

PROVINCIAL LABOUR MARKET

QUARTERLY DATA SERIES

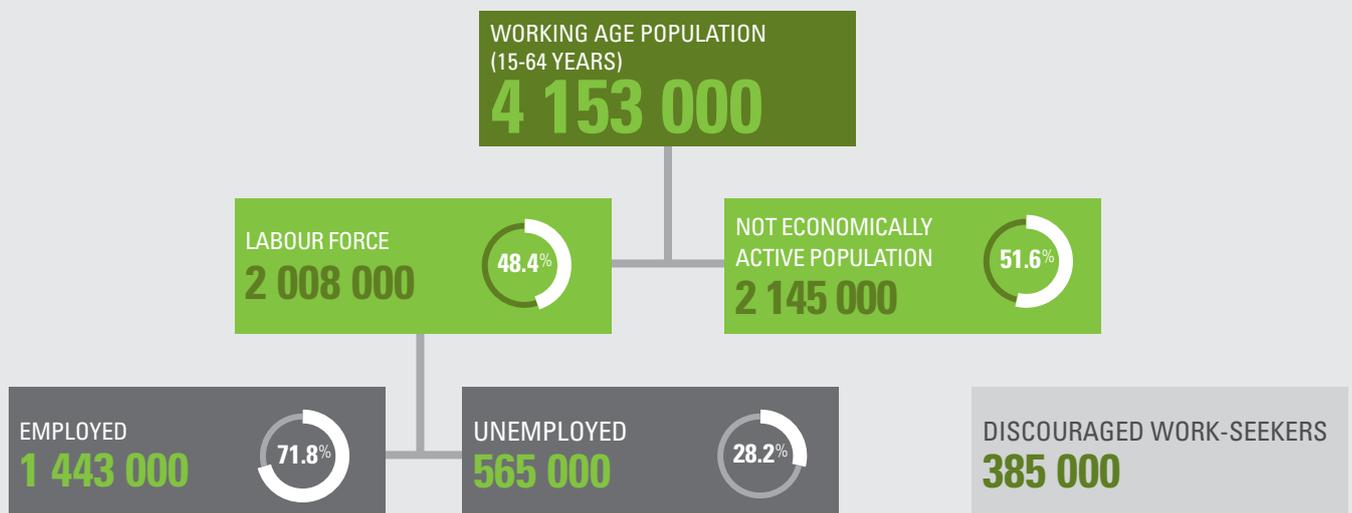
INTRODUCTION

The "Eastern Cape Quarterly Review of Labour Markets" is a statistical release compiled by the Eastern Cape Socio Economic Consultative Council (ECSECC). The aim of the publication is to analyse the latest developments in the Eastern Cape labour market. The analysis includes employment and unemployment dynamics for the two metropolitan municipalities in the province, Nelson Mandela Bay and Buffalo City. The data used in the report is drawn from Statistics South Africa's Quarterly Labour Force Survey (QLFS). This issue covers the third quarter of 2016 (3Q2016).



