

Moderate job creation expected

The National Treasury expects a moderate employment growth over the next three years, it said in its budget review 2013 released on Wednesday (27 February).

By [Ntsakisi Maswanganyi](#) 28 Feb 2013



The Treasury said that with fiscal pressures providing little room for an expansion of public-sector employment, job creation prospects would largely depend on private-sector hiring.

It noted that high unemployment was the most pressing challenge facing the country, with 4.5m unemployed people in the country.

Total employment was 450,000 lower than before the eurozone crisis caused disruptions to economic markets around the world. The Treasury raised concern at high wage settlements that are not matched with higher levels of productivity.

It said that nominal wage settlements averaged 7.6% last year, while productivity growth averaged just 1.2% over the last two years.

Youth unemployment would be among government priorities, the Treasury said, adding that a youth employment tax incentive aimed at encouraging firms to employ young work seekers would be tabled in Parliament.

"The introduction of this tax incentive, which takes into account the concerns of organised labour, will help young people enter the labour market, gain valuable experience and access career opportunities," Treasury said in the review.

Labour federation, the Congress of South African Trade Union (Cosatu) raised concern when a youth wage subsidy was proposed, saying it would disadvantage long-term serving employees.

Treasury allayed these fears, saying in the review that protection provided by existing labour legislation, combined with oversight by the South African Revenue Service and the Labour department would avoid displacement.

"A similar tax incentive will be made available to eligible workers of all ages within special economic zones Treasury noted.

Source: CoSSE via I-Net Bridge