



Curbing youth unemployment: A PSA perspective

On 18 April 2013, the representatives of Government, Business, Labour and youth formations, convened by the National Economic Development and Labour Council (NEDLAC), signed a youth employment accord. The accord came about as a result of a robust and protracted engagement between the social partners on how to address the crisis of youth unemployment. Essentially, the youth employment accord is seen as an alternative to the earlier proposal of a youth employment subsidy – aka the youth wage subsidy – by government.

Given the urgency of the crisis of youth unemployment and the measures to be taken as a result of the accord, the PSA deemed it necessary to familiarise its members and supporters with the contents of these proposals. Such is the purpose of this article. However, before we dissect the details of the proposals, it is important to understand the state of youth unemployment in South Africa.

The state of youth unemployment

To say that youth unemployment is a crisis is an understatement. The crisis has reached monumental proportions. The youth are the face of unemployment. While general unemployment is standing at 25 percent, more than 70 per cent of the unemployed are young people, between the ages of 15 and 24.¹ According to the National Treasury, about 42 per cent of young people under the age of 30 are unemployed, compared with less than 17 per cent of adults over 30 years of age. Only 1 in 8 working-age adult under 25 years of age has a job, compared with 40 percent in most emerging economies. There is urgency therefore for a dedicated programme to curb youth unemployment.

The global economic recession of 2008 further exacerbated the state of youth unemployment. While employment in South Africa went down by 4 per cent between 2008 and 2009, as a result of the recession, it affected the youth the most. According to the National Planning Commission, “almost all of the job losses in 2009/10 were experienced by those under the age of 30, and with less than a grade 12 education.”² Furthermore, it is reported that employment of 18 to 24-year-olds fell by more than 20 per cent between December 2008 and 2011. This is over 320 000 job losses.³ Clearly, the youth have suffered the most in the aftermath of the global economic meltdown.

The lack and mismatch of skills is the root cause of youth unemployment in South Africa today. More than 86 per cent of unemployed youth do not have further or tertiary education, and two-thirds of them have never worked.⁴ Latest data from Statistics South Africa is more shocking: 3.3 million of the youth between the ages of 15-24 are not in employment, education or training. Without qualification and without experience, the chances of getting employment are next to none, as employers are hesitant to employ graduates who are fresh from the classroom. The fact that there were 800 000 vacancies in 2011 in the private sector while 600 000 graduates remained unemployed⁵ is an indication of a yawning gulf between education outcomes and the needs of the economy. Strategies to curb youth unemployment cannot succeed if they do not address the root causes of the problem.



The creation of jobs is dependent on growth and productivity in the economy. In South Africa, the strategic sectors of the economy – mining, manufacturing and agriculture – have been showing signs of ill-health. The mining sector, has taken a downturn, while manufacturing has been downsizing. The agricultural side is not looking good either. South Africa cannot feed its people relying wholly on what the country produces. Without growth and productivity in these sectors, the prospects of large scale jobs to absorb multitudes of unemployed youth will not be realised in the short to medium term.

However, the PSA believes that proposals to curb youth unemployment must be evaluated on how best they address the causes of youth unemployment. The question to be posed against any proposal is whether it addresses skills development; gives young people on-the-job experience; and whether it enhances employability. Unless it addresses these questions, such a proposal is destined to fail. What then do we make of the youth employment accord?

The accord

The youth employment accord recognises the need urgently to address youth unemployment. It proposes a youth employment strategy to be implemented from 2013. This strategy includes training, internships, apprenticeships, and youth brigade programmes. It sets out a broad framework and key principles that would guide the parties in their efforts to curb youth unemployment.

There is no doubt that the parties to the accord had their eyes on the main causes of youth unemployment. This is clear from the six areas they identified to fast track youth employment. The areas identified are education and training; work exposure; public sector measures; youth target-areas; youth entrepreneurship and cooperatives; and private sector measures. While details are still to be provided as to how the youth employment strategy will be rolled out, it is clear from the identified areas that the strategy has the potential to make a contribution towards resolving the crisis of youth unemployment.

While some of the public sector measures proposed in the accord are new, others reinforce existing programmes implemented by government in the public service. For example, the accord proposes an increase in the intake of youth into the Expanded Public Works Programme and Community Works Programme to at least 80 %.⁶ These are existing programmes. The Green Brigade, the Health Brigade, the Literacy Brigades are new innovations whose working methods in the public service should be clarified further. The accord also suggests, under public sector measures, that youth must be engaged in rural development, “to help rebuild rural communities, assist with rural basic infrastructure such as fencing programmes and road maintenance as well as addressing food security.”⁷ It is in these programmes where regulation might be necessary to ensure adherence to existing labour laws. Nonetheless, the PSA welcomes these proposals and supports the youth employment accord.

A PSA perspective

Fix education

It is the view of the PSA that strategies and programmes to address the challenge of youth unemployment must be geared towards addressing the fundamental causes of youth unemployment. In our view, no magic bullet will make youth unemployment disappear. Only pragmatic programmes that address realistic challenges will help our country improve the situation.

Programmes to rescue South African youth from the reservoir of joblessness and poverty ought to be directed towards addressing the poor state of education. Serious work is indeed very necessary, urgently to align our education and training system with the needs of the economy.

Tighten regulation

The concerns of organized labour should not be brushed aside, as if they are unreal. It is not enough for the National Treasury's youth wage subsidy to note the concern about the potential "substitution" of old workers with younger workers who are eligible for the subsidy. Neither is it convincing to suggest that this substitution is "unlikely to be substantial in the South African context" without providing mechanisms that would be used to ensure it does not happen. It is the view of the PSA that a legislative mechanism should be explored to protect both existing labour and the youth from unfair labour practices and abuse. We must hasten to state that we are opposed to a two tier labour system. Our proposal for a legislative mechanism is to be seen in the context of tightening existing labour laws. The PSA proposes sectoral determinations that will set norms and standards for the implementation of youth employment accord.

Implement the accord without delay

The recent agreement reached at NEDLAC for a youth employment accord is welcomed. The PSA hopes that this accord will mark the end of what has been an ideological tit-for-tat between enthusiasts and detractors.

However, the PSA urges that the youth employment accord must facilitate the creation of real jobs, not once-off activities that have no capacity to develop skills and improve the prospects of future employment. While the proposal for the establishment of youth brigades in various public sector departments is welcomed, this should not condemn the youth to mundane jobs that are not sustainable in the long term.

Restore the value of education

In light of the huge numbers of unemployed graduates in South Africa, it would make sense for the youth employment accord to be prioritised and targeted at the unemployed graduates. This will also help to restore the value of education in communities.

Conclusion

South Africa cannot afford any further delay to implement programmes to curb unemployment. Otherwise, the youth may very well become the powder keg that will eventually detonate the stability of our country. This must be prevented – urgently.

References

¹ Statistics South Africa, 2012, *Quarterly Labour Force Survey*, Quarter 4, 2011, Pretoria: Stats SA.

² National Planning Commission, 2010, *Diagnostic overview*, Pretoria: the Presidency.

³ National Treasury, 2011, *Confronting youth unemployment: policy options for South Africa*, a discussion paper, Pretoria: National Treasury.

⁴ National Planning Commission, *ibid*.

⁵ Adcorp, 2012, *Adcorp Employment Index December 2011*, Johannesburg: Adcorp.

⁶ Youth employment accord, signed at Hector Peterson Memorial, Orlando, Soweto on 18 April 2013 South Africa

⁷ *ibid*.