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April 2010 - March 2011





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ACRONYMS USED

BRICS - Brazil, Russia, India, China and South Africa

CCMA - Commission for Conciliation, Mediation and Arbitration

EEA - Employment Equity Act

ESSA - Employment Services of South Africa

GDP - Gross Domestic Product

EAP - Economically Active Population

CPI - Consumer Price Index

ILO - International Labour Organisation

UIA - Unemployment Insurance Act

PRASA - Passenger Rail Agency of South Africa

DHET - Department of Higher Education and Training

SATAWU - South African Transport Workers Union

UTATU - United Transport and Allied Trade Union

NUMSA - National Union of Mineworkers in South Africa



Introduction

This is another issue in the series of the Annual Labour Market Bulletin (ALMB) 2010/11 financial year. It is one of the annual reports that the Department of Labour produces to inform readers about the changes in the South African economy and labour markets. The main purpose of disseminating this information is to appraise internal and external stakeholders about the performance changes regarding selected key indicators in the South African economy. In turn, the stakeholders can effectively develop policy interventions that might assist in addressing inequality in the labour market and enhance productivity in the economy. This report emphasises the political and economical shift of the South African economy by exploring the advantages and disadvantages of being one of the five emerging economies – Brazil, Russia, Indian, China and South Africa (BRICS). Thus, the report details a brief comparative trends analysis looking at key economic and labour market indicators over time.

From this emerging economies framework, it is understood that the South African Government is still committed to decent work and sustainable livelihoods for its people. Decent work is regarded as the foundation of the fight against poverty and inequality in the South African labour market. It is for this reason that the Department of Labour has also embarked in amending labour legislation. As the Minister emphasised¹: “we will continue to work constructively with our social partners and will further endeavour to find an appropriate labour framework that gives sufficient protection to workers that have been rendered vulnerable through certain abuses. We will do so, mindful that our policies should not have negative consequences for employment. . .”

The report is structured in three main sections. The first section examines the performance of the South African economy. In this section, the emphasis is put on the comparative trends analysis between Brazil, Russia, India, China and South Africa (BRICS). In addition, provincial commitments to job creation are also presented in this section in response to the call made by the South African President in his State of the Nation address in 2011.

The second section of the report analyses the labour market trends over the financial year (April 2010 to March 2011). Labour market data is drawn both from the Department of Labour and Statistics South Africa (Stats SA) to show the trends over time. An example in this section includes the trend in the number of vacancies advertised and occupational groups that had the most vacancies over the period.

Section three of the report will specifically focus on industrial disputes from April 2010 to March 2011. Caution should be taken when comparing the number of strikes in the calendar year² against the financial year. In addition, the trends in the number of trade union membership are also shown in section three. Finally the report provides some concluding remarks and it highlights certain policy views to be considered in line with those economic and labour markets indicator changes.

¹ Minister of Labour, Budget Vote, May 2011

² Details about the number of strikes in the calendar year are covered in the Industrial Action Report, 2010 as published by the Department (www.labour.gov.za)



SECTION I: PERFORMANCE OF THE SOUTH AFRICAN ECONOMY

As indicated earlier, this section provides a comparative trend analysis within the framework of new economic landscape – emerging markets, in particular the BRICS bloc. In addition, the provincial responses to job creation targets are also presented in this section.

When the term “emerging markets” was coined 30 years ago by Antoine van Agtmael, then at the World Bank, these economies accounted for one third of global GDP (measured at purchasing power parity). Now they make up more than half. More dramatic emerging markets produced more than four fifths of global real GDP growth over the past five years³.

1.1. Emerging economies: BRICS Bloc

It is noted that South Africa joined the important bloc of emerging economies in December 2010, which is in line with the country's foreign policy to strengthen relations among developing countries.

The BRIC acronym (Brazil, Russia, India and China) originated from a concept paper by Goldman Sachs economist Jim O'Neill in 2001, identifying the largest and fast developing economies in the world, that collectively have potential to surpass the United States (US) economy by 2020 and also the Group of 6 (G6) in US dollar terms in the next three to four decades.

Jim O'Neil's analysis did not place South Africa near the BRIC countries in terms of growth potential but identified the non-representativeness of African continent within the BRIC alliance. South Africa saw the opportunity to represent Africa as the continent's economic giant and lobbied its way to be part of the four emerging economies, now BRICS (Brazil, Russia, India, China and South Africa). For South Africa, BRICS alliance will come with its pros and cons. However, South Africa has accepted these opportunities as a tough competition which will offer a lucrative market for goods and services and improvement of the South African labour market.

In today's international arena, emerging economies are becoming key influential partners since the advent of the global economic meltdown. It is widely observed that the future developments of the international market will likely associate emerging economies in order to sustain. Thus, South Africa is regarded as a response to Africa being a representative in the BRIC bloc which aimed to support the interests of the emerging economies and the developing countries.

The main economic trends amongst the BRICS members are as follows⁴:

China:

- To date South Africa has enjoyed warm political relations with China, which was also demonstrated with the successful celebration of ten years of South Africa-Chinese diplomatic relations in 2008
- It is commonly projected that China is on-route to become the world's biggest economy by 2050
- China has become South Africa's largest export destination. Two-way trade between China and South Africa reached R119.7-billion in 2009, surpassing the United States as the country's largest trading partner.

³ The Economist, p. 65, July 20th – 8th 2011

⁴ <http://www.thepresidency.gov.za>

India:

- South Africa has occupied a special place in the national ethos of India, with the link between its own independence and the struggle for equality and justice which was advanced by Mahatma Gandhi in South Africa
- Trade volumes have grown between South Africa and India. South Africa's exports to India reached R5 billion in 2010, while imports totalled R2 billion, in favour of South Africa.

Brazil:

- South Africa and Brazil enjoy a bilateral relationship that is growing
- The relationship has been strengthened by a common desire to influence the global agenda in the 21st Century in a manner that reflects the aspirations and vision of the countries of the South
- In 2008, total trade between Brazil and South Africa reached US\$ 2.52 billion from United States \$2.2 billion in 2007. There has been a remarkable increase of 48% of SA exports to Brazil in 2008, which translates in a 25% trade deficit reduction (from US\$ 1.2 billion in 2007 to less than US\$1 billion in 2008).

Russia:

- The Russian Federation remains a strategic partner in the reform of institutions of global governance
- Despite the global economic crisis, the Federal Customs Service in the Russian Federation indicated that overall trade between the two countries increased from US\$ 484, 02 million in 2008 to US\$ 517, 21 million in 2009.

Table 1: BRICS country profile quarter one: 2011

	<i>South Africa</i>	<i>Brazil</i>	<i>Russia</i>	<i>India</i>	<i>China</i>
GDP Growth Rate (%)	4%	7.50%	3.8	8.3%	10.3%
Population	49 M	203.4 M	138.7 M	1.19 B	1.37 B
Unemployment Rate (%)	25.0%	6%	7.2%	10.8%	4.1%*
Population in Poverty (%)	50%	26%	13.1%	25%	2.8%*
Industrial Growth Rate (%)	4%	11.5%	8.3%	9.7%	11%
* China's urban unemployment rate (%)					2.8%

IBGE (The Brazilian Institute of Geography and Statistics), India Central Statistical Organisation, Russian Federal Service of State Statistics, Stats SA, Chinese National Bureau of Statistics.

Table 1 shows the BRICS' country profile for 2011 quarter one of 2011. The total of 2.8 billion people in the five countries, account for 42% of the global population and rapid population growth (2.36%). The world's total land area of nearly 30%. BRICS five countries currently account for the total economy for 18% of the world, foreign trade accounted for 15% of the world, attracting foreign investment accounted for more than half of the world (53%).

1.1.1. Gross Domestic Product – BRICS Bloc**Table 2: BRICS Quarterly GDP growth rate adjusted by inflation**

<i>GDP Indicator</i> <i>April 2010 - March 2011 period (%)</i>					
	<i>2010 Q1</i>	<i>2010 Q2</i>	<i>2010 Q3</i>	<i>2010 Q4</i>	<i>2011 Q1</i>
Brazil	2.2	2.7	1.2	0.4	0.7
India	6.5	8.6	8.9	8.9	8.2
Russian Federation	-3.8	3.1	5.2	3.1	4.5
South Africa	4.8	2.8	2.7	4.5	4.8
China	10.7	11.9	10.3	9.6	9.8

IBGE (The Brazilian Institute of Geography and Statistics), India Central Statistical Organisation, Russian Federal Service of State Statistics, Stats SA, Chinese National Bureau of Statistics

Table 2 shows BRICS growth for the extended quarterly period 2010/11. The quarterly statistics on GDP growth for BRICS countries seems to show mixed growth rate between 2010 and the first quarter of 2011. The current GDP total for the five countries is probably now 16 -18% of the global GDP. Brazil's gross domestic product grew slightly by 0.2% between quarter one and quarter two of 2010.

Brazil's economy registered breakneck growth in the first half of 2010. Quarter-on-quarter GDP growth for quarter two of 2010 was 1.2% following on from the remarkably strong 2.7% growth in quarter one of 2010. However, the country's GDP in the third (1.2%) and fourth quarter (0.4%) saw the decline respectively. The same upward growth trend was seen for India where in the first two quarters (Q1-2) the country saw a growth by 2.1% from 6.5% to 8.6%. However India's growth rate seemed to remain constant in the third and fourth quarter of 2010 at 8.9%, which fell slightly to 8.2% in the first quarter of 2011.

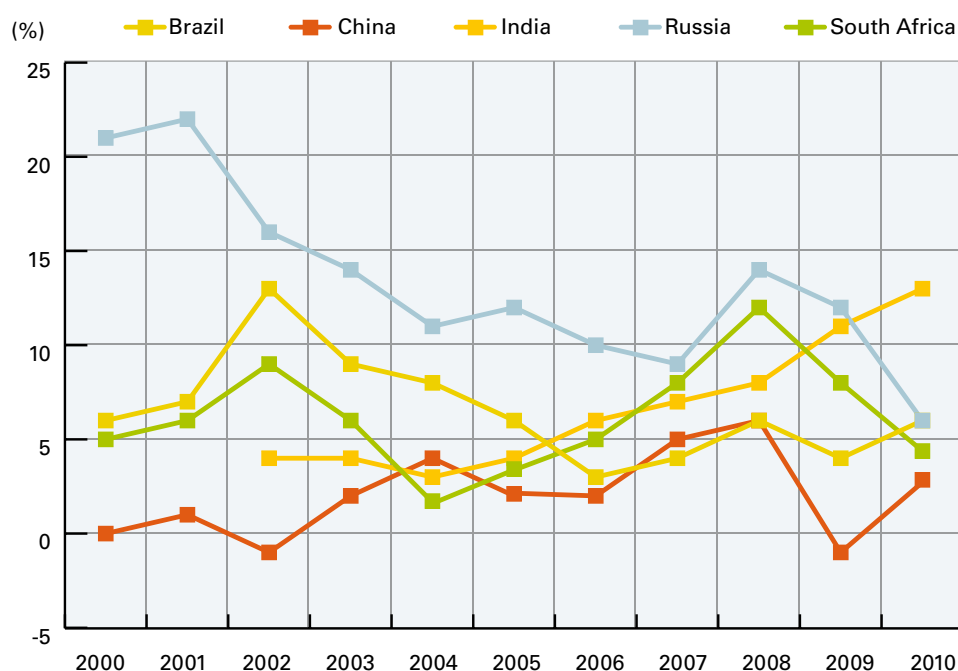
Russia grew to 5.2% in the third quarter of 2010 from a negative -3.8% of the first quarter of the same year, but it fell by 2.1% to 3.1% in the fourth quarter compared to 4.5% in the first quarter of 2011. South Africa's growth rate shows a decrease in the first two quarters of 2010 (Q1 4.8% to Q2 2.8%). The comparisons between quarter three of 2010 and quarter four of 2010 indicate that there was a decrease in the GDP growth rate (down by 1.8%).

However, South Africa's GDP growth rate increased by 0.3% from 4.5% in the fourth quarter of 2010 to 4.8% in the first quarter of 2011. The GDP growth in China (adjusted for inflation and at real rates), grew from 10.7% in the first quarter of 2010 to 11.9% to the second quarter but fell from 10.3% (Q3) to 9.6% (Q4) with a slight increase (9.8%) in first quarter of 2011.

1.1.2. BRICS – Annual Consumer Price Indices (CPI's) Trends⁵

With the globalisation of trade and production and the liberalisation of the markets, national governments, central banks and international organisations place great importance on the quality and accuracy of national CPI's, and in their international comparability.

Figure 1: BRICS CPI (%) trends, 2000 - 2010



IBGE, Chinese National Bureau of Statistics, India Ministry of Labour, Russian Federal Service of State Statistic

Note: Differences in CPI is because each country has different living standards and consumption habits, each country has a unique CPI with different baskets of goods and services. Each country may also choose to benchmark their prices to different years, reflective of differing monetary policy for each country's central bank. Thus comparing one country's CPI to another is never perfect - 2.0% inflation in the China may be different than 2.0% CPI in South Africa.

