



# Youth deal a political coup

## But it could be too late for jobless millions

MARIANNE MERTEN

F AN unemployed youngster in Soweto, Khayelitsha or Chatsworth had staked their hopes on concrete new steps to clinch work under the Youth Employment Accord, they would be disappointed.

For those sitting at home, landing a job continues to carry the real prospect of risking stampedes in long queues of thousands competing for a handful of vacancies or dying during physical exercise tests as did seven young traffic officer hopefuls just after Christmas.

But the Youth Employment Accord pulls off a political coup, even if it was taken in baby steps over almost three years at the National Economic Development and Labour Council (Nedlac).

It presents a broad agreement between government, business and labour to tackle youth unemployment, but leaves the public sector to shoulder the burden of job creation in its many existing programmes – though with new youth employment targets – while the private sectors are to be “encouraged” to provide work exposure programmes and employment commitments.

The accord contains no clear-cut wording on the politically-charged youth wage subsidy which had the DA brazenly congratulating President Jacob Zuma for his ANC administration’s adoption of an opposition policy after the president announced a youth wage subsidy during his 2010 opening of Parliament address and which saw, two years later in May 2012, DA protesters and supporters of trade union federation Cosatu trading blows and hurling bricks at each other outside the federation’s Johannesburg head office.

Cosatu, at Nedlac and elsewhere,

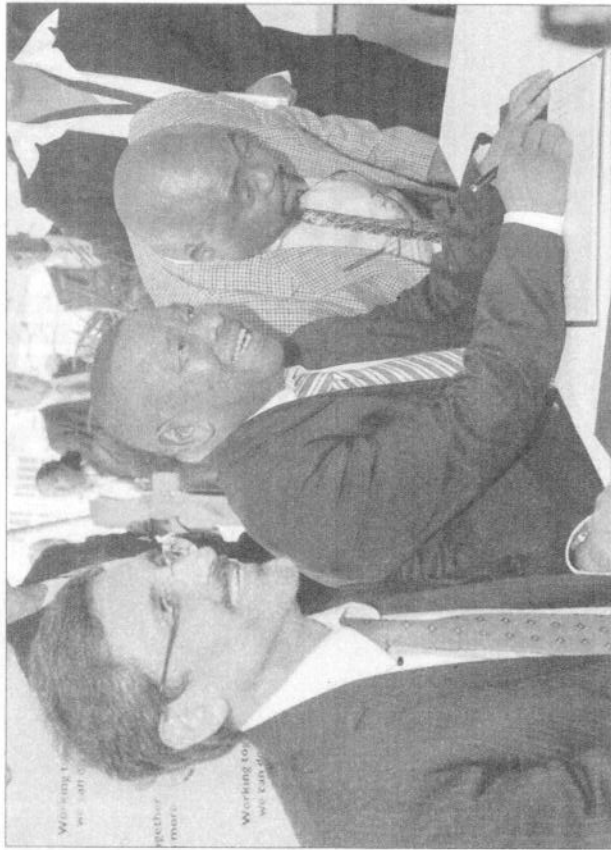
### Analysis

vigorously argued against a tax credit-based wage subsidy because of fears older employees would be dumped for subsidised and cheaper young workers, but also because a subsidy to business would not fundamentally change the skewed apartheid economy and access to work.

However, the Youth Employment Accord leaves the door, if not open, then unlocked, to some type of subsidy when it states the agreed youth employment strategy or YES, included “incorporating appropriate support measures and incentives to ensure increased youth absorption into the economy and in training”.

While this is a nod to a tax incentive, the accord is also very clear on the “acceptance that youth programmes should target net new job creation and avoid displacing older workers from jobs” – a bow to Cosatu. It’s a neat political compromise allowing the ANC-led government to save face after having one of its policies strongly and seemingly successfully challenged from within the tripartite alliance.

After all, the December 2012 Mangaung ANC national conference agreed to some form of financial support to youth job-seekers in its resolution that “our programmes and policies should focus on developing skills that are required by the economy so that the youth can become part of the mainstream economy... This will include accelerating the development and implementation of financial support for job-seekers, that is tied to compulsory learning and skills development as part of the comprehensive social security system”.



**VITAL ACCORD:** Ministers Ebrahim Patel, Blade Nzimande and Thulas Nxesi during the Youth Employment Accord signing ceremony held in Soweto this week. PICTURE: GCIS

Subsequently January’s governing party lekgotla focused on a package of youth employment measures, with senior party leaders hinting at the start of the meeting that a subsidy might be “one of a range of issues” on the table.

