Quarterly Labour Force Survey Q3:2017

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#StatsSA
South African Labour Market: Current state vs NDP target

Source: QLFS, Q3:2017
South African Labour Market:
Current state vs NDP target

The unemployment rate has been around the 25% level since 2010.

- **27.7%** current unemployment rate
- **14%** NDP Target unemployment in 2020
- **6%** NDP Target unemployment in 2030

Gap in reaching 2020 NDP target: 13.7 percentage points
Gap in reaching 2030 NDP target: 21.7 percentage points

Source: QLFS, Q3:2017
South African Labour Market: Current state vs NDP target

Employment

- **16.2 million** in Q3:2017
- **24 million** 2030 NDP target
- Gap in reaching 2030 NDP target: **7.8 million**

Labour Force Participation Rate

- **59.9%** in Q3:2017
- **65%** 2030 NDP target
- Gap in reaching 2030 NDP target: **5.1 percentage points**

Absorption Rate

- **43.3%** in Q3:2017
- **61%** 2030 NDP target
- Gap in reaching 2030 NDP target: **17.7 percentage points**

Source: QLFS, Q3:2017
Labour market
Q3:2017
The labour market Q3:2017

37.4 million
(up by 156 000 q-q)
people of working age in South Africa
(15 – 64 year olds)

22.4 million
(up by 125 000 q-q)
Labour force

16.2 million
(up by 92 000 q-q)
Employed

6.2 million
(up by 33 000 q-q)
Unemployed

15.0 million
(up by 31 000 q-q)
Not economically active*

*Of which 2.4 million were discouraged work seekers
(up by 75 000 q-q)

ILO hierarchy – Employed first then unemployed and the remainder is NEA (including discouraged job-seekers).
3 mutually exclusive groups. Cannot be in two groups at the same time

NDP target 2030
Employment: 24 million

Source: QLFS, Q3:2017
Employment & Labour market rates
Year-on-year employment changes vs GDP growth rates (yr-yr unadjusted)

Source: QLFS, Q3:2017
Labour market dashboard

**Number of employed people**
- Increased from 14,4 million in Q1:2008 to **16,2 million** in Q3:2017

**Labour force participation rate**
- Remained unchanged in Q3:2017 after the highest LFPR of 60,5% in Q1:2017
- Absorption rate remained unchanged in Q3:2017 at 43,3% and has not recovered to level of 45,8% in 2008

**NDP target 2030**
- 61%
- 65%

Source: QLFS, Q3:2017
Labour market rates by sex

There are large disparities in the labour market by sex – the unemployment rate for women is higher than that of males. Women are also less likely to participate in the labour market.
Labour market rates by education level

The less educated are more likely to be unemployed

Unemployment Rate

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Q2:2017</th>
<th>Q3:2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>27,7</td>
<td>27,7</td>
</tr>
<tr>
<td>Less than matric</td>
<td>33,1</td>
<td>32,7</td>
</tr>
<tr>
<td>Matric</td>
<td>27,9</td>
<td>28,7</td>
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<tr>
<td>Graduates</td>
<td>7,4</td>
<td>5,4</td>
</tr>
<tr>
<td>Other tertiary</td>
<td>17,0</td>
<td>17,8</td>
</tr>
</tbody>
</table>

Absorption Rate

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Q2:2017</th>
<th>Q3:2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>43,3</td>
<td>43,3</td>
</tr>
<tr>
<td>Less than matric</td>
<td>33,2</td>
<td>33,2</td>
</tr>
<tr>
<td>Matric</td>
<td>50,3</td>
<td>50,0</td>
</tr>
<tr>
<td>Graduates</td>
<td>82,4</td>
<td>84,3</td>
</tr>
<tr>
<td>Other tertiary</td>
<td>71,1</td>
<td>70,6</td>
</tr>
</tbody>
</table>