⁵ Consumer price is used to measure the changes in the living costs faced by workers, so that wage increases could be related to the changing levels of prices

Figure 1 shows BRICS CPI trends for 2000 -2010 periods. It shows that Indian and China CPI fluctuated growth topped the BRICS over the ten year period (2000 - 2010). India's CPI shows a rise of 12% in 2010 from 4.1% in 2002, while China⁶ increased from 0.4% to 3.3% in the same period.

The Brazil's CPI⁷ has increased almost two folds from 6% in 2000 to 12.5%. However, the rates fell sharply in the following years from 9.3% in 2003 to the low of 3.1% in 2006. Subsequently the rates increased sharply between 2007 (4.5%) and 2010 (5.9%). On the other hands, the Russian CPI indicates time fluctuations of prices on goods and services purchased by the consumers for non-production consumption within a specified period of time. It shows the slight increas between 2000 (20.8%) and 2001(21.5%), which was followed by a four-year steady decrease to 9.7% in 2004. Between 2007 and 2008 Russia's CPI rates increased sharply 5% from 9% to 14.1%, which was followed by a sharp decrease to 6.8% in 2010.

Similarly South Africa's figures show the fluctuating pattern seen in Brazil and Russia. Between 2000 and 2002 there was gradual increase of 3.7% from 5.4% (2000) to 9.1%, which was followed by sharp decrease to 1.4% in 2004. The CPI also went up sharply by 8.1% between 2005 and 2008 from 3.4 to 11.5% respectively – but declined sharply in the subsequent years to 4.3% in 2010.

1.1.3. BRICS unemployment trends, 2007 – 2011

Table 3: BRICS unemployment rate (%) indicator for 2007 – 2011 Q1 period

Country	2007	2008	2009	2010	2011Q1
Brazil	7.5	6.8	6.8	5.3	6.4
India	8		9.4		9.4
Russian Federation	6.1	7.8	8.2	7.2	7.2
South Africa		21.8	24.2	24.0	25.0
China	4	4.2	4.3	4.1	4.1

IBGE (The Brazilian Institute of Geography and Statistics), India Central Statistical Organisation, Russian Federal Service of State Statistics, Stats SA, Chinese National Bureau of Statistics.

BRIC countries have achieved unemployment rates of close to or less than 10% of the active population with the exception of South Africa. Table 3 shows the unemployment rate of BRICS countries. It indicates that unemployment is relatively stable on year-per-year basis because of new opportunities that are increasing in BRICS countries.

Between 2007 and the first quarter of 2011, the unemployment rates of both Brazil and Russia slight fell by 1.1%, while India's rates increased slightly from 8% in 2007 to 9.4% in quarter one of 2011. China's unemployment rates remained constant around 4%, while South Africa's rates increased by 3% from 21.8% in 2008 to 25% in quarter one of 2011 period.

Overall, it can be observed that though unemployment rates in most BRICS countries in 2009 are close to or less than 10%, their inflation rates tend to be lower with some exceptions. One standout in unemployment amongst BRICS is South Africa. The South African unemployment rates for the third quarter of 2010 are twice as high as the rest of the BRICS countries.

However, South Africa had the third lowest inflation rate at 5.8% during the fourth quarter of 2009 from Brazil's 4.2% and China's lowest 0.6% respectively in the same period. India's inflation rate is the highest of the group listed at 11.5% in the fourth quarter of 2009. The statistics show that Russia's inflation is the second highest of the group with 9.1% in the fourth quarter of 2009.

Therefore, an important element to be wary of is that most of these countries are already at greater risk of overheating. It is reported⁸ that where growth is bumping up against capacity constraints and labour markets are tight, food inflation may spill over into wages and other prices.

⁶ Chinese Consumer Price Indices reflect the trend and degree of changes in prices of consumer goods and services purchased by urban and rural households during a given period. They are obtained by combining consumer price indices of urban household and consumer price indices of rural household.

⁷ The geography coverage of the index involves the biggest 11 areas of the country, which represent 32% of the Brazilian urban population.

⁸ The Economist, p.65, 2nd to 8th July 2011.

1.2. Provincial initiatives to the country's Job-creation targets

The current regime has declared our State as the developmental state which means that it would intervene in the economy to ensure redress of past inequalities; eradicate poverty; etc. Given the dire situation of poverty and unemployment in this country, the Government has identified the following sectors: agriculture and agro-processing; mining and beneficiation; manufacturing, tourism and green economy as the main catalysts to job creation. Emphasis is also placed on infrastructure in key areas such as energy, communication, water and housing⁹.

The New Growth Path (NGP) sets out a vision to create five million new jobs by 2020 by increasing the economy's labour-absorbing capacity and decreasing its carbon-emission intensity. The policy also targets the specific sections of the population such as women, black South Africans, workers, the rural population and young people. Thus, the provincial commitments to job creation are well set in each provincial growth development plan. However, some selected key projects are highlighted below:

1.2.1 Eastern Cape

The Eastern Cape Province's industrial hub is East London and Port Elizabeth with Bhisho as the capital. Its major industries are automotive and component manufacturing; agriculture; agro-processing and tourism. It contributes about 7.6% of total South African GDP with an average growth rate of 3.4% per annum. The trends in the Gross Domestic Product by Region (GDP-R) figures over the past five years suggest that the province has experienced growth in line with the national average of above 4% per annum. The automotive sector, in particular, performed very well, supported by the Government's Motor Industry Development Programme. During this term of Government, the automotive sector in the province attracted investment in excess of R3 billion.

- The Government's Expanded Public Works Programme has played a critical role in creating employment opportunities, especially for youth and women, creating over 212 000 employment opportunities in the previous years. The Amathole Economic Development Agency's contributed by creating 497 jobs: 57 jobs for the bridge construction in Stutterheim; 91 jobs for the Artist Residence construction in Hamburg; 260 for the berry production in Amabhele (along the N6 corridor); 42 jobs for the CBD upgrade in Butterworth; 21 jobs (all of them youth, including the manager and 60% females) for the woodhouse wood manufacturing project; 26 jobs for the essential oils and alternative crops in Tyhume Valley. Through SMME support programme, 264 jobs were created in the Chris Hani District Municipality. The IPED EPWP which started in November 2010 has created 521 jobs so far and is mainly targeting cooperatives currently
- The District through the NGO, TEBA Development, initiated the job creation project from the Presidency which led to the appointment of more than 960 workers and 40 supervisors in the areas of Senqu which include Walaza, Thaba Lesoba, Macacuma, Mbofo, Bikizana and Ndofela. Through the programme 543 gardens were established aiming at ensuring food security. During the second phase of the programme 960 workers and 40 supervisors were appointed. The programme has been extended to Elundini municipality and 960 workers and 40 supervisors were also appointed. The programme has had a profound impact on the economy of all the areas involved. The skills acquired at the facilitator, supervisor, worker and beneficiary levels are an enabling factor for long term sustainability of homestead food security.

1.2.2 Free State

During 2010, the province created 38 467 job opportunities through 1 384 community-based programmes. The following initiatives were also implemented:

- The establishment of a job creation task team to coordinate job creation projects with the private sector and other stakeholders in the province
- 374 unemployed graduates are participating in the provincial internship programme and 1 495 unemployed youth have been enrolled in learnership programmes
- Expanded Public Works Programme which saw the employment of 501 Hlasela workers in Batho, Jacobsdal, Hennenman and Jagersfontein
- The expansion and creation of jobs in the agriculture sector, through cooperatives, stokvels and non-governmental and community-based organisations

⁹ In the State of the Nation Address, February 2011 the President further supported the NGP and sought support of all key stakeholders including all Government Departments, State Owned Enterprises, the private sector, etc to promote the endeavour to reduce unemployment, stating that 2011 as the year of job-creation.

- During the first phase of the establishment of women cooperatives to render the school nutrition programme in schools, 27 Local Women Cooperatives are now functional in 48 schools and are providing employment to 255 women. There are currently 2 780 food handlers at schools providing meals. These food handlers receive a monthly stipend
- To date, 103 local women cooperatives have been registered with a total number of 800 members. The second phase of implementation of this programme will continue during the course of the year.

1.2.3. Gauteng

Gauteng's economy is improving at a trot, but it needs faster growth to return to where it was before the recession. According to some economists Gauteng's economy leaned heavily on Government expenditure for recovery in the wake of the recession as it still the strongest sector in the province's economy. Government expenditure in Gauteng has increased by 30% over the past three years. There is however still a need for further government expenditure.

The Expanded Public Works Programme (EPWP) has been identified as one the interventions that the Province will pursue in alleviating the pressures of unemployment and poverty. Through the EPWP the Province managed to create 120 000 job opportunities of which 66 000 beneficiaries were women, 960 people with disability. During the previous financial year, the Province created over 51 000 jobs, through the housing programme, while the City of Johannesburg created 23 000 jobs through the Expanded Public Works Programme from Capex projects.

1.2.4. KwaZulu-Natal

The KwaZulu-Natal economy as represented by different economic sectors has been experiencing structural changes in a similar manner to that of South Africa as a whole except in the mining sector. In general, the level of economic growth at sub-sectional level in KwaZulu-Natal has been lower than the national growth rate.

KZN contributes 16.4% to the National Annual GDP following Gauteng. It has been stated that tourism is a growth sub-sector in KwaZulu-Natal with considerable contributions to the economy of the province as well as employment opportunities. The direct contribution to the province's Gross Geographic Product (GGP) of both foreign and domestic tourists stood at R20,86 billion in 2003 and the total contribution to GGP was R29,68 billion representing 10% contribution to the provincial economy.

1.2.5. Limpopo

The Limpopo Provincial Employment Growth Development Plan has been designed to form a solid base line such that it constructed as an implementable plan which will culminate into long term strategy. Mining houses are seen as the massive local industrialisation drive with a potential of creating 1 000 permanent job opportunities in Tubatse Municipality in Steelport during the period under review. A casino license for the area of Burgersfort in Greater Sikhukhune was issued to inject vibrant economic development, which would result in creating direct job opportunities.

- It is worth mentioning that the Limpopo Provincial Government embarked on the President's nodal project at Muyexe in Giyani as a pilot study for comprehensive rural development programme and built 321 houses and a clinic, thus creating 534 job opportunities
- An amount of R54m was set aside for 11 Extended Public Works programmes for labour intensive, road maintenance and construction projects and the Province created 59 733 job opportunities to that effect
- A further amount of R200m was set aside for the widening of the R33 road. The rehabilitation of the surfaced roads was done at the projected cost of R550m
- In addition the South African Women Investment Portfolio Holdings and limestone miner Continental Cement have joint venture with the China-Africa Development Fund and Jidong Development Group to build a R1.65 billion cement manufacturing plant. The plant would provide 600 job opportunities during the construction phase and 170 employment opportunities in the operation phase.

1.2.6. Northern Cape

The biggest component of the Northern Cape's regional GDP (GDPR) is the tertiary sector (52%), followed by the primary sector (31.8%). The agricultural sector is traditionally strong, but is sensitive to price-changes and droughts. The manufacturing sector in the last few years has generated strong growth nationally mainly because of significant growth in consumer demand for

semi-durable and durable goods. Manufacturing is a definite growth area for the province. Finance, real estate and business services are other areas of growth mainly driven by the housing/property boom in the province, and the growing demand for business services fuelled by demand for primary products and services. Construction was the best-performing sector in the province in 2004 and continues to show good growth and exciting prospects for future economic and social development.

1.2.7. Western Cape

The Western Cape economy contributes roughly 14.5% to South Africa's GDP, and is currently growing at an average of 3.2% a year. Tourism is one of the main drivers, but there are several others, such as finance, real estate, ICT and retail. The province's manufacturing sector is the third-largest in the country, and is spearheaded by the clothing and textile industry. Despite the global economic crisis the province managed to attract foreign direct investment with the investment amount totaling R1,047bn, resulting in 923 jobs being created.

1.2.8. North West

North West is the largest contributor to South Africa's mining sector with its 87 mines employing nearly 27% of the country's total mining population and supplies nearly 65% of the country's platinum but the perhaps the biggest news of all is biofuels – in which North West is poised to create a vibrant, sustainable industry that promises to create thousands of extra jobs and become a major money earner.

The Mafikeng Industrial Development Zone has launched a bio-fuels project based on the extraction of fuel from the seeds of indigenous oil-bearing trees. A large nursery has already been established and equipped, jobs have been created, and learnership programmes have been conducted.

1.2.9. Mpumalanga

With its rich coal reserves, the province accounts for 83% of South Africa's coal production, and 90% of this is used for electricity generation and the synthetic fuel industry. Despite the negative global outlook, Mpumalanga Economic Growth Agency (MEGA) managed to directly facilitate R58 million worth of exports in the SMME sector. It managed to approve funding for 33 enterprises which created 348 sustainable jobs.

