

Focus on public employment schemes prolongs joblessness

Reforms won't end crisis overnight, but symbolic gestures guarantee failure

By ANN BERNSTEIN

SA is engulfed in overlapping crises that cut to the core of our society. The state's finances are in deep crisis: slow growth and ballooning wage and interest costs have opened a large gap between tax revenues and spending. Public enterprises that were once the envy of the developing world are in ruins.

Corruption remains unchecked. Law enforcement agencies are hollowed out and at war with themselves. It has been nearly four years since parliament went up in flames, as did large parts of KwaZulu-Natal a year earlier. Municipal and metropolitan governments vie with each other for the title of most dysfunctional, while it took the tabling of three different budgets in 2025 to find the votes needed to pass it.

These failures are alarming, but none is as destructive as the one that permeates everything: mass unemployment.

Few countries, if any, have as small a share of the population in employment.

Since 2008, our economy has added fewer than 2.4 million jobs, while the working-age population has grown by more than 10.1 million. For every four South Africans entering the labour market, less than one job has been created. And the base we started from was already weak: in 2008 only 45% of adults were employed, compared with a global average of 60%. Now that figure has slipped below 40% – leaving us about 8.3 million jobs short of where we should be.

Here's another way of thinking about how we are doing: the population of working-age adults increases by about 600,000 people annually. Just to maintain an employment ratio of 40% (itself 20 percentage points lower than global peers), we would need 250,000 new jobs each year. The average number of new jobs created annually since 2008, at about 140,000, is just more than half of that.

This is the context in which we need to assess the role that public employment programmes play in SA. By our calculations, about 400,000 people are normally working on the Expanded Public Works Programme (EPWP). About 100,000 are working on Presidential Employment Stimulus (PES) projects. To this we could add about 20,000 young people employed through the much ballyhooed Youth Employment Service. These jobs are included in the employment numbers estimated by Stats SA and account for about 3% of the total number of people employed, which translates to about 1% of the working-age population.

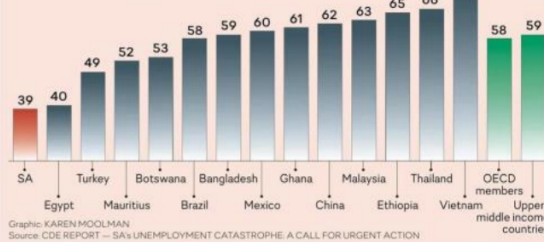
The reach of these programmes is indeed somewhat wider than these numbers suggest. The EPWP, for example, employed about 920,000 people in 2024/25, but these were all short-term, temporary jobs, so the average number of people usually working was about 400,000.

That these programmes employ about 1% of the adult population (and raise overall employment levels by 3%) is significant. Low paying and precarious as these jobs are, they are better than being unemployed. Yet these programmes clearly cannot possibly represent a real solution to SA's employment crisis: the 400,000 EPWP jobs cost the fiscus about R26bn in 2024/25 while the PES costs R10bn more a year.

We estimate that if the EPWP and PES

ONLY GROWTH CAN RESOLVE JOBS CRISIS

EMPLOYMENT TO POPULATION RATIO (%)



were to fill half the missing 20 percentage points in SA's employment ratio by funding 8 million jobs, they would cost about R500bn a year, which would make them by far the largest spending item in the national budget.

Clearly this is not, could not, and should not be the way SA seeks to address the world's deepest unemployment crisis.

Labour market

What should we do instead? The answer is growth. By the calculation of the Centre for Development and Enterprise (CDE), annual economic growth of 4% would generate 400,000 net new jobs annually. If we made the reforms necessary to make economic growth more labour absorbing than it is now, we could easily see millions of jobs created in 10 years.

Business leaders and organisations have been complicit in this diversion from the real issues

To get there, SA needs to address some of the reasons employers are reluctant to create jobs and the many ways in which public policy acts as a brake on growth. The following areas of reform are most important:

- Make the labour market more employment friendly. Year-long probation periods should be the norm in the labour market, and the law should allow employers to dismiss unsuitable workers in that period, with exceptions only to prohibit firings based on obviously unfair grounds such as racial discrimination.

- Small and new firms should be exempted from bargaining council agreements that they do not sign on to. By removing the restrictions on labour brokers, policymakers could also reopen an important pathway through which the most marginalised work seekers used to be able to find employment.

- Fix the skills system. Technical and vocational education and training (TVET) curricula must be aligned with business' needs and TVET colleges' finances should be linked more closely to the success or otherwise of their graduates in the job market. Apprenticeships and learnerships, which deliver far higher employment rates,

must be expanded. The hopelessly dysfunctional sector education and training authorities should be scrapped.

- Unshackle small businesses. SA should test all regulations' effect on the creation and expansion of small businesses and scrap those whose compliance requirements slow their growth. The CDE has proposed a bottom-up process of consultation with small business to identify the most problematic regulations.

Small businesses' access to finance could be expanded by using private sector funders and investors' know-how to better direct the billions in small, medium and micro enterprises funding that the government wastes each year.

- Enable the informal sector to grow by eliminating costly licensing fees, reducing police harassment and investing in urban development, which would provide informal traders access to a wider range of customers. By densifying cities through streamlined building approvals and small-scale housing development, municipal managers would help create more vibrant local economies in which informal enterprises might find more customers. Subsidising traders' transport costs should also be considered, if that is what it takes to improve access to markets.

Economic growth

No single reform will solve the catastrophe overnight. But continuing down the path of temporary projects and symbolic gestures guarantees failure.

Above all, the country needs to pursue economic growth. Nothing but growth stands any chance of resolving a jobs crisis whose damage to individuals and communities, and to SA's social fabric, increases daily. A new social contract is needed that recognises growth and employment as the twin pillars of national prosperity and stability.

Public employment policies – such as the EPWP and PES – have a role to play in this, but too often government leaders seem to use their existence to distract themselves and their constituents from their collective failure to get the basics right. Business leaders and organisations have been complicit in this diversion from the real issues.

The government could do much about the jobs crisis if only it stopped doing what doesn't work and started doing what does.

–Bernstein is director of the Centre for Development and Enterprise. This article is based on a new CDE report, 'SA's Unemployment Catastrophe: A Call for Urgent Action'.