



2014 - 2015

DEPARTMENT OF LABOUR  
**JOB OPPORTUNITIES  
AND UNEMPLOYMENT**  
IN THE SOUTH AFRICAN LABOUR MARKET



# labour

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**REPUBLIC OF SOUTH AFRICA**

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Department of Labour  
Chief Directorate of Communication  
Private Bag X117  
Pretoria  
0001

## **CONTRIBUTORS**

Editor-in-Chief: Setsomi Molapo  
Editor: Abrahams Mutedi  
Author: Samson M. Muthethwa

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## LIST OF ACRONYMS AND ABBREVIATIONS

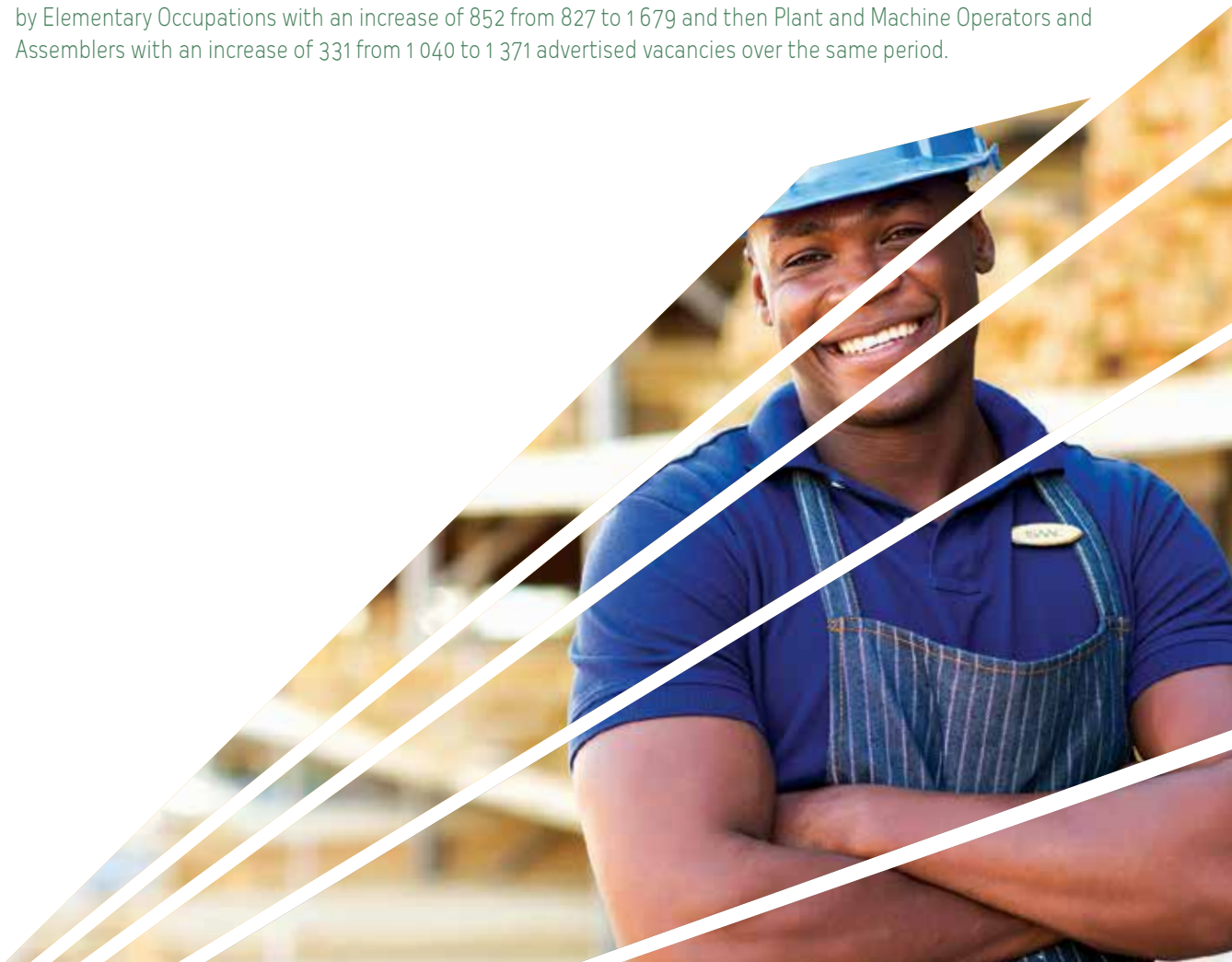
<b>AET</b>	Adult Education and Training
<b>ALMP</b>	Active Labour Market Programmes
<b>CWP</b>	Community Works Programme
<b>DHET</b>	Department of Higher Education and Training
<b>EPWP</b>	Extended Public Works Programme
<b>ESSA</b>	Employment Services System for South Africa
<b>FET</b>	Further Education and Training
<b>FET/TVET</b>	Further Education and Training/Technical and Vocational Education and Training
<b>GDP</b>	Gross Domestic Product
<b>HEI</b>	Higher Education Institution
<b>KRA</b>	Key Results Area
<b>MTSF</b>	Medium Term Strategic Framework
<b>NEET</b>	Not in Employment, Education or Training
<b>NSC</b>	National Senior Certificate
<b>NSFAS</b>	National Student Financial Aid Scheme
<b>OFO</b>	Organising Framework for Occupation
<b>PEA</b>	Private Employment Agencies
<b>PES</b>	Public Employment Services
<b>PSET</b>	Post-School Education and Training
<b>PSETA</b>	Public Service Sector Education and Training Authority
<b>QLFS</b>	Quarterly Labour Force Survey
<b>SETA</b>	Sector Education and Training Authority
<b>SIC</b>	Standard Industrial Classification
<b>Stats SA</b>	Statistics South Africa
<b>TLS</b>	Training Lay-Off Scheme

## EXECUTIVE SUMMARY

The Department of Labour records internal employment and unemployment data through the UIF and other systems. The Department also records job vacancies advertised on careers newspaper – Sunday Times and other regional newspapers in order to measure the demand for skills through the frequency of job vacancy advertisements in the different occupations and economic sectors in the country.

### HIGHLIGHTS IN 2014 – 2015

- Overall, the labour market condition in South Africa is very tight when looking at the high unemployment rate with the high labour force participation rate. This persistent high unemployment rate at an average of 25% implies that, there are more people joining the labour force relative to the job opportunities created in the South African labour market or there is a mismatch skills somewhere
- Looking at the UI data, Gauteng remained the only province with the highest number of UI claims received in the last five years - 2010/11 to 2014/15. The UIF database recorded the highest number of workers who lost their jobs (108 795) in the last 5 years as a result of dismissals. This was from 33 712 in 2010/11 to 142 507 in 2014/15
- By age, those aged between 25 to 34 years reported as the highest age group having applied for ordinary UI claims over the same period. Those with grade 10-11 educational attainment were always the highest applicants with an average of 36% in the last five years
- The Job Opportunities Index database shows that there were only 46 391 job vacancies recorded 2014/15. It decreased by 13 954 from 60 345 advertised vacancies processed in 2010/11
- \* By occupations, job vacancies recorded increases in Technicians and Associate Professionals occupational category by 1 560 from 4 898 to 6 458 advertised vacancies between 2010/11 and 2014/15 financial years, followed by Elementary Occupations with an increase of 852 from 827 to 1 679 and then Plant and Machine Operators and Assemblers with an increase of 331 from 1 040 to 1 371 advertised vacancies over the same period.



# INTRODUCTION

This report presents the trends or results of the job opportunities and unemployment status of the South African Labour Market for the period of five years from the 2010/11 to 2014/15 financial years. On the job opportunities component, the data was collected by capturing the coded data according to the Organising Framework for Occupation (OFO) and Standard Industrial Classification of All Economic Activities, Fifth Edition, 1993 (SIC).

In the job opportunities section, the report covered total number of job vacancies by occupational group, average percentage of employment by type of vacancies, distribution of vacancies per office captured and vacancies by industry. Job opportunities recorded decreased by 23.1% (from 60 345 in 2010/11 to 46 391 in 2014/15).

Furthermore, the trends of the Unemployment Insurance Funds (UIF) data are also presented. This analysis included ordinary claims created by province, age, educational level, and the reasons for termination in commercial employment. Ordinary claims created increased by 4.5% (from 581 427 in the financial year 2010/11 to 608 624 in 2014/15). This section also analyses the data extracted from Public Employment Services (PES) including work-seekers registered on the Employment Services System for South Africa (ESSA), work-seekers placed or referred in registered employment opportunities, employers registered vacancies on ESSA, and individual immigrants work permit's applications.

