

**ADDRESS BY DEPUTY PRESIDENT KGALEMA MOTLANTHE ON THE
OCCASION OF THE 16TH NATIONAL ECONOMIC DEVELOPMENT AND
LABOUR COUNCIL (NEDLAC) ANNUAL SUMMIT, JOHANNESBURG**

2 September 2011

Programme Director;
Director General of the Department of Labour;
Executive Director of the National Economic Development and Labour Council
(NEDLAC);
Minister of Labour, Mildred Oliphant;
Minister of Finance, Pravin Gordhan
Minister of Economic Development, Ebrahim Patel
Members of Provincial Executive Councils;
Leaders from constituencies represented in NEDLAC;
Distinguished guests;
Ladies and Gentlemen:

It is again a great pleasure for me to be here today on this occasion of the 16th Annual NEDLAC summit.

It is indeed a great achievement that for sixteen years NEDLAC has been facilitating and organising structured social dialogue that has shored up governments' commitment to consultative and participatory policy making. We wish to thank the out-going Executive Director of NEDLAC, Mr Herbert Mkhize, for the excellent contribution over the years of dedicated service and wish him well in his future endeavours.

We thank all the social partners who have given of their time during these years to support NEDLAC and the invaluable social dialogue process it provides.

Without their dedication and commitment I am certain that our constitutional commitment towards providing effective, transparent, accountable and coherent government for the Republic as a whole would have been severely handicapped.

Ladies and Gentlemen;

Of course the NEDLAC process is not an easy one, and staying true to our South African culture of resolving sticky points through open and genuine negotiation, we did the same last year through the vehicle of social dialogue.

Government has made a commitment to making the creation of decent work opportunities and sustainable livelihoods the primary focus of our economic policies.

This commitment has been taken up a further notch through the launch of the Industrial Policy Action Plan 2 (IPAP) which seeks to respond to various industrial bottlenecks and to address structural as well as other weaknesses in our economy.

We remain committed to promoting more labour-absorbing industrial sectors, with an emphasis on tradable labour-absorbing goods and services and economic linkages that catalyse employment creation.

We are also looking to the promotion of a broader based industrialisation path that is characterised by greater levels of participation of historically disadvantaged people and marginalised regions in the mainstream of the industrial economy.

The New Growth Path grapples with the nature of the South African jobs market, its equity related challenges and addresses a more inclusive labour-intensive growth path.

It provides a policy framework for an inclusive growth strategy and identifies the policy tools available to support employment growth across the economy.

As government, we are confident that the New Growth Path will provide another stepping stone towards the shared vision that we aspire to in order to address the structural constraints of our economy.

We will continue to engage the social partners on this New Growth Path and the Industrial policy action plan.

Programme Director;

The National Planning Commission is also undertaking public engagement with social partners around the development of a vision and long term development plan for the country.

The National Planning Commission has released a Diagnostic Report in this regard outlining the key challenges that confront our fight against poverty and inequality; and those that constrain our ability to build a united, democratic, non-racial, non-sexist, just and prosperous society.

Among others, the Diagnostic Report lists nine key challenges standing in the way of eliminating poverty and reducing inequality. They are that:

- Too few South Africans work;
- The quality of school education for most black people is sub-standard;
- Poorly located and inadequate infrastructure limits social inclusion and faster economic growth;
- Spatial challenges continue to marginalise the poor;
- South Africa's growth path is highly resource-intensive and hence unsustainable;
- The ailing public health system confronts a massive disease burden;
- The performance of the public service is uneven;
- Corruption undermines state legitimacy and service delivery;
- South Africa remains a divided society.

These are indeed challenges that will confront us as we strive towards a more inclusive economic growth.

We are also confronted by the need to develop requisite skills base responsive to the increasing global economic requirements.

As indicated in the recent Organisation for Economic Co-operation and Development (OECD) Economic Survey of South Africa, our country's "aggregate participation rate is lower than almost all OECD countries, and is also low relative to other middle-income countries."

On this account, government has already taken steps to address this challenge, among which is the Human Resource Development Strategy.

Last year we established a Human Resource Development Council which advises government on sector mobilisation and on a Human Resource Development Strategy, managed through the Ministry of Higher Education and Training.

The priorities of this Council are:

- To accelerate annual introduction of artisans into the economy;
- To ensure greater access to further education and training opportunities;
- To support the jobs fund by developing worker education and on the job training programmes; and
- To review sector skills plans.

Chairperson;

We have close to 2.8 million young people between ages of 18-24 that are unemployed and not in any institution of learning.

Unskilled and caught up in depressed social conditions, this important social segment needs to be pulled back into economic productivity as soon as possible.

Indeed the above statistics represents the ticking time-bomb that threatens to inflame pent-up emotions within the youth if not urgently addressed.

I believe that working together as partners we can do more to answer some of these challenges through incrementally building a pool of skills, know-how and knowledge base needed by the South African economy.

We will look to you to work together with government to answer the difficult question about how to achieve an increase in the participation rate and how to better utilise and empower our labour.

As we develop this work we are certain that all stakeholders will be prepared to rise above partial interests and will place constructive and shared solutions that are in the public interest on the table.

Our long-held traditions of social dialogue have shown much strength and have been held up internationally as an example of tripartism involving negotiated solutions between the state, organised business and organised labour together with community constituency.

Our demonstrated unity during the 2009 recession, and the development of the Framework for South Africa's response to the international economic crisis, has heightened the level of cooperation and expectation that indeed when working together we can achieve more.

It is my hope that we will take this further and build on the levels of cooperation that have been achieved by striving to make our partnerships more inclusive.

Programme Director;

The social dialogue processes also posit various structural and institutional weaknesses that we are working to address.

For example, inclusive growth still needs to be driven by multiple interventions spanning as many sectors of the economy as possible.

We will also need to pay more attention to the time and resources that are dedicated to social dialogue - both at the level of institutions and processes.

From its side government is aware of the coordination problems that often frustrate our social partners.

Our mandating process is also slower than it should be. The appropriate level of understanding and collective vision in engagements is another challenge that imposes limits on what can be achieved in these social dialogue processes.

We understand that social partners also have their own internal challenges requiring that we develop mutually beneficial initiatives to address these shortcomings.

Trade-offs and compromises are the requirements for this kind of partnership to be more effective.

Ladies and gentlemen;

The global economic situation remains uncertain and our recovery as a country remains slow.

The marginal change in employment in the second quarter of this year by 174 000 formal sector jobs provides stark evidence of this.

While we have kept the stimulus measures in place, it is clear that more drastic measures will be required if the labour market is to move beyond recovery to increase skilled labour force.

For social dialogue to really contribute and play a positive role in growth and development we need to move beyond social dialogue as an end in itself.

Throughout this process we must all do everything in our power to ensure that our words are matched by our deeds.

Our partnership must be underpinned by shared values and a strong sense of social responsibility.

Let me take this opportunity to thank you once again for your efforts during the year and wish you well for the year ahead.

I thank you.