Question 1 - Effectiveness

How do we measure effectiveness? What was the policy’s objective?

To create jobs for young people.

Have firms created jobs for young people?

Number of young people employed	Before	After	
ETI claiming firms	50	65	
Non-claiming firms	40	50	

Question 2a: Efficiency/Cost benefit

What was the cost of the TE & How many jobs were created?

Total cost = **ZAR 1,229,142,572**
Number of jobs = **63,028**.

Cost per job = $\frac{Total\ cost}{Number\ of\ jobs} = \frac{\quad}{\quad} = R$________

Ex-Ante estimation: Total cost ZAR1,6 billion, 59,333 jobs created at cost of R28,000 per job

Question 2b: Efficiency/Cost benefit

If the objective is met, at what cost?

Ex-ante

Gross number of jobs created = **423,000**

Net new jobs = **178,000**

This implies that 58% of the job creation would have taken place in any case.

Cost per job = **R11,800**

$$Deadweight\ loss = the\ number\ of\ jobs\ that\ were\ going\ to\ be\ created\ without\ the\ incentive\ \times the\ cost\ per\ job$$

Calculate the deadweight loss for this policy

$$Deadweight\ loss\ = (\_\_\_\_\_\_\_\_\_\_\_\_ - \_\_\_\_\_\_\_\_\_\_\_\_\_)\ \times R\_\_\_\_\_\_\_\_\_\_\_$$

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Question 2c - Efficiency/Cost benefit

Are there net benefits/costs to society? (Externalities)

Did the policy displace older workers?

Number of older people employed	Before	After	
ETI claiming firms	100	80	
Non-claiming firms	80	60	

Question 3 - Evaluation

The gov’t is committed to creating more jobs for young people

Is the Employment Tax Incentive the best way to do so? What are the alternatives?

Question 3 Extra - Evaluation

Is there policy reform that we can consider to improve the Employment Tax Incentive?

Option 1: Better targeting of the policy

Small firms

Number of young people employed	Before	After	
ETI claiming firms	5	15	
Non-claiming firms	3	3	

Large firms

Number of young people employed	Before	After	
ETI claiming firms	120	140	
Non-claiming firms	100	120	