LABOUR MARKET OVERVIEW 3Q2016

FIGURE 1: Status of the Eastern Cape labour market, 3Q2016



LABOUR MARKET OVERVIEW 3Q2016 *CONTD.*

TABLE 1: Labour market dynamics in the Eastern Cape, 2Q2016-3Q2016

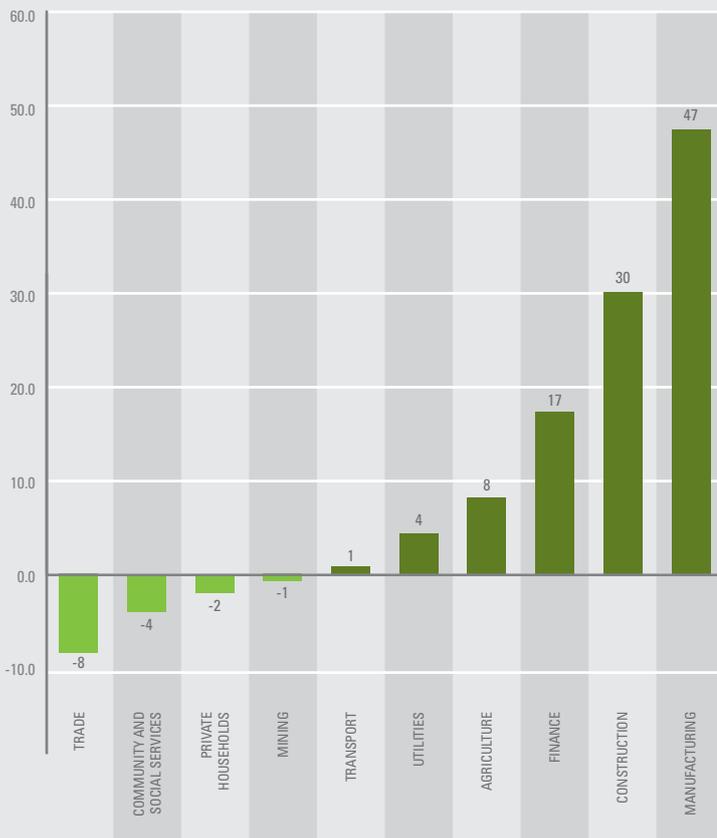
Eastern Cape labour market	Numbers (000)				Percentage (%)	
	2Q2016	3Q2016	QoQ change	YoY change	QoQ change	YoY change
Formal (non-agricultural)	856	896	40	22	4,7	2,5
Informal (non-agricultural)	277	333	56	39	20,3	13,2
Agriculture	99	100	1	12	0,6	13,1
Total employment	1 350	1 443	93	71	6,9	5,2
Unemployment	542	565	24	-	4,4	0,0
Labour force / EAP	1 892	2 008	117	71	6,2	3,7
Discouraged work-seekers	476	385	-90	-41	-19,0	-9,7
Not economically active	2 251	2 145	-106	-32	-4,7	-1,5
Population working age (15-64 yrs)	4 142	4 153	11	38	0,3	0,9
Rates (%)						
Unemployment rate	28,6	28,2	-0,4	-1,0		
Labour absorption rate	32,6	34,7	2,1	1,4		
Labour force participation rate	45,7	48,4	2,7	1,3		

Source: Statistics SA - QLFS, Nov 2016

The Quarterly Labour Force Survey (QLFS) is a household-based sample survey conducted by Statistic South Africa. It collects data on the labour market activities of individuals aged 15 years and above in the country. A brief analysis of the QLFS for the Eastern Cape (3Q2016) is presented below.

FORMAL AND INFORMAL EMPLOYMENT IN THE EASTERN CAPE

FIGURE 2: Employment changes by sector in the Eastern Cape ('000), 3Q2016



Source: Statistics SA - QLFS, Nov 2016

During the third quarter of 2016, there were 4.2 million people in the working age group (15 to 64 years), of which 2.0 million (48.4%) people were in the labour force and 2.1 million (51.6%) people were not economically active. Of the 2.0 million people in the labour force, 1.4 million (71.8%) people were employed and 600 000 (28.2%) people were unemployed (See Figure 1).

Of the total 1.4 million people employed in the Eastern Cape, 896 000 (or 62.1%) were employed in the formal sector, 333 000 (or 23.1%) in the informal sector, 100 000 (or 6.9%) in the agricultural sector, and 113 000 (7.9%) in private households. Almost a third of total employment fall under the “not formal or less regulated sector” that includes vendors in the informal sector, and domestic workers.

In 3Q2016, a total of 93 000 QoQ jobs were gained in the province. The informal sector gained more jobs than the formal sector. The informal sector gained 56 000 jobs QoQ, whereas 40 000 QoQ jobs were gained in the formal sector. The informal sector does not provide security and conventional labour market theory suggests that an increase in informal activities happens as a result of a downturn in the economy. Informal employment can act as a buffer when people are laid off in the formal sector and need to find new job opportunities. However employment in the agriculture sector grew by 0.6% in the same quarter.

FORMAL AND INFORMAL EMPLOYMENT IN THE EASTERN CAPE *CONTD.*

In 3Q2016, employment increased by 93 000 QoQ to 1.4 million. The quarterly increase in total employment was driven by jobs gained in the following sectors: manufacturing (47 000), construction (30 000), finance (17 000), agriculture (8 000), utilities (4 000) and transport (1 000) (see Figure2). In contrast, jobs were lost in the following sectors: trade (-8 000), community and social services (-4 000), private households (-2 000) and mining (-1 000).

In 3Q2016, the labour force in the Eastern Cape increased by 117 000 QoQ individuals to 2.0 million. The labour force participation rate (proportion of the working age population that is either employed or unemployed) increased by 2.7 percentage points QoQ. Moreover, the labour absorption rate (proportion of people of working age that are employed) in the province increased by 2.1 of a percentage point QoQ.

