



NEDLAC COMMUNITY CONSTITUENCY

SAYC - FSCC - WNC - DPSA - SANACO - SANCO

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ADDRESS TO THE 16TH NEDLAC ANNUAL SUMMIT

FRI, 02 SEPTEMBER 2011

BIRCHWOOD CONFERENCE CENTRE

**PRESENTED BY: THULANI TSHEFUTA
PRESIDENT: SOUTH AFRICAN YOUTH COUNCIL
ON BEHALF OF THE NEDLAC COMMUNITY CONSTITUENCY**

Deputy President of the Republic: His Excellency Mr. Kgalema Motlanthe

Ministers, the Overall Convener of Government and other government representatives

The Overall Convener of Community Constituency and the leaders of various sectors in the Constituency

The Overall Convener of Labour and the entire leadership of the Labour Movement

The Overall Convener of Business and the entire business delegation

Leading to this Summit (in the NEDLAC Agenda), we have put together our collective wisdom to consider collective action in various issues confronting our society. Notably, we can mention:

- The Launching of the Decent Work Country Programme
- Social Dialogue of the New Growth Path and its Accords
- Confronting Youth Unemployment: Policy Options for SA
- The introduction of the IYDS in the Youth Development Task Team of the Development Chamber
- Cushioning the poor against electricity tariff increases
- The NEDLAC Review Process

As captured by the theme, this 16th NEDLAC Annual Summit is tasked with the responsibility of exploring measures for “Promoting All Inclusive Growth, Development, and Decent Work Through Social Dialogue”.

Over time, the pillars of this theme being Economic Growth, Development, and Decent Work have been previously attended to in a fragmented manner.

We hope that the coherent discussions of this Summit and beyond will help us describe the conceptual elements for an analytical strategy aimed to integrate the strands of this theme.

When we explore this theme, we must do so with the purposeful intent and resolve to make practical policy proposals for dealing with the persistent challenges of unemployment, poverty and inequality.

Unemployment:

- Despite all efforts (previous and present), unemployment remains the most stubborn and pressing challenge in South Africa.
- The recent Labour Force Survey shows that unemployment has increased to 25.7% compared to 25% in the first quarter of 2011
- Young people constitute 70% of all unemployed persons in South Africa

Poverty:

- Lack of unemployment has direct impact on the distribution of income and the incidence of poverty
- The reality of poverty tends to be concentrated in rural areas

- The prevalence of poverty amongst women is higher than average and women continue to earn less than men

Inequality:

- South Africa is amongst the most unequal societies in the world—Gini coefficient rose from 0.57 in 2000 to 0.72 in 2006
- Income inequalities are vast and substantial; they continue to broaden; and the disparities have a consistent racial characterisation
- People with disabilities remain in the periphery

Despite a package of policy instruments, strategies, charters, short-term employment intervention programmes, social relief, bouts of economic growth; Yet there is still stubborn persistence of unemployment, poverty and inequality. Rising inequalities pose a danger to social and political stability and the growth process itself.

Rapid and sustained poverty reduction requires inclusive growth that allows people to contribute to and benefit from economic growth.

Inclusive growth should consider *both* the pace and pattern of growth, which are considered interlinked, and therefore in need to be addressed together.

Our current social security system, although de-racialised and more accessible since 1994, is still premised on the full employment guaranteed to the white minority under apartheid. This system was designed from a European or Anglo-Saxon social security paradigm that does not take into account our high levels of unemployment, poverty and inequality.

The reform proposals currently being debated provide us with the space to find unique solutions for our particular problems. Civil society groups will continue to advocate for reforms that are more inclusive of those who are still excluded from the current system, like the unemployed and working poor.

The importance of the civil society in eradicating poverty was underlined in a Declaration at the Africa-Europe Summit in Lisbon in 2000, which asserted:

“We thus affirm that the full participation of people living in poverty in formulating appropriate policies and strategies and in the implementation of programmes is a prerequisite for lasting and sustainable development”.

Government must support social economy as it will be the only sector to lift the out of the fragile global. Government must demonstrate both leadership through provision of development finance as this sector has become alternative to unemployment and it absorbs unskilled and semi-skilled youth and women. Cooperatives, as a model of ownership and production, carry our aspirations of redressing economic marginalization.

Among the recommendations of the Community Constituency are that efforts to achieve inclusive growth and inclusive development should involve a combination of mutually reinforcing measures including (i) promoting efficient and sustainable economic growth, (ii) ensuring a level political playing field, (iii) strengthening

capacities, and (iv) providing for social safety nets to mitigate the extreme deprivation of the disadvantaged. To us, these are the anchors required to achieve inclusive growth.

However, the current pace of poverty reduction depends not only on the rate of economic growth, but also on how the benefits of growth are shared. While attaining growth would almost ensure the eradication of poverty, growth alone does not guarantee that everyone will benefit equally. Poverty reduction is more effectively accomplished if a comprehensive program for social development complements policies for accelerating shared economic growth.

