# LABOUR MARKET STABILISES, BUT STILL FALLS SHORT OF PRE-COVID19 LEVELS

## 1. INTRODUCTION

The past year took a toll on job seekers but there seems to be a slow stabilisation in the Labour market as the economy struggles to recover to pre Covid19 levels. According to StatsSA 2021Q1 Quarterly Labour Force Survey, some quarters in the previous year saw slight recoveries in job creation as employers rehired when the lockdown regulations were relaxed. In 2021Q1, the rehiring and returning of people to the workforce has slowed down significantly, indicating that the labour market is slowly stabilising. This data story looks at the unemployment rate of eThekwini pre Covid19 levels and how the labour market has adjusted overtime amid Covid19. It will further look at the geographical growth and decline of employment in the City, to assist with policy making with regards to supporting job growth.

## 2. PRE COVID19 VS 2021 Q1 LABOUR INDICATORS

Results from StatsSA QLFS 2021Q1 publication showed that the unemployment rate in Durban remained unchanged at 20,6% when compared to the previous quarter's (2020Q4) unemployment rate. This is as a result of a small change in the number of both employed and unemployed during this quarter. The number of employed people in the City increased by 14 000, taking the total number up to 1 122 000 (still 71 000 people shy of 2020Q1, pre-Covid19). The number of unemployed people increased by 4 000 people to 292 000 when compared to the previous quarter, indicating more people being able to actively look for work. The absorption rate on the other hand increased from 44,6% to 44,9%, indicating slightly higher chances of being employed when looking for work in the City. The number of discouraged work seekers also increased by 13 000 (from 196 000 to 209 000), as more people entered the labour market and struggled to find work.

Despite clear progress in the labour market since lockdown levels were initially relaxed, a major catch up is still required. In order to get to 2020Q1 (pre-Covid19 levels), 71 000 more people would still need to be employed, 143 000 more people would need to be economically active, 46 000 more people would need to be actively looking for work, and there would have to be 75 000 fewer discouraged work seekers. The labour market still falls short of pre Covid19 levels and more needs to be done to address joblessness and build a resilient economy.

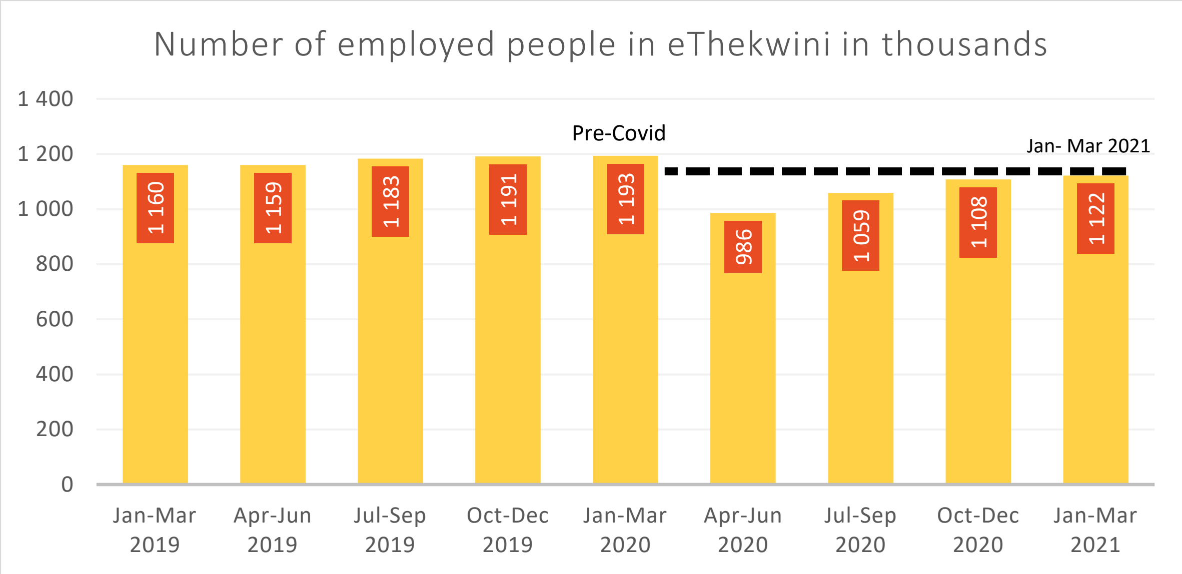


*Figure1: eThekwini unemployment rate* *Source: StatsSA QLFS, 2021Q1*

## 3. WHERE IS DURBAN'S LABOUR GROWTH?

For policy making purposes, it is important to understand not just the increase in and stabilisation of employment, but the likely sources of employment growth in the City. It is also important to understand the areas of employment decline in the City, which will assist with more targeted intervention strategies.

