

'Banning labour brokers won't help employment'

418000 jobs lost in 3rd quarter

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Economists argued yesterday that banning labour brokers will increase the rate of job losses and slow job creation.

The comments came after the release of Stats SA's third-quarter labour force survey, which showed a decrease of 418000 jobs in the quarter.

According to Stats SA, employment decreased by 3.6% between the second and third quarters, with most of the losses in the formal sector of the economy.

The official jobless rate increased to 24.5% of the labour force in the third quarter, from 23.6% in the second quarter.

Chris Hart, an Investment Solutions economist, said the total banning of labour brokers would "undoubtedly add to the barriers of entry for the unemployed".

The manufacturing sector, one of the hardest-hit by the global recession and domestic economic downturn, shed 150000 jobs - 8% of total jobs for the industry - and the wholesale and retail trade lost 110000 jobs.

Hart said: "This reflects that the economy is in a difficult situation and this economic slowdown has proved to be particularly severe."

He said expectations of recovery have been "set back further and further" and that "banning labour brokers will only make the problem bigger and bigger".

Dawie Roodt, an Efficient Group economist, said the figures were "slightly worse" than he had expected. He warned that more jobs would be lost in the fourth quarter and that there would be no improvement in employment until the second quarter of 2010.

"Even if the economy starts picking up, it will take a while before we start seeing jobs being created," Roodt said.

According to Stats SA, 510000 people joined the "discouraged jobs seekers" category of the unemployed.

Cedric Gina, president of the National Union of Metalworkers, said the notion that banning labour brokers would cripple job creation "was not true".

"It's important to note that labour broking doesn't create jobs but only poses as a middle-man.

"If a company needs a boilermaker, that company needs a boilermaker and there is no room for a labour broker in that instance."