decreased by 30 000 to 233 000 in the same period.

Figure 5 indicates that Mpumalanga’s share of total discouraged work-seekers was 9.7 per cent of the national figure in the first quarter of 2015. This represents a decrease of 1.1 percentage points on a quarterly basis from the 10.8 per cent in the fourth quarter of 2014. 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 (23.4 per cent) followed by the Eastern Cape (17.7 per cent). The Northern Cape (1.7 per cent) and Western Cape (1.8 per cent), registered the lowest shares of discouraged work-seekers in South Africa.

Mpumalanga on an annual basis recorded an increase from 8.8 per cent recorded in the same period in 2014 to 9.7 per cent in the first quarter of 2015. This represents an increase of 0.9 percentage points.

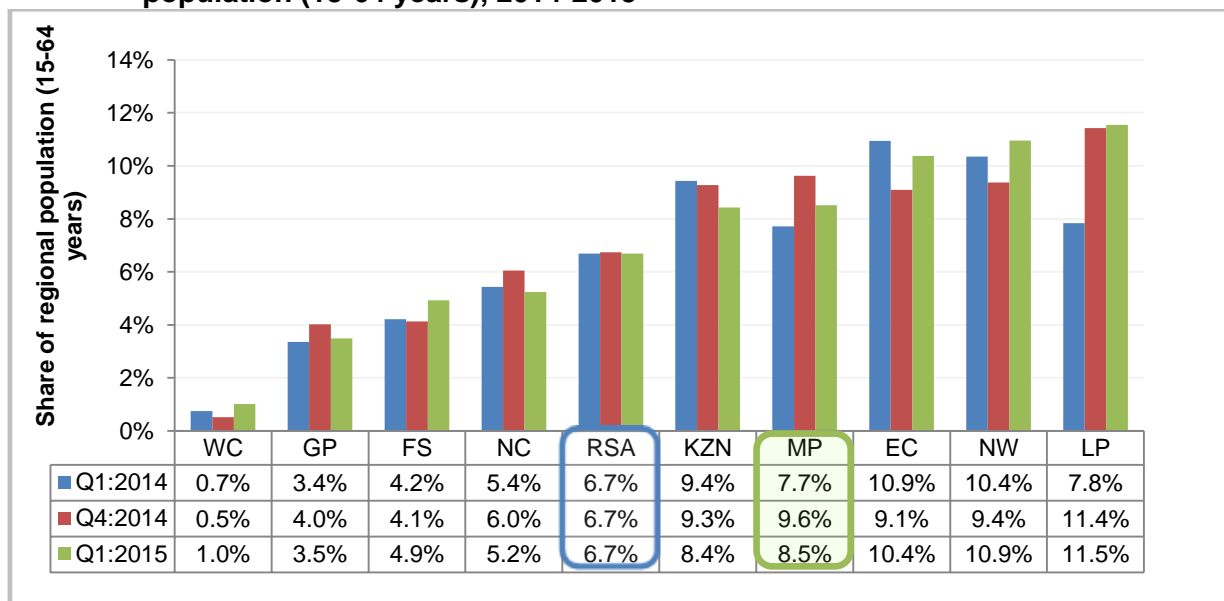
Figure 5: Provincial share of discouraged work-seekers, 2014-2015



Source: Statistics South Africa – QLFS, Q1 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 8.5 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 7.7 per cent to 8.5 per cent. Limpopo (11.5 per cent) recorded the largest share among the provinces while Mpumalanga recorded the fourth largest share in the first quarter of 2015. 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), 2014-2015