On the other hand, it is also worth to note that the Department of Labour is indirectly contributing towards jobs creation through intense investment in the Public Investment Corporation (PIC). For example, the Unemployment Insurance Fund has invested 68% (about R35 billion) out of its R52 billion, in commercial social responsible investment portfolio, which includes central government, municipalities and parastatal bonds and money market investment infrastructure projects that create and sustain jobs.

SECTION 2: LABOUR MARKET TRENDS

The financial year 2008/09 proved to be an extremely challenging year economically with revenues remaining relatively flat, firms focusing on cost cutting. Ultimately, a sharp drop in economic activity led to dismissals, mass-layoffs, plant closures and hiring freezes which all still contributing to high unemployment in the country. It is noted that over one million jobs have been lost across sectors in the economy during recession. Technically the economy is out of the recession, in the sense that the GDP growth has turned positive. But the aftermaths of the economic recession are still creating a prolonged period of below full production and full employment. The labour market has continued to weaken in 2010, with employment declining by 14 000 and labour force increasing by 11 000 between the first quarter of 2010 and 2011, while the number of discouraged work seekers increased rapidly by 353 000 people during the same period.

From the analysis provided in this section, it is also noted that despite reasonable growth, the South African economy remained deeply inequitable with the highest official unemployment rate (25%) of any middle income country. The global economic downturn had also sustained the following outcomes in the economy:

- The SA economy has not grown fast enough given the growth in the number of people and in the labour force
- While the labour force has been expanding, there was little capacity for the economy to absorb new entrants. It is also evident that there is shortage of skills where these are needed as a result of the shift in the economy from primary to tertiary sectors
- According to Unemployment Insurance Fund's data, in every financial year, a large proportion of claimants reported that end of contract was the main reason of terminations, followed by dismissals and retrenchments. This indicates that there is still existence of casualisation in the SA labour market
- African youth remain the most vulnerable in the SA labour market as most of them have low educational achievements, skills and experience. It is also evident that most of them drop out of school in search of jobs; they constitute a higher proportion of unemployed and new entrants in the labour market. Thus employers don't trust school leavers, matriculants and even certificate/diploma holders
- While our labour laws are not too rigid, it appears that the Department needs to encourage investment in projects that can create decent work on a large scale including improving conditions for marginal workers
- In addition, the South African government has intervened in many ways to address this inequality and imbalance in the labour market. However, most of these policies interventions are probably challenged by lack of coordination and an effective implementation strategy.

Below the changes amongst selected key indicators since the economic crisis up to now, are examined. This involves comparing results in the second quarter of 2010 to those in the first quarter of 2011. The indicators analysed in this section include, employment, unemployment, labour absorption, hours worked, Unemployment Insurance Fund (UIF), job vacancies and work-seekers.

Table 4: Economically active population by province ('000)

Provinces	April - June 2010	July - September 2010	October - December 2010	January - March 2011
Eastern Cape	1 767	1 793	1 763	1 812
Free State	1 078	1 091	1 077	1 082
Gauteng	5 404	5 402	5 391	5 467
KwaZulu-Natal	3 081	2 990	3 040	3 049
Limpopo	1 221	1 208	1 157	1 166
Mpumalanga	1 243	1 243	1 228	1 267
North West	1 003	991	976	963
Northern Cape	371	372	367	381
Western Cape	2 294	2 281	2 271	2 295
RSA	17 462	17 371	17 269	17 482

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211.

- **Table 4** shows the distribution of the economically active population (15-64 years) across provinces in South Africa. It comprises those who are employed and unemployed. Looking at **Table 4**, the size of the economically active population has grown from 17 462 in April 2010 to 17 482 in March 2011. About 20 000 people were added in the labour force which can be regarded lower over twelve months in 2010/11 as compared to other emerging countries. The slow growth in the South African labour force could be associated with other economic and social problems such as non-completion of school, poor health outcomes (HIV/AIDS), low-income household to actively search for jobs.
- A growing exodus of people from poverty-stricken rural areas to large metropolitan areas where there are job opportunities might explain a large concentration of the economically active population in Gauteng, KwaZulu-Natal and the Western Cape.

Table 5: Labour force absorption rates*, April 2010 to March 2011

Provinces	April - June 2010 %	July - September 2010 %	October - December 2010 %	January - March 2011 %
Eastern Cape	30.9	31.6	32.1	31.9
Free State	41.9	41.3	42.1	41.8
Gauteng	51.5	51.4	51.1	51.5
KwaZulu-Natal	36.7	36.0	36.4	36.1
Limpopo	28.9	27.5	29.0	28.2
Mpumalanga	39.3	38.7	38.0	37.9
North West	35.8	35.9	36.5	35.5
Northern Cape	36.6	38.7	38.9	36.4
Western Cape	53.1	51.7	52.1	52.2
RSA	40.9	40.5	40.8	40.6

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211

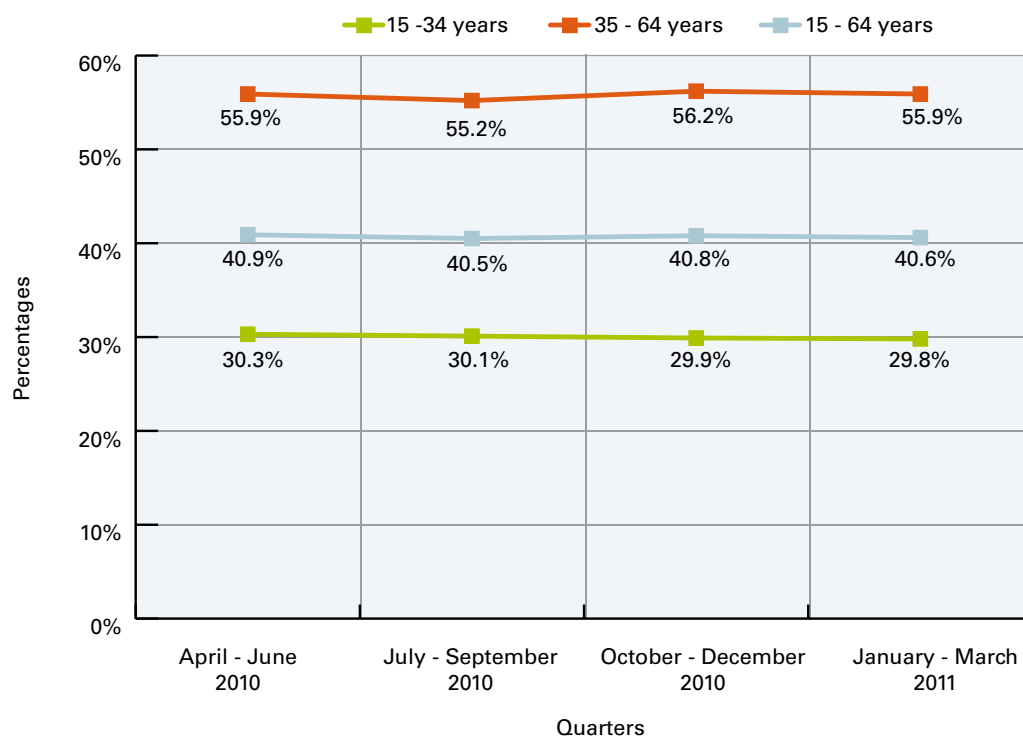
*Note: The rate is the percentage of all persons aged between 15-64 years who are employed.

- **Table 5** provides an alternative indication to the unemployment rate regarding the lack of job opportunities in the labour market. It shows the capacity of the economy to create jobs for those who are actively searching for jobs. A low employed–population ratio (40.6% in March 2011) might indicate some persistent challenges in the labour market to absorb new entrants. Possibly, the single most important factor to note is the low trend in growth performance of the economy combined with the relatively low labour intensity of growth over the economic cycle¹⁰. Nationally, the absorption rate has virtually not changed, hovering at 40.9% from the second quarter 2010 to 40.6% in the first quarter of 2011. This implies that nearly 41.0% of the working age population could be employed in the labour market in March 2011. However, Western Cape and

¹⁰ OECD Economic Surveys: South Africa, July 2010, p.11

Gauteng had recorded more than half of its working age population as employed compared to other provinces over the same period.

Figure 2: Labour Absorption rates by age group



Source: Statistics South Africa, Quarterly Labour Force Surveys, Stats release P0211

- Vulnerable groups are the most affected by the low absorption rate. In South Africa, it is now a big challenge for the Government to redress the youth (15-34 years) unemployment problem. It is understood that a range of supply and demand side factors contributed to this rise of youth unemployment. For example, the economic crises of 2008/09 left scars that today are being borne disproportionately by young people, in particular African youth. Figure 2 illustrates that the labour absorption rate among the youth (15-34) had relatively declined from 30.3% in the second quarter of 2010 to 29.8% in the first quarter of March 2011. With adult (35-64), labour absorption rate had almost been the same around 55% although it exceeded the youth absorption rate over the same period. In light of this, the Government is attempting to address the youth unemployment in several policy interventions like the “wage subsidy” and Community-based Public Works Programmes (CB-PWP’s) for young job-seekers.

2.1. Employment

South Africa’s macroeconomic framework is serving the economy well but not enough to generate the growth in employment that it needs. Nearly two years after the economic recovery officially began, job creation continues to stagger at the slowest post-recession rate. The economy has lost 14 000 jobs in the first quarter of 2011 after a gain of 157 000 in the fourth quarter of 2010. This proves that there is still a lot of uncertainty about economic recovery associated with the poor performance of the labour market.

Job creation remained sluggish in South Africa with formal non-agricultural employment increasing by 56 000 jobs in the first quarter of 2011 after a loss of 45 000 jobs in the third quarter of 2010, while informal non- agriculture employment decreased by 46 000 in the first quarter of 2011 after a gain of 53 000 jobs between the fourth quarter of 2010 and the first quarter of 2011; the agricultural sector employment decreased by 24 000 after a gain of 10 000 jobs in the third quarter of 2010; the domestically oriented industries like transport, agriculture, trade and construction shed jobs in the first quarter of 2011. While the export

oriented industries including finance gained jobs during the same quarter.

Colen Garrow argued¹¹ that “the unemployment data was disappointing particularly as employment loss was in industries in which Government wanted to create jobs for unskilled people such as in agriculture and construction . South African workers are trying to do the right thing, to work hard and care for their families. But too often this is not enough. For many, workers promises of job opportunity and progress are beginning to seem empty”.

On the other hand, the Government introduced an economic policy frameworks that will promote employment creation like the New Growth Path that will place employment at the centre of the Government’s economic policies. The new growth plan aims to create about 5 million jobs by 2020 and reduce the unemployment rate to 15%. This will be done by encouraging production led growth initiatives. As part of the plan, the cabinet also endorsed a proposal to integrate a number of macro-and microeconomic policies. On the micro side, targeted measures to support jobs will be considered. While macroeconomic policies highlighted in the cabinet statement include “more active monetary policy interventions to achieve growth and job targets”, through a more competitive exchange rate and lowering the cost of capital, while fiscal policies will be prioritised and more restrained to ensure fiscal sustainability¹².

Table 6: Employment by province ('000)

Provinces	April - June 2010	Q2-Q3 Change	July - September 2010	Q3-Q4 Change	October - December 2010	Q4-Q1 Change	January - March 2011
Eastern Cape	1274	32	1306	18	1328	-3	1 325
Free State	778	-10	768	17	785	-5	780
Gauteng	3 950	8	3 958	-5	3 953	46	3 999
KwaZulu-Natal	2 436	-35	2 401	38	2 439	-10	2 429
Limpopo	947	-42	905	57	962	-22	940
Mpumalanga	899	-9	890	-14	876	1	877
Northern Cape	260	16	276	2	278	-17	261
North West	722	-8	714	26	740	-18	722
Western Cape	1793	-39	1754	22	1772	12	1 784
South Africa	13 059	-87	12 972	157	13 132	-14	13 118

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211 (own calculations)

- Employment growth had occurred at different levels across provinces. **Table 6** confirms that economic recovery had also recorded job losses across provinces - with six provinces recording a decrease in the number of employed individuals. Employment gains were recorded in provinces that are predominantly urban areas and have large share of industries like Gauteng and Western Cape. Furthermore, finance and community industries were the drivers behind employment gains in urban provinces. These industries have high skilled opportunities like technicians, managers and professionals where skill and education requirements are relatively high. In other words, the trends underline the importance of a well-educated work force for boosting employment as well as the development of the knowledge-based economy in the country
- Rural provinces with high number of workers in agriculture suffered a disproportionate loss of jobs, as employment declined in the agricultural sector due to the end of the harvest season.

¹¹ The Star Business Report; Pg1; 4 May 2011.

