Submission to the Standing Committee on Appropriations on the 2023 Appropriation Bill

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The urgency for a macroeconomic alignment

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1. Introduction

Young people (aged 15 -34) account for 51.3% of the working age population (aged 15-64). But they accounted for only 34.9% of the total number of employed people during the third quarter of 2022 , according to Statistics South Africa's Quarterly Labour Force Survey. One of the reasons for this is that young South Africans have a much lower absorption rate, which refers to the percentage of the relevant population group that is employed. Young people (aged between 15-34) have an absorption rate of 26.6% compared with employment to population ratios of older age groups- one such example is for those aged 35-44 years, with an absorption rate of 56.4%. Since the fourth quarter of 2008, young South Africans have disproportionately suffered from the economy's inability to create jobs.

They were the first group to be pushed out of the labour market and replaced by older people. The economy created one million jobs from the fourth quarter of 2008 to the third quarter of 2022 as total employment increased to 15.8 million from 14.8 million. But if one disaggregates this headline number, the economy created two million jobs for people between the ages of 35-64 years old, as total employment increased to almost 10.3 million from 8.2 million; in other words, their share of total employment increased to 65.1% from 55.8%. But one million young people (aged 15 – 34) lost their jobs as total employment fell to 5.5 million from 6.5 million. Their share of total employment fell from 44.1% to to 34.9%. Another concerning statistic is that in the last 19 years (from the first quarter of 2003 to the third quarter of 2022), the economy created only 400 000 jobs for young people (aged 15 to 34).

One of the realities behind the unemployment numbers is that the labour absorption rate is not growing proportionately to the labour force growth. Looking at the third quarter of 2022, there were 3.6 million young people (aged 15 to 24) in the labour force, of whom 1.1 million were employed and 2.5 million were unemployed. The unemployment rate was 70.4%; with 9.2 million young people (aged 15 to 34) who were not in education, employment or training (NEET).

Over the past decade, the government has introduced numerous policies to address South Africa's youth unemployment crisis. In January 2014, National Treasury introduced an Employment Tax Incentive (ETI) or youth wage subsidy, as a way to encourage employers to create jobs for young people aged 18 to 29. From the 2013-2014 to the 2020-2021 fiscal years, companies received subsidies worth R32 billion, according to National Treasury tax expenditure statements (National Treasury, 2019; National Treasury, 2020; National Treasury, 2022; National Treasury, 2023); however, as it will be outlined below, the evidence around the subsidy doesn't show any notable impact on the youth unemployment trajectory.

2. The youth employment vision of the State of the Nation Address.

In this section, we will focus on the growth-enhancing and youth-centred visions expressed by President Cyril Rampahosa, and explain one of the main reasons behind its output, which to date falls below announced goals.

Since he became President in February 2018, Cyril Ramaphosa has announced numerous initiatives to address youth unemployment. In his first State of the Nation Address (SONA) he said: “At the centre of our national agenda in 2018 is the creation of jobs, especially for the youth….Our most grave and most pressing challenge is youth unemployment.” He said the Youth Employment Service (YES), a private sector initiative, would create one million internships in three years In the June 2019 SONA, he set a target to create two million jobs for young people within the next decade. The government would also expand the National Youth Service to take on 50 000 youth a year The (Presidency, 2019). In his 2020 SONA, Ramaphosa launched the Presidential Youth Employment Intervention, which had six priority actions over the next five years.

1. Creating pathways for young people into the economy. The government was building cutting edge solutions to reach young people where they were – online, on the phone and in-person – that would allow them to receive active support, information and work readiness training to increase their employability and match themselves to opportunities.

2. The government would fundamentally change how it prepared young people for the future of work, providing shorter, more flexible courses in specific skills that employers in fast-growing sectors needed.

3. Support youth entrepreneurship and self-employment.

4. The government would help to scale up the Youth Employment Service and work with Technical and Vocational Education and Training (TVET) colleges and the private sector to ensure that more learners receive practical experience in the workplace to complete their training.

5. The government, in partnership with the National Youth Development Agency, was establishing the first cohort of a Presidential Youth Service Programme that would unlock the agency of young people and provide opportunities for them to earn an income while contributing to nation building.

