MAN POWER - GENERAL

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JAN. - SEPT.
Home is where the work is - but is it healthy?

ARGUS CORRESPONDENT

The age of telecommuting has dawned as more people give up the tenuous security of the big corporations to work from home. But is home the best and the healthiest place to work?

More than 8 million people in the United States alone work from home or telecommute. It might sound good, but a study by IBM indicates that working from home may promote workaholic behaviour and cut down on family time.

Researchers surveyed employees who had been given laptop computers and sent home to work.

"Giving a workaholic a laptop is like giving an alcoholic a bottle of gin," says IBM human resources specialist Jeffrey Hill.

He suggests establishing a ritual to signal the end of the work day: Set the computer alarm clock to give and repeat that signal until the computer and office telephone are shut down.

The American trend of moving office to home has also become pervasive in South Africa, and many find that it is hard going.

Norwood consultant Melanie Lu, who has been working from home for nearly a year now, says that it is difficult, especially for the first six months. But, she concudes that it does get better as the work begins to flow in.

She has found there are many pitfalls in having your office at home. The first is the huge initial expense in setting up a work station. Overheads are high, including computer and an "electronic secretary", Lu says.

You have to have a dedicated work space and not let the job encroach upon your home life and your own time, she says.

A problem, according to Lu, is that you feel as though you are always working.

"But I believe that you work harder when you are on your own, or when you work at home," she says.

There is also the disadvantage of not being able to interact with other people, and bouncing ideas off colleagues, she says. On the other hand, you can be very productive at home because there are fewer distractions.

But when you are on your own you don't have the same standing that comes from having a reputable institution behind you.

Right now she is experiencing the advantages of having a big name behind her, as she has a contract with the Truth and Reconciliation Commission. So when she needs to access information from libraries, among other institutions, all she has to do is mention the TRC and people respond immediately.

But when you don't have a big name behind you, it takes a lot of precious time to motivate people to give you information.

There are other more obvious disadvantages to working from home, Lu points out. There are no pensions, medical aid benefits or 13th cheques.

But Lu says: "At least I don't have the problem of office politics. And I can choose the work that I do."

Still, remuneration is erratic from month to month, she says. Some people have to be contacted many times before they pay up. This can sometimes take months.

She also has to deal with the stigma attached to consultants nowadays. There have been widespread reports that the Government has spent too much of its budget on hiring consultants.

Lu says there is a backlash against consultants because of the fees that are charged. So it can be a battle to line up contracts to pay the rent.

Lu feels it is easier to "go freelance" if you have back-up and do not have to rely solely on freelance income to support yourself. Networking, she says, is an essential component in the solo game.

Sometimes the contacts acquired through work are more important than the work itself, she feels.

"The work can take on more importance because of the connections it can get you," she says.

For her, the contacts one makes can be good for the future, or become stepping stones for something else.

And, while networking is hard work, being in touch with other freelancers and consultants has a value, because there is a support structure among people doing the same thing.

They tend to pass on work to you if you have done the same with them.

There is a give and take in the industry, she says.

"But, on the whole, the environment is a temperamental one. If you make a mistake once, the word goes around quickly and people don't take you on again so readily," Lu says.

Joe Thulose, executive director of the South African National Editor's Forum, has been working from home since July last year.

"To do what you want, the way you want to do it," he says. "is a major advantage of telecommuting. A problem, though, is that you do not have the same resources available as when there are people around you."

"He also has implemented this with extensive use of the Internet, which he says is "essential"."
Wages forecast to rise between 9% and 10%

1998 as economy loses jobs

Strikes tipped to level out in

...
Firms must help develop workers

By Mike Tele

There are some employers who have taken the initiative of empowering their workers and there are those who still see their workers as pawns or dummies. Clearly, it is critical for South African employees to be empowered. But what does this process entail? Providing a conducive work environment is one of the ways to empower employees.

Providing workers with good training and development programmes, involving them in decision-making and participation processes, and having an efficient and effective communication system, are other critical ways. It is important to have workers who are independent thinkers in the workplace because it makes many things easier for the worker and the company. Some believe that addressing the imbalances of the past may involve taking wealth from the rich and giving it to the poor, while others believe that empowerment may involve opening up job opportunities and business opportunities to those who were oppressed in the past.

Training and development

The word "training" is mentioned by many chief executive officers but the majority are just paying lip service. In some companies training is targeted at a select group and that happens to be management.

To have an empowered worker is important as this provides the worker with the skills that will make him an independent thinker. For workers to understand where the organisations is going and how it operates, training and development is critical. Illiterate workers in organisations are not only a problem to themselves but to the whole company. They cannot think independently, cannot question some of the things that happen around them and are negligible.

Even those who have a bit of education need to be given more education to become better. Everyone knows that a little knowledge is dangerous.