In the survey data section, the report examined the trends from 2010 to 2014 in the number of employed people, number of unemployed people, employment by occupation, education level of unemployed people, employment level by age and labour migration using the Quarterly Labour Force Surveys (QLFS) data. Employment increased by 8.9% (from 13 788 000 in 2010 to 15 146 000 in 2014), whereas unemployment increased by 9.9% (from 4 564 000 in 2010 to 5 070 000 in 2014). This section was supplemented by the data on education including the number of students enrolled in the post-school education and training sector (PSET), number of students graduated from public Higher Education Institutions (HEIs) and number of students enrolled in public Further Education and Training/Technical and Vocational Education and Training (FET/TVET).

In conducting the analysis of survey data, UIF data and job opportunities index, the Department of Labour attempts to provide an overview performance of the South African labour market, whether the economy is creating enough jobs to address the challenge of unemployment.

The report contributes to the understanding of trends in opportunities that exist in the current labour market. This helps to identify occupations that are in high demand.



## SECTION TWO: TREND ANALYSIS OF JOB VACANCIES

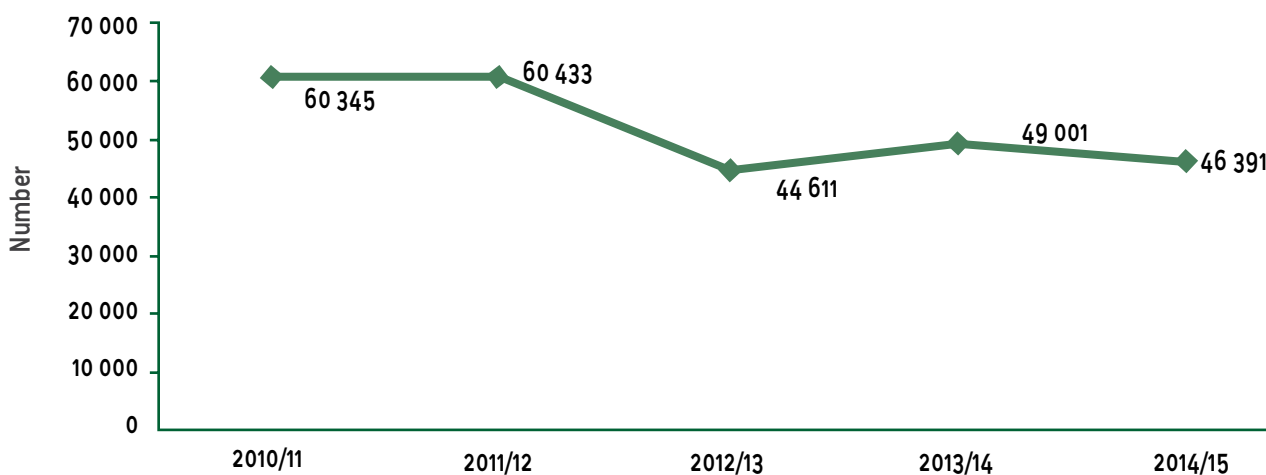
### 2.1 JOB VACANCIES BY ORGANISING FRAMEWORK OF OCCUPATION (OFO)

The size of the South African labour market has changed dramatically over the past five years as a result of substantial components of the labour force and a continuous increase in the number of new entrances. According to the Medium-Term Strategic Framework (MTSF) - Strategic Priorities 2009 – 2014, one of the Government priorities was speeding up economic growth and transforming the economy to create decent work and sustainable livelihoods. Thus, the Department of Labour committed to the achievement of this priority by committing to Key Results Areas (KRA) that are relevant including amongst others contribution to employment creation and monitoring the impact of legislation<sup>1</sup>.

Some of the apparatus of the South African labour market that the Department uses to monitor the labour market are QLFS, UIF and Vacancies data collected from news papers. In addition, this report analyses the data generated by PES and the Department of Higher Education and Training (DHET). These various statistical data sources are the measures of employment and unemployment rate, labour demand and supply, job opportunities, activities contributing to job creation and educational status in South Africa.

Below, the report provides a quarterly data of vacancy analysis. The data is produced at various levels by provinces, occupations, employment type and industry. This information is very helpful in understanding the skills mismatch regarding the labour demand and supply in South Africa.

**Figure 1: Total number of job vacancies in the period, 2010/11 - 2014/15**



Source: Department of Labour, Job Opportunity Index database

**Figure 1** shows that there were only 46 391 job opportunities recorded in 2014/15, a huge change from 60 345 in 2010/11, that is a decrease of the whole 13 954 vacancies advertised. The job opportunities captured dropped by 15 822 from 60 433 in 2011/12 to 44 611 in 2012/13 and from there the number remained almost constant until 2014/15. Different factors could contribute to the decrease of vacancies advertised. These factors could include limited financial resources, business closed, reduction in the volume of production and change of management at the company level.

1 Department of Labour, Strategic Plan 2010 – 2015, p9

**Table 1: Distribution of vacancies per office captured 2010/11 - 2014/15**

	2010/11	2011/12	2012/13	2013/14	2014/15	Grand Total
Eastern Cape	6 643	6 210	3 726	2 637	2 437	21 653
Free State	799	978	1 074	1 193	1 049	5 093
Gauteng	3 779	5 029	4 131	5 515	3 722	22 176
Head Office	31 852	37 306	25 508	26 938	25 507	147 111
KwaZulu-Natal	679	707	402	533	468	2 789
Limpopo	3 098	1 638	788	4 791	4 920	15 235
Mpumalanga	3 330	3 241	2 466	1 393	1 159	11 589
North West	1 839	2 707	2 002	2 005	3 715	12 268
Northern Cape	2 396	905	980	1 145	1 234	6 660
Western Cape	5 930	1 712	3 534	2 851	2 180	16 207
<b>Grand Total</b>	<b>60 345</b>	<b>60 433</b>	<b>44 611</b>	<b>49 001</b>	<b>46 391</b>	<b>260 781</b>

Source: Department of Labour, Job Opportunity Index database

**Table 1** shows the number of job opportunities recorded decreased in seven offices: Head Office being the highest decrease (6 345), followed by Eastern Cape (4 206), then Western Cape (3 750) between 2010/11 and 2014/15 financial years. The number of job opportunities recorded increased in only three offices: North West being the highest increase (1 876), followed by Limpopo (1 822), then Free State (250) over the same period. The overall decrease of the job opportunities recorded was 13 954 from 60 345 in 2010/11 to 46 391 in 2014/15.

This trend does validate the trends observed in the labour absorption rate overtime. It is indicative that the level of investment in the country is not stimulated enough to create new opportunities. Thus, the economy has recorded relatively the same labour absorption rate in the last five years.

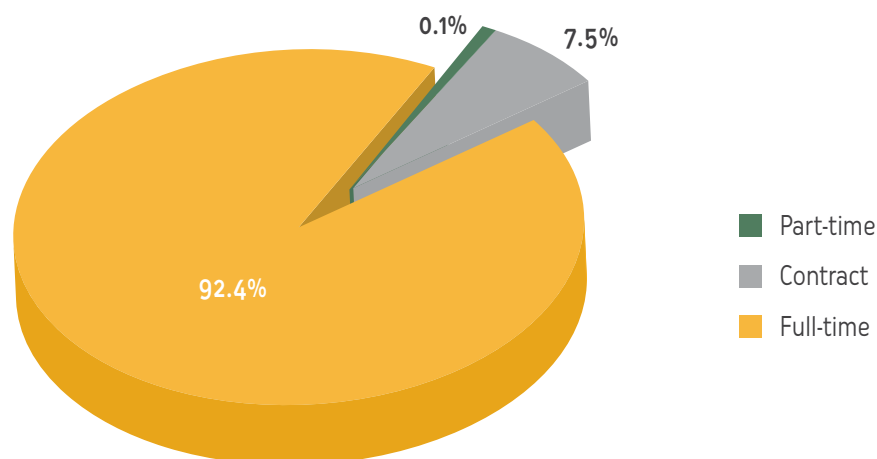
**Table 2: Number of vacancies by occupational group 2010/2011 – 2014/15**

	2010/11	% change	2011/12	% change	2012/13	% change	2013/14	% change	2014/15	Grand Total	%
Managers	15 214	1.3%	15 415	-12.8%	13 449	0.6%	13 527	-12.7%	11 803	69 408	26.6%
Professionals	19 007	15.7%	21 986	-33.0%	14 726	-0.8%	14 613	-0.1%	14 597	84 929	32.6%
Technicians and Associate Professionals	4 898	18.8%	5 819	-23.9%	4 428	48.8%	6 587	-2.0%	6 458	28 190	10.8%
Clerical Support Workers	8 559	6.8%	9 138	-29.7%	6 424	-18.8%	5 219	-3.3%	5 045	34 385	13.2%
Service and Sales Workers	3 384	-53.1%	1 586	15.6%	1 833	53.6%	2 815	-13.5%	2 436	12 054	4.6%
Community and personal service workers	7 416	-44.0%	4 155	-47.9%	2 164	-100%	0	0%	0	13 735	5.3%
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	0	0%	0	0%	0	0%	3 454	-13.1%	3 002	6 456	2.5%
Plant and Machine Operators and Assemblers	1 040	6.1%	1 103	-33.6%	732	26.1%	923	48.5%	1 371	5 169	2.0%
Elementary Occupations	827	48.9%	1 231	-30.5%	855	117.9%	1 863	-9.9%	1 679	6 455	2.5%
<b>Grand Total</b>	<b>60 345</b>		<b>60 433</b>		<b>44 611</b>		<b>49 001</b>		<b>46 391</b>	<b>260 781</b>	<b>100%</b>