EXPANDED UNEMPLOYMENT DECREASED

EXPANDED DEFINITION



UNEMPLOYMENT RATE DECREASED BY 2.5 PERCENTAGE POINTS

OFFICIAL DEFINITION



UNEMPLOYMENT RATE DECREASED BY 0.4 PERCENTAGE POINTS

TABLE 2: Employment by industry in the Eastern Cape, 2Q2016-3Q2016

SECTOR	2Q2016		3Q2016					
	000s	Share%	000s	Share%	QoQ change	YoY change	QoQ %	YoY %
EASTERN CAPE	1 350	100,0	1 443	100,0	93	77	-1,2	-1,2
Agriculture	99	7,3	100	6,9	1	12	0,6	13,1
Mining	2	0,1	1	0,1	-1	-	-31,2	-8,1
PRIMARY SECTOR	101	7,5	101	7,0	0	0	0,0	12,2
Manufacturing	134	9,9	142	9,8	8	8	6,0	6,3
Utilities	8	0,6	6	0,4	-2	-	-25,0	-0,4
Construction	150	11,1	180	12,5	30	5	20,1	3,0
SECONDARY SECTOR	292	21,6	328	22,7	36	13	12,3	4,1
Trade	265	19,6	312	21,6	47	42	17,9	15,7
Transport	68	5,0	72	5,0	4	15	6,3	25,4
Finance	117	8,7	134	9,3	17	1	14,8	0,9
Community and Social Services	389	28,8	381	26,4	-8	-11	-2,1	-2,8
Private Households	117	8,7	113	7,8	-4	-2	-3,4	-1,6
TERTIARY SECTOR	956	70,8	1 012	70,1	56	45	5,9	4,7

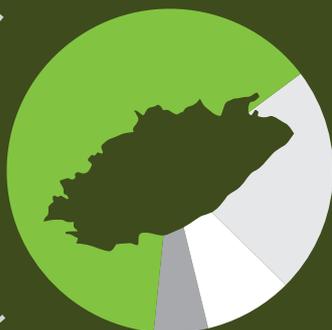
Source: Statistics SA - QLFS, Nov 2016

EMPLOYMENT

EMPLOYMENT BY SECTOR

WHERE ARE PEOPLE WORKING?

SECTORS CONTRIBUTING TO EMPLOYMENT



63.1%

FORMAL SECTOR

21.1%
INFORMAL SECTOR

6.9%
AGRICULTURAL SECTOR

8.9%
PRIVATE HOUSEHOLDS

The primary sector accounts for 7.0% of total employment in the province, the secondary sector 22.7%, and the tertiary sector 70.1%.

The largest employer in the Eastern Cape in 3Q2016 was community and social services accounting for 26.4%, followed by trade which accounts for 21.6%, followed by construction accounting for 12.5% and manufacturing accounting for 9.8%.

EMPLOYMENT *CONTD.*INVOLVEMENT IN
NON-MARKET
ACTIVITIES

Economic activities are those that contribute to the production of goods and services. There are two types of economic activities, namely: market production activities (work done for others and usually associated with pay or profit) and non-market production activities (work done for the benefit of the household, e.g. subsistence farming).

TABLE 3: Involvement in non-market activities in the Eastern Cape, 2Q2016-3Q2016
Source: Statistics SA - QLFS, Nov 2016

Non-market activities	2Q2016	3Q2016	QoQ change	YoY change	QoQ change	YoY change
	000s	000s	000s	000s	(%)	(%)
Subsistence farming	363	402	39	-77	10,6	-16
Fetching water or collecting wood/dung	1 136	1 139	2	-10	0,2	-0,9
Producing other goods for household use	8	6	-2	-16	-26,8	-73,2
Construction or major repairs to own or household	89	133	44	45	49,9	51,3

Table 3 shows the number of people involved in non-market activities in 3Q2016. The number of people involved in subsistence farming in 3Q2016 increased by 39 000 QoQ to 402 000 when compared to 363 000 in the previous quarter. The number has increased by 10.6% QoQ, and also declined by 16.0% YoY in the same quarter. Recent rains have brought relief to many parts of the country, with forecasts indicating that the agriculture sector might be out of the woods this year.

The number of people in the Eastern Cape who fetched water or collected wood/dung increased by 2 000 QoQ to 1.1 million. The number increased by 0.2% QoQ (or by 2 000 people) and declined by 0.9% YoY (or -10 000 people).

