Non-farm payrolls: SA’s non-farm payrolls drop driven by a large fall in part-time civil servants’ employment, with ghost workers identified

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Figure 1: Employment in the non-agriculture formal sector following SA lockdown ‘reset’ of the economy

- Today’s release of the Quarterly Employment Survey (QES) from Stats SA looks at employment from the perspective of the payroll of over twenty thousand VAT registered businesses in South Africa and so covers the formal sector. It also excludes the agricultural sector and employees in households, in order to yield a non-farm payrolls outcome for South Africa, which fell by -86k (-86 000) in Q2.21.
- Fifteen thousand jobs were lost in the manufacturing sector, seven thousand in construction and sixty-five thousand in community services, under which the government sector falls, with provincial and national government departments recording notable falls in staff numbers – eighty-seven thousand part-time employee jobs were lost while twenty-two thousand full time jobs were gained. Furthermore, easings of individuals in this category (community services) rose by R454million.
- Government has been cleaning up its payrolls, deleting ghost workers (individuals on the system who cannot be accounted for in reality, often a form of corruption), with a recent report of thirty-six thousand ghost employees in one province alone (Northwest) according to the premier.
- Bonus and overtime payments of R61bn were recorded in Q2.21, again with the bulk made up by the sector government falls into, community services, at R18.7bn, while taxpayers in the business services sector saw a drop of -R9.8bn in Q2.21 versus Q1.21, which will negatively impact government tax revenues. Overall, for the economy, bonus and overtime payments fell by -R7.3bn in Q2.21. The transport sector saw the most paid in bonuses and overtime, at R3.2bn in Q2.21.
- Employment remains well below 2019’s levels, on the harsh rest to the economy from the lockdown restrictions applied in 2020 in the second quarter, as extreme harm was caused to economic activity.

Figure 2: Bonus and overtime payments by industry, Rbn, for Q2.21 vs Q1.21

- Note: Mining figures not available in release. Source: Stats SA
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Total employment is down by 6.5% in Q2.21 compared to Q4.19 which was the last quarter unaffected by the extremely harsh COVID-19 lockdown restrictions imposed by the government in March 2020.

The manufacturing industry saw its sixteen thousand job losses from full time employees, versus a one thousand part time employee gain, taking it to fifteen thousand losses overall in Q2.21. The manufacturing industry has been hard hit by the lockdown, surging transport costs globally, high commodity prices and heavy government rules and regulations which have increased over the past decade, the latter reducing business dynamism and so activity.

The construction industry was worse hit on a switch in labour dynamics basis, as eleven thousand full time employees were lost and four thousand part-timers gained, yielding the seven thousand lost overall as this industry has been particularly hard hit by the lockdown restrictions and ongoing partial or full closure of councils retarding the approval of plans and so construction activity.

Slow productivity also impedes plans approvals, and so hiring and construction activity.

Basic salary and wage payments did go up in Q2.21, by R7.3bn, and the key sectors were trade, business services, transport and manufacturing, while community services fell by -R0.2bn.

Figure 3: Quarterly change in number of employees by industry, Q2.21

Source: Stats SA

Figure 4: Quarterly change in number of employees by industry, Q2.21

Source: Stats SA
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