Source: Department of Labour, Job Opportunity Index database

**Table 2** reveals that job opportunities recorded increases in Technicians and Associate Professionals by 1 560 from 4 898 to 6 458 between 2010/11 and 2014/15 financial years, followed by Elementary Occupations with an increase of 852 from 827 to 1 679 and then Plant and Machine Operators and Assemblers with an increase of 331 from 1 040 to 1 371 during the same period. The decrease was observed in Professionals by 4 410 from 19 007 to 14 597, followed by Clerical Support Workers with a decrease of 3 514 from 8 559 to 5 045, and then Managers with a decrease of 3 411 from 15 214 to 11 803 and Service and Sales Workers with a decrease of 948 from 3 384 to 2 436 during the same period. Although there were some decreases in Professionals and Managers, overall Professional occupations have recorded the highest (32.6%), followed by Managerial occupations (26.6%) for the period of years under review<sup>2</sup>.

**Figure 2: Average percentage of employment by type of vacancies in the period 2010/11 - 2014/15**



Source: Department of Labour, Job Opportunity Index database

**Figure 2** shows that job opportunities recorded that full-time positions averaged 92.4%, and contract employment positions averaged 7.5%. Lastly, part-time job opportunities averaged only 0.1% from 2010/11 to 2014/15. This might indicate that most of the vacancies that were advertised overtime were useful for the formal employment where skills and experience are the main requirements to fill the vacancies.

## 2.2 Job vacancies by industry

**Table 3: Number of job vacancies by industry, 2010/11 - 2014/15**

	2010/11	2011/12	2012/13	2013/14	2014/15	Grand Total	%
Unspecified	135	125	0	0	0	260	2.2%
Agriculture	234	450	320	940	861	2 805	1.1%
Community	37 915	41 694	28 269	33 452	33 184	174 514	66.9%
Construction	844	1 186	785	1 119	544	4 478	1.7%
Utilities	994	720	1 128	572	505	3 919	1.5%
Finance	10 732	8 262	6 812	5 586	4 094	35 486	13.6%
Manufacturing	2 338	2 207	2 032	1 682	1 291	9 550	3.7%
Mining	2 025	2 093	1 803	2 098	2 455	10 474	4.0%
Private households	0	0	132	181	207	520	0.2%
Transport	1 066	1 523	1 595	1 564	1 431	7 179	2.8%
Trade	4 062	2 173	1 735	1 807	1 819	11 596	4.4%
<b>Grand Total</b>	<b>60 345</b>	<b>60 433</b>	<b>44 611</b>	<b>49 001</b>	<b>46 391</b>	<b>260 781</b>	<b>100%</b>

Source: Department of Labour, Job Opportunity Index database

<sup>2</sup> Due to some updates on the Organising Framework of Occupations that affected Community and personal service workers and skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers. Hence, it became impossible to conduct trend analysis of these two occupations over a period of 5 years.

*\*Note: In some cases, job advertisements did not have economic sectors information*

**Table 3** indicates that the three main industries that produced high number of job opportunities from 2010/11 to 2014/15 include Community (66.9%), finance (13.6%), and Wholesale and retail trade (4.4%). It is interesting to see the mining industry moving towards a positive direction as there is a need to promote a stable labour environment<sup>3</sup>. And it is also arguable that this might be as a result of the implementation of a number of programmes under the Framework Agreement for a Sustainable Mining Industry. During 2014/15, the industries that produced less number of job opportunities included Private households (0.4%), Utilities (1.1%), and Construction (1.2%).

When looking at the overall number of vacancies that were captured by the Department through the newspapers, there is an indication that the number has dropped since 2012/13 and has not went back to the highest level that it was in 2011/12 at 60 433 vacancies. The creation of limited skilled jobs that cannot match the large number of job seekers can also be attributed to the South African labour market that is still struggling to recover from the recession that also struck the global world, particularly the youth. Employment creation, and especially employment opportunities for the youth, shall be considered as the most urgent political economy issue all over the world nowadays<sup>4</sup>.

When comparing the performance of the provinces, the province that captured the highest number of vacancies from 2010/11 to 2014/15 was Gauteng<sup>5</sup>. Occupationally, Professionals have been the highest, followed by Managers for all the years during the same period.

In section three, the report briefly examines the trends in the South African labour market. This analysis is made possible by observing the trends in the labour market using statistical information sourced from the Public Employment Services, Unemployment Insurance Fund, Quarterly Labour Force Survey and Skills enrolment data.

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3 State of Nation Address (SONA) June 2014

4 Minister of Labour: Ms Mildred N Oliphant, Ministerial Summit Public employment services, Saldanha bay, Western Cape, March 2014

5 Gauteng province data also include Head Office

## SECTION THREE: OVERVIEW OF THE LABOUR FORCE TRENDS IN SOUTH AFRICA

Although the labour market is constantly changing over time, the most noticeable story is its dramatic increase of unemployment post 2008/2009 recession. Between 2010 and 2014, the South African unemployment rate slightly rose by 0.2%, from 24.9% to 25.1%. This persistent high unemployment rate at an average of 25% implies that, there are more people joining the labour force relative to the job opportunities created in the South African labour market. Such a trend had a negative impact on the living standards of all people living in the country.

If the economy is not performing well, it probably means that only few people will be absorbed into employment. The GDP has decelerated by 1.5% from 3.0% in 2010 to 1.5% in 2014. The decline in GDP from 2010 to 2014 is not good news to the economy of the country<sup>6</sup>.

Changes in various South African demographics, including the province, sex, age, education and ethnic group of the population have considerably affected the size of the labour force. Unemployment is concentrated amongst black Africans who are less educated, youth, women and those without prior work experience. According to Statistics South Africa (Statssa), youth unemployment has increased by 197 000 from 3 180 000 in 2010 to 3 377 000 in 2014. The youth who are not in employment, education or training (NEET) rate of black Africans is more than twice that of a young white person. Experience and higher education levels play an important role in improving the chances of finding a job. A larger proportion of women compared to men were unemployed for a year or longer, while the black African population had the highest incidence of long-term unemployment among all population groups<sup>7</sup>.

### 3.1 LABOUR MARKET INFORMATION BASED ON ADMINISTRATIVE DATA

#### 3.1.1 Public Employment Services data

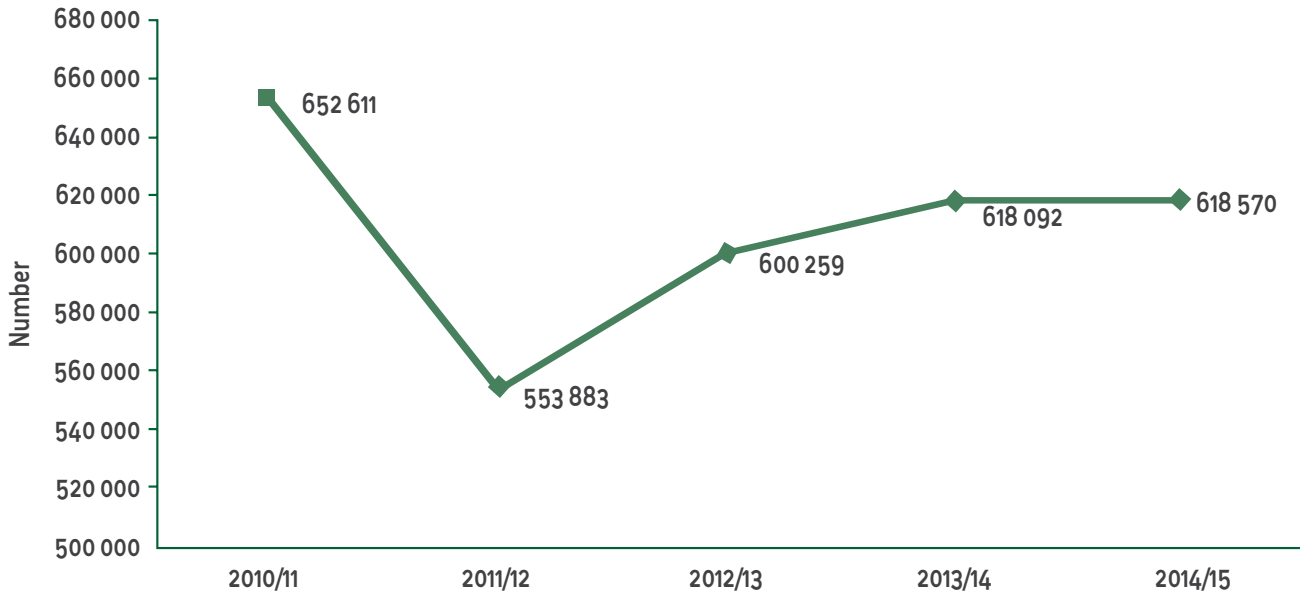
The main functions of Employment Services are to register work-seekers, obtain vacancies and identify other opportunities so as to facilitate the entry and re-entry of work-seekers into the labour market. Employment Services therefore is supported by two main pillars: The 'Employer Services' and 'Work-Seeker Services'. The key services include:

Registration of work-seekers, placement of work-seekers, employment counselling, special labour market (employment) programmes, regulation of PEAs; and temporary employment services, regulate the number of foreign nationals corporate and individual work visas, transfer funding to Supported Employment Enterprises (formerly known as Sheltered Employment Factories) to provide special employment to People with Disabilities, transfer funding to Productivity South Africa to promote productivity and competitiveness, transfer funding to Compensation Fund for occupational injuries and diseases incurred by public servants. However this report will only focus on just few services.

