



# Key issues in the Nedlac chambers

**T**here are a number of crucial debates currently taking place in Nedlac – how to revitalise the Masakhane campaign; the financing of training; improving productivity in local firms and the establishment of a new youth body.

*"Nedlac brings to the negotiating table mandated representatives of government, labour, business and organisations representing community and development interests. It is a negotiating body of equal partners and one which creates the basis for a more participatory form of governance."*

*Jayendra Naidoo,  
Nedlac executive director*

## The Workplace Challenge

South Africa is facing tremendous pressures. Economic change is demanding that we come to grips with unfamiliar world competition and international opportunity. This situation has given rise to the Workplace Challenge, a joint initiative of the Trade and Industry Chamber of Nedlac and the National Productivity Institute (NPI).

Herbert Mkhize, Nedlac labour representative, recalls some of the initial concerns: "The issue of productivity has been polarised so much that parties weren't so keen to enter into that debate. As a result, we saw the need to firstly give clarity to what productivity is about and what it entails."

The Trade and Industry Chamber agreed to a two phased programme.

- ❑ In *phase one*, there would be a series of provincial workshops for social partners to discuss issues concerning industrial performance, competitiveness and employment security.
- ❑ In *phase two*, sector-specific workshops would identify productivity and performance issues in the sector. Capacity at shopfloor level to address these issues would be built. The implementation of enterprise-level workplace change agreements would also be targeted.

Phase one has been completed. Nine workshops attended by more than 900 people, have been held in all provinces except the Free State.

Maud Dlomo of Nedlac is very positive about the workshops. "The workshops were a valuable time for opening up dialogue. A range of common concerns and issues emerged which need to be addressed in order for SA industry to become competitive," she says.

Some of the issues discussed in the workshops include:

- ❑ The need for appropriate and focussed training.
- ❑ Better co-ordination between different levels of government.
- ❑ The need to ensure that all stages of the value chain are competitive, ie from the





point at which the commodity is farmed or mined to the point at which it reaches the consumer.

One workshop speaker noted:

"Productivity is about restructuring the workplace to allow firms to remain viable in conditions of economic competitiveness. It's about jobs, skills, productivity, work redesign and wages."

Work on the second phase of the Workplace Challenge has begun.

## Masakhane

In January 1994, the Masakhane campaign was launched to create conditions for sustainable development and achievement of RDP objectives.

Whilst there are significant strides, the campaign still has to contend with issues such as mobilising sufficient political support; accelerating delivery of services; and securing the active involvement of communities.

Furthermore, some feel that government is not the ideal place to run the campaign from. "A good campaign needs flexibility, an ability to respond quickly as well as access to a range of stakeholders. All of which a government bureaucracy isn't geared up to do," says Aubrey Lekwane co-ordinator of Nedlac's Development Chamber.

The Nedlac Development Chamber in conjunction with Masakhane offices and the Department of Constitutional Development is facilitating the process to revitalise the campaign.

A national summit will be held in July to assess and plan the campaign. In preparation for the summit, provincial workshops are being held in all the provinces. The workshops aim to:

- Develop a common understanding of the campaign among constituencies.
- Mobilise civil society to be involved in the campaign

- Develop action plans to revitalise the campaign.
- Identify strengths and weaknesses of the campaign at both provincial and national level.

To date, four provincial workshops have been held with five still to come. The workshops have been enthusiastically attended with a number of important issues being raised. For example, most participants indicate that the campaign is not simply about payment for services. "Masakhane is also about sustainable development, it's about participation, welfare, housing, job creation. And these issues must occupy centre stage," Moloko says

## Trade and industry

Nedlac's Trade and Industry Chamber held the second of its six-monthly tripartite policy sessions in April. The policy sessions give strategic direction to the work of the chamber. "

The policy session provides an opportunity to see how the different policy issues in Nedlac fit in to an overall strategy. It's an opportunity for parties to see how their expertise and plans are consistent with the broader picture," says Shan Ramburuth, Trade and Industry co-ordinator.

The session also aligns the chamber's agenda as closely as possible with the work and legislative programmes of the Department of Trade and Industry.

A number of key issues were discussed including:

- A conceptual approach to industrial policy,
- competition policy,
- the South African Development Community (SADC) and the Southern African Customs Union (SACU),
- export and investment promotion, spatial development initiatives (SDIs) and industrial development zones (IDZs).





### *Conceptual approach*

Trade and Industry Minister, Alec Erwin, committed government to managing tariff reform through a process of analysis and consultation. "We don't favour a massive bang approach to tariff reduction," he said. "There needs to be protection in the economy as a whole. Some industries may not receive desired levels of protection but protection levels would generally be decided upon through a process of analysis and consultation."

