



República Democrática de Timor-Leste
Secretaria de Estado da Formação Profissional e Emprego
Direção Geral
Departamento de Informação do Mercado de Trabalho

Labour Market Outlook

Edition 2, July 2014

Introduction

The current edition of the Labour Market Outlook takes a closer look at the data from the national accounts, preliminary results from the labour force survey, and the enterprise & skills surveys. The aim of this brief is to assess the ongoing changes in the economy and impact this is having on job creation. Besides this, you can also find a short update on employment services provided by the Secretariat of State for Professional Training and Employment Policy (SEPFPOE).

The 2012 data from national accounts was released in July 2014. Some adjustments have been made. The major change is the non-oil GDP growth for 2011 which was revised from 12% to 14.7%. Along with the report on national accounts, the Business Activity Survey (BAS) report for 2012 was also launched by the General Directorate of Statistics. This report provides a range of data on business activities in the country.

SEPFPOE shared the results from the first Enterprise & Skills Survey Report 2013. Key findings from the second Enterprise & Skills Survey which was carried out in Jan-March 2014 were also disseminated. Furthermore, preliminary results from the Labour Force Survey (LFS) 2013 were presented to the stakeholders. The LFS 2013 was carried out presented to key stakeholders by the General Directorate of Statistics in partnership with SEPFPOE.

These surveys provide a rich source of data some of which the Department of Labour Market (DIMT) has analyzed further to identify trends and developments in the labour market. The results from this analysis are presented here with the ultimate goal that it will feed into the development of future policies and programmes in the country.

Jobs & Economy

In 2012 the non-oil GDP increased by 7.8% which means that there was a sharp reduction in the growth rate compared to 2011. In fact the growth rate in 2012 was the slowest that Timor-Leste has seen since 2007 (Figure 1).

Oil sector is the major contributor in the overall GDP, but the growth of the oil sector has fluctuated sharply.

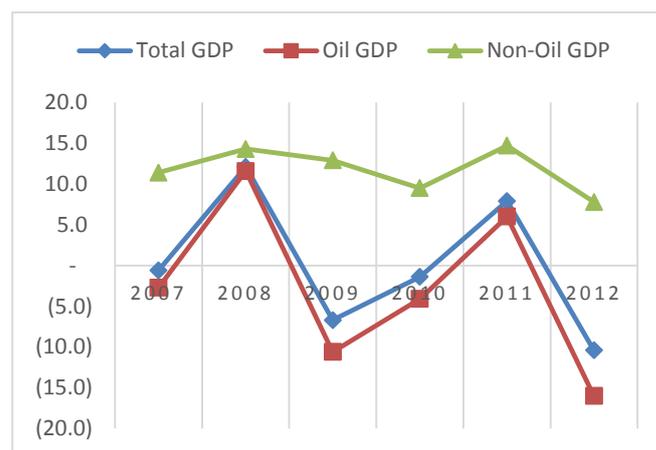


Figure 1: GDP Growth Rate in % 2007-2012 (Constant Prices). Source: Calculations based on data from the Timor-Leste National Accounts 2000-2012, General Directorate of Statistics



On the other hand, the proportional of the non-oil sector has grown steadily and in 2012 it accounted for approximately 28% of the total GDP (Figure 2).

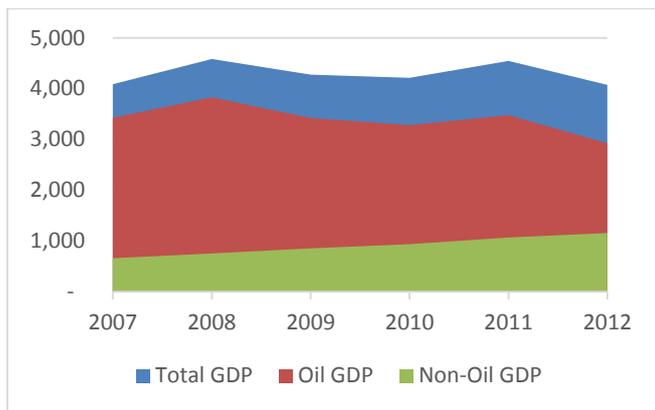


Figure 2 Share of oil and non-oil sectors in the economy in million USD (2007-2012). Source: Calculations based on data in the Timor-Leste National Accounts 2000-2012, General Directorate of Statistics