6. The youth employment initiative would be funded by top-slicing 1% of the budget of all government departments.

The government abandoned the youth employment intervention soon after announcing it, though some of the priority actions were implemented. At the same time, the government has also implemented various public employment programmes that benefit young people. These include the Presidential Employment Stimulus (PES), established in October 2020 in response to the Covid-19 pandemic-induced recession.

But all these policies and programmes are not succeeding in address the youth unemployment crisis. From the fourth quarter of 2017 – just before Ramaphosa became president – to the third quarter of 2022, 552 000 young people (aged 15 to 34) entered the labour force, while 590 000 young people lost their jobs. The number of unemployed young people increased by 1.1 million to seven million from 5.9 million. The unemployment rate increased to 56.1% from 49.1%. Five years after it was launched, YES has created only 100 000 12 month "work experiences." While the PES has created almost one million work experiences, more work needs to be done to understand the exit pathways of these programmes, and young people's earning abilities post-programme, especially in relation to self-employment and the needs of small businesses.

To date, it's clear that government policies and programmes do not have the scale to address the youth unemployment crisis. One of the main reasons is that none of the programmes used any macroeconomic policy tools. Most are supply-side interventions that did not address the root cause of the crisis: a lack of demand in an economy that has not grown fast enough to absorb new entrants into the labour market, let alone the stock of previously unemployed people. The policy makers who designed the supply-side measures - including tax incentives to reduce the cost of hiring young people, job-matching databases to increase the efficiency of the labour market and skills development and work readiness programmes to improve the employability of young people – must confront the reality that there were no jobs for young people.

3. Understanding youth unemployment and employment multiplier.

Unemployment is a macroeconomic policy issue that we cannot address through vague commitments to create jobs at posh summits or projects that do not have the scale to confront the crisis. Macroeconomic policies such as the level of government spending, interest rates and the exchange rate influence the performance of the whole economy. Industrial policies seek to change the structure of production according to the broad division of sectors – agriculture, industry and services – and within these sectors. The supply-side driver of unemployment is the growth of the labour force or the annual number of new

entrants into the labour force. From the fourth quarter of 2009 to the fourth quarter of 2019, the total labour force (people aged 15 to 64) grew by almost 5.8 million – an annual average of almost 580 000 - to 26.8 million from 21 million.

This was equivalent to an annual average of growth rate of 2.45%. On the demand side, employment increased by 2.4 million – an annual average of about 200 000 - to 16.4 million from 14 million. This was equivalent to an annual average growth rate of 1.63%. The difference between the growth of the labour force (5.8 million) and the increase in employment (2.4 million) is equal to the increase in the number of unemployed people. If one adds the increase in the number of unemployed people (3.3 million) to the stock of people who were previously unemployed during the fourth quarter of 2009 (7.1 million), you arrive at the new number of unemployed people (10.4 million) during the fourth quarter of 2019.

The employment multiplier measures the relationship between GDP growth and employment. From 2010 to 2019, the economy grew by 1.8% a year; but employment grew by 1.6% a year during this period. Therefore, the employment multiplier was about 0.9. Employment would have had to increase by 3.4% a year to 29.2 million from 21 million to absorb all the 5.8 million new entrants into the labour market. It would have required a GDP growth rate of about 3.7% a year just to keep the unemployment numbers from rising. To reduce the stock of people who were previously unemployed during the fourth quarter of 2009 by 50% to 3.5 million would have required a GDP growth rate of 5% a year.

If one uses the same framework to analyse youth unemployment, the results are deeply concerning. During the same period, the labour force (aged 15 – 34) grew by almost 1.7 million – an annual average of about 170 000 – to 12.5 million from 10.8 million. This was equivalent to an annual average growth rate of about 1.6%. On the demand side, employment increased by 69 000 – an annual average of about 6900 – to almost 6 million from 5.9 million. Therefore, only 69 000 of the 2.4 million jobs that were created during this period went to young people. This was equivalent to a growth rate of employment of only 0.12% a year. The youth employment multiplier was less than 0.1.

