



Nedlac summit

The Annual Nedlac summit took place on 16 May. Commissions were set up to provide an opportunity for debate on key issues of concern to everyone. The commissions gave delegates an opportunity to exchange their views and ideas.

Commission themes

- *Developing an institutional framework for social dialogue:* What is the role of social dialogue in a democracy and what role should Nedlac play after the 1999 elections?
- *The challenges of infrastructure delivery:* What are South Africa's infrastructure priorities? Is there a right to a basic package of infrastructure and what should it be? How can infrastructure delivery promote equity, employment creation and the alleviation of poverty?
- *The impact of globalisation:* What constraints does globalisation impose on South Africa's macro-economic, trade and industrial and labour market policies? Which of these constraints are

'real' and which are 'imaginary'?

- *Social security and poverty alleviation:* What comprises an appropriate social safety net and how should it address poverty, retirement, job loss and disability? Who should benefit from a publicly funded social security system?
- *Technology:* In what ways can technology be harnessed to improve the delivery of basic services, especially in rural areas? How can the introduction of new technology be managed to create rather than destroy employment?
- *The role of collective bargaining:* How is collective bargaining addressing the issues of wage differentials, skills development and skills-based remuneration, job grading, productivity and gainsharing in firms.
- *Southern African integration:* Will regional integration bring about industrial co-operation or competition and what will the impact be on low-wage industries?

Reports on all commission discussions will be available from Nedlac.

Industrial Development Zones

With the end of apartheid, South Africa has rapidly rejoined the international economic system

This development had brought serious challenges as well as new opportunities.

South Africa now has to survive in a context of intense rivalry to attract investment.

Trade liberalisation is drastically lowering the tariffs which previously

protected our industries from overseas competition

South Africa has to carve out a special place in this new economic order which leads to real benefits for all of its people. The idea of Industrial Development Zones (IDZs) has been developed within the Department of Trade and Industry to meet this challenge.

In September 1997, Cabinet approved the investigation of a national framework for IDZs. In April this year government submitted a Consultative Document to Nedlac.

What are IDZs?

It is proposed that IDZs be established in areas near ports or airports. They will be located within existing spatial development initiatives.

These zones, which can be developed as centres of manufacturing for export, will attract national and international investment.

Shan Ramburath, co-ordinator of Nedlac's Trade and Industry Chamber, says that, "a key objective of establishing IDZs is to assist South Africa to move away from simply exporting basic raw materials and to use our rich resources to help produce and export manufactured products".

IDZs have potential for employment creation, an increased supply of foreign exchange and technology transfers.

The main attraction of these zones for investors will be excellent infrastructure. Good roads and railways and highly efficient forms of administration will facilitate the rapid growth of new export industries.

Industries in these zones will also benefit from a wide range of incentive and support measures, including tax holidays and export incentives, which are currently available in South Africa. Some additional incentives may also be provided.

Labour relations

Government's document on IDZs proposes that existing labour and environmental standards be maintained. The LRA will remain in force, but it is proposed that special arrangements be made to speed up the identification and resolution of conflicts.

It is proposed that a National IDZ Authority, drawn mainly from the relevant government departments, will approve and oversee the establishment of IDZs and co-ordinate relations with business and labour.

The actual development of each zone will be the responsibility of an IDZ company/corporation which may take the form of a joint public/private investment venture.

Part of the appeal of the zones will be especially efficient administrative structures, which should reduce the problem of bureaucratic red tape.

Concern has been expressed about the government's capacity to deliver super efficient administration in these zones. There are fears that plans to speed up customs clearance within IDZs may worsen an already very serious problem of large-scale smuggling.

Labour has expressed a further misgiving about IDZs. Mark Bennet, a labour representative in Nedlac, comments that "labour must be satisfied that labour standards and working arrangements will not be affected, and that there is not an attempt to create a dual labour market. But we believe, if done in an appropriate way, IDZs could help create jobs".