6 Statssa, Gross Domestic Product, First Quarter 2015, p8

7 Statssa, Labour Market Dynamics in South Africa 2014, Press Statement, April 2015

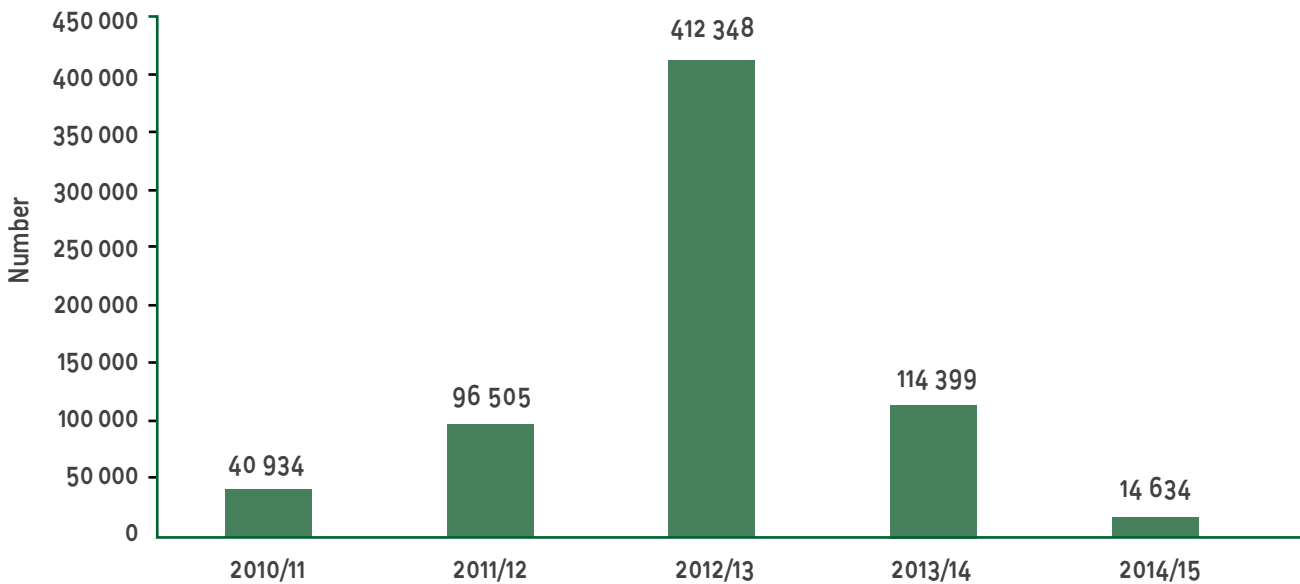
**Figure 3: Work-seekers registered on Employment Services System for South Africa (ESSA), 2010/11 - 2014/15**



Source: Department of Labour, Annual Reports

**Figure 3** shows that the number of work seekers registered decreased drastically by 98 728 from 652 611 in 2010/11 to 553 883 in 2011/12. Fortunately, the Department conducted jobs fair campaigns in different provinces between 2012 and 2013 hence it is not surprising that the worker registration level rose again from 2011/12 to 2014/15.

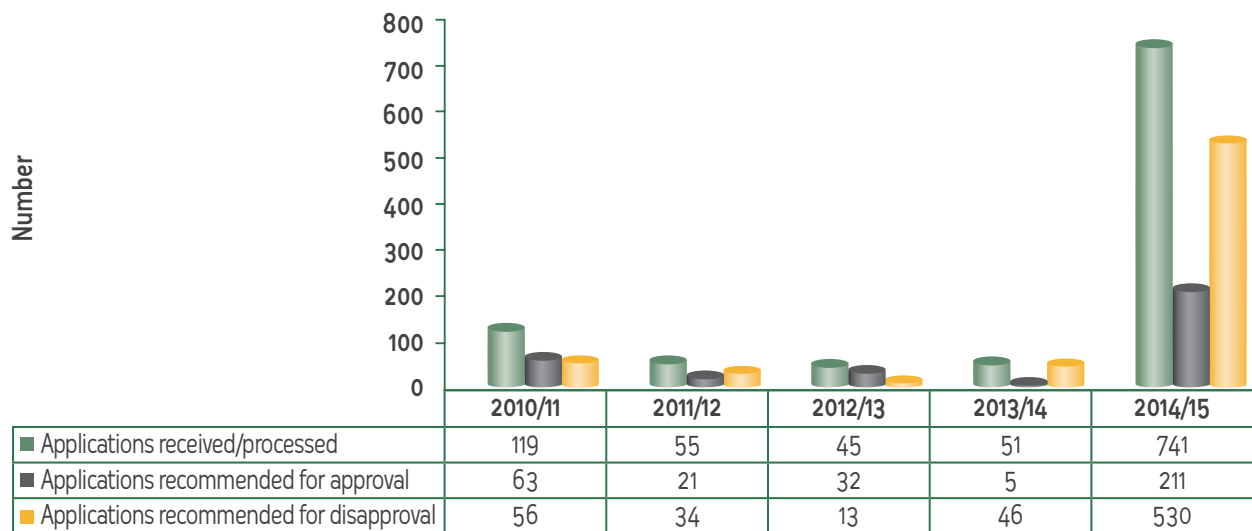
**Figure 4: Work-seekers placed or referred in registered employment opportunities, 2010/11 - 2014/15**



Source: Department of Labour, Annual Reports

According to **Figure 4**, 2012/13 saw the largest numbers of work-seeker placements and referrals (412 348) as compared to all the other financial years. This might be due to the existence of stronger collaboration amongst all the stakeholders involved in the process of placement driven by the jobs fair campaign. The financial year that saw the lowest placement rate is 2014/15 with 14 634 individuals referred for a placement. These kinds of figures might suggest a serious need for improving the networking system amongst the key role players in the process of recruitment and placements. With a large number of vacancies recorded, the placement rate is still very low as indicative of some businesses that need to be unblocked either from policy or supply side.

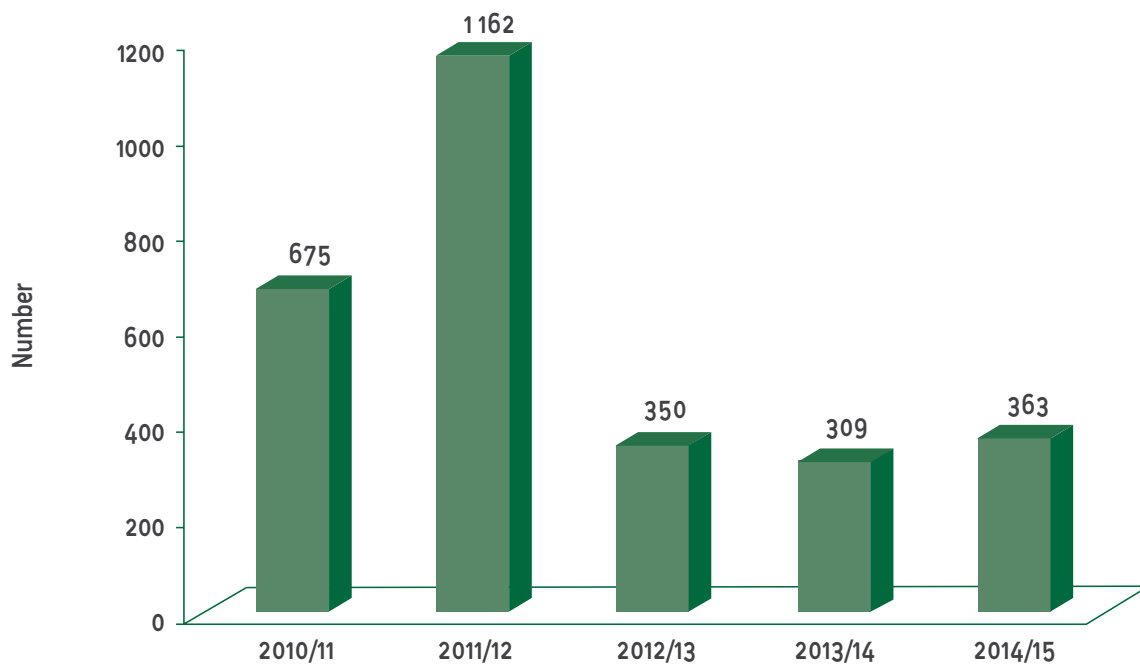
**Figure 5: Individual Immigrants work permits applications, 2010/11 - 2014/15**



