

Budget Vote speech by the Honourable Minister of Labour, Mildred Oliphant to Parliament in Cape Town

15 Jul 2014

Honourable Chairperson
Ministers and Deputy Ministers,
Leaders of our Social partners,
Honourable members,
Distinguished guests
Fellow South Africans,

Honourable Chairperson, it is indeed an honour for me to address you this afternoon as we present the budget vote to the fifth democratic Parliament of the Republic of South Africa. I am also grateful to President Jacob Zuma for giving me yet another opportunity to continue with implementing the many initiatives that we started in the previous Administration. I am also very pleased and thankful about the appointment of the Deputy Minister in the Department of Labour; an extra pair of hands will indeed come in handy as we grapple with the unfinished business of the Department. This will no doubt go a long way in accelerating service delivery; Hon Nkosi Patekile Holomisa, it's good to have you on board Mhlekezi.

Let me also extend our deepest condolences on the sad passing of many of our distinguished citizens during this period including but not limited to;

- The Secretary of Parliament, Mr Michael Coetzee.
- Mama Epainette Mbeki and the Mbeki Family
- The Former National Council of Provinces Chief Whip Ms Ntwanambi,
- Nadine Gordimer Nobel Laureate who passed-on on Sunday, and
- Many others who have passed-on in the recent past.

Your invaluable contribution to the struggle for freedom and democracy will never be forgotten. May your Souls Rest in Peace.

Our democracy is alive and well, judging from the recent outcomes of the General Elections. Our constitution remains among the best in the world and defending it, is what we should all do, even handedly though.

Honourable Chairperson

The transition from Apartheid to democracy has not been easy, translating the values and the letter of our constitution into tangible outcomes continue to be the source of our inspiration and the point of departure for everything that we do. Progress is evident but there is still a long way to go. The President made a call in the recent state of the nation address, I quote, "As we enter the second phase of our transition from apartheid to a national democratic society, we have to embark on radical socio-economic transformation to push back the triple challenges of poverty, inequality and unemployment. Change will not come about without some far-reaching interventions." Close quote. We concur as the Department of Labour and there is no room for complacency.

It is therefore remarkable that this democracy has lasted this long and signs are there for all to see that it will be here for many decades to come. Many of those who left the country have also come back as their fears turned out that they were unfounded.

The preamble of our constitution states, I quote,

- “We, the people of South Africa; recognise the injustices of our past;
- Honour those who suffered for justice and freedom in our land
- Respect those who have worked to build and develop our country; and
- Believe South Africa belongs to all who live in it, united in our diversity” Close quote;

I believe that our constitution and the resilience of this beautiful nation is the reason that the world often refer to the Democratic South Africa as a miracle. Indeed it fits that characterisation on all counts. The people of this country have proven beyond reasonable doubt that they love their country and protecting its values is what they will do.

Thank you fellow South African for your patriotism and for your continued commitment to protect the hard fought gains of many years of the struggle for freedom. Your resolve to defend the revolutionary gains cannot be questioned as you proved it beyond any doubt on 7 May 2014 when you re-installed the ANC as the ruling party.

You understood that the ANC needs time to finish what it started in 1912 and that transformation of the South African society remains very much the unfinished business.

Honourable Chairperson;
Honourable members;

The Brief synopsis of the Labour Market world of work indicates that;

The new administration has hit the road running and South Africa, a country under construction, is truly open for business. South Africa's labour market has undergone transformation since 1994, with an emphasis being placed on strategies to eliminate the inequalities of the past and improve the working conditions for all South Africans. The introduction of new labour legislation as far back as 1995, has had a profound impact on the SA labour market, notably in terms of the Labour Relations Act (LRA), the Basic Conditions of Employment Act (BCEA), the Employment Equity Act (EEA) and the Skills Development Act (SDA).