LABOUR MARKET ANALYSIS FOR EASTERN
CAPE METROPOLITAN MUNICIPALITIES

EMPLOYMENT IN THE EASTERN CAPE METROS

TABLE 4: Labour force profile for Buffalo City Metro (BCM) and Nelson Mandela Bay Metro (NMBM): 2Q-3Q2016

Eastern Cape labour market	Numbers (000)				QoQ change (000)				QoQ Percentage (%)			
	Buffalo City Metro		Nelson Mandela Bay Metro		Buffalo City Metro		Nelson Mandela Bay Metro		Buffalo City Metro		Nelson Mandela Bay Metro	
	2Q2016	3Q2016	2Q2016	3Q2016	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY
Formal (non-agricultural)	177	173	241	257	-4	-9	17	-1	-2,0	-5	6,9	-0,3
Informal (non-agricultural)	26	42	46	52	15	-3	7	2	58,3	-6,5	14,3	4,1
Agriculture	8	5	6	5	-3	-1	-1	3	-35,4	-18,2	-15,1	134,7
Total employment	230	239	326	341	10	-11	15	0	4,2	-4,4	4,6	0,0
Unemployment	98	93	154	159	-4	4	5	-19	-4,4	4,1	3,2	-10,9
Labour force/ EAP	327	333	480	500	5	-7	20	-19	1,6	-2,2	4,1	-3,7
Discouraged work-seekers	5	21	6	10	15	17	4	10	292	545,4	77,9	-
Not economically active	175	171	311	293	-4	10	-18	27	-2,5	6,5	-5,7	10,1
Population working age (15-64 yrs)	502	503	791	793	1	3	2	7	0,2	0,6	0,3	0,9
	Rates (%)											
Unemployment rate	29,8	28,1	32,0	31,8	-1,7	1,7	-0,2	-2,5				
Labour absorption rate	45,7	47,6	41,2	43,0	1,9	-2,5	1,8	-0,4				
Labour force participation rate	65,2	66,1	60,7	63,0	0,9	-1,9	2,3	-3,1				

Source: Statistics SA - QLFS, Nov 2016

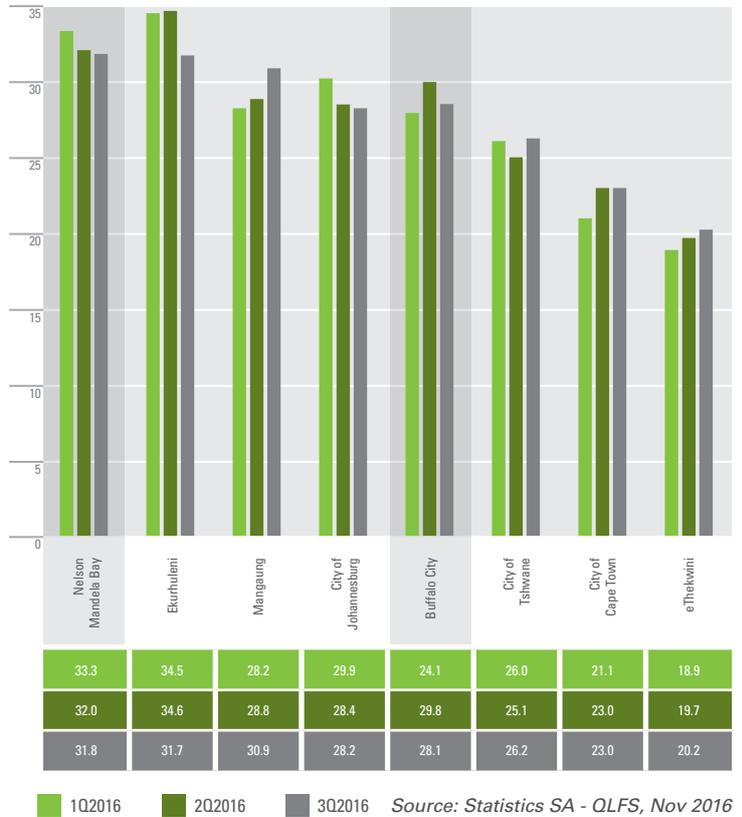
Table 4 gives an overview of selected key labour market indicators for Buffalo City Metro (BCM) and Nelson Mandela Bay Metro (NMBM) for the period 2Q2016 to 3Q2016.

EMPLOYMENT IN THE EASTERN CAPE METROS *CONTD.*

In the 3Q2016, the number of people unemployed in NMBM (159 000) was double the number of those unemployed in the BCM (93 000). As a result, NMBM has a slightly higher unemployment rate (31.8%) than that of BCM (28.1%), the Eastern Cape (28.2%), and of South Africa (27.1%). In 3Q2016, BCM employed 173 000 people in the formal sector and 42 000 people in the informal sector. NMBM employed 257 000 people in the formal sector and 52 000 people in the informal sector. Formal sector employment in NMBM increased by 17 000 QoQ whereas formal sector employment for BCM decreased by 4 000 QoQ in the 3Q2016. Informal sector employment both for BCM and NMBM experienced increasing numbers of people employed by 15 000 QoQ and 7 000 QoQ respectively. BCM has higher labour absorption capacity (47.6%) compared to that of NMBM (43.0%).