Source: Department of Labour, Annual Report

The Immigration Act of 2002 allows for the Minister of Home Affairs to consult with the Minister of Labour and the Minister of Trade and Industry in order to identify areas of scarce, critical and special skills required by the South African economy each year. A list of professional categories and occupational classes are then identified and work permits made available<sup>8</sup>. According to **Figure 5**, PES recorded an increase of 690 in individual immigrants work permits' applications from 51 in 2013/2014 compared with the 741 in 2014/15<sup>9</sup>. The process of accommodating immigrants in the labour market might assist the country in terms of feeling those hard to feel posts as a result of skills gap.

**Figure 6: Private Employment Agencies (PEA) registered, 2010/11 - 2014/15**



Source: Department of Labour, Annual Report

<sup>8</sup> <http://www.home-affairs.gov.za/index.php/scarce-skills-work-quotas>

<sup>9</sup> The booming trend in 2014/15 is as the result of the amended immigration regulations, 2014 that strengthened the powers of the Department of Labour in processing the applications

**Figure 6** shows that as at 2014/15, there were only 363 PEAs who were registered on ESSA database. This is noticeably far less than were reported PEAs who were registered on ESSA database in 2011/12 with a total amount of 1 162. It is also worth noting that the number of PEAs who were registered on ESSA was constantly low from 2012/13 to 2014/15.

### 3.1.2 Unemployment Insurance Funds data

The Unemployment Insurance Fund (UIF) contributes to the alleviation of poverty in South Africa by providing short-term unemployment insurance to all workers who qualify for unemployment related benefits. The Fund is financed by a dedicated tax on the wage bill.

This section is looking into the use of UI data to track the labour supply through the data provided by the UI applicants when they come to apply for the ordinary unemployed benefits. On the UI data, the analysis is currently focusing on the ordinary claims created because it can be associated with unemployment trends in the country.

**Table 4: Number of ordinary claims created by province, 2010/11 - 2014/15**

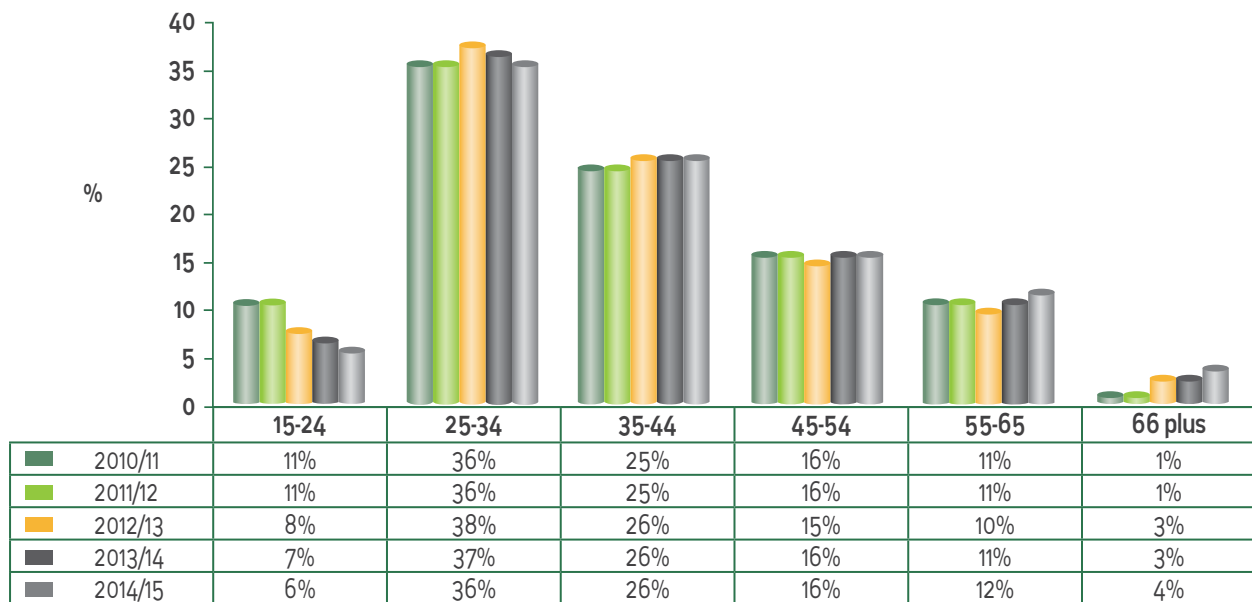
Province	2010/11	2011/12	2012/13	2013/14	2014/15
Eastern Cape	51 443	45 996	57 683	58 698	62 291
Western Cape	105 190	86 852	101 214	96 812	102 062
Free State	29 110	23 112	29 039	30 442	33 025
Northern Cape	17 021	15 521	23 422	21 177	23 259
North West	22 463	22 876	20 587	31 397	28 939
Gauteng	154 153	144 378	158 692	145 556	133 482
Mpumalanga	51 217	41 924	48 686	48 868	53 630
Limpopo	39 516	37 214	48 311	52 509	57 756
KwaZulu Natal	111 314	93 715	102 018	103 306	114 180
<b>Total</b>	<b>581 427</b>	<b>511 588</b>	<b>589 652</b>	<b>588 765</b>	<b>608 624</b>

Source: Department of Labour, UIF database

**Table 4** shows the extent of application of ordinary UI claims in the various provinces of South Africa. For all provinces, the level of ordinary UI claims was always highest in Gauteng than in other Provinces since 2010/11 to 2014/15, followed by KwaZulu-Natal. The other observation in **Table 4** is that the province with the highest increase of the applications for ordinary UI claims was Limpopo (18 240) from 39 516 in 2010 to 57 756 in 2014. This was followed by the Eastern Cape with the second highest increase of the applications for ordinary UI claims (10 848) from 51 443 to 62 291 during the same period.

From 2010/11 to 2014/15 there is only one province that showed a recovery on job losses which is Western Cape. There was a decrease of 3 128 in application of ordinary UI claims of 3 128 from 105 190 to 102 062 over the same period.

**Figure 7: Ordinary unemployment claimants by age group, 2010/11 - 2014/15**

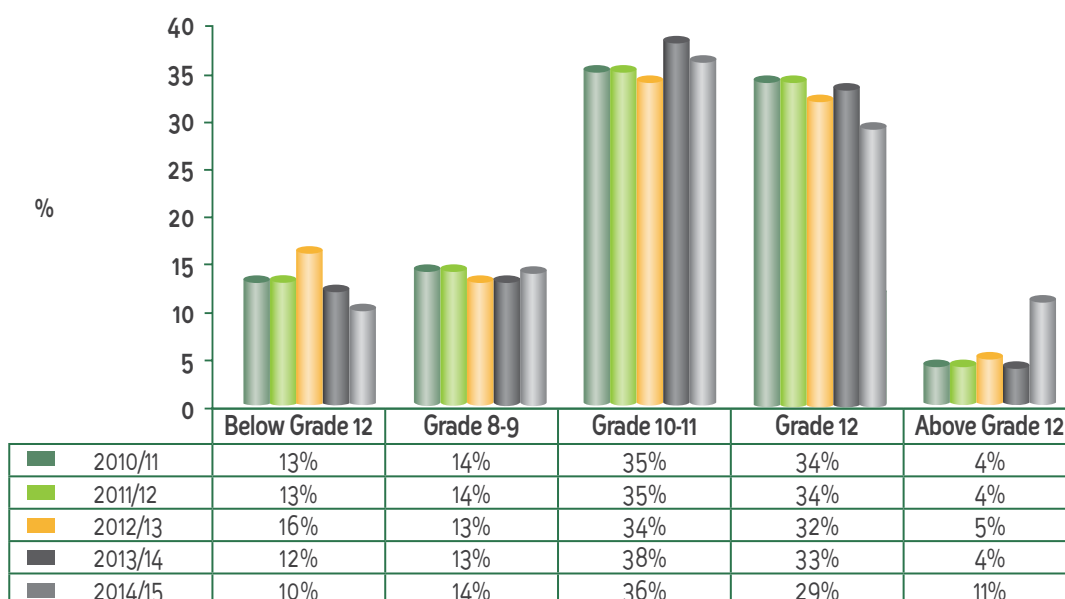


Source: Department of Labour, UIF database

**Figure 7** shows that in terms of age, an average of 37% of those aged 25 to 34 years reported as the highest age group having applied for ordinary UI claims between 2010/11 to 2014/15. This age group was followed by those aged 35 to 44 years reported having applied for ordinary UI claims at an average of 26% for the same period.