Expectations ahead of this year’s State of the Nation address that it would include details of a youth wage subsidy, initially calculated at R5 billion over three years in the form of tax credits, came to naught, but the issue was revived at Budget, Finance Minister Pravin Gordhan told MPs “following careful consideration of inputs from various stakeholders, a revised youth employment incentive will be tabled in the House, with a proposed employment incentive for special economic

zones”. Such a proposal – it should take into consideration also the National Treasury’s own admission that a significant number of the subsidy-linked 423 000 jobs would have been created anyway – is reportedly expected to land in the national legislature in July.

The burden of South Africa’s staggering unemployment rate falls on those aged younger than 35 years. Almost three out of four in that age bracket are unemployed and over three million young South Africans, aged between 18 and 24, who should be in work or further education, are not.

Politicians, social commentators, analysts, trade unionists and others have all described this situation as a ticking time bomb.

Yet the 17-page Youth Employment Accord introduces few concrete actions amid sweet talk of partnerships to defuse this ticking time bomb so that real work prospects are available for unemployed youths in Soweto, Khayelitsha, Chatsworth and in rural areas, where the apartheid migrant feeder system to the gold, coal and platinum mines remains in place due to lack of alternative jobs.

From the private sector, which holds an estimated half a trillion rand in its bank accounts, only KPMG has publicly come to the table with an undertaking to triple the number of young people employed in entry posts to 10 000 in 2014 under its existing Harambee programme.

# Breakthrough on jobs for SA’s young people

BONGEKILE MACUPE

AS THE government and businesses agree to work together to fight youth unemployment, labour experts are divided on whether this will put young people in the workplace and take them off the streets.

The Youth Employment Accord was signed last week by the government, business, labour and other representatives hoping to create jobs and training for inexperienced young people. The partnership aims to create five million new jobs by 2020.

Speaking to The Sunday Independent last week, Adcorp labour economist Loan Sharp said he doesn’t see how the partnership will make a difference to youth unemployment.

Sharp said instead the country needs structural reform of the labour market.

“We need to overhaul dismissive protection that allows low-performing workers to remain protected in their jobs,” he said, adding that in this way companies could bring young, energetic people into the workplace.

But labour consultant Michael Bagrain disagreed and said the partnership was a “giant leap” for the country to bring an end to youth unemployment.

“It’s a breath of fresh air for young people – 40 percent of those between the ages of 18 and 35 are unemployed. That is disastrous for South Africa,” Bagrain told The Sunday Independent last week.

A recent study by the Centre for Development and Enterprise revealed that 11 percent of people aged 20 to 29 were more likely to be unemployed compared to 2 percent of 40 to 65-year-olds.

“Not unexpectedly, younger graduates are more likely to be unemployed than older ones. This is partly a reflection of a general problem that employers are more reluctant to hire younger people who, in addition to being inexperienced, are more of an unknown quantity,” says the report.

“This problem may have worsened in recent years, leading to rising unemployment among recent graduates, though sample sizes are too small to be sure that the findings reflect real changes.”

Closing doors to young graduates who have no experience adds to the huge problem of youth unemployment. But Bagrain and Sharp agree that it doesn’t make business sense to hire fresh graduates who do not have experience.

Bagrain said businesses want to hire people who will “add value” to their companies. “When you come out of university you won’t add value, you still need to train the person... When times are tough, spending time on training doesn’t work,” he said.

Older graduates not only have qualifications but they have experience and that person can immediately add value to a company, added Bagrain.

Sharp said it makes “perfect sense” not to hire young, inexperienced graduates.

“Older graduates with experience find it much easier to get work,” he said. Researcher Hendrik van Broekhuizen, co-author of the report, said employers looked beyond the qualifications when hiring.

He said younger graduates often have “unrealistic expectations” that when they get their qualifications they will get top positions.

“A qualification gradually buys them a foot in the door, and if they work they can then climb the ladder,” he said.

But according to the Youth Employment Accord, it is important for the private sector to absorb youth as most sustainable new jobs are expected to be created in the private sector.

“This can ensure that part-time opportunities are made available to work-seekers to increase the number of persons with an income and work experience, given that the very exposure to regular work supports and builds further employability.”

According to the partnership, private-sector companies will be encouraged to provide a range of work-exposure programmes, which include holiday work, summer internships, job shadowing and employment of young people in permanent jobs.

The partnership hopes large local companies will make firm and clear commitments to ensure that this happens.