Figure 3 presents a short trend analysis of unemployment using the official definition for all South African Metros. It shows NMBM with the highest unemployment rate (31.8%), followed by Ekurhuleni Metro (31.7%) and Mangaung Metro (30.9%). BCM experienced the fifth largest employment rate of 28.1% using the official definition. The lowest rate of unemployment was experienced by eThekweni Metro (20.2%).

FIGURE 3: Unemployment rate (official definition) by metro municipalities in South Africa, 1Q2016-3Q2016



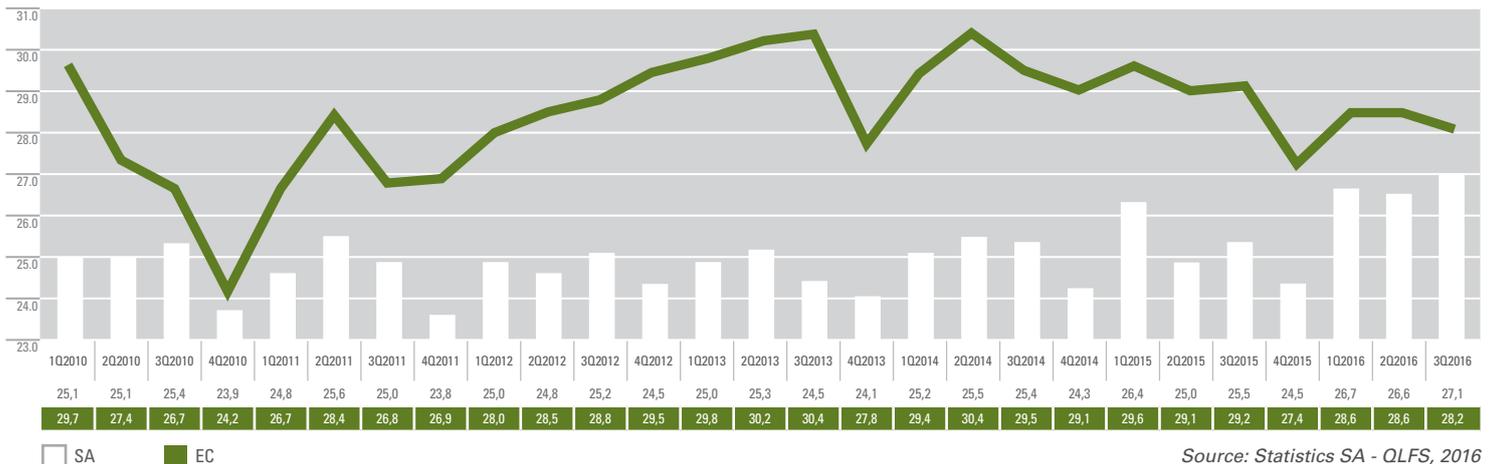
THE UNEMPLOYMENT RATE REMAINS HIGH

UNEMPLOYMENT TRENDS USING THE OFFICIAL DEFINITION

The jobless rate in South Africa went up to 27.1% in the 3Q2016 from 26.6% in the previous period, reaching the highest unemployment rate since 2004. Whereas the Eastern Cape unemployment rate declined by 0.4 of a percentage point, to 28.2% in 3Q2016 from 28.6% in the previous quarter.

Figure 4 below shows the unemployment rate for South Africa and the Eastern Cape for the period 1Q2010 to 3Q2016. The unemployment trend shows that the Eastern Cape has always had higher unemployment than that of the country for the period under review.