Skills Development Bill

A new revised Skills Development Bill for South Africa is finally on the table. The Bill provides a national strategy for developing and improving the skills of the South African workforce and for improving the employment prospects of the unemployed. Wendy Dobson, general co-ordinator at Nedlac explains: "The Bill was first tabled at Nedlac in September last year. A number of key issues were agreed to, including the principle that both business and government need to contribute to better quality and accredited training." Key aspects of the Bill include:

- ❑ Old Industry Training Boards will be scrapped and replaced by Sectoral Education and Training Authorities (Setas). Setas will develop skills plans for the sector and establish and promote learnerships which serve the needs of both employers and employees within an economic sector.
- ❑ A system of learnerships replaces the old apprenticeship system. Learnerships combine structured learning and work experience and lead to recognised occupational qualifications.

- ❑ The old voluntary levy scheme is to be replaced by a national levy-grant scheme equal to 1% of industry payroll. The skills development levy will be collected by the sector. Eighty percent will remain in the sector for its own training and 20% will go to a National Skills Fund. An implementation date of January 2000 has been set for the levy.
- ❑ A National Skills Fund (NSF) is to be set up for training the unemployed and other targeted groups. The NSF is to be managed by the Department of Labour. The funding of the National Skills Fund remains a sticking point. Business believes that the revenue for the training fund should come from the fiscus. Government argues that it needs to generate revenue for unemployment and pre-employment training and that this revenue must in part come from the private sector.

Negotiations have been scheduled for May for the parties to respond to the revised Bill. It is expected that Nedlac's consideration of the Bill will be completed by the middle of May. "Negotiations have so far been conducted in a positive spirit," comments Dobson, "and we hope that this final round of negotiations will also be concluded in this spirit of co-operation."

Nedlac negotiates social plan

In recent years South Africa has suffered heavy job losses in key industries. Since 1988, 250 000 jobs have been lost in the mining industry alone. These cutbacks have imposed enormous hardships on thousands of workers and their families and have devastated some local economies

Kate Philips, CEO of the Mineworkers Development Agency, points out, "In a context where the economy is losing jobs faster than it is creating them, it is important to ensure that alternatives to destroying jobs are explored. One of the requirements of the LRA is that employers must explore alternatives before



retrenching workers."

In 1995, labour representatives at Nedlac proposed a social plan to ease the impact of large-scale retrenchments. A task team was established, which has made substantial progress over the last two years.

Maud Dhlomo, co-ordinator of Nedlac's Trade and Industry Chamber comments, "All parties agree on the need for a social plan to cushion the effects of retrenchment both on individuals and communities."

The Nedlac parties have agreed on a number of key issues:

- A social plan approach is most effective when there is sufficient time to analyse the problems facing a particular sector or company before a crisis is reached. Therefore future forums should be established. These forums will promote ongoing discussions between worker representatives and employers about likely developments and problems that may confront their industry.
- The Department of Labour proposes setting up a Social Plan Technical Support Facility (SPTSF) to provide technical assistance and support to the future forums. Industries where employment is potentially threatened will be able to approach the SPTSF for assistance. SPTSFs will also provide a one-stop-shop, with information on relevant assistance programmes available from government departments.
- If a retrenchment is large scale and involves, for example more than 500 workers or 10% of the workforce (whichever is greater), the Minister of Labour will have to be notified by the employer. The department will form a Retrenchment Response team to advise on key issues such as human resource development and unemployment

insurance. Job Advice Centres will also be opened on or close to the premises of the affected enterprises. Workers will be registered at the centre and will be advised on available benefits, training and job opportunities.

- Some workers facing retrenchment may be keen to start their own businesses. They should be put in touch with relevant agencies, such as the local Business Service Centre, Ntsika, and the DTI's SMME support agency. The advice centre will assist workers to make contact with banks and other lending institutions and explore the possibilities of opening accounts and raising loans.
- In some instances large-scale retrenchments can devastate a local or regional economy. The Nedlac partners support the idea that plans should be drawn up to rehabilitate such areas. Government is committed to providing support to communities and local authorities that take initiatives to drive economic development in their areas.

While substantial progress has been made in defining a social plan, a number of challenges remain. The key issue is funding. How will the range of services and forms of assistance be funded? There are already a number of 'pockets of funds' within government. The parties agree that these funds need to be co-ordinated. Alternative financing mechanisms also need to be investigated.

Nonetheless, Dhlomo believes that good progress has been made. "For parties to have agreed on the need for a social plan and to have defined the underlying principles is a major breakthrough."

