

Budget Vote Speech, Celebrating ten years - the fruits of our labour

Speech given by Minister of Labour, MMS Mdladlana at Cape Town, Parliament on 15 May 2008

Madam Speaker,
Honourable Members of Parliament,
Fellow South Africans,
Ladies and Gentlemen.

“Labour is prior to, and independent of, capital. Capital is only the fruit of labour, and could never have existed if labour had not first existed. Labour is superior to capital, and deserves much the higher consideration”, the sixteenth President of the United States of America – Abraham Lincoln said these wise words decades ago. Karl Marx said the same thing, put differently, when he said, “Capital is dead labour, which, vampire-like, lives only by sucking living labour, and lives the more, the more labour it sucks”.

Madame Speaker, allow me to dedicate this speech to the workers of this country. Nelson Mandela called on all of us – in his first State of the Nation Address as President of South Africa – “to regard labour as a resource and not a cost”. We cannot claim to be heeding this call when nine of our workers, eight of whom were contract workers, lost their lives at South Deep Mine on May day when the rope on their conveyance snapped – plunging them 58 meters down a mine shaft. Madam Speaker, allow me to request honourable members to observe a minute silence in their honour.

S E.K. Mqhayi

“Thuthuzelekani ngoko zinkedama; Kuf’omnye kakade, mini kwakhiw’omnye; Kukhonza mnye kade, ze kuphil’abanye. Ngala mazwi sithi, thuthuzelekani; ngokwenjenje kwethu sithi; yakhekani. Lithabatheni eli qhalo labadala: kuba bathi, “Akuhlanga lungehlanga!”

Adlule athi okaMqhanyi

“Awu! Zaf’iint’ezinkulu zeAfrika! Isindiwe le nqanawa de yazika, Kwaf’amakhalipha, amafanankosi, Agazi lithetha kwiNkosi yeenkosi. Ukufa kwawo kunomvuzo nomvuka. Ndinga ndingema nawo ngomhla wokuvuka, Ndingqambe njengomnye osebenzileyo. Ndikhanye njengomso oqaqambileyo. Makube Njalo”

Kudlule iminyaka eli – 14 sixhamla inkululeko kodwa abasebenzi basafa kabuhlungu emisebenzini. Umbuzo ngokowokuba bebefuna ntoni na, aba basebenzi kumgodi ngommhla weholide naholide eyabasebenzi umhla woku – 1 kaMay. Ingaba abakwa – Goldfields sebephelelwe bubuntu kusinina? Kutheni ukuze intambo iqhawuke? Noko makhe sime sithi xha sikhe sijonge siqwalasele undonakele.

Kufikelele ithuba lokuba sikhe sizibhence, siphicothe ukuba ngaba unobangela yintoni na. Eli sebe lezemisebenzi namanye amasebe ka Rhulumente makhe baqinise ukuthotyelwa komthetho. Abo bawophulayo bavalelwe kwesimnyama sona isisele.

Ewe satsho sathi siza kuvula amathuba okusebenza. Xa amathuba okusebenza athe akho mabaphume ke abantu kwintlupheko kodwa akunjalo kuba iimeko abasebenza phantsi kwazo zimanyumnyezi yaye zihlasimlisa umzimba. Abasebenzi bayonzakala bayalimala bayafa. Asingekhe ke imisebenzi enjalo siyibone njengephucula impilo yoluntu. Eli lizwe asingekhe silakhe phezu kwezidumbu zabasebenzi. Abo bacinga ukuba eli lizwe lingaze lifumane uzinzo nenzolo phantsi kweemeko ezinje, bayaphupha. Siyanzeleka ukuba sinyanzelise ukuvulwa kwezithuba zokusebenza ezizizo.

On the 19th of October 1998, we promulgated the Employment Equity Act. Guided by the Constitution of the Republic, in this Act our purpose is to promote “equal opportunity and fair treatment in employment” and to implement “affirmative action measures to redress the disadvantages in employment experienced by designated groups”. Ten years on, research conducted by the Sociology of Work Programme at Wits University tells us that, “the hierarchy of the national labour market is still very much racialised; occupations at the lower-end and lowest end are almost exclusively filled by black people and African women respectively, whilst the very top-end occupation has the smallest proportion of black people and especially African people. Coloured people are clustered from middle of the range to lower end occupations whilst Indian people and white people are predominantly located in middle to high end occupations”. Black people remain at the lowest end of the labour market hierarchy. Fourteen years into our democracy, why is this still the case? The common answer to this question is that there are not enough well qualified black people to employ.

Madam Speaker, we went further and asked researchers at the HSRC to help us answer this question of the disappearance or non-appearance of black people who are qualified, in a country where the majority is black. This disappearing act is simply too startling. We must remember that according to the Employment Equity Act of 1998, Section 20 (3) describes how employees may be regarded as suitably qualified for a job. The Act regards a person as suitably qualified for a job as a result of any one, or a combination of that person's -

- formal qualifications
- prior learning
- relevant experience
- capacity to acquire, within a reasonable time, the ability to do the job.