¹² ABSA, South African morning sheet, 28 October 2010, www.absa.co.za (or <http://www.gcis.gov.za/newsroom/releases/cabstate/2010/101026.htm>)

Table 7: Employment by industry ('000)

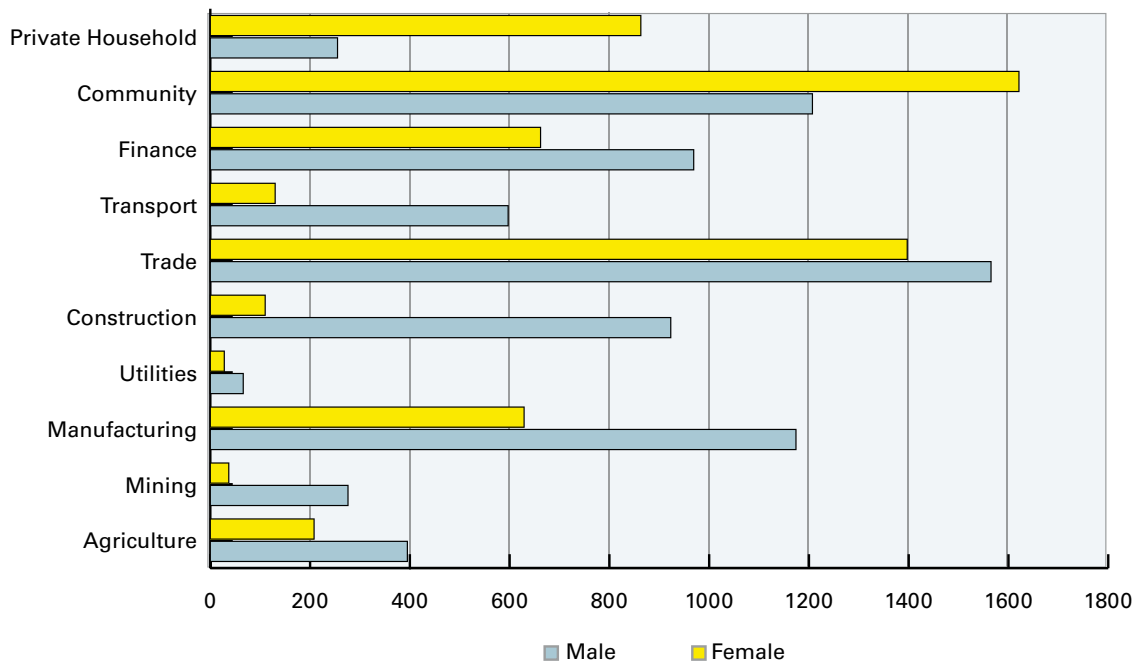
Provinces	April - June 2010	Q2-Q3 Change	July - September 2010	Q3-Q4 Change	October - December 2010	Q4-Q1 Change	January - March 2011
Agriculture	630	10	640	-13	627	-24	603
Mining	315	-12	303	-5	298	15	313
Manufacturing	1 705	8	1 713	70	1 783	20	1803
Utilities	96	3	99	-5	94	3	97
Construction	1 049	27	1 076	-20	1 056	-25	1 031
Trade	2 903	44	2 947	28	2 975	-13	2 962
Transport	766	7	773	-12	761	-34	727
Finance	1 723	-98	1 625	-31	1 594	37	1 631
Community	2 710	-32	2 678	148	2 826	2	2 828
Private households	1 157	-38	1 119	-2	1 117	1	1 118
South Africa	13 054	-81	12 973	157	13 132	-14	13 118

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211 (own calculations)

- Further breakdown of employment by industry is presented in **Table 7**. Mining and manufacturing industries bounced back in 2010 from a sharp decline in 2009 as a result of slow improvement in the world trade market. Employment growth swings widely from quarter to quarter or year to year due to sensitivity of industries to domestic and global demand for commodities. Nevertheless, the slow recovery in the mining and manufacturing industries didn't help to boost employment growth in the first quarter of 2011
- **Table 7** shows that the finance sector recorded employment gains in the first quarter of 2011 after employment loss in the third and fourth quarter of 2010 and employment loss in transport, agriculture, construction and trade industries in the first quarter of 2011.

At the global level, men and women sectoral shares of employment followed a regular pattern until very recently. Women were predominantly employed in the agriculture and services industries. The reversal of this trend that was apparent in 2005 carried through to 2006 indicating that agriculture was no longer the main sector of employment for women. Out of the total number of employed women in 2006, 40.4% worked in agriculture and 42.4% in services¹³.

¹³ ILO, Global employment trends, 2006.

Figure 3: Employed by industry and gender ('000)

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211, Quarter 1, 2011

- Figure 3 above shows the number of male and female employment in different industries of the economy. It indicates that almost all industries had a higher number of employed males while community and private household industries had a higher number of employed females. Employment of men had, in many cases, declined by less than that of women partly because of the concentration of jobs losses in transport industry and job growth in mining industry. However, the gender gap remains huge as the employment rate of men exceeds that of women in almost all industries. Moreover, more women work part-time in the trade and agriculture industries than men.
- On the other hand, trade and community industries showed the highest number in both male and female employment, with utilities again showing the lowest number in both male and female employments. The overall indication is that trade and community industries were the main drivers of employment creation compared to other industries over the period under review.

Table 8: Age categories of the employed by gender

Age Groups (yrs)	April-June 2010		July-September 2010		October - December 2010		January - March 2011	
	Male	Female	Male	Female	Male	Female	Male	Female
	N ('000)	N ('000)	N ('000)	N ('000)	N ('000)	N ('000)	N ('000)	N ('000)
15-24	869	620	799	575	824	575	800	537
25-34	2 568	1 912	2 473	1 849	2 486	1 858	2 451	1 842
35-44	1 943	1 731	1 890	1 704	1 890	1 705	1 897	1 691
45-54	1 363	1 223	1 309	1 195	1 358	1 183	1 334	1 172
55-64	653	487	631	459	631	463	619	461
Total	7 396	5 973	7 102	5 782	7 189	5 784	7 101	5 703

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211

- Table 8 shows the different age groups of the employed by gender in the 2010/11 financial year. The results confirm that inequality still exists in the South African labour market in terms of age and gender. This is mostly observed amongst Africans.

Although some progress have been recorded (increased in labour participation and social wage) since 1994, the labour market is still faced with the same challenge of inequality between men and women in different age groups. In other words, this contributes to a higher level of dependency in the country.

- The number of employed had been fluctuating for all age groups due to seasonality, for example the number of employed males and females in the 25-34 age group increased during the fourth quarter of 2010 due to part time jobs in retail industry for the festive season and harvesting time in the agricultural sector and during the first quarter of 2011; the number of employed decreased due to the end of contract jobs that were created in the fourth quarter of 2010 as recorded in **Table 8**.
- **Table 8** also shows that the number of employed females in the 15-24 age group and the males in the 55-64 age group was stable in the third and fourth quarters of 2010 even though the number decreased in the first quarter of 2011 for both sexes in these age groups.

Table 9: Educational level of the employed by gender ('000)

Level of education	April-June 2010		July-September 2010		October - December 2010		January - March 2011	
	Male	Female	Male	Female	Male	Female	Male	Female
No schooling	204	192	212	175	202	175	181	156
Less than primary completed	658	462	659	442	638	418	620	442
Primary completed	378	276	358	269	347	279	319	269
Secondary not completed	2 529	1 785	2 538	1 766	2 532	1 801	2 627	1 789
Secondary completed	2 225	1 677	2 228	1 710	2 293	1 742	2 252	1 707
Tertiary	1 251	1 221	1 257	1 180	1 303	1 227	1 333	1 270
Other	140	63	122	60	119	55	98	56
Total	7 385	5 676	7 374	5 602	7 434	5 697	7 430	5 689

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211

- The level of education of workers by gender is shown in **Table 9**. Skills and educational achievement have a positive impact on the labour outcomes of individual. People with less than primary education completed, no schooling and those who completed primary schooling had lower chances of finding employment than those with secondary school completed and tertiary education. These people might have given up looking for work as they realised that their chances of finding a job are slim. Hirsch reiterated¹⁴ concern over the capacity of new entrants to participate in the economy. He argued that we have an estimated one million vacancies and four million unemployed but people who are unemployed don't have the capacity to meet the opportunities that exist
- While the shedding of jobs in trade, construction, agriculture and transport industries during the first quarter of 2010, the low demand for labour in low level skill workers resulted in a decrease in employment among people who completed secondary education with no tertiary qualifications. On the other hand, people with tertiary education had continued to find employment as the number of employed increased throughout the financial year
- Although women have improved their level of education, their employment is still low compared to their male counterparts. This issue of gender equality needs to be at the core of development policies, in both national and international arenas.

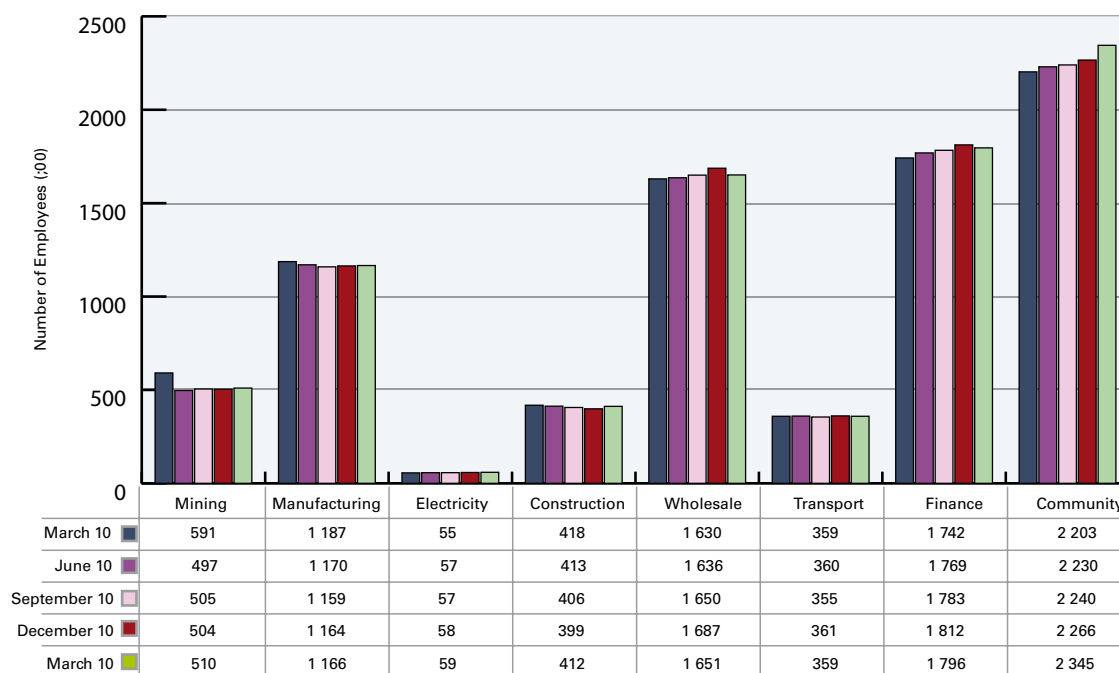
¹⁴ Murray, T et al (2008), South Africa: the battle for social and economic policy, Abridged March 2008, Wits Business School, p.13

Table 10: Employed by occupation and gender ('000)

Occupations	April-June 2010		July-September 2010		October - December 2010		January - March 2011	
	Male	Female	Male	Female	Male	Female	Male	Female
Manager	731	278	741	328	767	357	775	361
Professional	420	336	378	327	419	343	421	328
Technician	628	805	645	773	658	811	650	811
Clerk	464	1 003	441	969	449	985	409	931
Sales and services	1 040	843	1 032	826	1 043	383	1 078	826
Skilled agriculture	78	36	54	22	52	21	53	22
Craft and related trade	1 415	175	1 430	177	1 378	188	1 418	203
Plant and machine operator	939	148	991	171	962	163	956	178
Elementary	1 632	1 196	1 632	1 150	1 663	1 166	1 633	1 188
Domestic	38	855	29	858	43	826	35	842
Total	7 385	5 675	7 373	5 601	7 434	5 698	7 428	5 690

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211

- **Table 10** shows the number of employed people by occupation and gender. Despite gains women have made, significant gender differences in occupational attainment remain as noted earlier. Women tend to be concentrated in office and administrative support and service occupations while men are concentrated in skilled production, craft and repair work as well semi-skilled and unskilled manual jobs
- There are two main theoretical explanations for the differences in occupational attainment between men and women. One explanation emphasises the preferences and choices women make, which may be influenced by social pressures. The second explanation emphasises gender discrimination in the labor market, which occurs when men and women with equal qualifications are treated differently. Some other factors are also associated to these trends which are not detailed in this report.

Figure 4: Employment in the formal non-agricultural sector ('000)

Source: Statistics South Africa, QES December 2009.

- **Figure 4** illustrates that the number of people employed in the formal non-agricultural sector rose 0.6% in the first quarter of 2011 from the fourth quarter of 2010. During the first quarter of 2011 the number of employed people in the formal sector increased to 8 298 000 from 8 251 000 in the fourth quarter of 2010.