**Figure 7** still highlights that youth, particularly the age of 15 to 34 years accounted for a high percentage of job losses, as compared to all other ages in the working-age population. Under these circumstances, it is worth noting the findings of the labour market dynamics in South Africa 2014 about the youth in the labour market which are as follows<sup>10</sup>: The number of young people in the working-age population increased from 18.3 million in 2008 to 19.4 million in 2014. Over this period, the number of employed youth declined by 467 000 to 6 million, while the number of unemployed increased by 319 000 to 3.4 million.

**Figure 8: Educational level of ordinary unemployment claimants, 2010/11 - 2014/15**

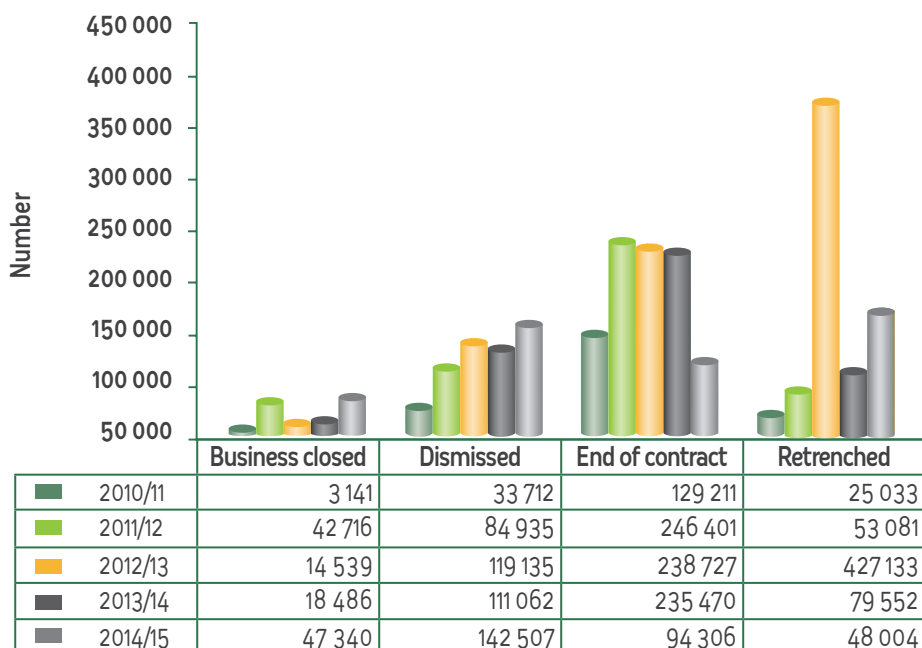


Source: Department of Labour, UIF

10 Stats SA, Labour Market Dynamics 2014, Pretoria, April 2015

**Figure 8** shows the patterns in respect of various educational levels for people who applied for ordinary UI claims between 2010/11 to 2014/15 as a result of having lost their jobs. Those with grade 10-11 educational level were always the highest applicants with an average of 36%. This was followed by those with grade 12 educational level at an average of 32%. There is an indication that UI claimants with an above grade 12 educational level were the least affected by job losses with an average of 5.8%. This suggests that it is those who are less educated who tend to lose jobs more than those who are more educated. This trend has been consistent overtime. It is therefore important for policy makers to look at various aspects that can improve educational attainment of individuals in the country which will in turn yield high returns on educational investment in the long term.

**Figure 9: Reasons for termination in commercial employment, 2010/11 - 2014/15**



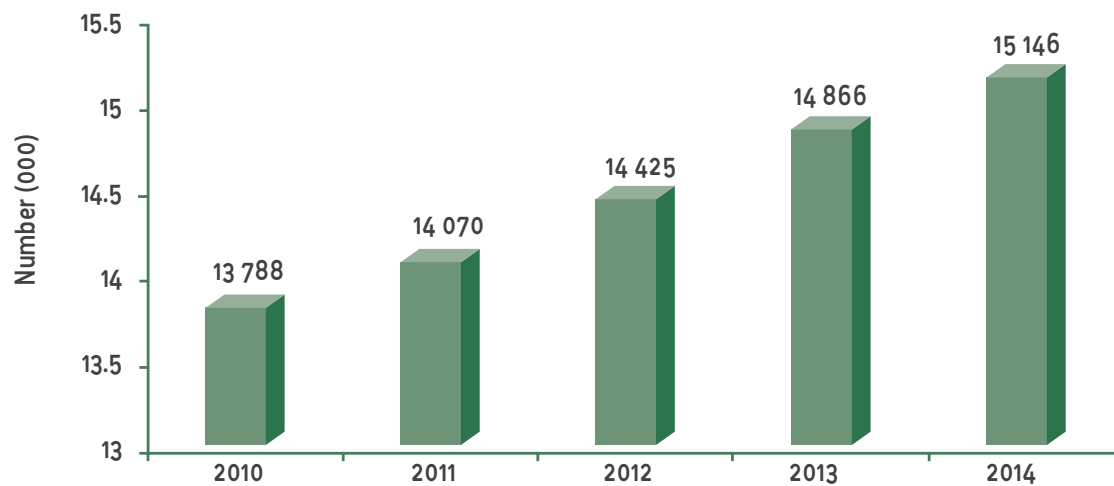
Source: Department of Labour, UIF database

**Figure 9** illustrates that the UIF database recorded the highest increase of 108 795 workers who lost their jobs as result of dismissals from 33 712 in 2010/11 to 142 507 in 2014/15. This was followed by business closures with an increase of 44 199 from 3 141 in 2010/11 to 47 340 in 2014/15 and retrenchments with an increase of 22 971 from 25 033 to 48 004 over the same period. UI claims, as a result of end of contract, decreased by 34 905 from 129 211 in 2010/11 to 94 306 in 2014/15.

### 3.2 Labour market information based on survey data

In this section, the report considers the findings of the “labour market dynamics statistics, 2014” as released by Statistics South Africa. It provides information on labour market trends over the period 2008-2014, with particular focus on the QLFS panel data. The purpose is to look at the trends observed using administrative patterns.

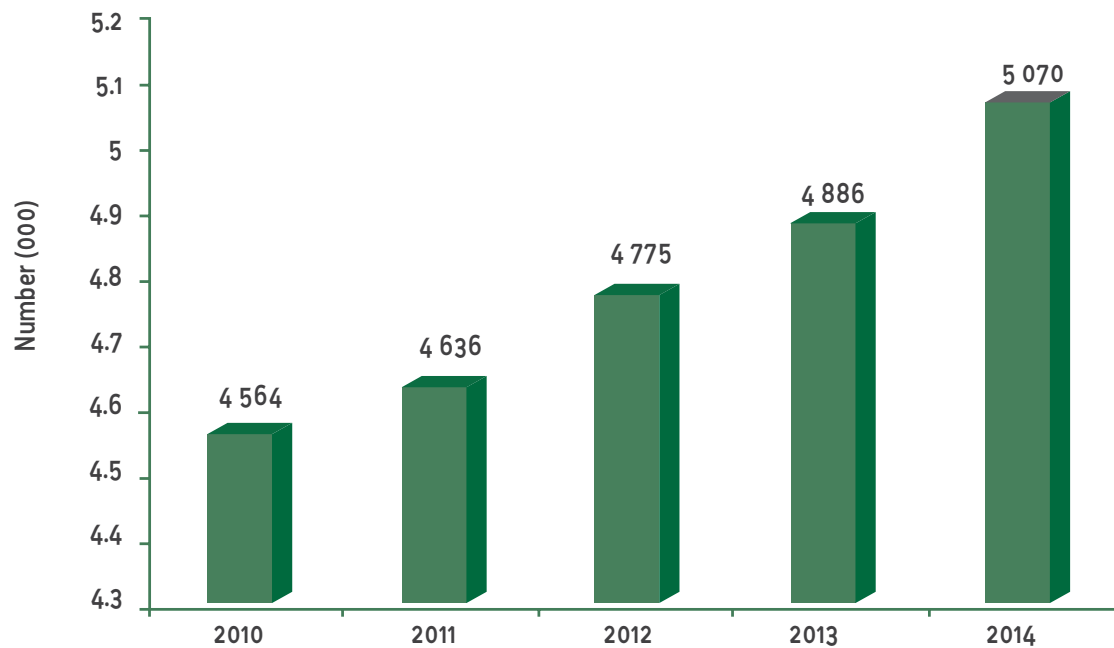
Figure 10: Total number of employed people, 2010 – 2014



Source: Statistics South Africa, *Labour Market Dynamics in South Africa, 2014*, p3-7

Figure 10 shows the historical path of aggregate employment in South Africa from 2010 to 2014; the overall increase in employment rate since 2010 is evident. This is also achieved through Active Labour Market Programmes (ALMP) such as the Extended Public Works Programme (EPWP), Community Works Programme (CWP), Training Lay-Off Scheme (TLS), Learnerships/Apprenticeships and the Public Employment Services<sup>11</sup>. In 2010, the overall level of employment in South Africa was 13 788 000. This level increased fairly until 2014 when it reached 15 146 000. The number of employed people has increased by 1 358 000 from 13 788 000 to 15 146 000 between 2010 and 2014. In this regard, the South African labour market seemed to be progressing well on labour absorption although in a very slow pace. On the other hand, the official unemployment level shows a similar trend as illustrated below.