Our respected researchers have since come back to us with their findings on this disappearance of qualified black people in South Africa. They tell us that their data "shows that there is a growing pool of designated groups that on the basis of formal post-school qualifications may be regarded as suitably qualified in terms of the provision of the EE Act". They go further and say when looking nationally at higher education qualifications, "there appeared to be a concerted effort across all study fields to increase the rate of growth of Black graduates, and Africans in particular. Very high rates of growth in the supply of Africans and females (in certain instances) attest to that transformative imperative". They then conclude with the assertion that, "there is very little merit in the assertion that "they [qualified Blacks and women] were not out there".

Simply put, Madam Speaker, we have found well qualified black people in South Africa, they have reappeared. Nonetheless, we went further to not only focus on formal qualifications, but also looked for qualified black people based on prior learning, relevant experience, and capacity to acquire the ability to do the job – as per the Employment Equity Act criteria. Again, research tells us that "nearly half of the sample projected showed potential to advance, most of those with potential are currently placed in semi-skilled positions, and potential to advance is evident in all population groups, and particularly also in females". More black people with potential to advance in the workplace have again been found. Madam Speaker, we have stopped searching – these are not the fruits of our labour that we envisioned ten years ago. The carrot is not working and the stick has to come out.

Therefore Madam Speaker, during this current year, of the total R1.7 billion allocation to labour - R690 million of our allocation to service delivery is intended to increase the number of inspectors in all our provinces. We intend to similarly improve the competency levels of our inspectors for

better enforcement of our laws. We will also focus on substantive compliance through our Director-General Reviews. This year alone, we intend to double inspections of Johannesburg Stock Exchange listed companies for substantive compliance with our employment equity legislation.

On the 2nd of November 1998 – ten years ago – we promulgated the Skills Development Act. This Act is aimed at developing “the skills of the South African workforce” through an increase in the “levels of investment in education and training in the labour market...”. In my last budget vote, we further undertook to invest more in the acquisition of artisan and technical skills.

Ten years on, a National Skills Survey conducted by the Human Sciences Research Council tells us that by 2007:

- “About eight out of ten South African private sector enterprises provided some employee training in 2006/07, which is 20 per cent higher than in 2002/03. The margin of improvement for small and medium firms was about 20% while there was 10% improvement for large firms;
- More than half of all permanent employees in South African workplaces received some form of training in 2006/07. Training of non-permanent employees also rose in the period from 19% to 34%;
- The number of employees who received training in accordance with NQF standards increased from 9.0 per cent of those receiving training in 2002/03 to 22.1 per cent in 2006/07;
- Across all enterprises, training expenditure as a percentage of payroll increased from 2.1 per cent in 2002/03 to 3.0 per cent in 2006/07, which amounts to a 43% increase;
- The total number of enterprises claiming grants increased from 41 per cent in 2002/03 to 55 per cent in 2006/07”.

Simply put, Madam Speaker, we are investing more in the education and training of our people and training more and more workers in accordance with NQF standards. Employers are spending two times more than what the levy system requires of them, and more employers are also claiming back from the system. These are the fruits of our labour which give us reason to celebrate.

We however never intended training to be an end in itself. Our aim is to create what my predecessor referred to as “better employment” in his budget vote speech of 1996. Better employment can only become a reality when what Nelson Mandela urged us to do in his maiden

State of the Nation Address of 1994 is achieved, which is to “empower the workers, raise productivity levels and meet the skills needs of a modern economy”. We have therefore undertaken an impact study that allowed us to trace learners that have gone through the skills development system in the last years to look exactly at all these matters – better employment, productivity, and relevance of training to economic needs. What the learnerships impact study conducted by the HSRC has found is that:

- “Of all the 18.1 and 18.2 learners, the majority - about two thirds (63%), were employed after completion or termination of their learnerships. Slightly over half (53%) of these learners gained employment after completion or termination of their learnership programmes. 84% of completed learners were employed within one month or less of completion of their learnership programmes - 94% of whom employment was related to the learnership they completed;
- Three quarters (75%) of these learners are employed in positions that are full-time and permanent, 9% in positions that are full-time and contract and 12% on a part-time, contract basis.
- Almost half (49%) earned between R3 001 and R5 000 per month and almost a third (30%) between R1 001 and R3 000 per month.

Again, Madam Speaker, for the benefit of some of our friends in this house – I shall put this simply. In plain English, more than half of formerly unemployed learners were employed on completion of their learnership – 94% of whom are employed for what they trained for and 84% of them got employed within a month of completion. These are the fruits of our labour, for which celebrations are in order.