Table 11: Hours worked by the employed and gender ('000)

Hours of work (per week)	April-June 2010		July-September 2010		October - December 2010		January - March 2011	
	Male	Female	Male	Female	Male	Female	Male	Female
< 15 hrs	92	147	92	139	103	143	86	134
15-29 hrs	271	549	250	495	285	498	269	498
30-39 hrs	344	586	355	609	377	596	355	565
40-45 hrs	4 144	3 036	4 080	3 051	4 006	3 076	4 045	3 123
> 45 hrs	2 534	1 357	2 596	1 308	2 663	1 384	2 675	1 369
Total	7 385	5 675	7 373	5 602	7 434	5 698	7 430	5 689

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211

Table 11 illustrates that the usual hours of work for the employed males and females had been fluctuating over time. Although there was an increase in the number of women working 45 hours a week, the number is still low compared to their male counterparts. It also implies low participation of females in the labour market. Clearly, the gender gap that is widespread in terms of access to basic rights, control of resources and economic opportunities are an impediment to development. Thus, the only solution to this is gender equality which will strengthen the country's ability to absorb and expand the labour force in order to alleviate poverty.

2.2. Unemployment

The National Treasury document on "confronting youth unemployment: policy options for South Africa" rightly articulates the call of the New Growth Path for the provision of creative and effective strategies to create new jobs.

In its 2011/16 Strategic Plan, the Department of Labour has also committed to support this strategy. Obviously, this pertains more to the services provided by Public Employment Services (PES) such as job-search assistance, matching, providing career counselling and other employability enhancing programmes to the youth who are out of employment. Since the services are free, it is easier to reach the disadvantaged, discouraged and marginalised (i.e. women, youths, Africans, etc).

The South African unemployment rate remained high at 25.0% in March 2011 even with the economic recovery that began late in 2009. The number of unemployed people stood at 4 364 000 in the first quarter of 2011. Although there was a downward trend in unemployment in 2010, conditions in the labour market did not improve significantly to roll back any of the damage that had been done. Thus, it is not surprising to see an increase in the number of people entering the long-term unemployment (those who have been unemployed for more than one year). In other words the increase in unemployment and long term unemployment is occurring regardless of the economic recovery.

Unemployment as discussed in this section refers to the "official definition" of unemployment as measured by Statistics South Africa. It refers to those individuals who (a) did not work during the seven days prior to the interview, (b) want to work and are available to start work within a week of the interview, and (c) have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview. Discouraged work seekers are not included in this narrow definition since criteria (c) does not apply to them. However, this is interesting in the sense that the increase in the number of discouraged work seekers is also associated with the impact of global financial crisis.

Table 12: Unemployment by province ('000)

Provinces	April - June 2010	Q2-Q3 Change	July - September 2010	Q3-Q4 Change	October - December 2010	Q4-Q1 Change	January - March 2011
Eastern Cape	493	-6	487	-52	435	52	487
Free State	300	22	322	-30	292	10	302
Gauteng	1 454	-10	1 444	-6	1 438	31	1469
KwaZulu-Natal	645	-57	588	13	601	19	620
Limpopo	274	29	303	-107	196	29	225
Mpumalanga	344	9	353	-1	352	38	390
Northern Cape	111	-15	96	-7	89	30	119
North West	280	-3	277	-41	236	5	241
Western Cape	501	26	527	-29	498	12	510
South Africa	4 402	-5	4 397	-259	4 137	227	4 364

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211

- As part of the labour force, **Table 12 and 13** present the number and percentage of unemployed persons by province respectively. Overall, unemployment has relatively shown negative trends in 2010 and recorded an increase in the first quarter of 2011. However, it is important to note that the unemployment analysis should be understood within the context of labour market segmentation and limited mobility of new entrants in the market.

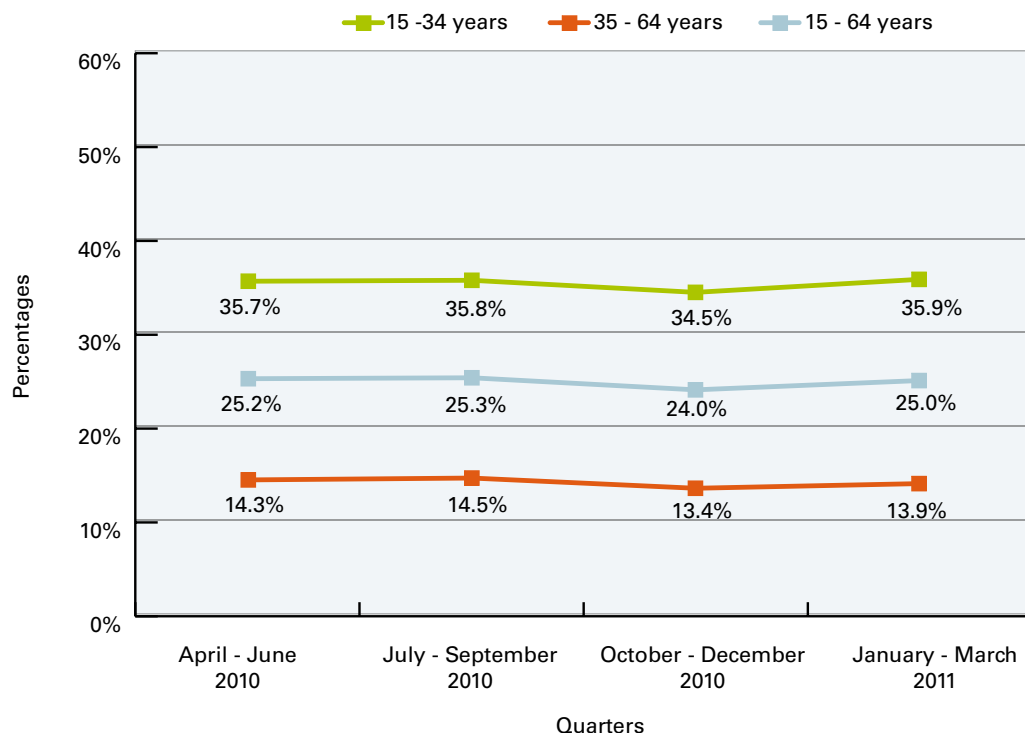
Table 13: Unemployment rates by province

Provinces	April - June 2010	Q2-Q3 Change	July - September 2010	Q3-Q4 Change	October - December 2010	Q4-Q1 Change	January - March 2011
Eastern Cape	27.9	-0.7	27.2	-2.5	24.7	2.2	26.9
Free State	27.8	1.7	29.5	-2.4	27.1	0.8	27.9
Gauteng	26.9	-0.2	26.7	0.0	26.7	0.2	26.9
KwaZulu-Natal	20.9	-1.2	19.7	0.1	19.8	0.5	20.3
Limpopo	22.4	2.7	25.1	-8.2	16.9	2.4	19.3
Mpumalanga	27.7	0.7	28.4	0.3	28.7	2.1	30.8
Northern Cape	29.9	-4.1	25.8	-1.5	24.3	7.0	31.3
North West	27.9	0.1	28.0	-3.8	24.2	0.8	25.0
Western Cape	21.8	1.3	23.1	-1.2	21.9	0.3	22.2
South Africa	25.2	0.1	25.3	-1.3	24.0	1.0	25.0

Source: Statistics South Africa, QLFS Stats release P0211

- Table 13** shows the unemployment rates for the various provinces and the rest of the country in 2010/11 financial year. Nationally unemployment rates had been stable between the second and third quarter of 2010 and slightly decreased in the fourth quarter before it surged to 25.0% in the first quarter of 2011. Provincially, unemployment rates had decreased in almost all provinces during the fourth quarter of 2010. **Table 13** also shows that most provinces had been recording the unemployment rate higher than the national unemployment rate except in KwaZulu-Natal, Limpopo and Western Cape. Addressing this challenge is particularly difficult because the labour market has a large supply of unskilled labour versus high demand for skilled labour.

Figure 5: Unemployment rates by age group



Source: Statistics South Africa, QLFS Stats release P0211 .

- Figure 5 illustrates the trends of the unemployed by age group in 2010/11. Amongst the unemployed (15-64 years), the youth (15-34 years) unemployment rates were more than double than adults unemployment rates over time. As stated above, young people live in complex and challenging times. The inability of the economy to absorb the new entrants and the large number of unskilled workers constitute the barriers into accessing the labour market which result to most them becoming discouraged.

Table 14: Educational level of the unemployed by gender ('000)

Level of education	April-June 2010		July-September 2010		October - December 2010		January - March 2011	
	Male	Female	Male	Female	Male	Female	Male	Female
No Schooling	34	34	37	42	37	46	28	40
Less than primary completed	208	140	229	141	209	133	188	118
Primary completed	109	83	123	90	104	70	116	83
Secondary not completed	1 034	967	1 044	984	965	907	998	1 025
Secondary completed	710	786	654	770	644	759	672	832
Tertiary	103	154	105	143	94	139	109	132
Other	25	15	22	13	19	11	16	6
Total	2 223	2 179	2 214	2 183	2 072	2 065	2 127	2 236

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211

Table 14 shows the highest level of education of the unemployed by gender. Amongst the unemployed who have attained secondary and tertiary educational level, women recorded a higher proportion than men but women are still less absorbed in the labour market. According to the 2009/10 employment equity report, a mere 18% of women are at the top management positions, only 27% are at senior management positions and less than 50% are at both professionals and technicians occupations. These results confirm that there is still imbalance in the labour market.

Table 15: Long term unemployment by age and gender

Age Group (yrs)	April-June 2010		July-September 2010		October - December 2010		January - March 2011	
	Male	Female	Male	Female	Male	Female	Male	Female
15-24	384	411	398	420	388	392	386	420
25-34	521	672	550	672	535	685	590	734
35-44	251	277	252	302	267	284	233	308
45-54	127	106	131	113	123	94	138	121
55-64	40	23	35	18	29	18	32	18
Total	1 323	1 489	1 366	1 525	1 342	1 474	1 378	1 600

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211

- **Table 15** above shows long-term unemployment by age and gender. Overall, more than 60% of the unemployed (4.4 million) have been unemployed for a year or more in March 2011. The highest number of long term unemployment was among the 25-34 year olds, followed by those in the age group 15-24 years old.

2.3. Trends in the Labour Market using Unemployment Insurance Fund Statistics

Unemployment levels can be measured in different ways, in South Africa the Labour Force Survey is currently the most used method of collecting official data on unemployment. However, the collection of administrative data can also provide the much needed data that can be processed and inform decision makers about day to day change in the labour market. Furthermore, the importance of administrative data is extensively covered in the literature but it is worth to say that administrative data, if collected in a way that conforms to international standards could be most valuable in the country.

Following this, some selected administrative data indicators are analysed and presented below in order to complement to the survey analysis presented above. The administrative data is collected within the Department of Labour. Detailed analyses are provided in a range of reports produced in the Department¹⁵.

2.3.1. Ordinary unemployment claims

Table 16: Ordinary unemployment claims created and approved from April 2010 to March 2011

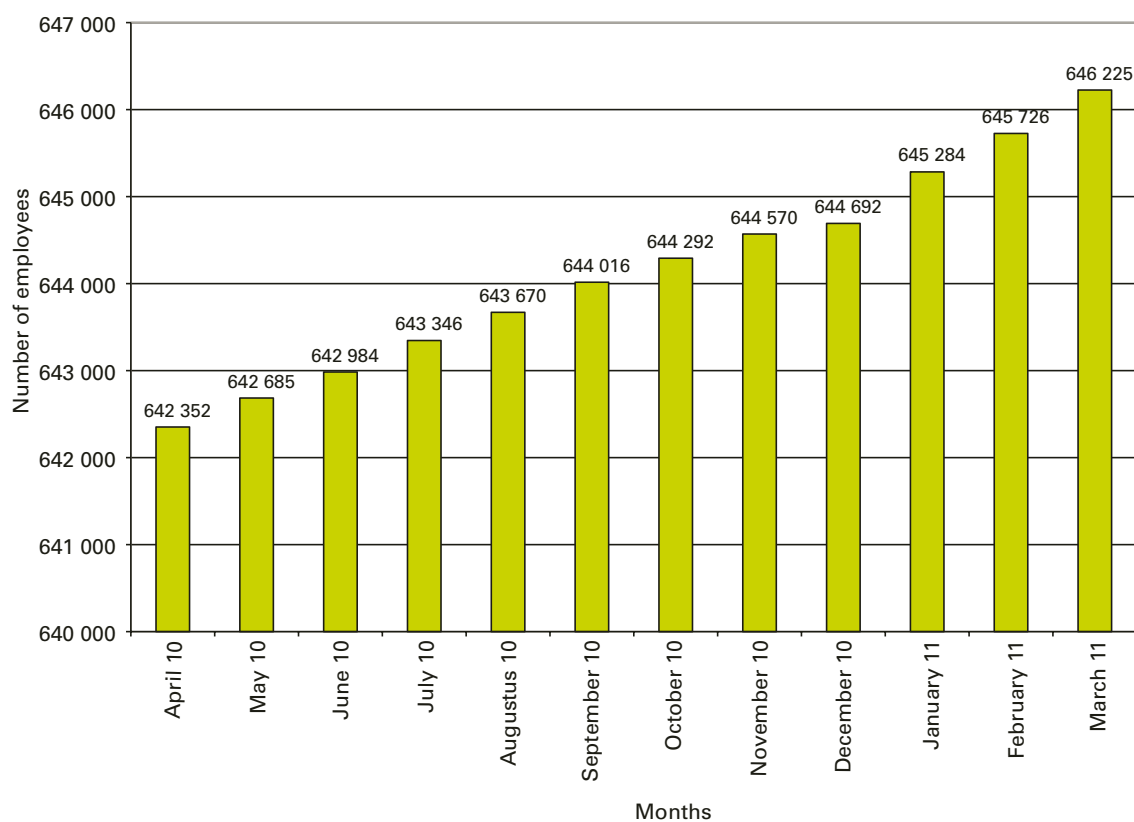
Province	Created		Approved	
	April - September 2010	October 2010 - March 2011	April - September 2010	October 2010 - March 2011
Eastern Cape	23 443	28 000	23 352	27 928
Free State	14 190	14 920	14 118	14 821
Gauteng	81 897	72 261	81 232	72 304
KwaZulu- Natal	53 237	58 077	52 832	56 480
Limpopo	19 261	20 255	17 790	18 704
Mpumalanga	23 056	28 161	21 290	27 762
North West	11 128	11 335	11 034	11 230
Northern Cape	8 270	8 751	7 938	8 385
Western Cape	56 328	48 862	55 004	47 729
Total	290 810	290 622	284 590	285 343