You will recall that one of the instruments used by the apartheid government was the repressive labour laws and cheap labour. The introduction of the new sets of labour laws was, first of all, a constitutional requirement and secondly a duty to redress these undesirable elements of the old dispensation. These legislative interventions have had mixed levels of success but there are still many challenges ahead.

The South African Labour Market institutional framework remains sound and for those who have short memories, the labour laws of this country are heralded as among the best in the world. What we must all accept is that the labour market environment is dynamic and a highly contested policy terrain the world over. It is more so in South Africa given our terrible apartheid past and how repressive labour market policy instruments were used. The adversarialism that creeps in from time to time must be understood from that broader context. The continued inequalities in the work place, poverty among the employed

and the ever increasing wage gap are not helping the course whatsoever. Therefore the need to tackle the wage gap between top executives and ordinary workers has become urgent as failure to do so carry the biggest risk to the workings of our labour market institutional framework.

Whilst the department of labour is about, first and foremost, the protection of workers in general and vulnerable workers in particular, it will be important to find the delicate balance between protection and not stifling development. This is particularly important in the light of government having placed the economy at the Centre of its programme in the next five years. Going forward, we will be guided by the ruling Party's Manifesto, the National Development Plan, the Industrial Policy Action Plan and the New Growth Path among others.

The Hon President Zuma in his State of the Nation Address on 17 June 2014 stated, I quote, "It remains our strong belief that the most effective weapon in the campaign against poverty, is the creation of decent work, and that creating work requires faster economic growth". Given the impact of the untenable labour relations environment on the economy, it is critical for social partners to meet and deliberate on the violent nature and duration of the strikes." Close quote.

This is another clear indication of this Government's resolve to fast track transformation of the work place and the need to address the new challenges that have emerged?

Honourable Chairperson;
Honourable members;

The Growth in the population has a direct link to employment patterns and labour absorption rate;

The population growth constantly exceeds the growth in employment demand and this has compounded the low labour absorption rate, loss of jobs in the formal sector, as the country's economy moves away from labour-intensive to capital-intensive operations.

Employment in the private sector has declined while public sector employment has grown.

Honourable Chairperson;

Let me give a high level account of some of the key achievements of the department to date and some indicative activities going forward.

1. Financial management has improved remarkably in the last three years. For example the appropriation for the department in the 2013/14 financial year amounted to R2, 4 billion and the expenditure stood at R2, 371 billion.

For the past three years, the department received favourable un-qualified Audit Reports from the office of the Auditor-General.

The department is again expecting an unqualified audit opinion for 2013/14.

2. The department has made some progress on the ICT front and the State Information Technology Agency (SITA) will soon be appointing an IT service provider on behalf of the department by the end of August 2014.

3. As part of our contribution to Outcome 5 on Decent Employment through inclusive growth and our strategic goal on Protecting vulnerable workers, the Inspection and Enforcement Service has during the

2013/14 financial year visited and inspected 164 868 workplaces. Of these workplaces, 75 percent were found to be compliant whereas 25 percent or 41 217 were not. 82% of the non-compliant workplaces were dealt with through the issuing of notices or referrals to court. Whilst this represents an improvement from the previous years, there is still room for improvement.

4. South Africa continues to participate in various strategic international platforms primarily to influence and shape the debates and outcomes on issues that may have an impact, not only on South Africa but the African Continent at large. The for a on which the Department of Labour participates actively include;

- i. International Labour Organisations (ILO)
- ii. G20
- iii. SADC
- iv. ARLAC, and
- v. Some BRICS activities

I am pleased to report that the Deputy Minister has in the very short space of time in his new portfolio, already played an important role on the international front.

We are very pleased of the support and the urgency with which all the ILO Conventions that are tabled for consideration and ratification are dealt with swiftly and we hope that the fifth Parliament will continue to support this important work.

It is worth celebrating the fact that to date South Africa has ratified 23 critical ILO Conventions of which 20 are active. In June 2013 the 4th Parliament timely ratified the following important Conventions;

- Maritime Labour Convention of 2006;
- Convention concerning Work in the Fishing Sector of 2007 (No. 188)
- Labour Inspection Convention of 1947 (No. 81)
- Domestic Worker Convention of 2011 (No. 189).