To better understand these frightening statistics, one can disaggregate them. From the fourth quarter of 2009 to the fourth quarter of 2019, the labour force of young people (aged 15 to 24) increased by 179 000 to 3.7 million. But the economy shed 242 000 jobs. The number of unemployed people increased by 421 000. There was a negative youth unemployment multiplier. During the same period, the labour force of young people (aged 25 to 34) increased by 1.5 million to 8.8 million. The economy created 311 000 jobs as employment increased to 4.8 million from 4.5 million. This was equivalent to an annual average growth rate of 0.7%. The employment multiplier was still very low at 0.4.

On the demand-side, for the whole economy, there are three macroeconomic policy levers that can create more jobs for new entrants into the labour force and the stock of previously unemployed people. These are the GDP growth rate, the employment multiplier (or the labour intensity of GDP growth) and public employment programmes. But GDP growth results alone in very little employment of young people. To accelerate the pace of job creation, for the whole economy, there must be industrial policies to increase the employment multiplier. This has worked in the past.

4. The 2023 budget.

The national budget is one of the most important tools of macroeconomic policy. During the 2022-2023 fiscal year main government spending was R2 trillion. This was equivalent to about 30% of GDP of almost R6.7 trillion. Since it is such a large component of the economy, government spending can influence the growth of GDP, and it is a balancing item in the economy. When GDP growth is low, increased government spending or tax cuts can stimulate the economy. When the economy is overheating, the government can reduce spending or increase taxes to reduce inflationary pressures. Government spending has a multiplier effect on the economy with each extra rand contributing more to GDP than the initial spending. According to the International Monetary Fund (IMF), spending on infrastructure has a multiplier of 2.7 times.

Infrastructure spending can generate the resources to more than pay for itself. In other words, there should be no budget constraint for infrastructure spending. Austerity budgeting – where the government cuts real (or after inflation) spending – to reduce debt is a self-defeating policy because it reduces GDP, the denominator or bottom part of the debt ratio.

In this context, it's useful to remember that a national budget does not operate like a household budget. When the government cuts spending to balance the books it reduces national income. In a household a decision to cut spending does not reduce income or salaries. If this was the case, a household would focus on increasing salaries to balance the books or reduce debt.

For the past decade, the National Treasury has had a consistent macroeconomic policy framework, which has three pillars. First, every budget refers to the need to have stable macroeconomic policies. This means that government spending will not be used to grow the economy. Growth will come from structural reforms, which are code for privatisation, deregulation, liberalisation and the withdrawal of the state from network industries – electricity, transport, telecommunications and water. Structural reforms refer to measures to improve the supply (or production) side of the economy by removing institutional and regulatory impediments to the functioning of free markets.

However, these structural reforms have not delivered higher GDP growth and forecasts by the National Treasury and the Reserve Bank show that they do not believe that the reforms will succeed. Second, every budget also refers to fiscal constraints due to a high debt ratio. This requires fiscal consolidation (austerity) to produce a primary surplus – the budget deficit excluding interest payments – that will be used to pay debt. Third, in recent years, the National Treasury has had significant budget overruns, owing to various factors, which include a commodity boom, rising inflation and wrong GDP forecasts. About half of these overruns have been used to settle debt and the rest has responded to spending pressures.

However, a sovereign state that issues its own currency cannot run out of the currency that it issues. South Africa has a vast public sector balance sheet that includes assets of R2.4 trillion at the Public Investment Corporation, foreign exchange reserves of R1.1 trillion and cash of R245 billion in March 2023. Its debt is not high by international standards, even when benchmarked against similar upper middle-income countries. South Africa can mobilise resources to finance a fiscal stimulus. The 2023 budget continues with the theme of austerity with real (after inflation) declines in non-interest spending, the budget envelope, despite debt relief of R254 billion that will be provided to Eskom over three years.