An uneven distribution of the benefits of growth that does not deliver gains to all social classes and groups or where the gains are significantly or primarily skewed toward those who are already wealthy can lead to social tensions.

Inclusive growth is necessary for sustainable development and equitable distribution of wealth and prosperity. Economic growth in SA has to be inclusive to make it sustainable. The concept of inclusiveness involve four attributes namely opportunity, capability, access and security.

Clearly, the cosmetic intentions of addressing youth unemployment through a youth wage subsidy to not form part of this package. Instead, we should consider a discussion about the well-entrenched structural problems of unemployment in general and youth unemployment in particular. This is the point at which we must ask ourselves as to why did the growth that we have enjoyed over time not create jobs? Any efforts at addressing youth unemployment must not seek to trap households into inter-generational poverty by enticing young people to leave school early for low-end poor quality jobs; which we think the proposed youth wage subsidy would lead us to. Even the 2007 WDR of the UN classifies success of wage subsidies and private sector incentives as unproven in the milieu of youth employment policy direction and programmes.

In light of the Walmart/Massmart saga, we can no longer under-play the role of our Competition Law in this discussion. The critical question we need to ask ourselves in this regard is to whether our Competition Laws should be part of our criminal justice system or be part of a package of economic development drivers?

Through the platform of our internationally acclaimed platform of social dialogue that is provided by NEDLAC, all social partners agreed to the Decent Work Country Programme which is encapsulated in the following four pillars:

- The promotion of fundamental principles and rights at work
- The promotion of employment and income opportunities
- The expansion and improvement of social protection coverage, and
- The promotion of social dialogue

If we are true to the prescripts of this country programme, we should dismantle the exploitative practice of modern day slavery by eradicating labour brokers in our employment equation. Labour brokers provide a conducive environment for

undermining our labour laws. Moreover, they continue to parasitically feed and share on the already meager wages of employees they help to place.

When considerations are made about possible areas of reducing the cost of job creation, it should not be the workers that pay the cost. This calls on all of us to defend the progressive labour laws that our country has adopted. It is in the interest of the Community Constituency that these labour laws be protected because the already few who are employed have an extended responsibility of taking care of those who are unemployed in their families, who by and large constitute the sectors that are organized under the Community Constituency.

We note with appreciation the outcome of the mid-year Cabinet Lekgotla on escalating the command of the investments on short-term jobs to the Deputy President of the Republic. Investments that go towards short-term jobs (EPWP, NSS, CWP, Rural Brigades, etc) must not turn out to be the source of frustration for the intended beneficiaries on the deliberate making of the institutions that are charged with the responsibility of implementing such programmes. For example, as the Community Constituency, we continue to be critical of the role that is played by the IDT in the delivery of the EPWP NSS programme. The bottom line of these short-term jobs must be to unlock the un-utilised labour power in the economy in the service of our communities, whilst improving the employability profile of the participants.

NEDLAC processes provide us with an opportunity of leveraging the power of social dialogue to determine a shared destiny for our society. We must therefore spare no effort in making the system work maximally. This also calls on all social partners and constituencies to go beyond demanding other to do certain things but equally define our practical commitment towards making things work.

In light of the NEDLAC review process, we would like to reiterate our call for the participation of the Community Constituency in all other chambers of NEDLAC because the communities we lead have vested interest in the deliberations of such chambers.

In our call for a Redistributive Development Path, we should buttress the capacity of the Developmental State to play a central role in bringing about an all inclusive economic growth, development and decent work. The centrality of the State in this regard is essential because the deep rooted triple crisis of unemployment, poverty and inequality were structurally orchestrated by the apartheid state.

In conclusion, we wish to take this moment to thank the out-going Executive Director of NEDLAC, Mr. Herbert Mkhize (Khabazela) for leadership role he has played in our social dialogue discourse in SA. Under his stewardship, we have seen NEDLAC rise above very complex national and international issues. We wish to thank him for the precision with which he acted in executing his work, and his availability for engagement and support to the different sectors of the Community Constituency. We wish him prosperity and success in all his future endeavours.

Lastly, We wish to extend our heartfelt condolences to one of the Principals of the Community Constituency, Mama Laura Kganyago on the loss of her husband who

had supported her in the good work she is doing at NEDLAC and other structures of society. We wish you more strength Mama.

Thanks You!!!

We should demand for a Redistributive Development Path buttressed by the following proposals:

- *Inclusive Growth*
- *Environmental sustainability*
- *Decent Work*
- *Nationalisation and technical expertise*
- *Progressive fiscal policy*

- *Radical land redistribution strategy—the willing buyer-willing seller strategy has failed*
- *Bureaucratic capacity in the state*