

## **National Council of Provinces (NCOP)**

### **Ministerial Briefing Session – 24 August 2021**

#### **“Interventions to Address Youth Unemployment and Poverty”**

#### **Mr TW Nxesi MP, Minister of Employment and Labour**

- Hon. Mr Amos Masondo, Chairperson of the National Council of Provinces,
- Hon. Ms Sylvia Lucas, Deputy Chairperson of the National Council of Provinces,
- Hon. Mr Jomo Nyambi, House Chairperson for Committees and Oversight,
- Hon. Mr Seiso Mohai, Chief Whip of the National Council of Provinces,
- Hon. Ms Thoko Didiza, Minister of Agriculture, Land Reform and Rural Development,
- Hon. Ms Maite Nkoana-Mashabane, Minister in the Presidency for Women, Youth and Persons with Disabilities,
- Hon. Members of Parliament,

- Hon. Premiers of the Provinces,
- Ladies and Gentlemen

Thank you for inviting me to participate in this important engagement. The NCOP has rightly identified addressing youth unemployment as the priority for the country and for this Administration.

The President has championed the cause of youth unemployment through the Presidential Youth Employment Intervention – launched in February 2020 - and through a number of programmes which place the issue of youth unemployment at the centre of economic policy, economic stimulus and the ERRP (Economic Reconstruction and Recovery Programme). Amongst others, the ERRP focuses on:

- Youth Development
- Mass Public Employment Programmes
- Industrialisation and Job Creation.

Even before the coronavirus pandemic, youth unemployment was a growing and urgent crisis. Now, in the aftermath of the devastating economic impact of the pandemic, unemployment is even higher than before: 63%, or almost two-thirds, of young South Africans are unemployed.

The Presidential Youth Employment Intervention includes a range of priority actions to boost youth employment over the next five years and is the largest and most comprehensive effort to expand opportunities for young people in our country's history. The objective of the Intervention is to work towards a South Africa in which every young person has a place to go and is actively absorbed into the economy and the wider society.

The Presidential Youth Employment Intervention is now a key component of the Economic Reconstruction and Recovery Plan that is being implemented across government to rebuild our economy. In particular young

people have benefitted from many of the programmes supported by the Presidential Employment Stimulus since it was launched in October 2020.

- This includes the 320 000 young people, 65% of them young women, who have been placed as education assistants and general assistants earning the National Minimum Wage in 26,000 public schools.
- The Minister of Agriculture, Land Reform and Rural Development has already mentioned the support provided to young subsistence farmers.
- The Department of Trade, Industry and Competition has supported over 10,000 jobs through the expansion of the Global Business Services Incentive, with most of these jobs going to youth.
- The Department of Public Works has appointed 1,800 young people in various programmes, including the Welisizwe Rural Bridges Programme.

Recently, the Minister of Finance has argued for an approach which sees funding of youth work opportunities and training – as an investment in the

future of our people and of the country – rather than as a consumption item and drain on the fiscus.

From the side of the Department, as part of the reconfiguration of the Department to give effect to the additional employment mandate, the Labour Activation Programmes, funded by the UIF, were refocused to contribute directly to job creation and preservation:

- Despite the disruptions in 2020, 23,867 youths benefited from the LAPs against a target of 26,000, whilst 33,000 benefitted from LAPs opportunities against a target of 47,000.
- UIF LAP targets for 2021/22 include the following: 12,000 youth targeted for training; 41,000 UIF contributors targeted for job retention or re-employment; as well as supporting SMMEs and establishing 30 cooperatives.
- The Department's PES (Professional Employment Services) Branch, despite the pandemic, continued to provide services through the Labour Centres, within the constraints of Covid health protocols. Some

245,000 work seekers were provided with employment counselling services, and 37,000 work seekers were placed in employment.

- Youth Centres have been established in Newcastle, Durban, De Aar and Cape Town. They serve as a one-stop shop both for prospective employers and for the youth to access career guidance, psychometric assessment, validation of their qualifications and effective and efficient job application and placement opportunities. Similar online services are now available at most Labour Centres.
- The Compensation Fund's investment mandate allocates 10% of the total assets under management towards Social Responsible Investments. The total amount invested to date is R2,3 billion out of the R7,0 billion rand committed. This investment has resulted in 9 314 sustained jobs.
- The Compensation Fund also continues to provide bursaries for 311 unemployed youth aged between 17 to 25 years old to address the scarcity of critical skills, particularly in relation to the services the Fund

provides. The following qualifications are funded by the Fund:

- Nursing Science
  - Bachelor of Medicine (MBCChB)
  - Occupational Therapy
  - Bachelor of Science in Computer Engineering/Computer Science/ Informatics
  - Bachelor of Commerce in Accounting Sciences
  - BSc Actuarial/ and Financial Mathematics
  - National Diploma Medical Orthotics and Prosthetics
- The Fund has budgeted R 1 billion over the next 5 years for the funding of 4000 youth and 1000 injured workers with disabilities. The funding of youth will be aimed at scarce skills qualifications in tertiary institutions. The return to work programme will be further developed to address the funding of training programmes that not only skill injured workers with disabilities but also address the challenges that people with disabilities face in the market place.

As well as job creation, the Department is focused on the retention of existing jobs. Initiatives and programmes include the following:

- The UIF's High Social Impact Portfolio, proactively intervening in the market to finance the retention of employment and companies.
- The Department has implemented the job summit resolution on reviewing the Training Layoff Scheme process (now TERS – Temporary Employer/employee Relief Scheme) - to ensure speedy intervention to support companies in distress. The intention of the review was in line with the newly reviewed UIF Act, which emphasises the need to fund the retention of workers in employment. Working with Productivity SA, 860 companies will be assisted to save up to 43 000 jobs by March 2024. Productivity SA will also train 12 460 SMMEs to improve their productivity and business efficiencies.
- The Department of Employment and Labour and the UIF has established the Project Development Partnership (PDP) Fund aimed at supporting and creating jobs through creating and funding early-stage

businesses, with an initial allocation of R2bn. The PDP Fund echoes the sentiments of our President and will focus on investing in projects which are solving SA socio-economic challenges through investment projects which are aligned to new technology and the 4th industrial revolution.

I need to mention that the Youth Initiative operates on principles of what the President refers to as 'joined up government' – where departments and government agencies work together to achieve the stated objectives.

Nowhere is this more apparent than in relation to the National Pathway Management Network – led by the PMO in the Presidency and coordinated across government by the Department of Employment and Labour – bringing together departments and agencies across government, pooling opportunities, information and databases. This initiative seeks to create a 'network of networks' with the objective of linking youth to opportunities and to support – inclusively and for free.

The Pathway Management Network connects young people to different platforms in the network where they can build their profiles, receive directions to jobs, work experiences and income-generating programmes; also providing encouragement, work-seeker support, learning, and work opportunities (e.g. through SA Youth, mapping of services, and the Professional Employment Services).

I encourage employers, the unemployed, and youth in particular, to make use of these free services.

Thank you.