Labour Force Participation Rate

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Q2:2017</th>
<th>Q3:2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>59,9</td>
<td>59,9</td>
</tr>
<tr>
<td>Less than matric</td>
<td>49,6</td>
<td>49,4</td>
</tr>
<tr>
<td>Matric</td>
<td>69,8</td>
<td>70,2</td>
</tr>
<tr>
<td>Graduates</td>
<td>89,0</td>
<td>89,1</td>
</tr>
<tr>
<td>Other tertiary</td>
<td>85,7</td>
<td>85,8</td>
</tr>
</tbody>
</table>

Source: QLFS, Q3:2017
Labour market rates by age group

The 25-34 year olds have almost the same level of participation as the 45-54 year olds but their unemployment rate is double that of the 45-54 yr olds and absorption rate almost 13 percentage points lower than this group.
Unemployment rate by education level and age group

The unemployment rate among the youth is higher irrespective of education level.

Source: QLFS, Q3:2017
Profile of those Not in Employment, Education and Training (NEET)

Source: QLFS, Q3:2017
Youth NEET rate is calculated as the total number of youth who are NEET as a proportion of the total youth-specific working-age population.

Those young people (15-24 years) who are categorised as NEET are considered to be disengaged from both work and education.

Source: QLFS, Q3:2017
NEET (15-24 years) by sex

Of the 10,3 million young people aged 15-24, 3,1 million were NEET which is 30,3%.

The NEET rate for females decreased by 0,5 of a percentage point while it remained unchanged for males.

NEET rate of females is 5,4 percentage points higher than that of males.

Source: QLFS, Q3:2017
Provincial NEET rate

South Africa (15-24 years)
30,3%
(-0,3)

Year-on-year changes

Source: QLFS, Q3:2017
Will South Africa realise the demographic dividend?

Population structure

Labour market and education

Demographic dividend

Source: QLFS, Q3:2017
The pyramid shows gains in population shares at ages around 20 upwards. And relatively stable proportions at lower ages.
In order to realise its demographic dividend SA needs:

- To create jobs at a similar rate to which the labour force is growing
- A skilful labour force
Employment
Employment Q3:2017

16,2m
People aged 15 – 64 years were employed in Q3:2017

A net increase of 92 000 q/q

Formal sector jobs increased by 187 000 q/q to 11,4 million

Jobs in the Agricultural sector decreased by 25 000 q/q

Jobs in Private households increased by 1 000 q/q

Informal sector jobs decreased by 71 000 q/q to 2,7 million

NDP target 2030
Employment 24 million

Source: QLFS, Q3:2017
Employment and GDP share per industry

Services, Trade and Finance remain the main contributors to employment and GDP.
Largest employment gains were recorded in Finance, Services, Transport and Trade, both quarter-to-quarter and year-on-year.

Construction and Agriculture lost employment both quarter-to-quarter and year-on-year.
Quarter-to-quarter employment changes mainly driven by: Gains

**Finance (68 000)**
Mainly driven by gains in:
- Business activities N.E.C.
- Other financial intermediation N.E.C.
- Architectural, engineering and other technical activities

**Services (56 000)**
Mainly driven by gains in:
- Local authority activities
  - Education
  - Social work activities

**Transport (34 000)**
Mainly driven by gains in:
- Other land transport
- Air Transport

**Trade (21 000)**
Mainly driven by gains in:
- Other retail trade in new goods in specialised stores
- Non-specialised retail trade in stores
- Repair of personal and household goods

Source: QLFS, Q3:2017
Year-on-year employment changes mainly driven by: Gains

Finance (140 000)
Mainly driven by gains in:
- Business activities N.E.C.
- Advertising
- Monetary intermediation

Services (117 000)
Mainly driven by gains in:
- Social work activities
- S A Police service
- Education

Trade (88 000)
Mainly driven by gains in:
- Other retail trade in new goods in specialised stores
- Retail trade not in stores
- Repair of personal and household goods

Transport (73 000)
Mainly driven by gains in:
- Other land transport
- Telecommunication

Source: QLFS, Q3:2017
Close to a third of all people employed in Q3:2008 and Q3:2017 were employed in elementary and domestic work occupations.
Informal sector employment increased from 2.4 million in Q1: 2008 to 2.7 million in Q3: 2017.
Formal sector employment

Formal sector employment decreased by 144,000 to 11,2 million quarter-to-quarter.