To strengthen Inspection and Enforcement and to fall in line with the International best practice, Convention 81 on Labour Inspection provides useful guidance for designing and monitoring a labour inspection system. In the coming years, the department will be working within the framework of the Convention to make improvements to the functioning of the inspectorate and to monitoring compliance with our labour legislation. The Chief Inspector has also engaged with social partners on the activities of the inspectorate and will continue to do so within the framework of the Convention.

Honourable Chairperson;
Honourable Members

5. During 2013, the department commenced a process of professionalising the inspectorate so that it can improve our enforcement capabilities but also respond to the needs of the different sectors that the department is responsible. I am pleased to announce that we have completed the first phase of this process and the department will be commencing with the second phase. A detailed plan will be presented to the Portfolio Committee for Labour.

The ANC Manifesto calls for the improvement in the enforcement of our labour laws. Strengthening the enforcement capabilities will assist in achieving the objective of protecting the vulnerable workers and strengthening social protection is therefore part of the government key priorities going forward.

6. Not so long ago the country watched with horror the collapse of the Coega Bridge in Port Elizabeth killing two people and injuring 13 people. More recently in Tongaat, a mall that was under construction collapsed fatally injuring 2 people and causing serious injuries to a further 29 workers. As was the case in the Coega incident, the Department conducted an enquiry into the collapse of the Tongaat mall.

In the Coega incident, the construction company pleaded guilty and paid R100 000.00 admission of guilt fine which is the maximum penalty provided for in the Occupational Health and Safety Act.

7. The Inspection and Enforcement Services branch started the investigation of the Tongaat Mall collapse. Given the seriousness of the matter the Department escalated the investigation into a formal inquiry in order to thoroughly identify the cause of the collapse, prevent re-occurrence of this type of incidents and also to institute criminal proceeding against any party that may have transgressed the provisions of the Occupational Health and Safety Act and the Construction Regulations.

8. The Department has in the last financial year worked together with the social partners in the construction industry to stem the tide of incidents. The collaboration with stakeholders under the guidance of the Advisory Council for Occupational Health and Safety (ACOHS) resulted in the promulgation of new Construction Regulations.

9. A new provision in the Construction Regulation 2014 is the registration of the Construction Health and Safety Practitioners. This is our first step towards the regulation of the occupational health and safety profession. This in our view will go a long way in contributing towards the reduction of incidents in the construction industry.

10 The Employment Services Bill was passed by the National Assembly in 2013 and was assented to and gazetted in April 2014 (Act no 4 of 2014). This is important in that it brings legislative basis on which the department will champion placement of work seekers to job opportunities. The Deputy Minister will further elaborate on this.

Honourable Chairperson
Honourable Members

11. Unemployment Insurance, as a social security mechanism, is an important pillar of the Anti-poverty Strategy aimed at ensuring a “better life,” and is a key component of the Decent Work agenda of Government.

The UIF has continued to fund poverty alleviation schemes and in the last financial year, nine training initiatives were launched and R300 million was committed for training of the unemployed UIF beneficiaries on various skills programmes which include artisan, Information Communication and Technology skills.

The UIF and the Industrial Development Corporation (IDC) partnership continue to contribute to the mandate of job creation. Since the inception of this partnership in 2009, jobs have been saved and new jobs created. Jobs created and saved are across all nine provinces of the Republic in different industries.

The UIF's allocation of investment portfolio invested in socially responsible investment (SRI) is 10% of the total investment portfolio, which as at end of May 2014 was R9,7 billion. These Funds are available for investment in initiatives that have large job creation capacity.

During the 2013/14 financial year, A R3 billion UIF SRI Fund was created with the Public Investment Corporation, which will focus on investments in priority sectors, SMME development and social infrastructure. Considerable effort has gone into pursuing the job creation objectives of the SRI Fund. As part of the SRI Fund, the UIF has invested R500 million in an Agriculture Fund, which focuses on investments in farm land and farm infrastructure.

