



DEPARTMENT OF  
LABOUR



## Confronting youth unemployment in South Africa: Policy options

Oslo Norway 20-21 September 2010

[www.oecd.org/employment/youth/forum](http://www.oecd.org/employment/youth/forum)



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- “There can be no keener revelation of a society`s soul than the way in which it treats its children”



- **“NO JOBS FOR YOUTH A TICKING TIME BOMB”**

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## Understanding youth unemployment in SA

- **Question: Why are South Africa’s young people so vulnerable in the labour market?**
- **SA definition of youth (15-34)**

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## Understanding youth unemployment in SA

- **Low quality of education level: leave young people ill equipped for the workplace**
- **Skills produced not required by the economy**
- **High drop out rates: most don't proceed beyond high school**
- **Lack of work experience: critical on the job learning and training**

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## Impact of the recession

- **Youth unemployment rate is now two and half times larger than the adult unemployment rate**
- **Black youth 3 times more likely to be unemployed than whites**
- **Recession further opened the gap in racial employment pattern**

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## Impact of the recession

- South Africa's young workers have been worst affected by the economy's first recession in 17 years
- Employment of 15 - 24 year olds has contracted by 17.4 % since the end of 2008 with more than 280 000 young workers becoming unemployed

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## Youth unemployment in SA

- Youth unemployment is one of the most pressing socio-economic challenges facing our government
- Currently 4.3 million people are unemployed
- One-in-four of those available to work do not have a jobs

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## Unemployment in SA

- **2.7 million are long-term unemployed and a further 1.8 million are discouraged**
- **SA's 25.2 % of unemployment rate is among the highest in the world.**

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## Youth unemployment in SA

- **The employment challenge facing South Africa's youth is even worse**
- **About 3.1 million young people are unemployed**

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## Policy options for South Africa

- No single policy offer solutions
- Need a mix of short and long term solutions reflecting a multifaceted and comprehensive approach
- **Short-term interventions**
- Introduced apprentice, learnership and internship allowances as well as tax incentives for employers under the Income Tax Act

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## Policy options for South Africa

### **Recommendations**

- A better educated and more highly skilled workforce is the most pressing long-term priority
- Encourage youth entrepreneurship
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## Policy options for South Africa

- **Education: improve literacy and numeracy**
- **Increase the number of quality passes in maths and science**
- **Speed up employment equity in the workplace**

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## Policy options for South Africa

- **Private sector incentive schemes **may** include employment subsidies**
- **Incentives for business start ups**
- **Public sector employment creation such as EPWP**
- **Employment services: to improve job search and matching (ESSA)**
- **Improving productivity**

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## Conclusion

- **Challenge: These active labour market policies by themselves will not create employment for young people, particularly for discouraged young people**
- **Economic growth is critical**
- **SA economy 2003-2008 grew by 4.9% creating 1.9 million jobs**

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## Conclusion

- **It lowered unemployment from 27.1% to 21.9 %.**
- **Youth (15-24) employment grew by 6% annually faster than any other age group**
- **Evidence suggest without a sustainable labour absorbing economic growth unemployment likely to remain high**

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# Conclusion

- Economic growth is therefore important to address youth unemployment
- However it is the labour absorptive capacity of the economy which is even more critical

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# THANK YOU

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