



NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL

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NEDLAC EXCO PUTS POSSIBLE SOCIAL COMPACT ON THE AGENDA .

The Minister of Finance, Mr Pravin Gordhan called on all Nedlac Social Partners to prioritise finding joint solutions to speed up the much needed transformation of the South African Economy. “We urgently need to prioritise this in order to grow the economy and deal with our triple challenges of unemployment, poverty and inequality. We do require an approach that says lets work together and urgently implement the things we can agree on while we keep on talking and engaging on areas of disagreement. ... we all need to become active in the process”.

The Minister made this call while presenting his annual post budget Briefing to the Nedlac Executive Council on Friday 28 February 2014. The Nedlac Exco is the highest decision making body of Nedlac and consists of senior representatives from Government, Business, Organised Labour and the Community constituency.

In providing the context for the budget the Treasury painted a challenging global and domestic economic picture.

The Nedlac social partners acknowledged the difficult job faced by the Minister in balancing the various interests, priorities and constraints under difficult economic circumstances. Social partners welcomed the overall approach in the budget which seeks to continue to stimulate the economy through infrastructure spend, while roughly maintaining expenditure on social protection. All social partners welcomed the extension of the UIF benefit and the opportunity for further engagement on the carbon tax as well as broader participation in the tax process through the Davis Commission.

Business endorsed the emphasis in the budget on speeding up infrastructure spend and the promotion of employment through the employment incentive schemes. Business also welcomed the recognition by government that more needs to be done to promote small business and to generally improve the ease of doing business by lessening the administrative burden. They endorsed the call for collective action between the social partners to deal with corruption and reaffirmed their commitment to “creating a strong relationship with government, labour and the community sector” and to engage constructively with all social partners to establish a collective platform that acts in the national interest.



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Labour proposed that Nedlac social partners explore the possibility of a social compact to accelerate growth and address poverty and inequality. This required identifying the critical actions that are necessary to accelerate growth. A key concern for labour was the slow pace of private sector investment and what needs to be done to promote investment and business confidence in the productive sectors of the economy. Labour also called for more regular reviews of expenditure to ensure effectiveness and efficiency of spending. Labour cautioned that efforts to prudently manage the public sector wage bill should not compromise the quality of service especially health, education and justice. They proposed further engagement on the adoption of the ILO convention on employment and made specific reference to the need to ensure older workers were not displaced as a result of the Employment Incentive Act. Labour also called for joint action to address the substantial leakage of resources at the local government level.

Community constituency supported the efforts in the budget to balance capital expenditure with social wage and social protection priorities. The community constituency urged government to review the grant system to ensure that it kept pace with inflation and also mooted the idea of a minimum living level approach and a review of the means test. The community constituency also proposed that all public infrastructure projects should undergo a skill audit and develop a skills plan prior to approval to ensure optimal training and employment of local labour.

In response the Minister said “it’s up to each of the constituencies here to ... find meaningful agreement and action”. The Minister reaffirmed Nedlac’s role in facilitating joint solutions to the problems facing this country and urged the constituencies to define what roles each of them could play in this process.

The meeting of the Council was highly encouraging in that issue of a Social Compact has now been placed on the agenda. The ED and the Overall convenors have been directed to develop a discussion document and practical steps to take the process forward.

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