In 2007 the share of the non-oil sector was only 16.2%. The three main value added sectors in 2012 were trade, construction, and public administration. Over the years the agriculture value added has not changed. In 2012 the proportion of value added in agriculture was almost the same (4.4%) compared to 2007.

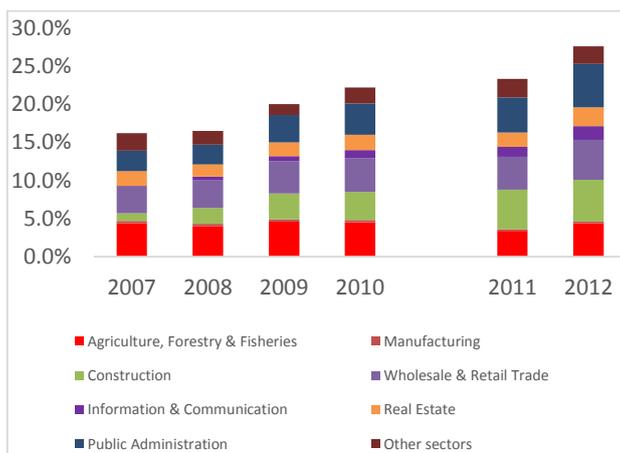


Figure 3 Value added in non-oil sectors as share of GDP (2007-2012). Source: Calculations based on data from the Timor-Leste National Accounts 2000-2012, General Directorate of Statistics

According to the Business Activity Survey (BAS) 2012 a total of 63,200 persons were employed in private businesses. The concentration of employees can be found in wholesale & retail trade and construction (Figure 4). These two sectors account for more than 61% of the workers. Geographically, Dili provides the main source of employment for workers. More than 83% of the employees are working in Dili.

Compared to 2011 there was a major slowdown in the construction sector in 2012. In fact the sector experienced negative growth (-6%). As a result, compared to 2011- when more than 66% employees were added in the construction sector - there was only a 2% increase in the number of employees in 2012.

The concentration of workers in wholesale & retail trade and construction is also evident from the Enterprise & Skills Survey (ESS, July 2014)¹. The results from this survey show that from 2011 to 2013 the number of employees increased by 13.2%. The largest increase (76%) was in sale and services while number of professionals increased by 32%.

The survey results from ESS 2014 underline that many of the managers (40%) and professional (28%) positions in the businesses are occupied by foreign workers. This possibly highlights skills gaps in Timor-Leste. The high proportion of applications received from foreign workers for managerial and technical positions (see under employment services) also seems to corroborate this trend.

According to the Labour Force Survey 2013 only 8.9% of the labour force has a university degree while 42.3% of the labour force has a secondary education. Lack of adequate number of people in the labour force who have tertiary level education perhaps explains the presence of relatively high proportion of foreigner workers for management and professional positions in Timor-Leste.

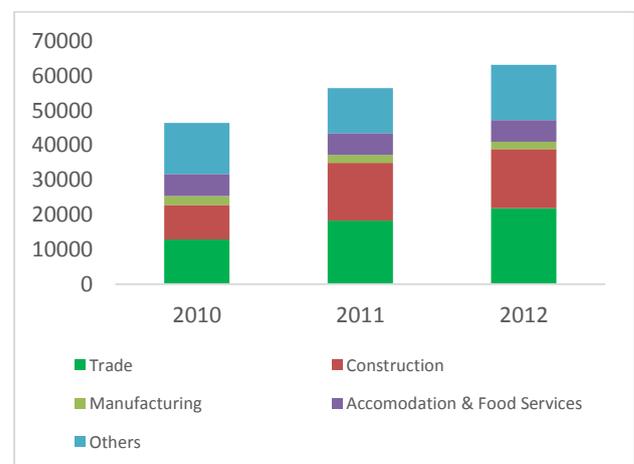


Figure 4. Number of employees in businesses (2010-2012). Source: Business Activity Survey 2012

In conclusion, one can say that continued growth in the non-oil sector seems to be contributing towards job creation outside the agriculture sector. Jobs are being mainly created in construction, trade, and service sectors. There are very few jobs in the manufacturing sector which is understandable considering that the size of manufacturing in the economy is very small.

