

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 675 [NW819E]
DATE OF PUBLICATION: 13 MARCH 2015

675. Mr M L Shelembe (NFP) to ask the Minister of Finance:

- (1) How does the Government view the negative implication of the much lower than projected 5% growth rate by 2019 on our youth and employment opportunities for them, in light of the statement by the President, Mr Jacob G Zuma, during the State of the Nation Address on 12 February 2015 that the Government's targeted economic growth rate of 5% is at risk and his statement during the Budget Speech on 25 February 2015 that the projected economic growth rate for 2015 is a mere 2%;
- (2) does the Government draw any significant correlation between youth unemployment, the high crime rate and increased social unrest;
- (3) what steps will the Government take to ameliorate the negative effects of the decreased economic growth rate on employment opportunities for our youth?

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REPLY:

- (1) Low rates of economic growth pose negative risks to employment growth in the whole labour market, including young workers. Young work seekers are exposed to two potential risks: (i) low current employment levels and (ii) low prospects for future employment due to long spells of unemployment.
- (2) Internationally, much economic and sociological research on this topic exists¹. Although positive correlation between unemployment and crime (or unrest) is observed in a number of specific countries, the relationship is not consistent across countries or across different types of crime or unrest. The National Development Plan notes that a frustrating and destabilising environment where young people cannot get work can contribute to violence, crime, alcohol abuse and other social ills.
- (3) The Economic Development Department entered into an Accord on Youth Employment, which leads Government's overarching response to youth unemployment. The programmes include education and training programmes, work exposure programmes,

¹ For example: **Agell Jonas and Nilsson Anna** (2003), "Crime, Unemployment and Labor Market Programs in Turbulent Times", *Journal of the European Economic Association*. **Chiricos Theodor** (1987), "Rates of Crime and Unemployment: An Analysis of Aggregate Research Evidence", *Social Problems*, 34:187-211. **Fougère Denis, Francis Kramarz and Julien Pouget** (2006), "Youth Unemployment and Crime in France", IZA Discussion Paper No. 2009. **Freeman, R.B.** (1991), "Crime and the Employment of Disadvantaged Youths", NBER Working Paper Series 3875. **Poutvaara, Panu and Mikael Priks** (2007), "Unemployment and Gang Crime: could Prosperity Backfire?", Institute for the Study of Labour (IZA) Working Paper No.2710, CESifo Working Paper 1944, Bonn: IZA. **Raphael Steven and Winter-Ebmer Rudolf** (2001), "Identifying the Effect of Unemployment on Crime", *Journal of Law & Economics*, 44: 259-284.

public sector measures, youth target set-asides, youth entrepreneurship and cooperatives and private sector measures. A number of the programs have yielded positive results, such as:

- Initial estimates suggest the employment tax incentive has supported employment for over 216 000 workers between the ages of 18 and 29. Initially it was estimated that the ETI would support between 120 000 and 280 000.
- Expanded Public Works Programme (EPWP), including the Community Works Programme, has created over 1 million jobs. Approximately 50 per cent of these have been for the youth, with the target set to increase to 55 per cent. To help meet our target of creating over 6 million work opportunities, 3.3 million of which are for the youth, government has committed R6.8bn over the Medium Term Expenditure Framework to the EPWP.
- The Jobs Fund has a specific focus on addressing youth unemployment. Since inception, 13,778 new permanent jobs and 8,874 have been created for the youth as a result of these initiatives.
- The National Rural Youth Services Corps, which employs and trains rural youth in a variety of skills, such as building and farming, or skills to match the needs of the communities from which they are recruited, has added 5,000 participants in 2014/15. It intends to create a further 9,000 over the Medium Term Expenditure Framework, for which it will receive funding of R1.3bn.