Figure 11: Total number of unemployed people, 2010 – 2014



Source: Statistics South Africa, *Labour Market Dynamics in South Africa, 2014*, p3-7

11 South Africa — Employment Plan 2014, G20, p3

From **Figure 11**, the number of unemployed people increased by 506 000 between 2010 and 2014 from 4 564 000 to 5 070 000. It illustrates the unemployment trends over the period 2010 to 2014. By 2014, the overall official unemployment rate (25.1%) was the highest as compared to 2010, 2011, 2012 and 2013. With this modest positive employment creation overtime, it has not resulted in a substantial reduction of a large number of unemployed people. The high level of unemployment is still a big challenge in the country.

**Table 5: Employment by occupation, 2010 - 2014**

Occupation	2010	2011	2012	2013	2014
	('000)				
Managers	1 900	1 194	1 161	1 224	1 331
Professionals	764	800	842	925	842
Technicians	1 534	1 561	1 639	1 645	1 552
Clerk	1 517	1 484	1 506	1 606	1 653
Sales and services	1 974	2 054	2 113	2 163	2 326
Skilled Agriculture	92	73	68	70	76
Craft	1 682	1 722	1 734	1 730	1 813
Operators	1 195	1 200	1 200	1 274	1 277
Elementary	2 971	3 021	3 187	3 227	3 295
Domestic worker	959	961	975	1 002	981
<b>Total</b>	<b>13 788</b>	<b>14 070</b>	<b>14 425</b>	<b>14 866</b>	<b>15 146</b>

Source: Statistics South Africa, *Labour Market Dynamics in South Africa, 2014*, p4-7

**Table 5** highlights the differences in the employment across occupations. It reveals that the largest decrease in employment was observed in managerial occupations by 569 000 from 1 900 000 in 2010 to 1 331 000 in 2014, followed by Skilled Agriculture 16 000 from 92 000 in 2010 to 76 000 in 2014. The largest job gains were observed in Sales and services workers with 352 000 from 1 974 000 in 2010 to 2 326 000 in 2014, followed by Elementary increasing (324 000) from 2 971 000 in 2010 to 3 295 000 in 2014 and then Clerk (136 000) from 1 682 000 in 2010 to 1 813 000 in 2014.

**Table 6: Educational level of the unemployed, 2010 - 2014**

Highest level of education	2010	2011	2012	2013	2014
	('000)				
No Schooling	83	78	75	76	76
Primary incomplete	374	325	334	301	321
Primary completed	214	216	214	195	221
Secondary not completed	2 077	2 161	2 258	2 329	2 382
Secondary completed	1 513	1 555	1 572	1 625	1 668
Tertiary	272	272	295	333	373
Other	39	30	27	27	29
<b>Total</b>	<b>4 564</b>	<b>4 636</b>	<b>4 775</b>	<b>4 886</b>	<b>5 070</b>

Source: Statistics South Africa, *Labour Market Dynamics in South Africa, 2014*, p5-5

The South African Government has recognised that low education will mostly disadvantage work-seekers when searching for jobs. In this regard, Government continues to improve the infrastructure in schools and higher education institutions to create a conducive environment for learning and teaching<sup>12</sup>. This is why it is very important to acquire more education in order to up lift our economy in terms of skills. The Department of Labour is also committed in addressing the issue of skills shortages in the labour market through various programmes. It has also trained and empowered individuals on various artisan skills in partnership with the National Skills Fund (NSF), the various Sector Education Training Authorities (SETA's) and Productivity South Africa<sup>13</sup>.

It is evident from **Table 6** that the educational groups that are mostly affected by unemployment are those who have not completed secondary school. The secondary not completed increased by 305 000 from 2 077 000 in 2010 to 2 382 000 in 2014. Although the unemployment of the group with no schooling has reduced by 7 000 from 83 000 in 2010 to 76 000 in 2014, there is a general tendency of the lowest labour absorption rate in this group across the globe.

On the other hand, there is a concern regarding the unemployment level of people with tertiary qualifications. The number of unemployed people with tertiary qualifications has increased by 101 000 from 272 000 in 2010 to 373 000 in 2014. In other words, the completion of tertiary education might not guarantee a quick placement into employment. This might indicate the mismatch that is currently observed in the labour market in terms of the demand and supply of labour.

**Table 7: Unemployment level by age group, 2010 – 2014**

Age group	2010	2011	2012	2013	2014
	('000)				
15-24	1 330	1 286	1 329	1 352	1 330
25-34	1 850	1 919	1 942	1 943	2 047
35-44	891	941	984	1 045	1 106
45-54	401	412	428	440	474
55-64	92	78	92	107	113
<b>Total</b>	<b>4 564</b>	<b>4 636</b>	<b>4 775</b>	<b>4 887</b>	<b>5 070</b>

Source: Statistics South Africa, *Labour Market Dynamics in South Africa, 2014*, pA2-6

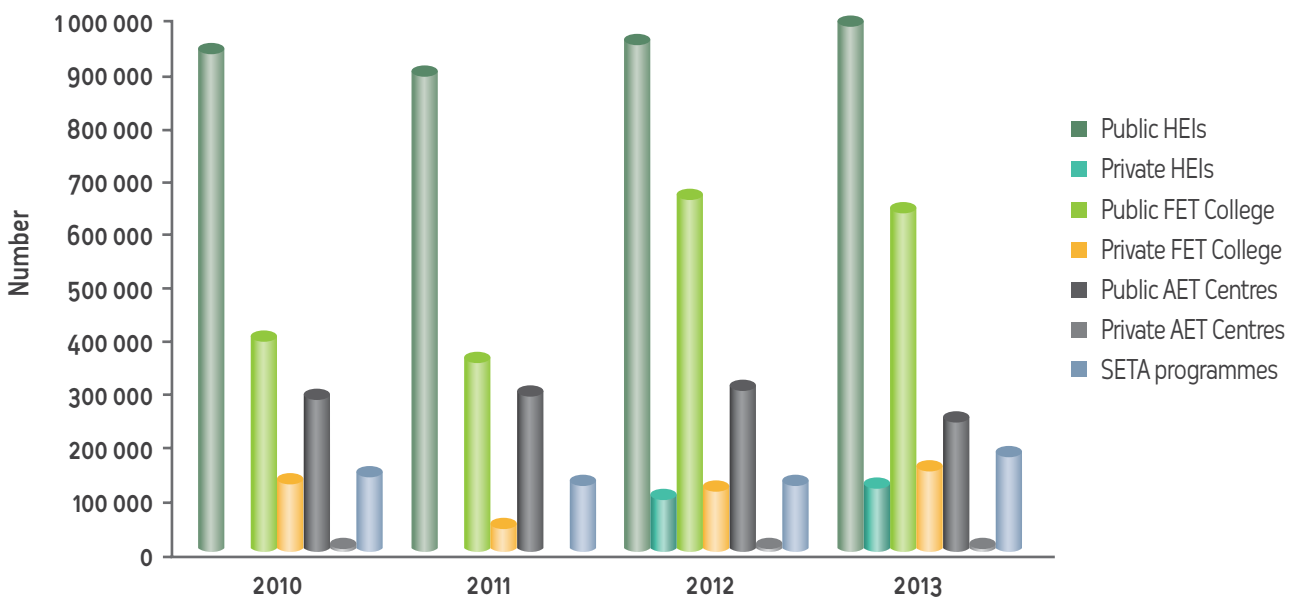
One of the most important demographic changes affecting the South African labour market is the evolution of the population's age distribution. The aging of the youth population has also changed the profile of the South African unemployment levels to reach the unemployment rate of 25.1% in 2014. The working-age population increased by 3 050 000 from 32 360 000 in 2010 to 35 410 000 in 2014.

