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To Mr. Waseem Carrim

CEO National Youth Development Agency (NYDA)

**RE: INCREASING UNEMPLOYMENT AMONGST YOUNG PEOPLE OF SOUTH AFRICA**

Dear Mr. Waseem Carrim

The Democratic Alliance has noted with concern the recent Statistics South Africa Quarterly Labour Force Survey (QLFS) released on Tuesday which highlights yet another increase in South Africa's unemployment levels. This persistent increase in youth unemployment levels takes place within the backdrop of failed government interventions and commitment to curb the rising challenge. These numbers reflect an urgent need for government, labour, business, and development agencies to move with speed in implementing the numerous agreements that have been put in place and, by so doing, place youth development at the core of their everyday business.

I write to you after my National Oversight Tour across the country in which I visited local NYDA branches. During this oversight tour there were major challenges I discovered that are an impediment to young people in accessing the services of the NYDA. What has become very clear is that South Africa finds itself in a national crisis particularly when it comes to youth unemployment. This letter will outline the main areas of concern and propose recommendations to you on what needs to be urgently done to assist young people in this country.

There are a number of challenges that need urgent intervention. They are as follows:

i. NYDA Funding

One of the major issues that I found during the national oversight tour was that young people are unable to apply for funding online. This is a major setback for young people because the NYDA does not have offices in every corner of the country. It thus makes it difficult for young people to, firstly, travel to offices of the NYDA in order to apply for funding, particularly when transport fees can be excessive depending on the province in which they live. For example, in the Free State there are only four district offices, which means if you are not lucky to live in that district you will have to travel far to get to an office that you can use.

ii. Functioning of tools

At most of the NYDA offices I visited there were numerous occasions in which computers and printers were not operational. This is a major setback for young people going into these offices in need to use these resources either to apply for bursaries or edit vital documents to be submitted for funding purposes. I came across these mostly in the NYDA offices in Durban, East London, and Bloemfontein.

iii. Access to NYDA offices

One of the most egregious matters that I came across was the lack of access NYDA offices have for persons with disabilities. Some offices are on the second floor of buildings leaving many persons with disabilities struggling to gain access to the offices due to where it is. For example, at Durban, Bloemfontein, and East London all three offices are either on the 2nd or the 3rd floor with little to no branding indicating how



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someone can get to these offices, particularly persons with disabilities. Another aspect that should be conceptualised is ensuring training materials are also made available for the deaf and blind.

iv. Market Linkages

It is my strong belief that the NYDA needs to drastically expand its service on market linkages which, at this current stage, does not seem to be bearing the outcomes it ought to be. The ability to strengthen this service for young people will mean that more co-operatives have more access to markets. As it stands I don't believe the NYDA is providing adequate support to this services because it has a lot of potential for South Africa's youth.

v. Website of the NYDA

I visited the website of the NYDA numerous times and what is clear is that it is not user friendly. Though it provides information, it does not give the necessary steps to be followed should someone want to sign up for training sessions, or support an application for job placements or apply for funding. It is my strongest belief that we need to streamline the website to make it more accessible and more user friendly.

vi. Youth Entrepreneurship

The NYDA, through the course of the past four years, has partnered with many government departments in an attempt to curb youth unemployment. For example, the Ministry for Small Business Development. What are the outcomes of these relationships? Has the NYDA been able to improve survival rate of small businesses?

There were a number of commitments made around the NYDA working with the Ministry to pay special attention to youth businesses or the Department of Economic Development (EDD) on the youth employment strategy, which seeks to bring all interventions together and to deal with unemployment in a holistic and co-ordinated manner. It is very important for the NYDA to monitor whether there are actual outcomes for young people from these relationships and, if there are not, what needs to be done to fight for the tangible realisation of those outcomes.

vii. YES Programme

The YES programme has failed to launch successfully and create the job opportunities that were promised by President Cyril Ramaphosa. This is clear indication that the current policy interventions are not working on the ground. There needs to be clear policy change in order to save young people from the scourge of unemployment. This requires a new approach to the jobs crisis. A reframing of public-private partnerships to ensure government delivers on its outcomes to the youth of South Africa is imperative.

viii. National Youth Policy

Though we welcome the approval of the National Youth Policy (NYP) 2030 document, we are very concerned that the document has not provided financial commitments concomitant to its vision. To simply have an NYP document without clear financial commitments and key role players means that the document just becomes



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another paper. This is why it is vital that, through the current partner departments, there needs to be clear guidelines and terms of reference on which department bears responsibility for which outcomes.

As the Democratic Alliance (DA), we would like to make key recommendations to the NYDA. They are as follows:

1. Developing skills in key growth sectors

We must equip young people with the skills to access opportunities in key growth sectors such as the agricultural, green, and waste economies. While targeting these skills is crucial, any conversation about upskilling must include discussions about the low rate of completion across all levels of our skills system. Whether it is the 50% of people who leave school without a matric certificate, or the unknown high number who don't complete technical and vocational education and training college qualifications, or the 40% that don't finish their degrees. We need to develop a catch-up strategy for those who've been left behind.

2. Data for all

Every month, young people spend, on average, R380 on data looking for work and with 8.2-million young South Africans not in employment, education, or training, this issue requires urgent resolution. However, beyond removing this constraint, the reality is that innovation-driven entrepreneurship is unlikely to be a panacea for youth employment without also connecting young people to precedent-setting opportunities to gain work exposure. The lack of exposure to the world of work is a major stumbling block for this initiative. Most young people find opportunities through someone they know, yet two out of every five 15- to 24-year-olds live in a household without an employed adult. Youth need guidance as much as they need infrastructure, and so what is needed is a national drive to connect people across the poles of society and to expose young people to opportunity through simple, powerful, connections.

3. Innovative ways of supporting youth entrepreneurship

Provide targeted support for micro-entrepreneurs in the informal economy. South Africa has a significant informal economy. The DA's approach is to recognise that it is happening organically in a country where economic activity is relatively scarce. As such, we must ensure that we foster this sector and support the job creation potential that it offers. Finally, the DA will focus on expanding support and incentives for youth-owned businesses and co-operatives. We want young South Africans to be encouraged and incentivised to start new businesses. It is a practical expression of an individual's ambition to convert their talents into an income-producing activity and should be encouraged and supported with mentorship and access to resources.

4. Employment Tax Incentive

Stimulating demand for youth labour through the Employment Tax Incentive (ETI). The ETI is a direct intervention in the labour market aimed at stimulating demand for youth labour. The policy gives firms a tax credit for hiring individuals between the ages of 18 and 29 years. One of the imperfections in the South African labour market is the effect of collective bargaining or negotiated union wages on wages for both union and non-union workers, which results in wages that are too high to clear the market. The higher wages allow firms to choose more experienced workers from the surplus of willing workers, creating a bias against younger, less

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experienced workers. The wage subsidy implicit in the ETI lowers the cost of the young, inexperienced worker to employers without lowering the wages of the workers themselves. This mechanism reduces the risk to firms when hiring.

The Democratic Alliance looks forward to your response on these issues and solutions we have raised. The persistent increase in youth unemployment levels requires reform that will be to the benefit of young people. As labour market prospects deteriorate Agencies like the NYDA will be required to lead the way in combating youth unemployment.

Luyolo Mphithi

DA Youth Leader

Member of Parliament

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