Source: UIF data, 2010/11

¹⁵ See www.labour.gov.za

- **Table 16** above shows the number of Unemployment Insurance Fund claims created as well as approved in 2010/11 financial year. A total of 290 810 claims were created in the first semester of the financial year and 284 590 claims were approved, while 290 622 claims were created and 285 343 claims were approved in the second semester of the financial year 2010/11. The number of claims approved increased by 753 in the second semester, although there was a slight decrease of 188 in the number of claims created
- Quarterly jobless claims showed a sharp increase in Gauteng, KwaZulu-Natal, Western Cape and Eastern Cape as compared to Northern Cape and other provinces. This trend has been consistent over the years in particular within those provinces that are predominantly urban areas
- The increase in the number of approved claims has led to a distortion in the labour market because South Africa is now recording an increased number of grant recipients compared to working taxpayers.

Figure 6: Growth in the number of active domestic employees



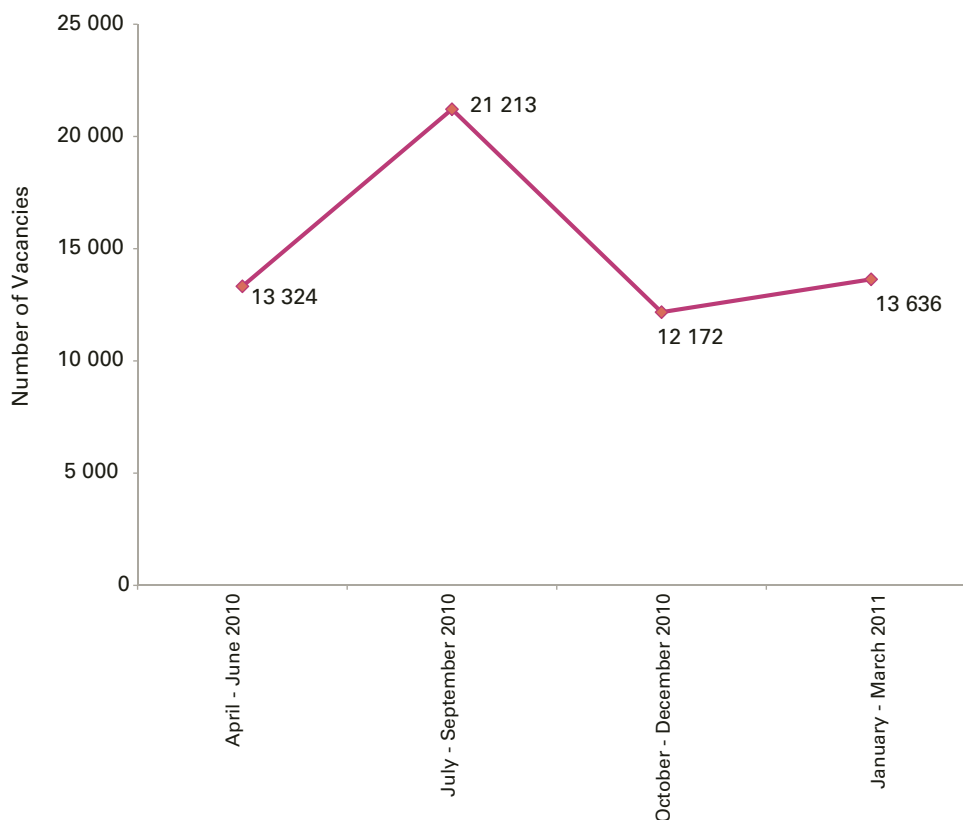
Source: UIF data, 2010/11

As shown in **Figure 6**, there is growth in the number of active domestic workers in 2010/11. This signals some degree of compliance level amongst employers with the UIF Act in order to protect this group of vulnerable workers. The number of domestic employees registered at the UIF at the end of March 2011 was 646 225. An increase of 0.6% from March 2010 (it was 642 007). The rate of growth is however slow. Although the number of registrations has increased, it is far less than the number of domestic employees reported in the Labour Force Survey (about 877 000 in March 2011).

2.4. Job Advertisements

The Department of Labour processes and analyses the demand-side for labour using the job vacancies as advertised in various news papers. An analysis of job vacancy characteristics, including: wages and benefits offered, education and experience requirements, full or part-time status. When combined with other statistics, such as unemployment rates and occupational wage levels, job vacancy data can provide a good indicator of labour market tightness, labour force shortages and the overall health and state of local labour markets¹⁶. While the Department acknowledges its limitations in terms of coverage¹⁷, it is also confident that the trends provided below can be used as a barometer to understand the skills needed in the country.

Figure 7: Trends in the number of job vacancies 2010/11



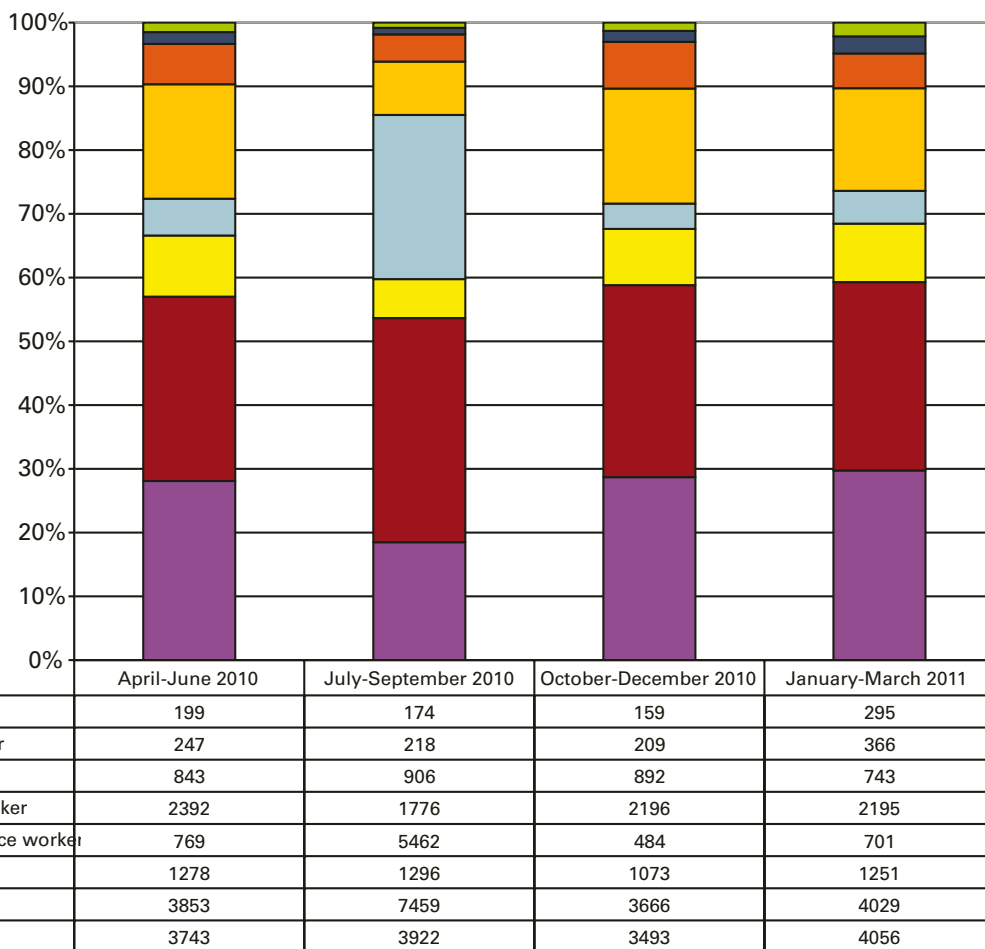
Source: Department of Labour, Job Opportunity Index, 2010/11

- Figure 7 shows about 60 345 job vacancy advertisements as processed in the Department in the 2010/11 financial year. The number of job vacancies had been fluctuating although it was more than double in the second quarter of the financial year due to the high demand for police officers and other administrative workers by Government Departments and municipalities.

¹⁶ Rhode Island Job vacancy survey questionnaire, www.dlt.ri.gov/lmi/jvs/faq.htm

¹⁷ Details analysis is provided in the Job Opportunities and Unemployment in the South African Labour Market Report which is available on the Department's website: www.labour.gov.za.

Figure 8: Advertised vacancies by occupational category



Source: Department of Labour, Job Opportunity Index, 2010/11

- According to **Figure 8** the professionals and managers occupational groups remained the dominant force in the job vacancy data in the 2010/11 financial year. In this light, more than 50.0% of the jobs recorded required grade 12, a diploma or degree, technical training and/ or specific occupational experience
- The labour market has nearly dried up for unskilled workers lacking grade 12, diploma and occupation-specific experience. Less than 45% of job vacancies recorded required low level skilled workers. There has been no real change regarding vacancies trends in these occupational categories while one will agree that this type of job vacancy is widely open to most citizens. Thus, a big concern remains around the skills that are available in the country to fill these vacancies.

2.5. Work Seeker Registration

Unemployed work-seekers and those wishing to change careers register with Employment Services in the Department of Labour. The registration enables work-seekers to be matched against available opportunities when employers approach the Department for possible applicants. As reported by the Minister in her budget speech¹⁸, there were 472 179 work-seekers who registered with the Department throughout the country during the previous financial year.

Table 17: Companies registering work opportunities

Provinces	No. of companies	Percentage
Eastern Cape	106	5.6%
Free State	163	8.5%
Gauteng	534	28.0%
KwaZulu-Natal	207	10.9%
Limpopo	154	8.1%
Mpumalanga	131	6.9%
Northern Cape	266	13.9%
North West	89	4.7%
Western Cape	257	13.5%
Total	1 907	100.0%

Source: Department of Labour, *Employment Services for SA, 2011*

- Out of 1 907 companies who registered work opportunities in the Department in 2011, about 28% of them were situated in Gauteng, as shown in **Table 17** above. This is followed by the Northern Cape, which despite its small economic size had 13.9% companies using the services of the department. Some companies also managed to register their opportunities in the Western Cape (13.5%), KwaZulu-Natal (10.9%), Free State (8.5%) and Limpopo (8.1%). It is assumed that the number of companies registering their vacancies at the Department will increase in the next financial year as the new amended Employment Service Bill (2010) will be processed and implemented. This is not expected to have negative consequences for employment.

¹⁸Budget vote speech by the Honourable Minister of Labour, Mildred N. Oliphant, Parliament, Cape Town, 24 May 2011

Section 3: Industrial Relations

This section focuses on collective bargaining, which is concerned with managing the disputes arising from the antagonistic relationship between the employer and the workers as spelled out by the Labour Relations Act, Act No. 66 of 1995 (as amended). Disputes which translated into work stoppages due to various reasons are outlined. The information was sourced from newspaper articles covering the major strike incidences.

