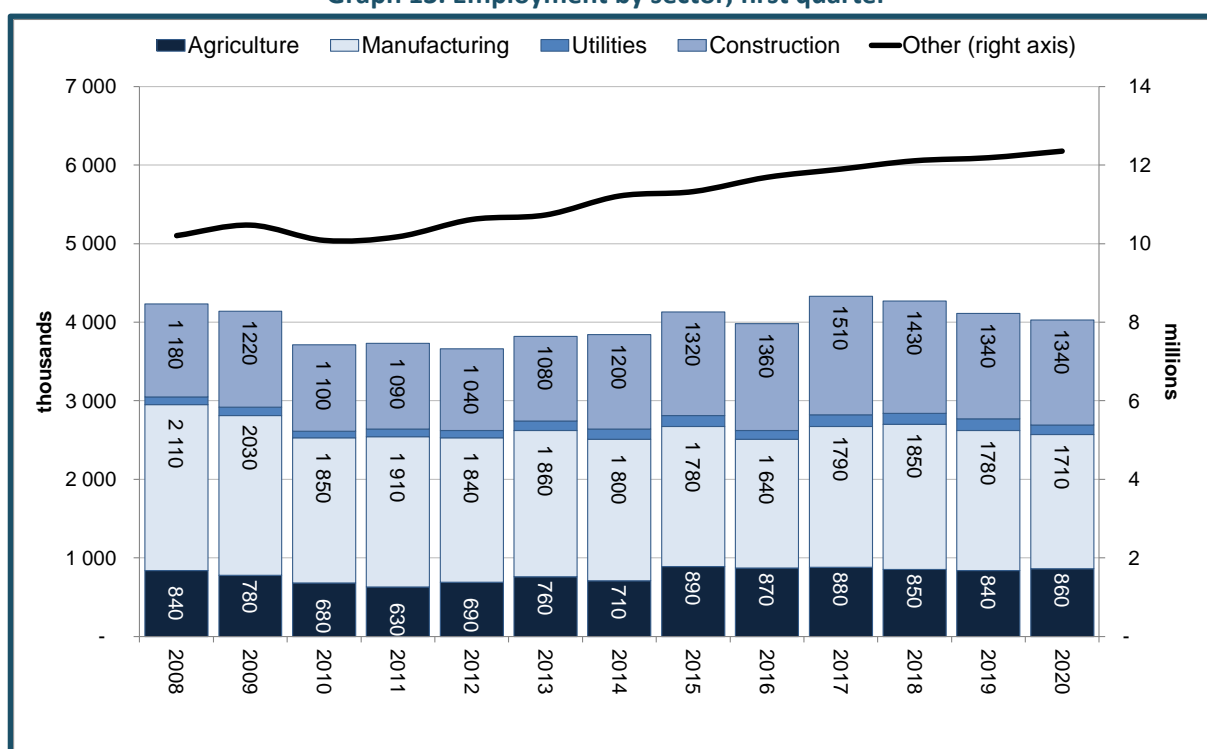


Employment

Although the year to the first quarter of 2020 saw some jobs growth, employment fell sharply during the lockdown, and has recovered only slowly since then. In the year to March 2020, employment climbed by 90 000 jobs. But the available data suggest that over a third of all formal private-sector employees were unable to work in April, during Level 5 of the lockdown. Depressed international and domestic demand mean that the reopening of the economy will not restore all of those jobs.

Like GDP data, figures on employment are only available through March, which means they do not reflect the full weight of the COVID-19 downturn. Overall, employment climbed by 90 000 in the year to March 2020, reaching 16.4 million. Manufacturing saw job losses of 75 000 over this period, however, which in part reflected the slowdown in China and the start of the global downturn. In contrast, agriculture gained 20 000 positions, and at 860 000 jobs was on the average for the past five years. Construction, which shed jobs from 2017, gained 45 000 new positions, reaching 1.3 million jobs – still down by around 10% from its 2017 figure of 1.5 million.

Graph 13. Employment by sector, first quarter



Source: Calculated from StatsSA. QLFS –2008-2020 Q1. Electronic database. Downloaded from www.statssa.gov.za.