The minister also said that South Africa would play an active role in multilateral trade relations, particularly through the United Nations Conference on Trade and Development and the World Trade Organisation. The purpose is to create opportunities for developing countries, least-developed countries and regional trade blocs.

Government said it viewed investment as a crucial priority, and pointed out that 12 ministries were currently working together on developing a work programme to promote investment in South Africa.

The minister further explained his department's shift from demand-side support to supply-side support for industry. "Our approach to support industry is designed to improve the supply conditions; not to protect or shelter the demand conditions," he said.

### *Competition policy*

There has been concern regarding the delay in tabling a document on competition policy at Nedlac. The minister explained the delay. He said it was due (among other things) to a growing realisation that competition legislation needs to be located within a broader set of legislative instruments.

A process for Nedlac's input on competition policy has been outlined:

- Government will aim at tabling a discussion document in Nedlac after

receiving a broad mandate from the cabinet.

- In Nedlac a discussion on process and legal drafting will begin as soon as possible after the document is tabled.
- A government drafting team will convene tripartite technical workshops to deal with the nitty-gritty of the planned legislation.
- The final consensus document coming from Nedlac will inform the guidelines for completing the drafting work.
- The department aims to table legislation in parliament early in 1998.

### *The SADC and SACU*

Progress has been made with negotiations on a protocol to achieve a free trade area within the SADC. Government has committed itself to involving business and labour in negotiating this protocol. Government urged business and labour to assist it in determining South Africa's tariff offer to the SADC. Government is currently re-negotiating the formula for the distribution of customs revenue within SACU. Government will be reporting on this to a technical sub-committee of the chamber.

### *Export and investment promotion*

The meeting heard that provincial and national governments are currently collaborating on an integrated approach to special development initiatives (SDIs). In SDIs government identifies a geographical area, for example the Maputo Corridor, which may have a comparative advantage and puts in infrastructure to promote investment. Government will also target specific areas to develop industrial development zones (IDZs). Minister Erwin pointed out that this would involve effectively "co-ordinating government resources" to



create a conducive environment for investment in these areas.

## Public finance and monetary chamber

### *A better budget*

At the Chamber's policy session on 22 April 1997, Finance Minister, Trevor Manuel, outlined government's views on how the Chamber should be involved in the Budget. He asked the Chamber to make input into the Medium Term Expenditure Framework, which is identifying priorities for government expenditure.

Mahendra Naidoo, the Chamber's co-ordinator, explains why this is important. "An important issue facing us is how civil society can make input in budget reform. It is therefore very important for Nedlac to engage in the budget process."

Chapter 1 of the 1997/98 Budget provides a broad review of the Budget. The Chamber will achieve a consensus position between business and labour and make a submission on Chapter One by early October.

### *Researching savings*

A key issue facing government is how to raise money for social services. The Chamber's Savings and Investment Project Group, is undertaking two research projects on 'savings'. The first is looking at a more macro-economic view of savings. The second will be a more focussed analysis on household savings. An initial report is expected to be tabled at Nedlac's next Executive Council meeting which is scheduled for August 1997.

### *Public Sector Transformation Forum*

It was agreed that the Public Sector Transformation Forum should be located in Nedlac because business,

labour and community interests will be effectively represented. Terms of reference for the forum are currently being drawn up by the chamber.

### *Skills development & financing training*

A number of studies have shown that training in South Africa is inadequate. There is general under-investment in, and unequal access to training. Training is frequently of poor quality with poor portability of skills and little concern for the needs of the informal sector.

The Nedlac executive meeting in February this year prioritised training. It is a key means of increasing productivity and global competitiveness. Training is also vital to transform South Africa's low skills base and to redress the inequalities of the past.

The key issues being debated are who should control, manage and pay for this training. Nedlac's Japanese Grant Fund supported a study into the financing of South Africa's training system in order to assist in the development of a Department of Labour White Paper on training.

The Department of Labour recently put forward its Green Paper on a 'New Skills Development Strategy for Economic and Employment growth in South Africa'. The Department proposes a number of mechanisms to tackle the problem and bring about a 'skills revolution' in our country. The Green Paper is primarily concerned with:

- Industry-based training (initially focussing on improving intermediate level skills).
- Labour market training for target groups (including the unemployed, retrenched workers, youth, women, people with disabilities and people in rural areas).

The Green Paper proposes ways to increase access to entry level education and training and in industry-based training and to increase access as well as encourage





more structured and targeted learning. It also outlines new financial measures to expand investment in training.