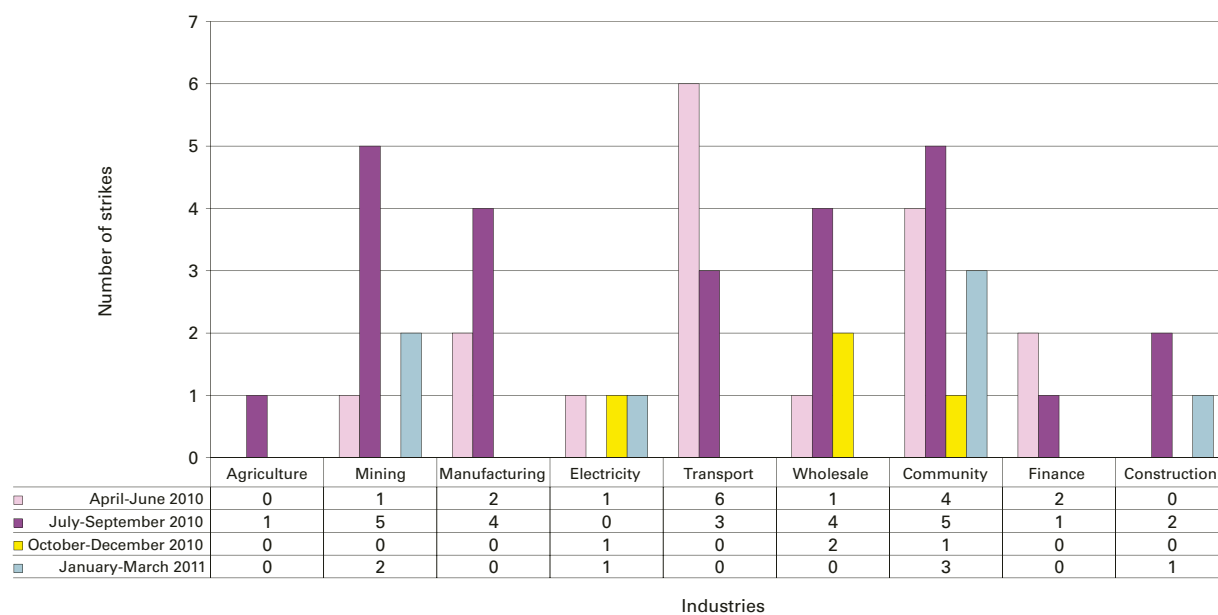
The breakdown in the relationship might result in employee feeling aggrieved and in worst case scenarios dismissal. This necessitates the institutional intervention of the Commission for Conciliation, Mediation and Arbitration (CCMA) in an attempt to improve the relationship or reach an amicable solution.

3.1. Industrial Action¹⁹

There was an increase of industrial action through strikes. As a result of which, a lot of work days and work hours were lost. The Department has recorded about 53 strike incidents²⁰ from April 2010 to March 2011, an increase from 45 during the previous period. From this, it is important to remember that labour relations in itself requires ongoing engagement and refinement from time to time.

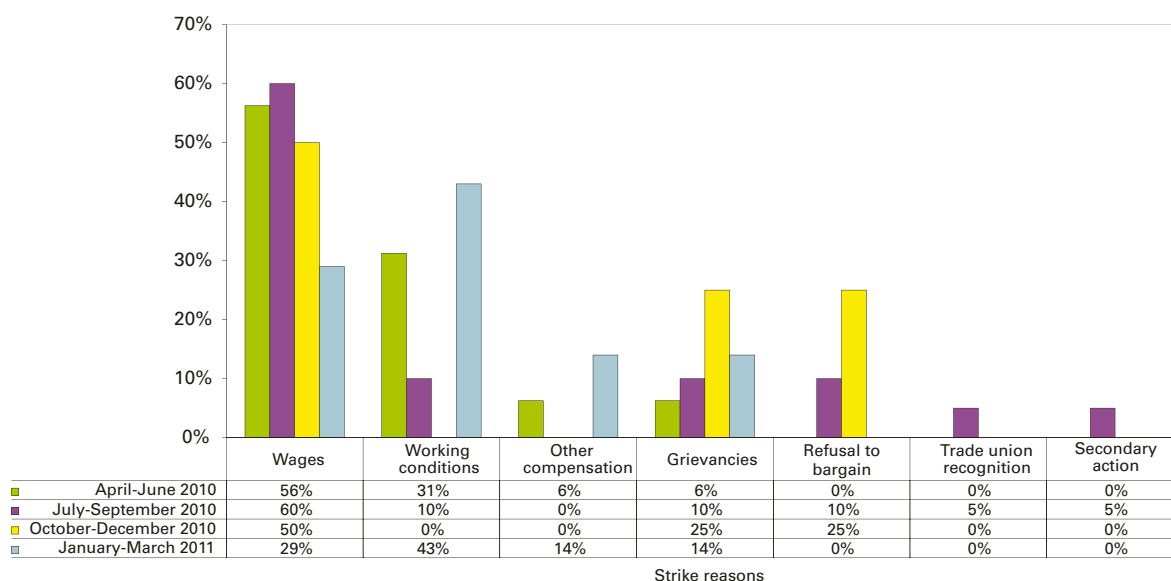
¹⁹ Detailed analysis on strike action are well discussed in the Industrial Action Report 2010 as published by the Department (www.labour.gov.za)

²⁰ The number of strikes differs from the number reported in the Industrial Action Report and the Annual Labour Market Bulletin differs because of the coverage period. The Industrial Action Report covers the calendar year (January to December) while the Annual Labour Market Bulletin covers financial year.

Figure 9: Number of strikes by industry in 2010/11

Source: Department of Labour, Strike Statistics, Apr 2010- March 2011

- Most of these strikes were in the community, social and personal services, where 13 incidences were recorded as shown in Figure 9. Of particular note was the public service strike, strike by municipal workers, the Johannesburg Metro-bus drivers which lasted for a month and the recurring City of Tshwane bus drivers strike. Following this is the transport, with nine strike incidences recorded with highlights by the Transnet, Telkom, ReaVaya bus operators, Gautrain and Passenger Rail Agency of South Africa (PRASA). The mining and quarrying industry also experienced a considerable number of strikes with eight recorded
- The wholesale, retail and repair of motor vehicles industry was affected by the strike at Pick & Pay stores, petrol attendants and automotive parts shops workers.

Figure 10: Reasons for strike

Source: Department of Labour, Strike Statistics, Apr 2010- March 2011

- Wages continue to be the main reason for workers engaging in strike activity especially during the second quarter of the financial year, which is normally the period where most strike activities take place, as shown in **Figure 10**. With the recent recession that affected most economies, many workers especially those in the lower end of the spectrum found it hard to cope and had to bargain for higher wages
- A number of wage agreements were signed between employers and employee representatives during the financial year. Most of these agreements were way above the inflation rate of about 4.6%. Notably was the 11% wage agreement between Transnet, SATAWU and UTATU, ending a standoff, which saw the country's economy almost grinding to a halt as most industries depend on transportation of their goods. Besides remuneration, the conditions under which workers operate is another cause for concern, resulting in work stoppages. This is a commendable situation as it is a reflection that workers are increasingly becoming aware of their rights and the dangers posed by an unsafe working environment
- Other agreements signed by the unions and employers were undertakings to stop the use of labour brokers as this threatened job security. NUMSA and the car manufacturers agreed to end the use of labour brokers by the beginning of 2011. Other reasons for workers engaging in strike activity are, grievances which remain unresolved, refusal to bargain and the recognition of trade unions, though on a smaller scale.

Table 18: Duration of strikes and employees involved, 2010/11

Industries	Employees involved	Work-hours lost	Work-days lost
Agriculture	54	972	108
Mining	3 625	261 849	30 128
Manufacturing	19 428	13 986 564	182 891
Electricity	3 919	34 336	8 107
Transport	36 306	4 217 870.41	639 118
Wholesale	17 730	1 358 655.41	253 608.56
Community	1 072 825	150 721 513	18 871 913.1
Finance	6 392	159 680	13 960
Construction	228	2 416	520
Total	1 160 507	170 743 855.8	20 000 353.66

Source: Department of Labour, Strike Statistics, April 2010 - March 2011

- **Table 18** above depicts the duration of strikes as well as the number of employees involved, which all indicate a dramatic increase from the previous period. There were 20 000 353.66 work days lost during the financial year, as opposed to 1 507 877.4 previously. The public service and the municipal workers strikes accounted for the bulk of the number of work days lost (94.4%), due to the vast number of workers employed in this sector. This is followed by the transport strike, with 3.2% work days lost largely due to the Transnet, PRASA, Road Freight truck drivers' and Metro bus3. strikes, which lasted for a long time
- The wholesale and retail trade had 1.3% of the workdays lost as the result of the Pick & Pay strike as well as the petrol attendants and automotive parts shops workers, which affected the whole country. The agriculture and construction industries were not as affected, with isolated incidences having minimal impact
- With regards to the employees affected, about 1 160 507 employees were affected up from 171 919 previously, with the public service and the municipal workers strike attracting more than a million workers as the Government is the largest employer.

3.2. Collective bargaining

Table 19: Number of registered trade unions

	2008	2009	2010
Registered trade unions	216	205	196
Membership of trade unions	3 298 559	3 238 519	3 057 772
Registered employers' organisations	180	167	164
Bargaining Councils	48	47	47

Source: Department of Labour, *Collective Bargaining, Apr 2010- March 2011*

The number of registered trade unions continues to decline from 205 trade unions in 2009 to 196 in 2010, as shown in **Table 19**. This is also the case with regards to the membership and is directly attributed to the current economic climate, which has seen a decline in the number of people employed.

The number of registered employer organisations is also declining. With regards to bargaining councils, the number remained constant for the two previous years, as one private sector bargaining council was deregistered in 2009 leaving 47 bargaining councils from 48 in 2008. Of the 47 registered bargaining councils, there are currently 38 accredited bargaining councils to conduct dispute resolution. Some are accredited to conduct only conciliation and some to conduct both conciliation and arbitration processes.

- Currently there are 44 operational collective agreements. During the 2010/011 financial year, 42 collective agreements of bargaining councils were published by the Department, where 22 involved renewals and extensions of period as well as re-enactments; and 20 of them were extended to non-parties covering 761 766 employees.

3.3. Dispute resolutions

Table 20: Referral of cases by region

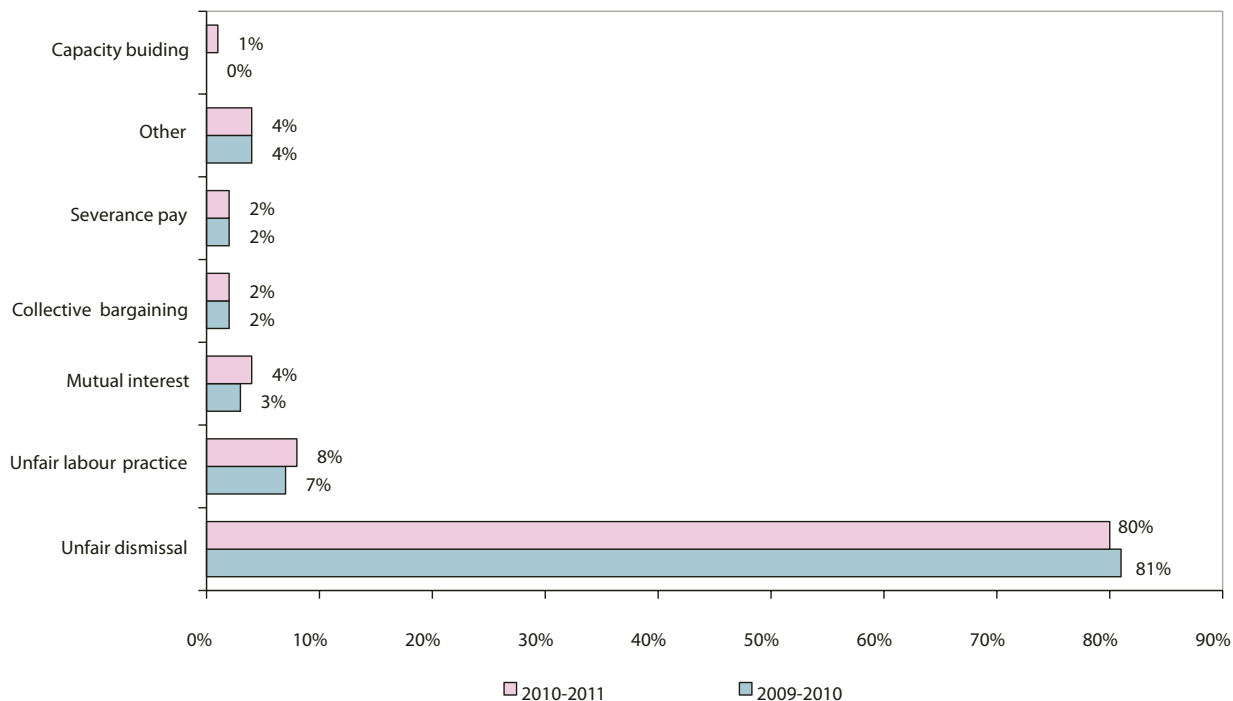
Regions	2010-2011		2009-2010	
	Count	Percentage	Count	Percentage
Eastern Cape	9 471	6.1%	10 011	6.5%
Free State	8 023	5.2%	7 934	5.2%
Gauteng	59 093	38.3%	60 150	39.1%
Head Office	2 928	1.9%	2 568	1.7%
KwaZulu-Natal	25 757	16.7%	22 941	14.9%
Limpopo	7 756	5.0%	8 179	5.3%
Mpumalanga	8 984	5.8%	9 965	6.5%
Northern Cape	2 842	1.8%	3 101	2.0%
North West	8 077	5.2%	7 863	5.1%
Western Cape	21 348	13.8%	20 945	13.6%
Total	154 279	100.0%	153 657	100.0%