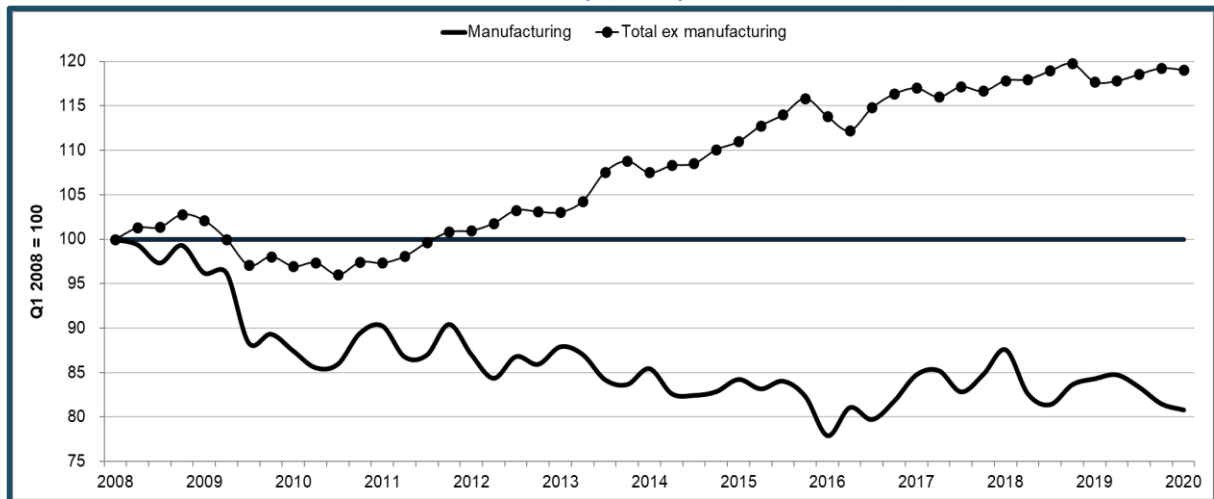
The available indicators suggest that the modest gains in employment in the year to March 2020 were wiped out by the effects of the COVID-19 pandemic in the following months. In particular, the UIF COVID-19 Temporary Employee/Employer Relief Scheme (TERS) received applications for 3.7 million workers for April. That is equal to over a third of all formal employees in the private sector.

The COVID-19 TERS scheme limited job losses during the lockdown, but a number of surveys indicate that many employers anticipate downsizing employment after the lockdown ends, mostly because of reduced demand.

A small survey conducted by TIPS in collaboration with Business Unity South Africa and the Manufacturing Circle found that over a third of respondents anticipated job losses, with an average loss (weighted by employment) of around a quarter of their positions.

For the past five years manufacturing employment has fluctuated in a narrow band around 1.75 million; the decline in the year to March 2020 represented the third quarter of job losses. In contrast, employment in the rest of the economy gained almost a million jobs over the five years to March 2020, but was essentially flat from mid-2018.

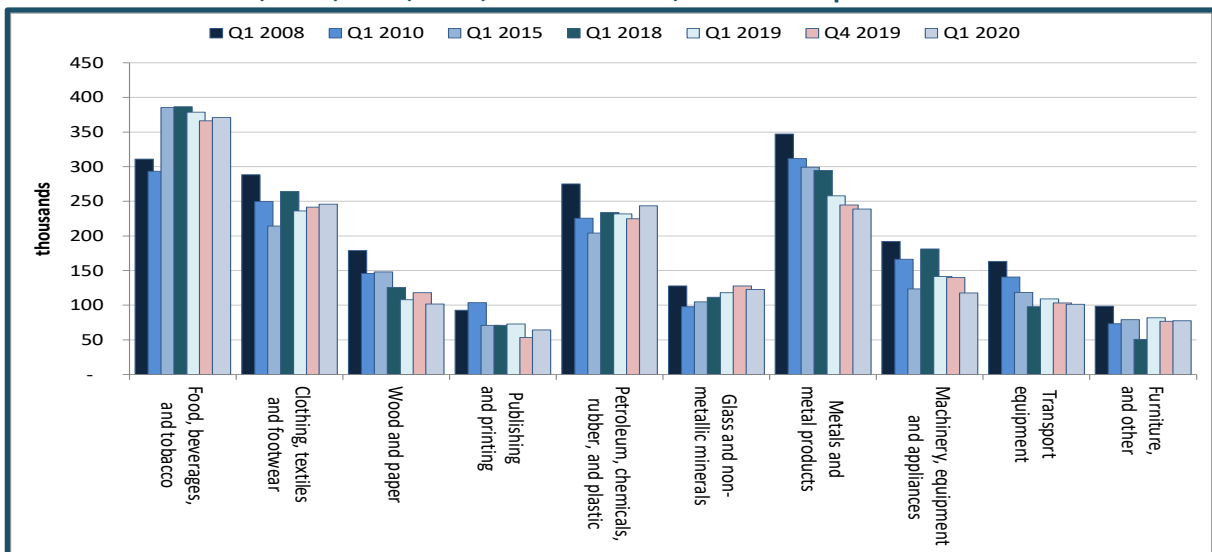
Graph 14. Indices of employment in manufacturing and the rest of the economy (first quarter 2008 = 100)



Source: Calculated from StatsSA. QLFS –2008-2020 Q1. Electronic database. Downloaded from www.statssa.gov.za.