At the same time, research by Productivity SA points to a 3,2% per annum increase in private sector productivity since 1996 – largely spurred by 3.6% labour productivity. The Labour Force Survey also shows that between September 2001 and September 2007, we have enjoyed cumulative employment gains in the South African Labour market totalling 2.1 million jobs. Madam Speaker, allow me to salute our social partners, our learners who are also workers, and skills development practitioners for having joined the revolution I called for ten years ago, and allowing us today to celebrate the wonderful fruits of our labour.

These fruits that we are enjoying today, however, must spur us to greater heights. More work remains to be done. In the last year, more learners were enrolled into learnership programmes – allowing us to declare today that we are on course towards meeting the targets set by the second phase of the National Skills Development Strategy by 2010.

However, we still have some SETAs who remain blurred by the revolution, and our quest to empower our people for better employment. In the last year, for the first time in the history of the SETA system, I had to put one of these SETAs – Media Advertising Packaging, Printing and Production (MAPPP) – under administration. I shall not hesitate, together with our social partners, to act similarly with any other SETAs threatening to derail us in developing the skills of South Africans.

During the current year, of the total R1.7 billion allocation to labour, R203 million will be dedicated to skills development. In addition, skills development levy income projected at R7.4 billion over the medium term will also allow us to train 90 000 unemployed persons, and increase their placement into jobs from the current achieved rates of 53% to 70%. This would signify a massive 17% increase. We will also provide skills development support through the National Skills Fund (NSF) and Sector Education and Training Authority (SETA) funding to SMMEs, NGOs and co-operatives. Top-up funding will also be provided to SETAs, the National Student Financial Aid Scheme (NSFAS) and the National Research Foundation to assist 26 000 unemployed learners to enter scarce and critical skills programmes in learnerships, apprenticeships, internships, bursaries and skills programmes. We intend to also register an additional 21 000 learner artisans during the current year as part of our ongoing contribution to the Joint Initiative for Priority Skills Acquisition.

We will further provide funding through partnerships with Umsobomvu Youth Fund and the Small Enterprise Development Agency (SEDA) to support 3 000 youth in new venture creation projects and ensure that 70% of new ventures are sustainable after completion of the programme through training and mentorship. In the same financial year, we will also amend the Skills Development Act (1998) to provide for the functioning of the National Skills Authority in relation to the National Skills Fund; amendments of SETA functions relating to quality assurance; establishment of the QCTO; legislating artisan development; and listing the NSF as a public entity.

On the 1st and 2nd of December 1998, we promulgated the Basic Conditions of Employment Act and amended the Labour Relations Act respectively. These two Acts are key to the functioning of the South African labour market. With the BCEA we intended to regulate various employment conditions such as working hours, leave, employment contracts, termination etc. The LRA on the other hand is aimed at advancing economic development, social justice, labour peace and the democracy in the workplace.

Ten years on, the Labour Force Survey released in March this year tells us that of the roughly 13 million South Africans employed:

- Only 7.7 million of them are in permanent jobs;
- 5.8 million workers in South Africa are not registered for unemployment insurance (UIF) benefits;
- 2.7 million workers are employed without any written contracts;
- 4.1 million workers do not have paid leave entitlement in their places of work;
- 7.3 million workers do not belong to trade unions; and
- 7.5 million workers have no medical aid benefits provided

Yet, Madam Speaker, we continue to be told about labour market rigidity. How can our labour market be rigid when half of our workers are in casual and temporary jobs, 5.8 million of whom are not covered by the UIF, 2.7 million of whom do not even have written contracts, and 4.1 million of whom do not even have paid leave entitlements? How can our labour market be rigid when half of our workers do not even belong to a trade union? More sadly, how can we complain about labour market rigidity when our workers continue to die daily in our workplaces – last year alone, 332 workers died in their places of work.

Bargaining Councils are also struggling. In the International Review of the labour market that we have just completed, Professor Guy Standing advises that, “perhaps it is time for policymakers to consider what will follow the ongoing shrinkage of bargaining councils”, and that “there is ample anecdotal evidence of a steady decentralisation of collective bargaining”. Research conducted by the Development Policy Research Unit of the University of Cape Town also tells us that bargaining councils remain “relatively weak and unrepresentative at the national level”. Yet people continue to complain about centralised collective agreements that scare investors, it does not tally.

Madam Speaker, if the truth be told, the balancing act that we have always professed between security and flexibility is getting out of balance. It is tilting in favour of flexibility. The fruits of our labour get spoilt when our international reviewer tells us that, “without much doubt, South Africa’s workers and its working communities are experiencing increasing insecurity of various kinds”. They get spoilt when we are told by researchers that workers today increasingly work longer hours than they did in the past, with lesser pay. According to the Development Policy Research Unit, between 2000 and 2005, there has been an increase in the number of hours worked of approximately 1.5 hours, from 47.6 hours in 2000 to 49.1 hours in 2005 – and that

females worked nearly two hours longer in 2005. This is not what our law intended to achieve.