Source: CCMA, *Review of Operations, April 2010-March 2011*

- **Table 20** shows the number of cases handled by the CCMA in the current financial year. There were 154 279 cases referred, a slight increase of about 0.4% from 153 657 previously. Although there has been a slight increase in the number of cases handled by the CCMA, the Eastern Cape, Gauteng, Limpopo, Mpumalanga and the Northern Cape recorded decreases in the number of cases handled

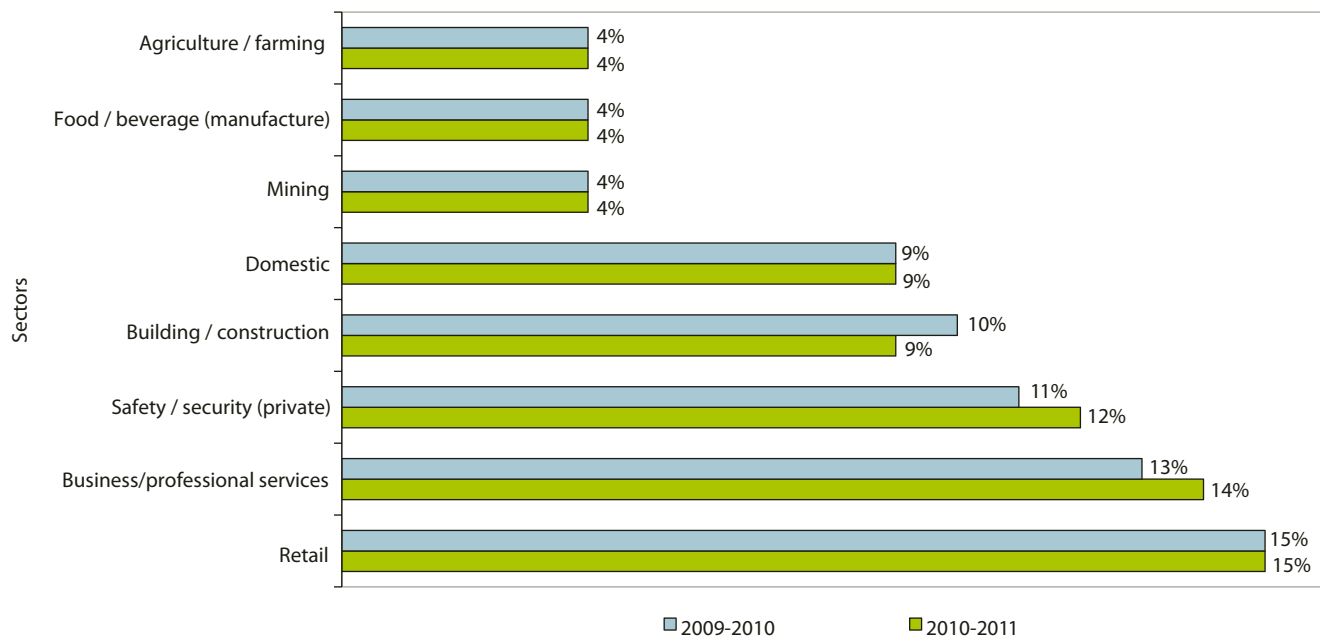
- As expected, most of the cases handled were in Gauteng (38, 3%), followed by KwaZulu-Natal (16, 7%) and Western Cape (13,8%), which are the major industrial focal points in the country.

Figure 11: Referral of cases by issue



Source: CCMA, Review of Operations, April 2010-March 2011

- Figure 11 illustrates the proportion of cases referred to the CCMA by issue. This information is generated by one of the Department’s public entities that promote social justice and fairness in the workplace through dispute prevention and dispute resolution services . It appears that unfair dismissal remains the single most issue that the commission deals with, about 80% of the cases in 2010/11. There was however a slight decrease from the previous period. This is followed by unfair labour practices, where workers who perceived to have been unfairly treated by their employers acts or omission. These cases have seen a 1% rise from the previous period from 7% to 8%
- Cases of mutual interest and capacity building have also risen by 1% each between the two periods. There was no change with the collective bargaining, severance pay and other issues.

Figure 12: Referral of cases by sector

Source: CCMA, Review of Operations, April 2010-March 2011

- As in Figure 11, Figure 12 shows the proportion of cases referred to CCMA by sector to understand the economic sectors that mostly present a high number of disputes. The following is recorded: Trade and retail sector (15%), followed by the business / professional services (14%), private security sector (12%), construction and domestic sectors (9%) each.
- There was a slight increase in the cases from the business / professional services and the private security sector and a decrease in the construction sector, while the cases from retail and domestic sectors remained constant. The mining, food and beverage and farming sectors referrals were the lowest at 4% each, with no change for the two previous financial years.

Table 21: Number of conciliations heard

Province	Conciliations heard and closed (90% of total conciliations heard)		2009/10	Total conciliations heard
	Count	Percentage		
Eastern Cape	6 710	89%	90%	7 520
Free State	5 381	94%	95%	5 744
Gauteng	41 408	94%	90%	44 120
Head Office	199	90%	-	220
KwaZulu-Natal	16 768	94%	84%	17 922
Limpopo	4 639	93%	92%	4 972
Mpumalanga	6 433	94%	93%	6 821
Northern Cape	1 899	96%	96%	1 969
North West	5 299	96%	92%	5 510
Western Cape	19 490	95%	97%	20 430
Total	108 226	94%	91%	115 228

Source: CCMA, Review of Operations, April 2010-March 2011

- Table 21 indicates a decrease in the number of conciliations heard from 116 022 in the previous financial year to 115 228. Overall there has been a 3% increase in the performance of the CCMA in terms of conciliations heard and closed from 91%

to 94%. Other provinces which showed an increase in their performance are Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga and the North West province.

Table 22 : Total arbitrations heard and closed

Province	Arbitrations heard	Arbitrations finalised (90% of arbitrations heard)	Settlement rate	
			2010-2011	2009-2010
Eastern Cape	3 657	3 310	90.5%	88%
Free State	2 487	2 344	94.3%	93%
Gauteng	21 106	19 925	94.4%	89%
Head Office	38	32	84.2%	83%
KwaZulu-Natal	9 863	9 251	93.8%	89%
Limpopo	2 767	2 510	90.7%	91%
Mpumalanga	2 793	2 662	95.3%	94%
Northern Cape	652	627	96.2%	96%
North West	2 359	2 258	95.7%	95%
Western Cape	4 076	3 961	97.2%	100%
Total	49 798	46 880	94.1%	91%

Source: CCMA, Review of Operations, April 2010-March 2011

- Table 22 indicates an increase in the number of arbitrations heard 49 798 from 47 969 and settled 46 880 from 43 594 during the period under review, compared to the previous period. An improvement in the settlement rate was also achieved nationally and almost all the provincial offices with the exception of Limpopo and the Western Cape.

Table 23 : Awards rendered by participant

Province	Awards in favour of						Total Awards
	Employee			Employer			
	Count	%	2009-10	Count	%	2009-10	
Eastern Cape	970	63.6%	63%	530	34.7%	36%	1 526
Free State	1 019	71.3%	72%	408	28.5%	27%	1 430
Gauteng	7 048	58.3%	54%	5 041	41.7%	46%	12 095
Head Office	4	26.7%	60%	10	66.7%	20%	15
KwaZulu-Natal	2 363	66.5%	69%	1 110	31.3%	26%	3 552
Limpopo	978	71.3%	67%	394	28.7%	33%	1 372
Mpumalanga	828	67.5%	66%	396	32.3%	34%	1 227
Northern Cape	206	61.9%	58%	127	38.1%	41%	333
North West	693	63.9%	61%	392	36.1%	39%	1 085
Western Cape	1 208	49.6%	49%	1 170	48.1%	48%	2 434
Total	15 317	61.1%	59%	9 578	38.2%	40%	25 069

Source: CCMA, Review of Operations, April 2010-March 2011

- Most of the awards rendered are always in favour of the employees indicating that in most of the instances employees usually have a tangible case of wrongdoing against the employers
- However a different situation is observed at head office-level where two-thirds of the awards rendered were in favour of the employers, as shown in Table 23 above.

3.4. Training of lay-off scheme

A Special National Jobs Initiative and a Training Layoff Scheme have been launched as part of the national effort at minimising job losses due to the economic meltdown. The Scheme has saved approximately 7 000 jobs, thus avoiding the possibility of retrenchment for workers who ordinarily faced retrenchment. Consequently, workers temporarily suspend their normal work to take part in training programmes. In addition, employment contracts are retained; training is flexible, but linked directly to the employer's skill requirements; the worker is provided with a training allowance; and the employer carries the full costs of a basic package of social benefits.

Previously, the Department of Labour, e.g., CCMA was responsible for the oversight and monitoring of the training layoff scheme, including the distribution of an implementation guide. The Department of Trade and Industry ("the dti") is responsible for ensuring that distressed sector support is coordinated with the training layoff scheme, whilst the Economic Development Department (EDD) was tasked with the responsibility of assessing economic and developmental impact of the training layoff scheme.

This Scheme was made sustainable through a National Jobs Fund, which was established in 2009 with an initial allocation of R2.4 billion (R1.2 billion was secured from the NSF and UIF gave R1.2 billion). However, there are strict procedures that the companies have to follow when opting for the scheme and they have to enter into an agreement.

Table 24: Training Lay-off by province

Province	Applicant companies	Workers	Amount
Eastern Cape	6	459	3 001 041.78
Free State	0	0	0
Gauteng	4	2 661	22 202 784.69
KwaZulu-Natal	2	1 133	2 989 392.21
Limpopo	0	0	0
Mpumalanga	1	65	104 010.05
Northern Cape	0	0	0
North West	2	767	6 066 068.81
Western Cape	3	1 098	5 858 850.82
Total	18	6 183	40 222 148

Source: DoL Provincial Operations, April 2010-March 2011

About 18 companies were assisted during the financial year through the Department of Labour / Department of Higher Education and Training training lay-off scheme at a cost of R40.2 million, as shown in **Table 24**. About one-third of the companies, assisted were from the Eastern Cape (6), followed by Gauteng (4), Western Cape (3), KwaZulu-Natal (2) and North West (2).

- With regards to the workers assisted and the amount paid out, Gauteng received the biggest share, where 43% of the workers benefited at an amount of R22, 2 million, while Mpumalanga had the lowest number of beneficiaries and amount paid out.



Conclusion

A major conclusion may be drawn from the three sections covered in this report. From Section One, South Africa has the lowest population rate and the highest unemployment rate as compared to the BRICS countries. It has the second highest inflation rate and its GDP had been positive like the other partners. South Africa joined BRICS to create conditions for the economic development which was severely slowed down by economic crises and pushed the unemployment rate higher.

From Section Two the evidence presented from the Quarterly Labour Force Survey signals that the economy is still loosing jobs most importantly in the informal and agricultural sectors, and that a concerted effort to increase the number of sustainable jobs will need to be made to alleviate the high unemployment rate and to make significant inroads into Government's goal of halving unemployment by 2020. The slow economic growth resulted in a loss of 14 000 jobs during the first quarter of 2011 pushing the unemployment rate to 25.0%. Even after one year of recovery all nine provinces showed job losses in the first quarter of 2011. This means that the already impoverished provinces became even poorer. The Unemployment Insurance Fund (UIF) data, on the other hand, shows a high number of ordinary applications that could be regarded as a good signal of employment insecurity in the labour market.

Furthermore, at the macro level, the data shows domestic employment was rising but at a smaller rate on monthly basis. The job vacancy data shows that the number of advertised job vacancies increase in the second quarter of the financial year due to high demand of police officers and administrative officers by Government Departments. This led to the high demand of managers, professionals and clerical and administrative workers. The Employment Services for SA system also registered 472 179 work seekers and 1 907 companies who registered their job opportunities on the system.

From Section Three, industrial actions surged in 2010/11 compared to 2009/10 due to prolonged strike by public workers, automotive manufacturing sector as well as mining sector. Wages were the main reason for industrial actions during the second quarter of the financial year. The number of registered trade unions declined due to massive lay-offs and retrenchments. The number of cases handled by the CCMA increased due to several disputes occurring in various work places.

4.1. Policy implications

Job centred policies must be strengthened to reduce the risk of growing long-term unemployment. Well designed active labour market policies, work sharing arrangements and targeted measures to support vulnerable groups, notably youth, are especially relevant in this respect²¹.

South Africa needs to strengthen domestic industries like agriculture and construction so that the low and semi- skilled unemployed youth can be absorbed into these industries. Another important measure to increase employment in the long run is to reduce the mismatch between job seekers and job opportunities and better access to credit for SMME's. Government needs to ensure that the economy recovers fully from the recession to boost trend growth and thereby create the five million jobs required to reduce unemployment by 2020. Labour market policies aimed at gains in labour productivity with increased real wages are also essential, and this must be underpinned by social dialogue between workers, employers and Government.

²¹ The world at work report 2010,ILO; p 14