

# Press Release



**Unit for Risk Analysis**

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*The Unit for Risk Analysis is a project of the  
South African Institute of Race Relations*

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## **Statement by the Unit for Risk Analysis at the South African Institute of Race Relations on the Cabinet's 'new growth path' — URA**

**The Cabinet has announced that as part of its 'new growth path' the Government will aim to create 5 million new jobs in the ten years to 2020 or 500 000 jobs a year.**

For the period 2001 to 2009 the number of formal and informal jobs in South Africa increased from 12.5 million to 13.4 million or by 900 000. This amounted to an average increase of 100 000 new jobs per annum. The Government therefore intends to up the historical trend five-fold.

Admittedly the period 2001 to 2009 included a recession and the loss of a substantial number of jobs in South Africa. The Government has by its own admission estimated that number at over 1 million. Despite clear signs of economic recovery in South Africa the Government would be wise to consider that much doubt remains over the economic recoveries of both the European Union and the United States.

Despite the effects of the recession the 2001 to 2009 period saw South Africa average a GDP growth rate of 3.4%. This included a peak of 5.3% in 2006 and a trough of -1.8% in 2009. The Government's new employment targets will therefore require levels of GDP growth considerably greater than those averaged by the country over the past decade.

At the same time structural bottlenecks to employment growth including the parlous state of public schools, the influence of trade unions over education policy, poor levels of access to higher education for black South Africans, labour market regulation, and employment equity and empowerment regulations will need to be addressed. If these structural bottlenecks are not addressed then it is unlikely that the country will be able to:

- achieve the levels of growth necessary to meet the new employment target and/or
- draw the maximum job creating benefit from whatever levels of growth are achieved

On the above two points it is encouraging that the Government has admitted that, 'The success of the new growth path will require focus, purpose and decisive action to promote employment' and that, "it will require the state to be more effective in implementation'. Whether this sentiment translates into renewed action on structural bottlenecks remains to be seen. It is the view of this Institute that the success of the 'new growth path' will hinge largely on the extent and nature of such action.