Looking at the future, at the end of 2023-2024 the government plans to end spending on the R37 billion social relief of distress (SRD) grant and the Presidential Employment Initiative (PEI). In the 2022 budget, National Treasury allocated R18 billion rand to the initiative over the next two years and said it would create 500 000 short-term jobs each year. The budget includes real declines in spending on basic education, health, social protection and compensation. The austerity budget will suppress a battered economy, but the National Treasury has forecast GDP growth of 1.4% a year, from 2023 to 2025. This is double the Reserve Bank's forecast of 0.7% a year over the same period.

Let's look at Public Employment Programmes. The Community Works Programme (CWP) within the Department of Cooperative Governance, gets an allocation of R4.5 billion a year during the three-year medium term expenditure framework period until 2025-2026. It provides 250 000 work opportunities a year. The Expanded Public Works Programme (EPWP) within the Department of Public Works and Infrastructure gets a budget R3.2 billion to provide about 400 000 full-time equivalent jobs a year. Within the Department of Women, Youth and Persons with Disabilities, the National Youth Development Agency (NYDA) gets an allocation of R588 million a year, but its budget gets cut by 8.2% a year in nominal terms.

These programmes can make an impact on young people's transitions into earning opportunities, if they include skills, mentorship and exit pathways to respond to the private sector's needs.

5. Recommendations

5.1 A Mobilising Vision and Plan for the Economy

After almost three decades, it is now clear that the weakness of the many government policies, programmes and social compacts to address the unemployment crisis is that they were not aligned with macroeconomic policies. In 2012, the NDP set targets to achieve 5.4% GDP growth each year and the creation of 11 million jobs by 2030. But nobody was responsible for achieving the targets. GDP growth and job creation were subordinate to other macroeconomic policy goals such as debt reduction and inflation. National Treasury focused only on debt. The Reserve Bank focused only on inflation.

There must be a mobilising vision and plan for the economy. This will require a new macroeconomic policy framework, which has an annual GDP growth target of 6% that is binding on National Treasury and the Reserve Bank with the objective of achieving full employment by 2035. South Africa must have a developmental central bank that has a triple mandate to target GDP growth, employment, and inflation. As a commodity producer, the Bank must have a view on the exchange rate and lean towards a competitive currency to support exports and the diversification of the economy to replace imports.

The most important lesson of the past three decades is that the economy grows and creates jobs when the government invests in its people and infrastructure. The government must spend into the economy the difference between the 6% target and the National Treasury GDP forecast of 1.5% for 2024. If the stimulus blends consumption and investment there could be a fiscal multiplier, the additional GDP that is generated by each rand of additional government spending, of 1.5. This means that the government must spend an additional 3% of GDP - about R220 billion - to achieve the target during the first year. As the private sector responds to a growing economy by increasing investment the GDP growth shortfalls will decline. There must be a whole-of society movement to confront the youth unemployment crisis that mobilises civil society organisations and the numerous government agencies and departments that have a role to play.

Since GDP growth has well-known limitations and does not automatically result in an improvement in human well-being, South Africa must also focus on the quality of growth. Raworth (2018) has proposed a new compass for guiding humanity during the 21st century in her book Doughnut Economics. The doughnut is a visualisation of the planet's ecological and social boundaries that underpin human well-being. The ecological ceiling, the doughnut's outer ring, comprises the nine planetary boundaries, which relate to climate change, ocean acidification, chemical pollution, nitrogen and phosphorus loading, freshwater withdrawals, land conversion, biodiversity loss, air pollution and ozone layer depletion.

The doughnut's inner ring, the social foundation, sets out the 12 basics of life on which no one should be left falling short. These are: sufficient food, access to health and education, a minimum income and decent work, clean water and decent sanitation, access to energy and clean cooking facilities, access to networks of information and social support and decent housing. These goals must be achieved with gender equality, social equity, political voice and peace and justice. South Africa's economic developmental path must reduce the carbon intensity of GDP growth and make a transition away from coal and petrochemicals. The proposals in this set of alternative policies will ensure that nobody is left behind and begin to repair the broken social and ecological foundations of South Africa's economy.

5.2 Continuation of large scale public employment programmes, with a long-term view to provide a job guarantee

Since GDP growth alone will not be enough to address the unemployment crisis, there must a significant expansion of public employment programmes to eventually provide a job-guarantee. In the immediate, the R9 billion budget for the Presidential Employment Stimulus (PES) should not be stopped in March 2024.