- ❑ The current voluntary levy scheme is to be replaced with an obligatory national levy-grant scheme.
- ❑ All enterprises will be required to pay between 1% and 1,5% of their payroll to industry training funds.
- ❑ 80% of the levy will remain in the sector to support enterprise-based training.
- ❑ 20% of the levy will go into a national Skills Fund (NSF), to be managed by the Department of Labour. This NSF will fund *training for target groups and strategic training* in priority or declining sectors.
- ❑ The levy will be collected nationally and the sectoral portion allocated back to the sector.

The key issues for debate include:

- ❑ The obligatory levy scheme. Some argue that levies increase the cost of employment, putting growth and job creation in jeopardy. Tax exemptions or incentives would be better."
- ❑ The method of levy collection. Can government manage a central fund? Is collecting the money centrally, then routing it back to the sectors not cumbersome?
- ❑ The degree of control that enterprises and sectors will have over the kind of training they can do.

The Labour Market Chamber met in early May to look at a process for discussing the Green Paper. A negotiating committee was established to consider legislation on skills development when it is tabled in Nedlac in June 1997. The social partners presented their views on the Green Paper at a meeting on 14 May 1997.

### **Extension of wage determination 471**

Nedlac has agreed to recommend the extension of wage determination 471, for

the Clothing and Knitting Industry to the former TBVC states and self-governing territories. The wage determination will now cover the whole of South Africa.

### **National youth body**

South Africa's youth make up about 52% of the country's population. Youth face enormous problems including unemployment, low education levels, substance abuse and delinquency.

In April, Nedlac convened a meeting which was attended by 26 youth organisations from political, religious and cultural youth groups. These included the ANC Youth League, Azayo, the Muslim Youth Movement, the IFP Youth Brigade and Youth for Christ.

Aubrey Lekwane explains: "There is an urgent need for civil society organisations to engage with government on issues that affect them. Internationally youth movements have been effective in influencing policy that affects them."

The National Youth Commission, which is a statutory body, co-ordinates government programmes and policies aimed at the youth. It also acts as a link between government and the youth sector. But there is no body to co-ordinate the youth sector, to give it a voice in government. As a result the National Youth Commission has found it difficult to consult youth organisations.

It was in this context that the IFP Youth Brigade, the NP Youth Action and the ANC Youth League originally approached Nedlac to assist with bringing together as many youth organisations as possible to explore the establishment of a national youth council.

All organisations expressed overwhelming support for the formation of a youth council. Delegates





## New publications on training

Two Nedlac publications on training provide a useful overview of training issues in South Africa:

- Overview of the Current Industrial Training System in South Africa.
- Financing of Training, The International Experience.

If you would like to order one of these booklets please contact Mbuso Ngcongco on (011) 482-2511 or e-mail Mbuso@nedlac.org.za

declared they would work towards establishing a "representative, autonomous structure of youth in civil society" which will focus on the development of South Africa's youth.

Jayendra Naidoo, who chaired the meeting, remarked that, "this move by civil society youth organisations will place issues affecting the youth on a national agenda." He added that the "new body will immediately be welcome to participate in Nedlac as part of the community constituency."

The youth council is to be launched in July 1997.

## Basic Conditions of Employment Bill

The new Basic Conditions of Employment Bill aims to set basic standards for all workers across the economy, including domestic, farm and part-time workers.

There were newspaper reports in late April that COSATU was planning protest action against the Bill and no longer wished to negotiate it in Nedlac. These proved to be incorrect. At a Labour Market Chamber meeting on 21 April all parties committed themselves to negotiate the Bill and set out a process for doing so. Some of the key issues for negotiation include:

- hours of work

- paid maternity leave
- payment for Sunday work
- variation of minimum standards

Labour demands include a 40-hour week phased in over five years, six months of maternity leave, of which four should be paid, and no variations of standards below the minimum stated in the Bill.

Negotiations on the Bill were held on 5, 6, 10 and 12 May.

## Demarcation guidelines

The LRA states that any dispute over demarcation, must be given to Nedlac. The Labour Market Chamber set up a working group to develop a set of guidelines or principles which will inform all decisions regarding disputes around demarcation. These should be completed by mid-June.

## AIDS

Levels of HIV infection have spread dramatically in recent years. The 7th Annual HIV survey has shown that about 2,4 million South Africans (6%) are HIV positive, compared with 1,8 million (4,6%) in 1995. It is estimated that 90 000 of the 2,4 million will develop full-blown AIDS during 1997.

In November 1996, at a special session of the Labour Market Chamber, the SA Law Commission presented their recommendations on aspects of the law relating to HIV/AIDS.

The recommendations concerned pre-employment testing and discrimination against people with HIV. They may have a significant impact on the world of work and so it was important for the social partners to comment.

Further discussion on this issue is scheduled to take place during the year.

*This issue of Focus on Nedlac was written by Harriet Perlman of Education and Media Services.*