For manufacturing subsectors, the figures to the year to March 2020 show *downturns* in metals, machinery and auto – all of which were likely affected by the initial impact of the pandemic on the Chinese economy. Global value chains began to show strain in the first quarter of the year, with both interruptions to the supply of inputs and falling demand for mining and metals products as well as other goods. Food processing, which had been a key source of manufacturing growth from 2010 to 2015, continue to stagnate. In contrast, clothing, chemicals and non-mineral products (mostly building materials and glass) saw some improvement over the year to the first quarter of 2020. Most other manufacturing subsectors saw modest net job losses over the period.

Graph 15. Employment by manufacturing industry, first quarter of 2008, 2010, 2015, 2018, 2019 and 2020, and fourth quarter of 2019

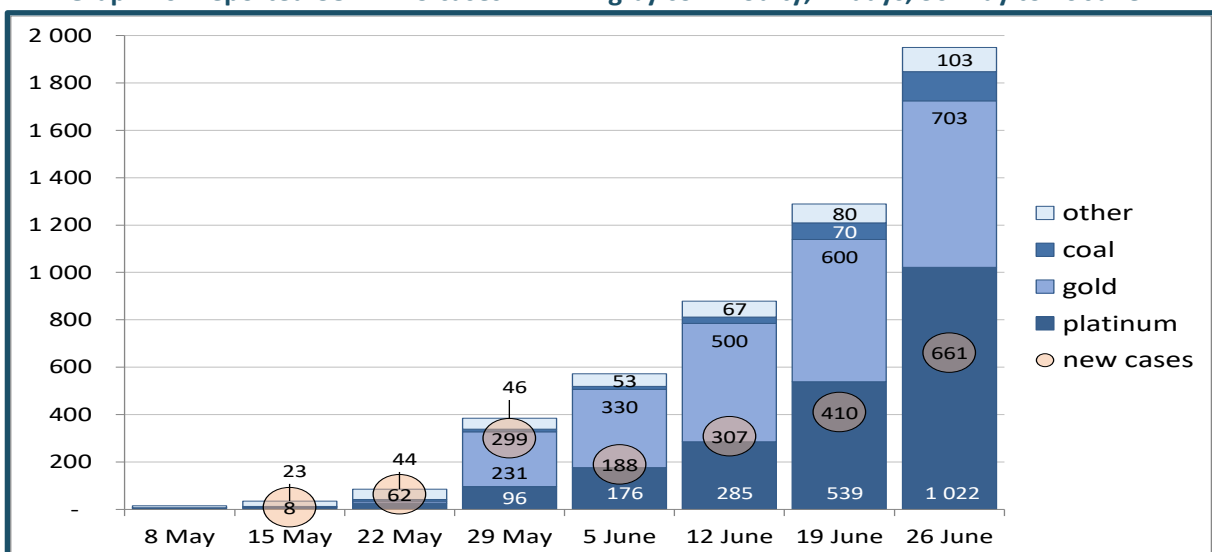


Source: Calculated from StatsSA. QLFS –2008-2020 Q1. Electronic database. Downloaded from www.statssa.gov.za.

Statistics South Africa recommends the Quarterly Employment Statistics (QES), which lag a quarter behind the Quarterly Labour Force Survey (QLFS), for employment data. The data show virtually no change in employment in mining in the year to the final quarter of 2019. The lockdown saw virtually all underground mining close, but the open-pit iron ore mines and coal supply for Eskom remained largely open. Underground mining was allowed to open with physical distancing measures from the start of Level 4. As of the end of June, around half of all mineworkers had returned to work.

As the following graph indicates, the underground platinum and gold mines were plagued by clusters of infection, which contributed to the acceleration of COVID-19 outbreaks especially in the North West and Gauteng. On 26 June, the Minerals Council estimated that there were 460 COVID-19 cases for every 100 000 miners, more than twice the national incidence.

Graph 16. Reported COVID-19 cases in mining by commodity, Fridays, 30 May to 26 June



Source: Minerals Council. COVID-19 Dashboard. Downloaded on relevant dates from <https://www.mineralscouncil.org.za/minerals-council-position-on-covid-19>.