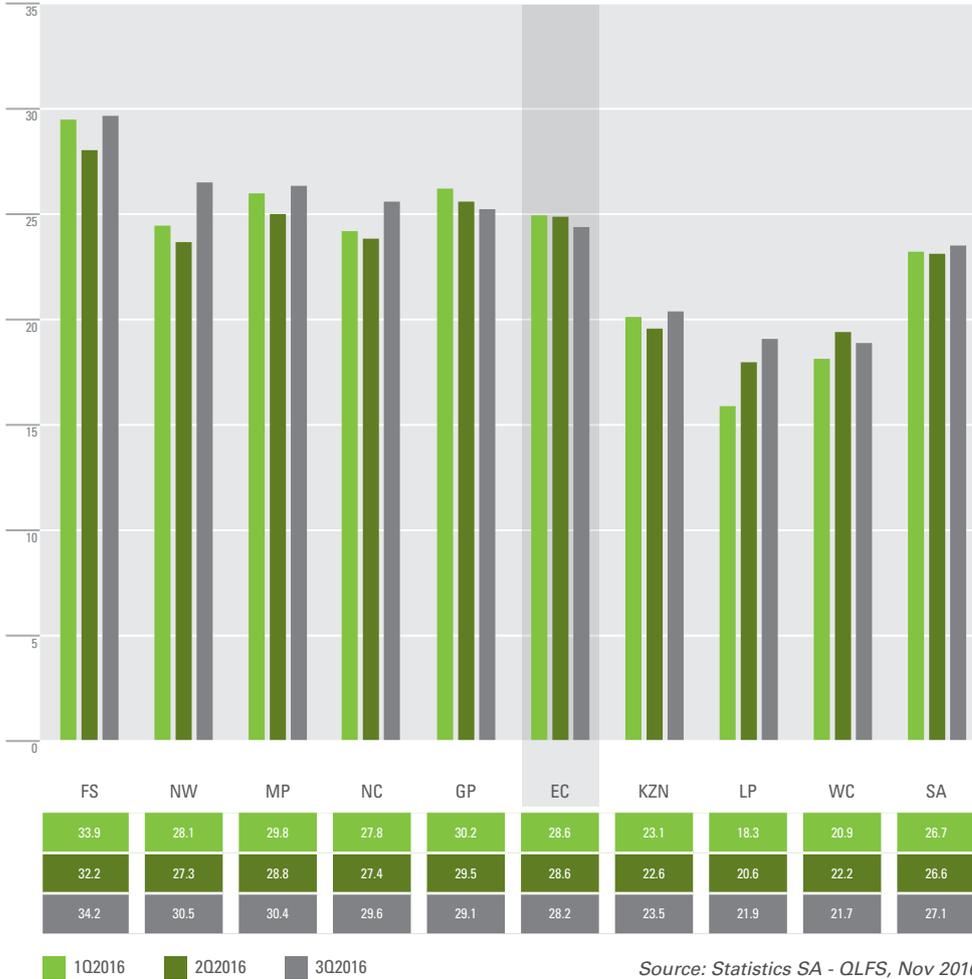
FIGURE 4: Unemployment rate (official definition) trends in SA and EC, 1Q2010-3Q2016



UNEMPLOYMENT TRENDS USING THE OFFICIAL DEFINITION *CONTD.*

The provincial unemployment rate was, however, higher than the national average of 26.6%. Free State and Gauteng reported the highest unemployment rate at 32.2% and 29.5% respectively. The Eastern Cape recorded the fourth highest unemployment rate among the nine provinces and Limpopo recorded the lowest unemployment rate at 20.6%.