In the face of all this, our workers have shown resilience. Since 2005, the number of strike incidents has declined from 102 to 75 in 2007. This represents a decrease of more than 25% in 2007. However, this resilience will not last forever. We are already seeing signs of worker restlessness. Since 2003 working days lost to strikes increased from 79 working days lost per 1 000 employees to 753 in 2007. Last week, municipal workers in Tshwane embarked on strike action demanding that the municipality should stop using labour brokers. The Sociology of Work Programme of the University of the Witwatersrand, in their research report recommends that we should consider, "the outlawing of labour brokers who merely act as employers of subcontracted labour". Maybe this should be the route to follow, because we cannot allow ourselves to return to the days of the late 80s and early 90s when adversarialism was the order of the day in the labour market. Such conflict would not benefit anyone – and this is what investors do not want to see.

Therefore Madam Speaker, during this current year, of the total R1.7 billion allocation to labour, R441 million of our appropriation to labour market programmes will endeavour to fund 15 projects - through the Strengthening of Civil Society Fund - that target vulnerable workers in rural and remote areas over the next 3 years to access their rights in terms of labour legislation. Some of the projects targeted for funding in this regard include the Workers' College, Ukuthula Community Advice Office, Overberg Development and Empowerment Centre, and the Southern Cape Land Committee Trust. We will also improve the status of vulnerable workers by reviewing working conditions in the domestic worker, forestry, contract cleaning, farm worker, and private security sectors. We have also budgeted R5 million for the development of a business case to restructure our Sheltered Employment Factories – whose operations have improved remarkably in the last year. But more importantly, feeding off our research which has guided us with regards to the development of a Decent Work Index, we intend to develop a Decent Work Country Programme in collaboration with the International Labour Organisation (ILO) and in consultation with social partners, focusing mainly on the creation of better employment. The four pillars of the Decent Work agenda will be dealt with in the context of related government reform processes and the department's constitutional obligations. As signatories to the ILO conventions on occupational health and safety, we have also signed an Accord with our social partners. This Accord will allow us to jointly target specific high risk sectors for inspection and enforcement. During this year we will focus on agriculture, food and beverage, iron and steel, and also construction.

Additional allocations of R48.6 million over the MTEF period have also been added to the Commission for Conciliation, Mediation, and Arbitration baseline for the recruitment of commissioners and the provision of a dispute prevention management and institution building service. Together with our social partners at NEDLAC, we also need to begin a comprehensive review of the Growth and Development Summit agreements and evaluate progress towards achieving its objectives – which include that bigger fruit of halving unemployment by 2014.

We also cannot rest Madam Speaker until our people enjoy adequate protection through the Unemployment Insurance Fund. The fact that half of our workers today are not covered by the UIF is an indictment to all of us. There is no excuse for employers not to register workers for UIF. The fund has improved its systems tremendously in the last ten years –we want to see the fruits of this labour. Our systems are now fully electronic and automated. They have also been decentralised to regional and labour centre level, whilst we have simultaneously increased the number of processing centres. Therefore there can never be excuses about long queues, delayed payments, or any other service delivery complaints – workers must simply be registered. In the current year, we will also review the improvement of benefits as well as amendments to its legislation.

Madam Speaker, celebrating ten years of the fruits of our labour with the Compensation Fund does not seem possible at this stage. Our claims settlement rates at the Fund are too low at only 58%. Integrating compensation and health and safety competencies across government has also not been accomplished. In the last year we have had to also suspend three senior officials at the Compensation Fund on allegations of fraud and corruption. A lot therefore remains to be done with regards to the Compensation Fund.

In the current year we intend to intensify administrative interventions we put in place in the fund in the last financial year, which we hope will improve and align the business processes in accordance with all related regulations and the fund's strategic objectives. This year we have also begun upgrading the Compensation Fund's financial system so as to improve both the claims settlement rate and the turnaround times. We also intend registering pharmacists, medical orthotics, and also prosthetics practitioners as designated providers in the Compensation Fund's database.

Madam Speaker, as is evident from my inputs in this house today, a lot has been achieved – but a lot remains to be done. What remains can only be achieved through joint efforts from all of us. These include our social partners – business, labour and community – whose presence with us

today gives us hope. I must also acknowledge the Portfolio Committee on Labour under the Chairpersonship of Mme Rebecca Kasienyane – ke re Mme wa rona, le ka moso. I also wish to extend my appreciation to the officials of the Department and the Acting Director-General for pulling together in pursuit of our common goals.

Madam Speaker, I would like to finally commend the budget of the Department of Labour to the honourable members of this august house.

I thank you.