In the 2014/15 financial year, we will create the second UIF SRI Fund to the value of R2,7 billion to amplify the work we are doing to contribute to job creation.

In addition to its socially responsible investment strategy, the UIF will continue its funding of Productivity South Africa's Turnaround Solutions. The UIF will allocate R58 million towards the Turnaround Solutions during this financial year. Over the MTEF 2014 period, the UIF has budgeted R1, 9 billion for implementation of Training Layoff Schemes, Training of the Unemployed beneficiaries and for the funding of Turnaround Solutions.

The payment of unemployment insurance and related benefits has increased During the 2013/14 financial year, the UIF paid claims to 762,654 beneficiaries. Over the MTEF 2014 period, the UIF has budgeted R11 billion for 2015, R12,5 billion by the end of 2016 and R13,4 billion in 2017 in anticipation of the approval and implementation of the Unemployment Insurance Amendment Bill.

Honourable Members;

Together let us move South Africa forward.

12. South Africa, like most countries has experienced a rise in unemployment created by the financial and economic crisis which in turn has caused hardship to many workers, families and communities, and worsened poverty.

The Active Labour Market Policies' aim is to influence the employment prospects of the unemployed by encouraging or mandating participation in specific programmes. The primary aim is to bring the unemployed back to work by improving the functioning of the labour market in various ways and include programs such as public employment services, labour market training and subsidised employment.

Through the Unemployment Insurance Fund, we have established a Labour Activation Programme as one of the active labour market intervention. The Programme seeks to engage and promote activities that preserve and create jobs.

The labour activation programme is underpinned by the existing national government interventions therefore it does not seek to re-invent the wheel.

It derives its approach from;

- i. The National Development Plan which calls for greater labour absorption
- ii. The New Growth Path which is looking at an integrated approach in identification of key job drivers
- iii. The National Skills Accord which calls for expansion of the level of training using existing facilities meaningfully.

The Labour Activation Programme focuses on four interventions to achieve its objectives;

- i. Targeted Training of the unemployed
- ii. Partnership with companies in distress

- iii. Partnership with other government departments, and
- iv. Support employment creation initiatives

Honourable Chairperson;

The National training partnership programme is making progress in various sectors. There are thousands of learners who are currently participating in the programme. The programme aims to cover at least 8000 participants.

Some of the partnership programmes currently underway include; partnership with (MICT SETA), 2000 Learners targeted for this partnership are to be trained on End-User Computing. These trainees will be spread throughout the provinces to enable the Fund to cover as much employers as possible.

Partnership with (CHIETA), 1500 Learners targeted for this partnership will be trained on CHIETA Apprenticeship programmes to qualify them as Artisans for employment or self-employment;

Partnership with (TETA), 777 Learners targeted for this partnership will be trained on TETA Apprenticeship and Learnership programmes to qualify them as Artisans for employment or self-employment.

Partnership with (TETA-SAMSA (SCUBA DIVING)), this partnership will facilitate the entry of women into the Scuba Diving fraternity which is still being dominated by men, specifically white men. The Fund will partner with SAMSA to eradicate this stereotyping and to offer young unemployed South Africans the opportunity of being skilled in a trade of Scuba diving.

This programme will particularly focus on training and placing at least 100 black people who despite the advent and advances of our democratic dispensation are still faced with discrimination in many areas of their lives.

Partnership with (TETA-SAMSA target 600 learners on various skills disciplines and these include;

This partnership will facilitate the participation in the local maritime industry such as the ports, in shore and offshore patrol, support and mining vessels have a large demand for Ratings ("Rating" means a member of a ship's crew other than the master or a deck officer or a marine engineer officer). The key local stakeholders in that regard are Transnet National Ports Authority (TNPA), PetroSA, Smit Amandla, the government fleet, and the mining operators.