FIGURE 5: Unemployment rate (official definition) by province, 1Q2016-3Q2016



Source: Statistics SA - QLFS, Nov 2016



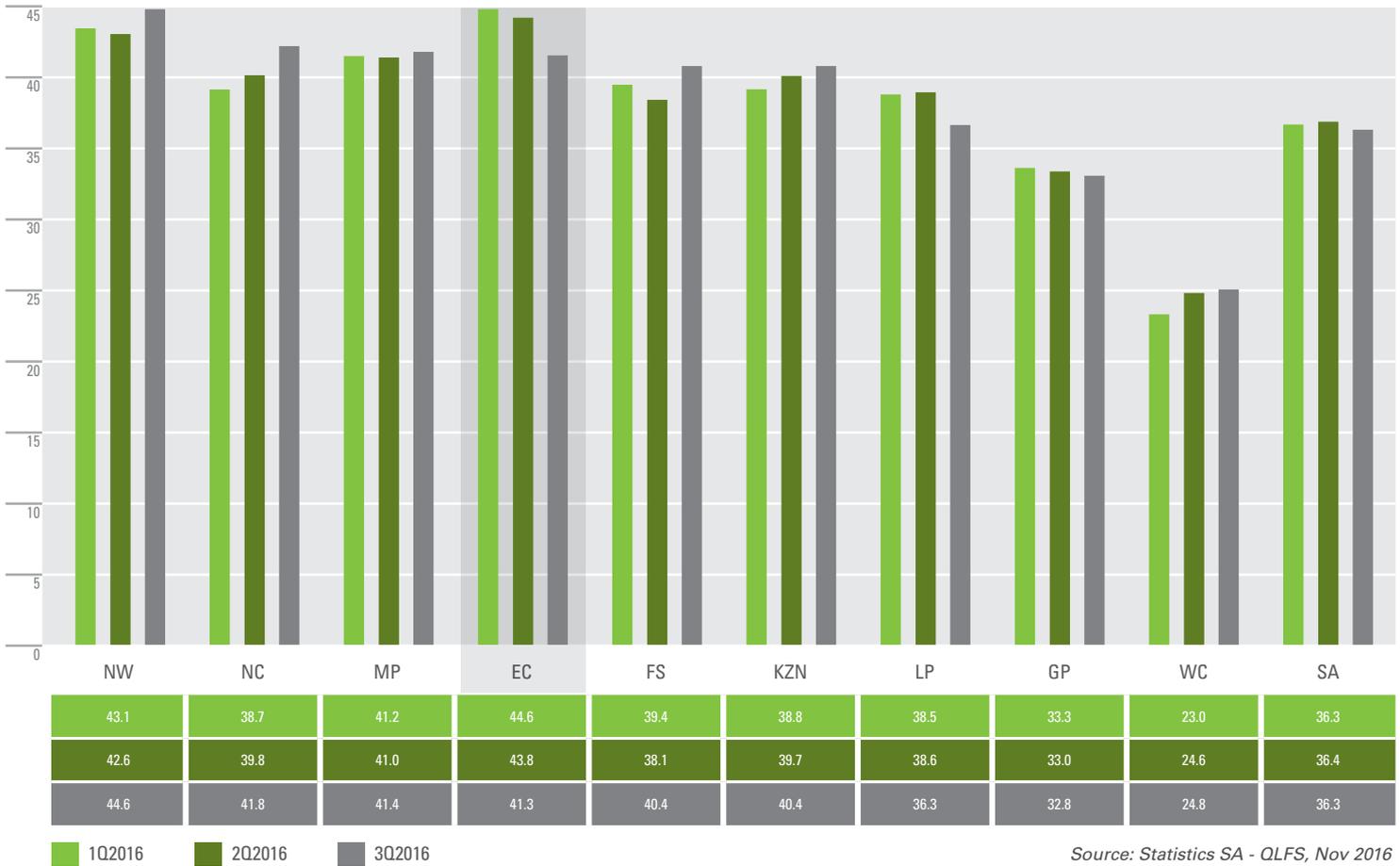
Quarterly increases in the official unemployment rate were observed in six provinces, with the largest increases in North West (3.2 percentage points), Northern Cape (2.2 percentage points) and Free State (2.0 percentage point). During this period, the official unemployment rate recorded decreases were Gauteng (0.4 of a percentage points), Eastern Cape (0.4 of a percentage points) and Western Cape (0.5 of a percentage points).

UNEMPLOYMENT TRENDS USING EXPANDED DEFINITION

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

UNEMPLOYMENT TRENDS USING EXPANDED DEFINITION *CONTD.*

FIGURE 6: Expanded rate of unemployment by province, 1Q2016-3Q2016



Source: Statistics SA - QLFS, Nov 2016

The QLFS analysis (3Q2016) for the Eastern Cape reveals that the North West has the highest unemployment rate of 44.6% (expanded definition, QLFS: 3Q2016). The Eastern Cape slipped from being the province with the highest unemployment rate, according to the expanded definition, to fourth position with 41.3%. The province experiencing the lowest unemployment rate, according to the expanded definition, was Western Cape (24.8%). Western Cape was the only province with an unemployment rate according to the expanded definition that was in the twenties, whereas other provinces experienced unemployment rates above thirties and upwards.