The job guarantee will play a critical role in increasing the labour intensity of GDP growth and the absorption rate of young people, especially those aged 15 to 24. It could create three types of jobs. The first would relate to state provision where there will always be a need. Such provision could be insourced. Examples could include the construction and maintenance of new and existing social infrastructure, including schools, hospitals, and roads. The second would relate to skills that are required in the private sector after a thorough analysis of labour market trends and industrial policies. The third would relate to service jobs in the care economy. To that end the current PES has provided many lessons on how these types of jobs not only provide a critical work experience for young people but also fulfill a gap in human resource capacity in areas like education. The recent PIRLS study shows us that 8 in 10 Grade 4 learners in South Africa cannot read for meaning- an aging and diminishing teacher population cannot tackle this crisis alone. However, thousands of young teaching assistants, provided with the correct training, are able to begin to meet the needs of the one-on-one support that learners need to overcome these reading deficits.

5.3 Industrial Policies

South Africa's industrial policies are too weak. Industrial policies are about changing the structure of the whole economy and not just a few sectors in manufacturing. Government has developed masterplans in seven manufacturing sectors – automotive, poultry, steel, sugar, furniture, forestry, and retail, clothing, textiles, footwear, and leather. These sectors only employ about 900 000 people using generous estimates that include indirect jobs. Due to the scale of the crisis, these masterplans will not shift the dial

even if they achieve their unrealistic job creation targets. There are also masterplans for agriculture and the cultural and creative industries.

There has been limited budget support for industrial policy. During 2021/2022, the government disbursed R17.1 billion on industrial financing, equivalent 0.27% of GDP. This comprised the Industrial Development Corporation (R7.2 billion), DTIC incentives (R6.5 billion), SEFA (R2.3 billion) and the NEF (R1.1 billion). South Africa's industrial policies also use too few policy tools compared with the East

Asian developmental states where central banks and finance ministries coordinated aggressive policies, including directed or policy lending by banks and pilot agencies to transform whole economies.

According to the International Finance Corporation (IFC, 2018) South African SMMEs of all races had a finance gap of $30.3 billion in 2017. There is also a market failure in private sector provision of loans to black SMMEs. A Banking Association of South Africa (BASA) report found that the exposure of banks to black SMEs in terms of their financial sector charter commitments was R21.4 billion in 2019. This was equivalent to 0.4% of industry assets of R5.9 trillion during the same year (BASA 2021). New industrial policies must steer production to sectors that have high employment multipliers.

The government must increase the annual industrial financing budget to 2.5% of GDP with 1% directed towards SMMEs. The Reserve Bank and the PIC must contribute towards financing industrial policies, recapitalise development finance institutions (DFIs) and establish new funding windows for labour-intensive industries, sector masterplans and subsidized microfinance, where there is also a market failure. The government must introduce lending targets (or quotas) for bank lending to labour intensive sectors and black SMMEs. A third of DFI disbursements must be to youth-owned enterprises.

5.4 Infrastructure Investment

South Africa should re-commit to the NDP target of an investment-to-GDP ratio of 30% of GDP. The public sector must increase its investment to between 10% and 15% of GDP – whatever it is required to support the 30% target - within the next five years. Over the past decade, there has not been a single National Treasury document that explained how the country would achieve the NDP targets. In 2022, gross fixed capital formation, a measure of total investment, was R933.2 billion, equivalent to 14.1% of GDP. The annual shortfall to achieve the NDP target is almost R1.1 trillion. Closing this shortfall can be a major contributor towards increasing GDP growth and accelerating the pace job creation.

Public sector investment (by general government and public corporations) was R255.9 billion, equivalent to 3.9% of GDP. The annual shortfall to achieve the target is R400 billion. National Treasury must publish a roadmap on how it will achieve the NDP target for public investment. Since SOEs deliver most of the country's economic infrastructure, especially in energy and transport, there must be further measures to

address Eskom and Transnet’s balance sheet and liquidity constraints. Eskom needs a financial runway to finance a large portion of the R1.5 trillion that is required for the just transition. Transnet must rebuild its broken rail network and upgrade its port infrastructure (Stats SA, 2023).