As demonstrated by **Table 7**, which shows how the working-age population of the labour force has increased across years going back to 2010. For these years under review, young people (15-34 years) have been the highest group affected by unemployment than adults have. It is a common trend across the globe, but it has a significant impact in the South African economy as only a small proportion of individuals that are contributing to the economy. It is, however, interesting to see that most of the policies are now geared towards promoting a large number of youth and women to participate in the economy.

12 State of Nation Address (SONA) Feb 2015

13 Minister of Labour: Ms Mildred N Oliphant, Ministerial Summit Public employment services, Saldanha Bay, Western Cape, March 2014

Figure 12: Number of students enrolled in the post-school education and training sector, 2010 – 2013\*

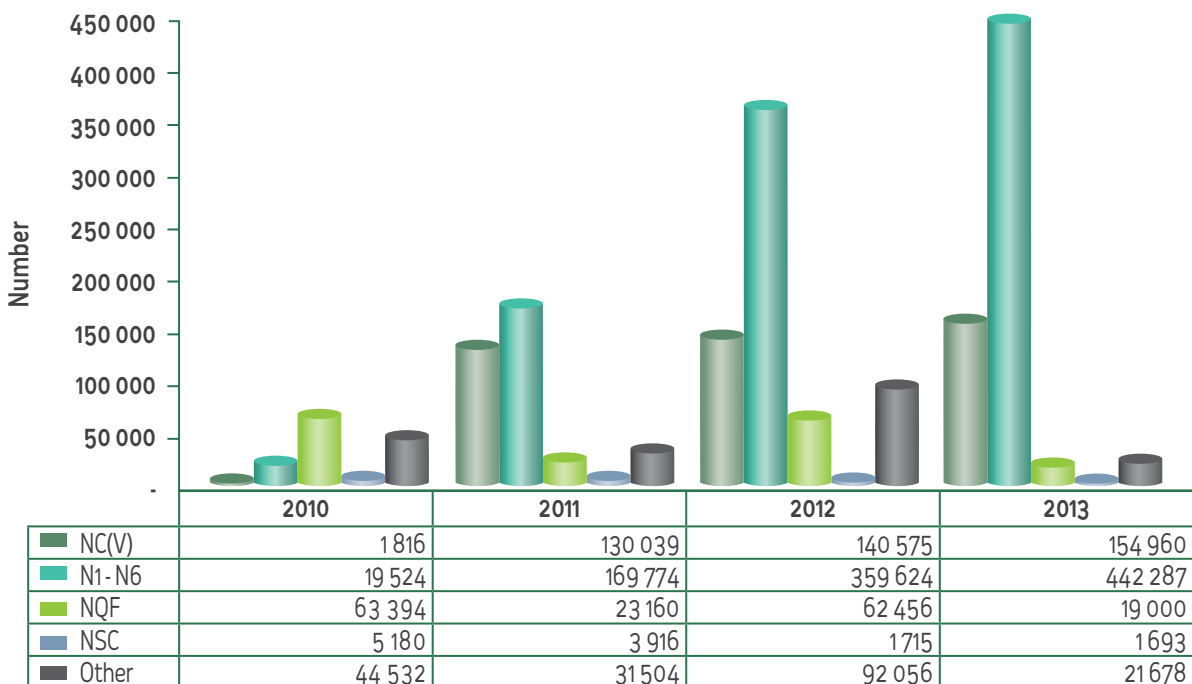


Source: Department of Higher Education and Training (DHET) - Statistics on Post-School Education and Training in South Africa

\*Note that data for 2014 was not yet available at the time of developing this report.

Figure 12 shows that the number of students who enrolled in Public HEIs has always been the highest from 2010 to 2013, followed by students who enrolled in Public Further Education and Training (FET) Colleges. There is also no doubt that the expansion of opportunities in education, for example the National Student Financial Aid (NSFAS) has contributed a lot to the rise in higher education and training as well as further education and training enrolment.

Figure 13: Number of students enrolled in public FET/TVET, 2010 – 2013\*

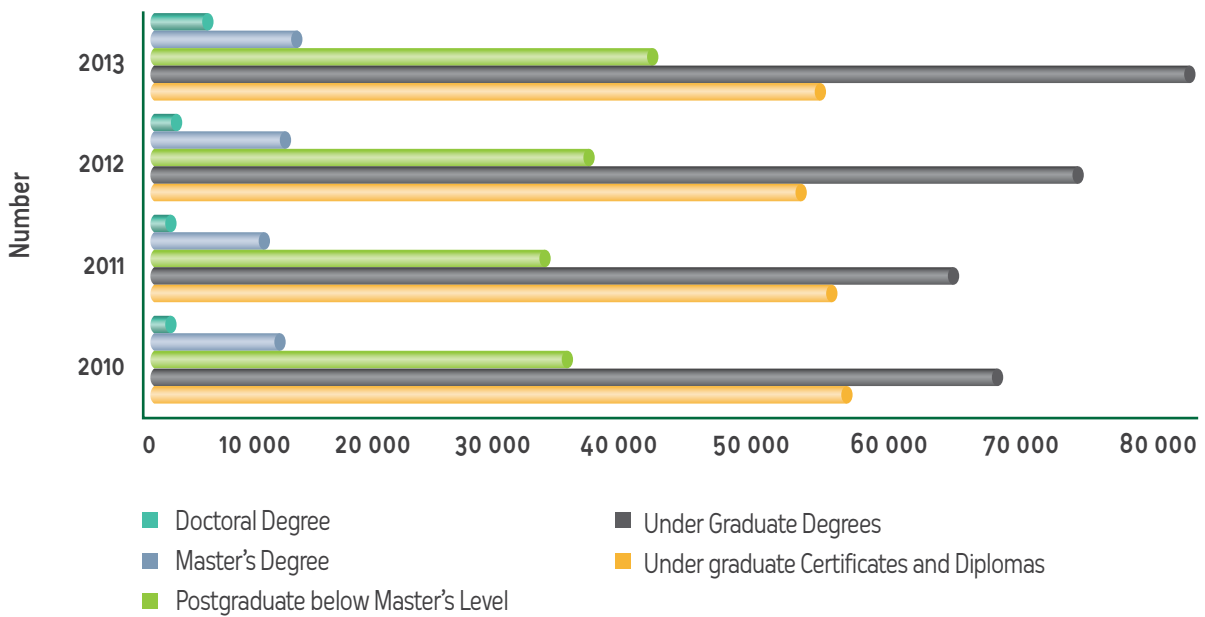


Source: Statistics on Post-School Education and Training in South Africa - Department of Higher Education and Training (DHET)

\*Note that data for 2014 was not yet available at the time of developing this report.

The South African labour market is also highly dependent on vocational skills that are useful in various industries, particularly in Agriculture, Construction, Utilities, Manufacturing, Mining and Transport. In **Figure 13**, statistics on post-school education and training in South Africa reveals important mixtures in terms of provision by FET/TVET. **Figure 13** reveals a total amount of 991 209 headcount student enrolment in N1 - N6 qualifications in 2010 to 2014. NC(V) has also recorded a positive increase from 1 816 in 2010 to 154 960 in 2013. In other words, the Government's financial support to assist and promote educational attainment for most of the discouraged group needs to be acknowledged in response to the shortage of artisans in the country.

**Figure 14: Number of students graduated from public HEIs, 2010 – 2013\***



Source: Statistics on Post-School Education and Training in South Africa - Department of Higher Education and Training (DHET) Please  
 \*Note that data for 2014 was not yet available at the time of developing this report.

**Figure 14** provides a better description of the qualification types attained by students from 2010 to 2013. It illustrates that the largest number of graduates produced in South Africa from 2010 until 2013 were under graduate Degrees, that is, 275 724 graduates in total. This was followed by under graduate Certificates and Diplomas as the largest graduate output, that is, 205 464 graduates in total for the same period. The lowest graduate output was Doctoral Degrees with only 6 926 graduates. Those with Master's Degrees recorded only 39 467 graduates in total during the same period.

## SECTION FOUR: CONCLUSION

This report confirms the increasing need and importance of high-level skills within the South African economy. The rise in youth unemployment rate between 2010/11 and 2014/2015 financial years shows that through the youth wage subsidy programme, businesses must be encouraged to equip the young people with critical skills that are needed to grow the economy .

The demand for highly skilled workers is an indication of the importance of having education coupled with tertiary qualifications to be employed in top occupational categories. On the other hand, the high number of end of contract and dismissal recorded in the UIF data is an indication that the amended Labour Relations Act must be implemented and monitored to improve the working conditions of employees.

Policy implications to address the challenge of job creation:

- Create a collaborative partnership between Government, institutions producing skills, work-seekers, employers and all other relevant stakeholders
- Embark on research and development that will focus on stabilising and optimising all critical industries like mining, agriculture and manufacturing
- Expand investment in youth employment creation
- Accelerate work opportunities programmes.