Source: Statistics South Africa – QLFS, Q1 of 2015

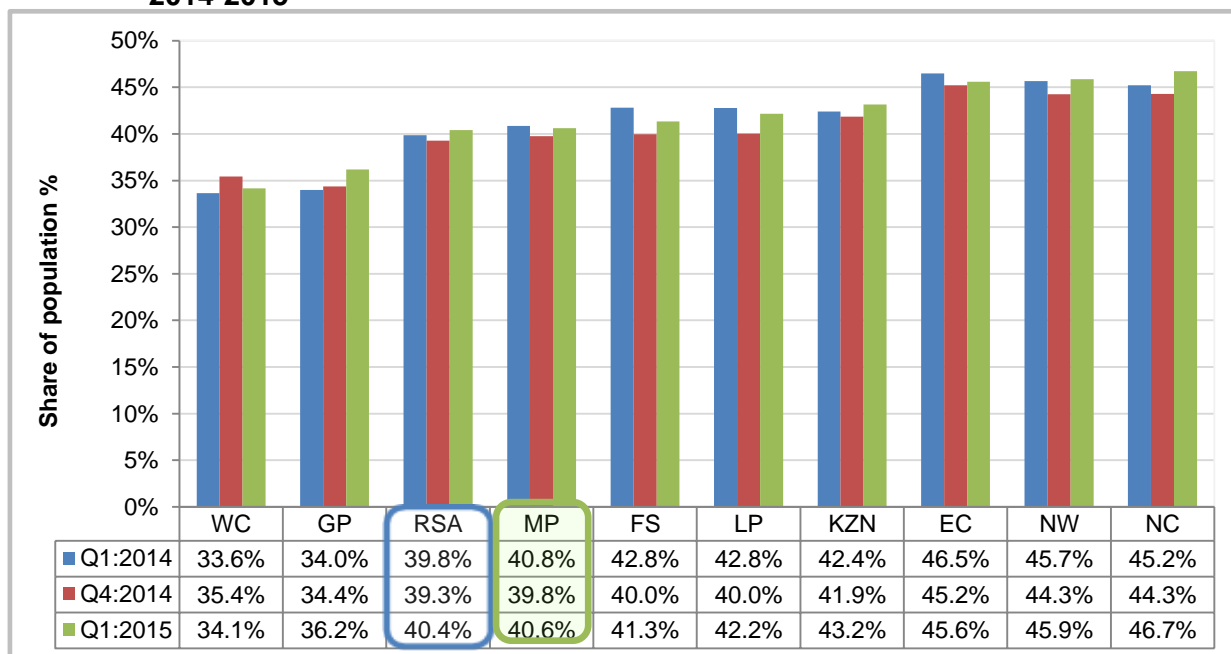
6. PROFILE OF THOSE NOT IN EMPLOYMENT AND NOT IN EDUCATION

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 14.5 million (40.4 per cent) of the 35.6 million South Africans aged 15 to 64 years were not in employment and not in education in the first quarter of 2015. Mpumalanga (40.6 per cent) registered the third lowest rate in this regard behind Western Cape (34.1 per cent) and Gauteng (36.2 per cent), while the Northern Cape recorded the highest rate of 46.7 per cent (Figure 7).

On a quarter-to-quarter comparison, Mpumalanga recorded 39.8 per cent in the fourth quarter of 2014, increasing by 0.8 percentage points to 40.6 per cent in the first quarter of 2015. Annually the profile of those not in employment and education, increased from 40.8 per cent in the first quarter of 2014 to 40.6 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, Q1 of 2015

7. CONCLUDING REMARKS

The employment performance is normally used as a yardstick to gauge the performance of the economy. Mpumalanga has reflected an increase in job creation on a quarterly basis according to the latest QLFS. Mpumalanga's performance in the labour market from a job creation/employment point of view, continue however to indicate a difficult period of the country's economic performance. Mpumalanga reached the highest ever recorded employment levels at 1 154 000 in the first quarter of 2015. Mpumalanga's net job creation of 27 000 compared with the same quarter last year contributed 6.7 per cent to the annual increase in the country. 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.

The high unemployment rate remains one of Mpumalanga's central challenges. The provincial unemployment rate was measured at 28.4 per cent at the end of the first quarter of 2015. The challenge is to create decent and sustainable jobs for the 458 000 unemployed people of Mpumalanga. Another challenge is the high number of discouraged work-seekers, which increased on an annual basis to a level of 233 000 in the first 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 in the first quarter of 2015 and on an annual basis such as mining, agriculture and trade. There is concern about the job losses experienced in sectors like mining (the largest industry/sector of Mpumalanga), which had the highest job losses in the province both quarterly and annually.

These losses come after the province has engaged in the discussions around the distressed mining towns, mining summits/indabas to understand the challenges of the industry as a whole. If these industries 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. These interactions between the private sector and Government would form the basis of the transformation of LED (local economic development) in the municipal areas with sound social labour plans that would improve the economic landscape of the relevant municipal areas.

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