Formal sector employment has shown an upward trend increasing from 9,9 million in Q1:2008 to 11,4 million in Q3:2017.
Unemployment
Unemployment and Education continue to drive Multidimensional Poverty
Approximately 13.8 million South Africans were living below the FPL in 2015, down from a peak of 16.7 million in 2009.
Labour market dashboard

The number of unemployed people in South Africa increased from 4.4 million in Q1:2008 to 6.2 million in Q3:2017.

The proportion of those in long-term unemployment increased from 57.0% in Q1:2008 to 67.3% in Q3:2017.

Source: QLFS, Q3:2017
The official unemployment rate remained unchanged (q/q)

6,2 million people were unemployed in Q3:2017
An increase of 33 000 q/q

29,8%
remained unchanged (q/q)

The expanded unemployment rate increased by 0,2 of a percentage point (q/q)

9,4 million people were unemployed in Q3:2017
An increase of 118 000 q/q

40,6%

by 0,2 of a percentage point q/q

33,4%

by 0,1 of a percentage point q/q

Source: QLFS, Q3:2017

Expanded unemployment consist of persons 15-64 years who did not have a job and were available to take up a job or start a business in the reference period (including discouraged work-seekers)
Provincial unemployment rate

South Africa
27.7%
(0.0)

Quarter-to-quarter changes

NC
29.9%
(-0.6)

NC
29.9%
(-0.6)

GP
30.2%
(+0.3)

GP
30.2%
(+0.3)

NW
26.2%
(-1.0)

NW
26.2%
(-1.0)

FS
31.8%
(-2.6)

FS
31.8%
(-2.6)

EC
35.5%
(+1.1)

EC
35.5%
(+1.1)

LP
19.1%
(-1.7)

LP
19.1%
(-1.7)

MP
30.7%
(-1.6)

MP
30.7%
(-1.6)

KZN
24.6%
(+0.6)

KZN
24.6%
(+0.6)

FS
31.8%
(-2.6)

FS
31.8%
(-2.6)

Source: QLFS, Q3:2017
Summary of labour market measures

**RSA**
- UR = 27.7
- EUR = 36.8
- AR = 43.3
- LFPR = 59.9

**Northern Cape**
- UR = 29.9
- EUR = 43.1
- AR = 39.0
- LFPR = 55.6

**Western Cape**
- UR = 21.9
- EUR = 25.2
- AR = 53.5
- LFPR = 68.5

**Eastern Cape**
- UR = 35.5
- EUR = 45.3
- AR = 33.8
- LFPR = 62.3

**Free State**
- UR = 31.8
- EUR = 38.5
- AR = 43.5
- LFPR = 63.8

**KwaZulu-Natal**
- UR = 24.6
- EUR = 41.0
- AR = 36.6
- LFPR = 48.6

**Limpopo**
- UR = 19.1
- EUR = 35.8
- AR = 39.3
- LFPR = 48.6

**Mpumalanga**
- UR = 30.7
- EUR = 41.5
- AR = 42.0
- LFPR = 60.6

**Gauteng**
- UR = 30.2
- EUR = 33.3
- AR = 50.6
- LFPR = 72.5

UR = Unemployment rate
EUR = Expanded unemployment rate
AR = Absorption rate
LFPR = Labour force participation rate

Source: QLFS, Q3:2017
Understanding Non-economically active
15,0 million people aged 15 – 64 years were neither employed nor unemployed. An increase of 31 000 q/q

5 main reasons for NEA

Student 41,7% (up by 0,6 pp quarter-to-quarter)

Homemaker (looking after family) 17,0% (down by 1,0 pp quarter-to-quarter)

Discouraged work-seeker 16,3% (up by 0,5 pp quarter-to-quarter)

Sick or disabled 10,6% (up by 0,1 pp quarter-to-quarter)

Too young or too old to work 9,3% (up by 0,1 pp quarter-to-quarter)

Source: QLFS, Q3:2017
Key findings: Q3:2017

Employment grew by 92,000 in Q3:2017, however this was offset by an additional 33,000 job-seekers during the same period, resulting in a stable unemployment rate at 27.7%.