FIGURE 7: Employment by skills level in the Eastern Cape, 3Q2016

EMPLOYMENT BY SKILLS LEVEL



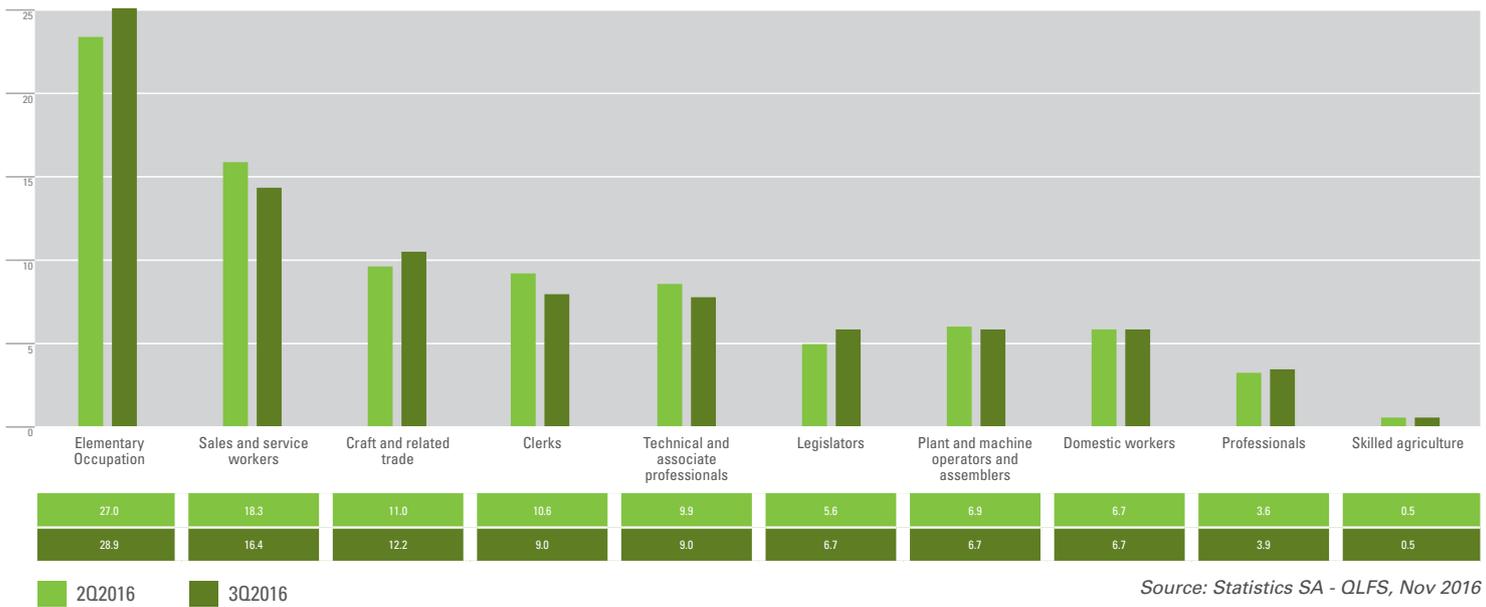
Figure 7 shows the percentage of employment by skills level in the Eastern Cape.

Employment in the Eastern Cape is concentrated in the semi-skilled level accounting for 44.8%, followed by low skilled level, accounting for 34.2% and skilled level only accounting for 21.1% in 3Q2016.

In South Africa, the unemployment rate for 3Q2016 (using the expanded definition) decreased by 0.1 of a percentage point to 36.3% in 3Q2016 from 36.4% in 2Q2016.

Figure 8 below, shows distribution of employment by occupation for the period 2Q2016 to 3Q2016. On a quarterly basis, employment increased in four of the ten occupations in 3Q2016. The largest growth rates were recorded in the following occupations: elementary (1.9 percentage points), craft & related trade (1.2 percentage points) and legislators (1.1 percentage points). Over the same period, employment declined for skilled agriculture (-0.01 of a percentage point), technical & associates professionals (-0.9 of a percentage point), clerks (-1.5 percentage points) and sales & service workers (-1.9 percentage points).

FIGURE 8: Distribution of employment by occupation (%) in the Eastern Cape, 2Q2016 – 3Q2016



CONCLUSION

This report looks closely at the labour market dynamics of the Eastern Cape and the two metropolitan municipalities in the Eastern Cape. According to Stats SA (QLFS, Nov 2016), in 3Q2016, the Eastern Cape recorded an increase in number of jobs, which led to a total of 93 000 jobs gained QoQ. More jobs were gained in the informal sector (39 000 QoQ), whereas the formal sector only gained 22 000 QoQ. The three sectors that gained the most were manufacturing (47 000 QoQ), construction (30 000 QoQ) and finance (17 000 QoQ).

The Eastern Cape experienced an unemployment rate of 28.2% in 3Q2016, marginally down from 28.6% in the previous quarter. Most jobs that were created were from the informal sectors and these jobs are very vulnerable. The Eastern Cape's unemployment rate, according to the expanded definition, slipped from the highest unemployment rate in the country in the previous quarter to 41.3% in 3Q2016, with North West recording the highest unemployment rate of 44.6%. The NMBM (31.8%) experienced the highest unemployment rate among the metros in the country according to the official definition, while BCM recorded the fourth lowest unemployment rate of 28.1% in 3Q2016.