There is a need to provide workers 'not only with formal education and some work-related training, but life skills as well. Life skills are important because workers end up knowing what actually happens around them and can constructively question things if they need to.

For human resources people the benefit is that work will be made easier because the workforce is literate and there is a good understanding of the organisation's systems. If promotional opportunities arise, the company can appoint people from within. It is common in many South African companies that workers have to be given instructions or be told what to do and how to do it. The approach is highly paternalistic and stifles innovation and creativity among workers.

There has never been a thought of involving workers in decisions about work so as to source solutions. Instead, we tell them what to do, how to do it and don't tell them why we do it that way.

It is not suggested that employers abdicate their responsibilities but they must involve their workers in decision-making processes. The consultation of workers does not mean capitulation.

The spirit of encouraging workers to get involved in decision-making refuels creativity and innovation amongst workers and instills a spirit of ownership. They end up thinking like business people.

Workers feel important and want to be part of solutions to problems instead of always being seen as part of the problem.

No threat at all

For those who started involving their workers in decision-making processes and participation schemes a long time ago, the benefits is that the workplace forum system that is part of the Labour Relations Act will not be a threat at all. But it will be a bit difficult for those who have been paternalistic with their workers to adjust to innovations like the workplace forum system.

Efficient and effective communication processes that are able to reach every worker are an absolute necessity. Workers who are informed of what is happening in a company tend to feel important and part of the company.

But employers who see things happening without being made aware of them are cultures that are regarded as inferior and those that are regarded as superior.

It is time we embrace each other's cultures and understand where each one of us comes from - then we will all feel respected.

Even a worker who is at the lowest level will feel respected and in turn will respect others and thus feel empowered and be part of the organisation and its endeavours. It is not possible to win the hearts and minds of the workforce if they are not empowered. They will not be keen on what happens in the organisation and there will be no emotional attachment to the organisation.

Change mindsets

It will be very difficult for them to trust the organisation or be trustworthy.

Feeling as an employer that a paternalistic company which boasts about looking after its employees to one that encourages participation and empowers employees for involvement in decision-making, the mindsets need to change.

It may sound better if a company boasts about having employees who look after themselves.

Imagining an employer who is not used to seeing employees questioning things around the workplace can be a nightmare. Such employers are actually being shaken from their comfort zones and they are not used to the need for change of mindsets.

The future of our country rests on our employees. They must be literate, motivated and be trusted. Creative and innovative workers are willing to participate in meaningful business activities.

We need to have workers who will bring their hearts and minds to the workplace and not only their bodies. They should be part of the vision of the company. If South Africa has empowered and motivated workers, then we can talk of competitiveness.

Surely, to come out at position 46 out of 46 on people development in the latest world competitiveness report leaves much to be desired.
Giving employers what they want

The Labour they want
The Henry J. Kaiser Family Foundation Announces New Awards for Excellence in Health Jurisprudence

The Henry J. Kaiser Family Foundation, a non-profit organization, is pleased to announce two new awards for excellence in the field of health jurisprudence. These awards are designed to recognize and support the development of innovative and effective policies and practices that improve health outcomes for all Americans.

The awards are open to all organizations, including government agencies, non-profit organizations, and academic institutions. The awards will be presented at a special ceremony during the upcoming Health Law Conference, which will take place in [insert location and date].

The criteria for selection will include the following:

1. Innovation: The project or program must demonstrate a new and innovative approach to improving health outcomes.
2. Impact: The project or program must have a measurable impact on public health.
3. Sustainability: The project or program must have a sustainable approach to addressing the identified health issue.

The awards will be presented in two categories:

1. Community Health Policy:
   - Awards will be given to organizations that have developed innovative policies to address community health issues.

2. Health Care Reform:
   - Awards will be given to organizations that have developed innovative policies to address health care reform.

The deadline for applications is [insert date]. Applications should be submitted online at [insert website]. The winners will be announced at the Health Law Conference.

For more information, please visit [insert website].

The Henry J. Kaiser Family Foundation is committed to advancing health policy and improving access to quality health care for all Americans. We believe that by empowering individuals and communities to take control of their health, we can build a healthier nation.
Italian expertise aims to create jobs in SA

BUSINESS EDITOR 19/11/98

Co-operation with Italy’s thriving small business sector could provide new ways of creating jobs in South Africa, Italian Foreign Minister Lamberto Dini has said.

Interviewed at a function in his honour at the weekend, Mr Dini said Italy saw great potential in both trade and investment relations with South Africa.

“Italy can offer an economy based on small and medium businesses, which do create jobs. Italian small businesses do well around the world and we can pass on our experience.”

Mr Dini said a $10-million project through which Italian entrepreneurs could pass on knowledge about a range of businesses – from design to jewellery and mohair – could help create jobs.