¹ ESS uses a smaller sample (<400) to primarily look at skills demand and gaps in the country.

The deceleration of economic growth in 2012 meant that fewer people were recruited compared to the previous year. In 2012 very few jobs were added in the construction sector owing possibly to negative growth in that sector. Similarly, fewer workers were added in the wholesale & retail trade.

The results from ESS 2014 suggests that the pace of hiring has again gained momentum in 2013. Overall, the general trend seems to be that businesses in Timor-Leste are hiring more workers.

The major concern however is the shortage of competent and skilled workers for management, professional, and associate professional level positions. There are relatively high proportion of foreign workers in several professional and managerial occupations which seems to indicate skills gaps and labour supply constraints.

Employment Services

During January-June 2014, 4,708 clients registered with the Career Counselling Centres (CEOPs) in the districts. Those who registered included 2,336 job seekers. A total of 2,281 requested training. Among them a vast majority (2,221) were interested in enrolling for vocational training programmes, while 91 clients wanted to get advisory support to open their own businesses.

Figure 5 provides the breakdown of trainees who have been enrolled for different training courses. A majority of trainees enrolled for administration and IT courses.

SEPFPOPE assisted 146 job seekers to find employment. A large proportion found work as “technicians and associate professionals” and in elementary occupations. Technicians & associate professionals typically require skills and education at upper secondary or tertiary level while elementary occupations generally involve routine tasks and no formal education.

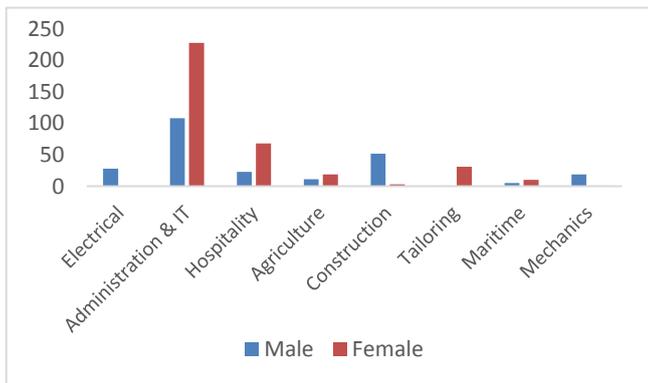


Figure 5. Breakdown of number of trainees enrolled by speciality (Jan-Jun 2014). Source: SEPFPOPE

More than 90% of people who found employed are in the age group 15-39. Possibly reflecting the occupational profile, more than 60% of the employed have an upper secondary or tertiary education, while 25% had no formal education (Figure 6).

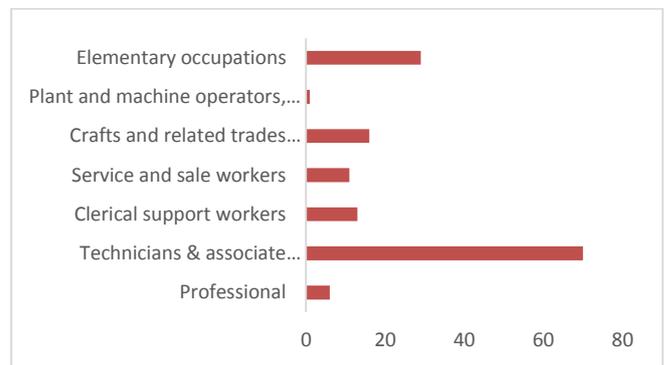


Figure 6. Job placements by occupational category (Jan-Jun 2014) Source: SEPFPOPE

SEPFPOPE is also supporting an overseas employment programmes in cooperation with South Korea and Australia. In the reporting period (Jan-June 2014) SEPFPOPE helped 169 Timorese to find work in South Korea.