Please note: Youth Capital would love the opportunity to make an oral submission too.

Appendix A: Youth unemployment statistics

1. Labour Market Statistics

Categories	
Unemployment Rates (%)	
Youth (15-24)	70.4
Youth (15-34)	56.1
NEET (15-24)	34.5
NEET (15-34)	44.0
Absorption rate (15-24)	10.4
Labour Force Participation Rate (15-24)	35.2
Absorption rate (25-34)	42.4

Labour Force Participation Rate (25-34)	85.3
Absorption rate (15-34)	26.6
Labour Force Participation Rate (15-34)	60.5
Unemployment Numbers (000s)	
Unemployed (15-24)	2 537
Unemployed (15-34)	7 286
NEET (15-24)	3 524
NEET (15-34)	9 117

NEET refers to not in education, employment, or training

2. Youth unemployment (March 2003 to December 2008)

All figures in 000s

	March 2003	December 2008	Difference
Labour market status of people aged 15 to 24			
Population	9 327	9 772	445
NEA	6 404	6 205	(199)
Labour Force	2 923	3 567	644
Employment	1 231	1 598	367
Unemployment	1 691	1 969	278
Unemployment rate (%)	57.9	55.2	
Absorption rate (%)	13.2	16.3	
Labour force participation rate (%)	31.3	36.5	
Labour market status of people aged 25 to 34			

Population	7 659	8 583	924
NEA	1 821	1 372	(449)
Labour Force	5 839	7 211	1 372
Employment	3 874	4 927	1 053
Unemployment	1 965	2 283	318
Unemployment rate (%)	33.6	31.7	
Absorption rate (%)	50.6	57.4	
Labour force participation rate (%)	76.2	84.0	
Labour market status of people aged 15 to 34			
Population	16 986	18 355	1 369
NEA	8 225	7 577	(648)
Labour Force	8 762	10 778	2 016

Employment	5 105	6 525	1 420
Unemployment	3 656	4 252	596
Unemployment Rate	41.7	39.4	
Absorption rate (%)	30.1	35.5	
Labour force participation rate (%)	51.6	58.7	

3. Youth unemployment (December 2008 to September 2022)

All figures in 000s

	December 2008	**September 2022**	**Difference**
Labour market status of people aged 15 to 24			
Population	9 772	10 227	455

NEA	6 205	6 625	420
Labour Force	3 567	3 602	35
Employment	1 598	1 065	(533)
Unemployment	1 969	2 537	568
Unemployment rate (%)	55.2	70.4	
Absorption rate (%)	16.3	10.4	
Labour force participation rate (%)	36.5	35.2	
Labour market status of people aged 25 to 34			
Population	8 583	10 478	1 895
NEA	1 372	1 543	171
Labour Force	7 211	8 934	1 723
Employment	4 927	4 440	(487)

Unemployment	2 283	4 494	2 211
Unemployment rate (%)	31.7	50.3	
Absorption rate (%)	57.4	42.4	
Labour force participation rate (%)	84.0	85.3	
Labour market status of people aged 15 to 34			
Population	18 355	20 705	2 350
NEA	7 577	8 168	591
Labour Force	10 778	12 536	1 758
Employment	6 525	5 505	(1 020)
Unemployment	4 252	7 031	2 779
Unemployment Rate	39.4	56.1	
Absorption rate (%)	35.5	26.6	

Labour force participation rate (%)	58.7	60.5	

4. Youth unemployment since the introduction of the Employment Tax Incentive

All figures in 000s

	December 2013	**September 2022**	**Difference**
Labour market status of people aged 15 to 24			
Population	10 225	10 227	2
NEA	6 669	6 625	(44)
Labour Force	3 556	3 602	46
Employment	1 330	1 065	(265)
Unemployment	2 226	2 537	311