Largest employment gains were recorded in Finance (68,000), Community and social services (56,000), Transport (34,000) and Trade (21,000).

Employment losses were observed in Manufacturing (50,000), Construction (30,000) and Agriculture (25,000).

Approximately 67% of the unemployed have been looking for work for a year or more.

The less educated are more likely to be unemployed.

Young people aged 15-24 remain vulnerable in the labour market with an unemployment rate of over 52% and absorption rate of almost 13%.

Of the 10.3 million persons aged (15-24 years) 30.3% were not in employment, education or training.

Source: QLFS, Q3:2017
Thank you
Additional information
Absorption rate and LFPR explained

Absorption rate

- Indicates the proportion of the working-age population (15-64 years) which is currently employed.

  It is calculated by dividing the number of people employed by the total number of people of working age (15-64 years).

  Example:
  - For example, of the 37,4 million people of working age,
    - 16,2 million were employed in SA, then employment-to-population ratio is 43,3%.

Labour force participation rate

- Represents the share of working-age population that is actively engaged in the labour market by either being employed or available to work, i.e. labour supply.

  It is calculated by dividing the number of people in the labour force (employed + unemployed) by the total number of people of working age (15-64 years).

  Example:
  - Of the 37,4 million people of working age,
    - 22,4 million people were in the labour force in SA,
    - The labour force participation rate is 59,9%.

Source: QLFS, Q3:2017
Unemployment rate by sex, 2008-2017

Highest unemployment rate observed in March 2003 at 29.3%

Source: QLFS, Q3:2017
Sources of formal sector employment:

Stats SA collects information about formal sector employment from:

Quarterly Labour Force Survey (QLFS) and the Quarterly Employment Statistics (QES)
The two surveys yield different employment estimates because of coverage, sample size, reference periods, concepts and definitions.

Source: QLFS, Q3:2017
Differences between QES and QLFS

**QLFS**

- Private h/holds & worker’s hostels (excl. institutions)
- Total employment (+15 years) incl. informal sector, private h/holds, agriculture & small bus.

**QES**

- Payroll of VAT registered businesses in the formal sector (excl. agriculture)
- Employees only

**Sample Size**

- 30 000 dwellings
- 20 000 businesses

**Reference Period**

- 1 week before interview
- Payroll last day of quarter

**SIC**

- All industries
- Excluding Agriculture and personal households

**Definition**

- Employers and own-account workers reg. for VAT or income tax.
- Employees paying income tax & those not paying tax but in firms with 5 or more workers
- Employees on payroll of VAT registered businesses (with annual turnover greater than R300 000)

Source: QLFS, Q3:2017
Employment differences between QES and QLFS

For comparison QLFS can be adjusted as follows

- Exclude employers and own-account workers from formal sector
- Exclude Agriculture
- Exclude Private households

Source: QLFS, Q3:2017
Employment differences between QES and QLFS

In some cases, even after these adjustments, it is still difficult to align the

QLFS

&

QES employment estimates

• This is partly because the composition and structure of both businesses and households are changing constantly.

• QLFS cannot isolate individuals who work in VAT registered businesses with annual turnover more than R300 000.

Source: QLFS, Q3:2017
Comparison of QES and QLFS employment

| Year | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2013 | 9,711| 10,087| 10,147| 10,170| 10,210| 10,316| 10,100| 10,182| 10,309| 10,512| 10,357| 10,483| 10,627| 10,522| 10,752|
| 2014 | 9,010| 9,067| 9,143| 9,161| 9,366| 9,210| 9,297| 9,295| 9,293| 9,409| 9,600| 9,702| 9,604| 9,672| 9,692| 9,651| 9,617|

Source: QLFS, Q3:2017