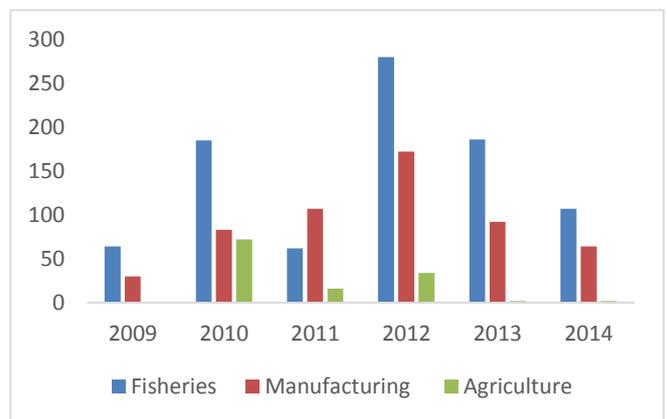


Figure 7. Number of Timorese overseas workers in South Korea (2009-2014). Source: SEPFPOPE

Only eight of those employed in 2014 were females. In Figure 7 we can see the total number of Timorese who have been employed in South Korea under the overseas employment programme. A majority of workers (461) were hired in 2012.

The number of workers who found work in 2013 fell sharply. Fisheries and manufacturing continue to be the two main sectors of employment for Timorese workers in South Korea. Since 2009, a total of 1,558 Timorese workers have been placed in South Korea.

According to the data provided by two financial institutions in Dili, a total of USD 2,892,694 was sent as remittances from South Korea. The breakdown of amount remitted from January-June 2014 is shown in Figure 8. The month of March saw the peak in remittances from South Korea which amounted to USD 644,573.

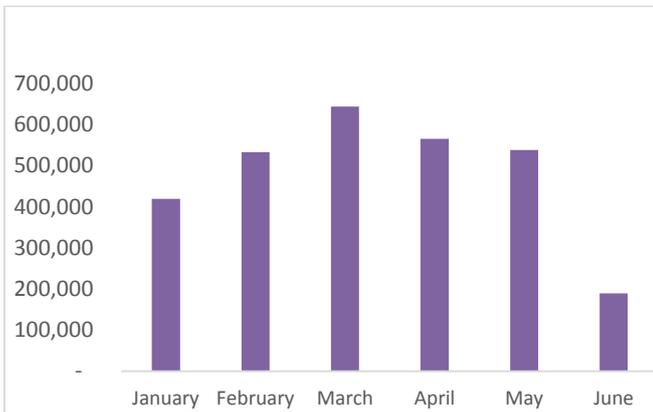


Figure 8. Remittances from South Korea Jan-June 2014. Source: Data from two financial institutions operating in Timor-Leste

With the Australian government SEPFOPE is partnering on a seasonal workers programme. Under this programme, as of June 2014, a total of 119 persons were provided seasonal employment in Australia.

Timorese workers were recruited for hospitality and horticulture sectors in Northern Territory of Australia. More than 60% of the total workers were hired from January to June 2014.

During the reporting period a total of 616 applications were received from foreign workers for work permits. Applicants included 488 men and 128 women from several countries. More than 64% of applicants were from Indonesia followed by Philippines (13%) and China (6.6%).

Figure 9 shows the breakdown of occupational category under which the foreign nationals applied for work permits. The three main occupational categories are managers (24%), professionals (21%), and crafts & related trades workers (39%).

Managerial positions are generally senior positions including directors while professional level positions include engineers, economists, lawyers etc. Crafts & related trades include technical occupations such as mechanics, electricians, carpenters, chefs etc.



Figure 9. Breakdown of work permits given to foreign workers by occupational category (%). Source: SEPFOPE

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