Unemployment Rate	62.6	70.4	
Absorption rate (%)	13.0	10.4	
Labour force participation rate (%)	34.8	35.2	
Labour market status of people aged 25 to 34			
Population	9 226	10 478	1 252
NEA	1 409	1 543	134
Labour Force	7 817	8 934	1 117
Employment	4 872	4 440	432
Unemployment	2 945	4 494	1 549
Unemployment rate (%)	37.7	50.3	
Absorption rate (%)	52.8	42.4	
Labour force participation rate (%)	84.7	85.3	

Labour market status of people aged 15 to 34			
Population	19 451	20 705	1 254
NEA	8 078	8 168	90
Labour Force	11 373	12 536	1 163
Employment	6 202	5 505	(697)
Unemployment	5 171	7 031	1 860
Unemployment Rate (%)	45.5	56.1	
Absorption rate (%)	31.9	26.6	
Labour force participation rate (%)	58.5	60.5	

5. Youth unemployment since Cyril Ramaphosa became President

All figures in 000s

	December 2017	September 2022	Difference
Labour market status of people aged 15 to 24			
Population	10 314	10 227	87
NEA	6 700	6 625	75
Labour Force	3 614	3 602	12
Employment	1 305	1 065	(240)
Unemployment	2 308	2 537	229
Unemployment rate (%)	63.9	70.4	
Absorption rate (%)	12.7	10.4	
Labour force participation rate (%)	35.0	35.2	
Labour market status of people aged 25 to 34			
Population	9 854	10 478	624

NEA	1 484	1 543	59
Labour Force	8 370	8 934	564
Employment	4 790	4 440	(350)
Unemployment	3 580	4 494	914
Unemployment rate (%)	42.8	50.3	
Absorption rate (%)	48.6	42.4	
Labour force participation rate (%)	84.9	85.3	
Labour market status of people aged 15 to 34			
Population	20 168	20 705	537
NEA	8 184	8 168	(16)
Labour Force	11 984	12 536	552
Employment	6 095	5 505	(590)
Unemployment	5 888	7 031	1 143

Unemployment Rate	49.1	56.1	
Absorption rate (%)	30.2	26.6	
Labour force participation rate (%)	59.4	60.5	

6. Unemployment 2010-2019

All figures in 000s

	December 2009	December 2019	Difference
Labour market status of people aged 15 to 24			
Population	9 876	10 280	404
NEA	6 353	6 579	226
Labour Force	3 522	3 701	179
Employment	1 369	1 127	(242)

Unemployment	2 153	2 574	421
Unemployment rate (%)	61.1	69.5	
Absorption rate (%)	13.9	11.0	
Labour force participation rate (%)	35.7	36.0	
Labour market status of people aged 25 to 34			
Population	8 681	10 139	1 458
NEA	1 373	1 316	(60)
Labour Force	7 307	8 823	1 516
Employment	4 528	4 839	311
Unemployment	2 780	3 984	1 204
Unemployment rate (%)	38.0	45.2	
Absorption rate (%)	52.2	47.7	

Labour force participation rate (%)	84.2	87.0	
Labour market status of people aged 15 to 34			
Population	18 557	20 419	1 862
NEA	7 726	7 895	169
Labour Force	10 829	12 524	1 695
Employment	5 897	5 966	69
Unemployment	4 933	6 558	1 625
Unemployment Rate	45.6	52.3	
Absorption rate (%)	31.8	29.2	
Labour force participation rate (%)	58.4	61.3	
Labour market status of people aged 15 - 64			
Population	32 584	38 727	6 143

NEA	11 554	11 926	372
Labour Force	21 030	26 801	5 771
Employment	13 972	16 420	2 448
Unemployment	7 058	10 381	3 323
Unemployment Rate	33.6	38.7	
Absorption rate (%)	42.8	42.4	
Labour force participation rate (%)	64.5	69.2	

7. Employment Tax Incentive Expenditure

Year	**Expenditure (R million)**
2013-2014	140
2014-2015	2 420

2015-2016	4 063
2016-2017	4 656
2017-2018	4 317
2018-2019	4 512
2019-2020	4 754
2020-2021	7 165
TOTAL	**32 027**

Sources: Budget Review (2019), Budget Review (2020), Budget Review (2022), Budget Review (2023).