Partnership with (TETA-AFRICAN COLLEGE OF AVIATION) The main objective is to provide aviation training to previously disadvantaged individuals in South Africa. The programme targets at least 20 learners.

13. Hosting Jobs fairs cum Jobs Summits as a platform that brings together public and private sector employers and the unemployed proved to be one of the most effective ways of identifying employment and training opportunities for those in need. The department hosted Jobs Fairs and Jobs summit in all the provinces a year ago. Feedback from the work seekers and employers recommended very strongly that the department must consider hosting the jobs fairs as part of its annual activities.

The department will be continuing with these initiatives during this period.

Honourable Chairperson
Honourable Members

During the last year considerable strides were made to reduce the service delivery challenges experienced by the Compensation Fund and its clients. The Fund has worked hard to improve services to beneficiaries and to improve communication with its stakeholders. The claims backlog should be substantially reduced and the turnaround time on claims and employer services improved.

The Fund will continue to keep the Portfolio Committee fully briefed on progress and those areas that may still remain challenges.

The COID Amendment Bill is at its final draft stage and the Policy Framework will have to go through all other due processes including consultations with our stakeholders. We will keep Parliament posted on the state of readiness for the Bill to be tabled.

With respect the employment of people with disabilities, the department reached the 2.5% level of representation. Whilst this represents progress there is still some way to go.

14. The Amendments to the Basic Conditions of Employment Act will greatly enhance our Inspection and enforcement work, and we look forward to working the all our stakeholders in this regard. The Deputy Minister will give our perspective on this important area of our work.

The Employment Equity Act has been assented by the President, the Regulations have been finalised and the process to publish them for general information is underway. The deputy Minister will further elaborate on this.

Department of Labour strategic priorities, 2014/15

For the 2014/15 financial year, an appropriation of R2, 527 billion has been awarded to the department. The increase of R82 million when compared to the 2013/14 adjusted appropriation can mainly be attributed to the carry-through effect of the salary adjustments.

Some of the key priority areas going forward include:

- i. Strengthening the inspection and enforcement services
- ii. Raising awareness of the Amended labour laws in order to encourage Compliance
- iii. Working with the State Information Technology Agency to stabilise our Information Technology work stream.
- iv. Strengthening the role of Public Employment Services
- v. Initiating high level dialogue on the key challenges in our labour Market Environment
- vi. Addressing the challenges at the compensation Fund
- vii. Repositioning and strengthening the Supported Employment Enterprises.
- viii. Addressing the challenge of the infrastructure with respect to the Labour centres.
- ix. Improving Communication and outreach programmes.

x. Commence the due processes with respect to the appointment of the Director General of the department and the filling of all vacant senior Management positions.

xi. Investigate the modality for the introduction of a national minimum wage as one of the key mechanisms to reduce income inequality.

With respect to the legislative and policy environment, we plan to make progress in relation to the following key areas:

- Amendment of the Unemployment Insurance Act – these changes relate to improvements of benefits and administrative changes regarding submission of information by employers to the Fund.
- Amendment of the Compensation for Occupational Injuries and Diseases Act are required to develop a rehabilitation, re-integration and return to work policy for injured workers and workers affected by occupational diseases.
- Amendment of the Occupational Health and Safety Act – although the OHS Act has placed responsibility for creating a healthy and safe working environment on employers, there are shortcomings in the way that health and safety is being regulated in the workplace.

Honourable Chairperson, July is the International Mandela month and this year will be the first time in the fifth year since the United Nations declared that 18 July - the International Mandela Day will be celebrated without the struggle icon. This makes the day even more powerful in that we have to continue to do things that keeps his legacy alive.

I would like to commend the budget of the Department of Labour to the honourable members of the house.

I thank you

Enquiries:
Mokgadi Pela
Acting Ministerial Liaison Officer
Cell: 082 808 2168
E-mail: mokgadi.pela@labour.gov.za

Issued by: [Department of Labour](#)