National Treasury recently released spatial data reports mined from anonymised SARS administrative tax data documenting employment (and firm level) statistics at a sub metro level longitudinally. The data was compiled for all eight metro for the 2013 to 2018 tax years. The Durban report revealed insights about the geographical location of labour growth in the City. Although the period is between 2013 and 2018, the same growth patterns are confirmed in other data sources within the City, and are important to highlight for labour growth. The map below is extracted from this National Treasury report on Durban, and illustrates that Durban CBD, Umhlanga, Westville and Jacobs/ Prospecton are key employment sources for Durban.

The greater North (including Umhlanga, Tongaat, Mount Edgecombe) displays the greatest growth in employment in Durban between the 2013 and 2018 tax years (i.e. 2013 March 2013 to February 2018), averaging growth rates in excess of 40%. The Outer West (specifically Mpumalanga/ Hammarsdale region) also displays similar employment growth rates, however the number of people employed in this region is still relatively small compared to those employed in Umhlanga and surrounds. The growth displayed in employment is due to relatively higher levels of investment in these areas; a trend which has continued into 2021. Conversely, Durban Central, although a high employer in the City, shed just under 20% of its jobs over the same period.

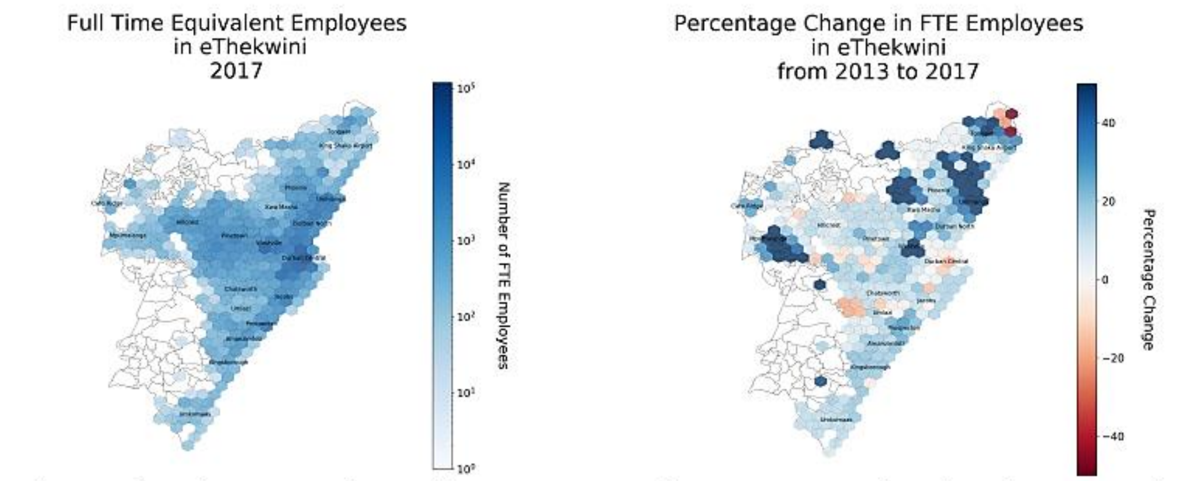


**Figure 5: Full Time Equivalent Employees in eThekwini for the 2017 Tax Year**

**Figure 6: Percentage Change in Full Time Equivalent Employees in eThekwini between 2013 and 2017 Tax Years**

*Figure2: Geographical concentration of/ growth in labour in Durban*

*Source: City Spatialised Economic Data; Metro Level Report, (EThekwini), National Treasury City Support Programme, 2021*

## 4. CONCLUSION

Durban's labour market is slowly recovering from the effects of the first major lockdown. Due to the number and growth of people employed, it is most likely that the greater north of Durban accounts for the greatest recovery of jobs in the economy, while central Durban accounts for a significant number of job losses. In order to return to pre-Covid 19 employment levels (and grow even further), attention should be paid to investment into specific areas such as central Durban, while support should be provided for increased investment into the greater North.

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