Italy was also looking at bigger investments, for instance in the motor sector where Fiat has been reported to be planning a R200-million plant.

“We are looking at South Africa with great interest because we think prospects here are good for growth and development,” said Mr Dini.

He would not comment on reports that Italy’s world-famous shipyard group, Fincantieri, was no longer in the running for the South African Navy’s corvette contract, said to amount to R2 billion.
Call for co-ordinated action on joblessness

Reneé Grawitzky

RETRENCHMENTS this year could lead to antagonism and increased strike action if labour, government and business failed to adopt a co-ordinated approach to unemployment, labour department director-general Sipho Pityana said at the weekend.

The warning comes as parties prepare for the presidential job summit later this year. It is made in the wake of mining-industry retrenchments, leading to the call by the National Union of Mineworkers for a gold summit.

Pityana said that given the crisis in the markets, all parties had an obligation to apply their minds and work towards the adoption of a successful strategy to deal with unemployment.

A less-than-enthusiastic approach by business and labour would be unwise as the parties "had an opportunity to devise long-term approaches which could bring them closer to developing a vision which would put employment at the centre of a strategy."

Pityana said it was hoped the job-summit process would lead to some form of accord. In the SA context, a pact was not the issue but rather whether agreements were enforceable.

It was the worst time to have a summit, he said, "as it comes amid huge job losses in the mining industry and the agricultural sector, while the public sector was committed to shedding jobs. The finance and service sectors appeared the only sectors keeping jobs to any degree, Pityana said."

An environment characterised by high unemployment and increased job losses could lead parties to focus only on short-term measures, whereas the summit's intention was to look at both short and long-term measures.

Government was in the process of drafting a discussion document which would be considered by the interministerial-cabinet committee next month.

On proposed labour legislation, Pityana said the Basic Conditions of Employment Act would only come into effect once a study had been completed into its impact on small business.

Proposed amendments tabled by the Congress of SA Trade Unions, excluded in the final draft of the Bill, would have to be resolved at alliance level, he said.
Job creation suffers despite surging US investment

Simon Barber

WASHINGTON — Surging US direct investment in SA is not creating jobs at anything like the same pace as US companies remain wary of the labour environment and the scarcity of skills, the Investor Responsibility Research Centre says.

The research centre follows direct investment trends in SA on a company-by-company basis.

It estimates the value of assets owned by US companies in SA reached more than $9.5bn last December. That compares with US commerce department figures, also derived from company surveys, of $9.7bn at the end of 1994 and $4.3bn at the end of 1995.

However, the number of employees per unit of asset value has been falling.

US companies in SA today employ the same number of workers — about 90,000 — as they did at the pre-sanctions high-water mark of US direct investment, when US assets were valued at $33bn in 1997 dollars.

Peter DeSimone, the Inventor Responsibility Research Centre's chief SA specialist, said American firms were "choosing to enter and expand into much more capital-intensive investments in SA than they had in years past."

"There seems to be a reluctance to enter labour intensive investment because of concerns over wages, the overall labour environment and skill sets."

DeSimone said companies were telling the centre that they saw the dearth of skills and the concomitant need to "spend large amounts on training" as a deterrent given that "there are other places they can go."

The research centre's employment estimate is based on figures for majority-owned subsidiaries of US companies, and does not, for example, include figures for SA companies in which returning car makers Ford and General Motors have taken stakes.

Counting those numbers would push the payrolls of US affiliates to about 100,000.

Meanwhile, the US corporate presence measured by number of companies had returned to pre-disinvestment levels, even though only 64 US firms of the more than 250 that left during the 80s had returned, DeSimone said.

New entrants like Southwestern Bell, which purchased a 30% stake in Tolcom for $767m last year, have been leading the charge to invest in SA.

By the research centre's count, 296 US firms now have employee or indirect investment in SA.

This is almost the same number of firms as before the sanctions era.

DeSimone calculates that GM paid about $100m for the 49% stake it announced it was acquiring in Delta Motors last December.

Delta Motors was created in 1986 out of GM's disinvested asset.

GM and Delta have declined to disclose the purchase price.
HEADY STUFF, SAYS ASNALD ON SUCCESS OF PLANT-CLEARING

R2T-M BOOST FOR JOBS IN WESTERN
Job creation picture
still looking bleak

Greta Steyn

JOB creation is taking place in some sectors of the economy, but the overall picture remains bleak, latest figures from Central Statistical Service show.

CSS figures up to September last year suggested that tourism, consumer spending on durables and financial services were generating employment. This was in stark contrast to mining, manufacturing and construction.

Overall employment in the formal economy fell about 2% or by more than 116 200 employees in the 12 months to September last year, bringing the total number of people employed to 5,13-million. Average monthly salaries and wages rose 0,7% in real terms.

The sectors which CSS said showed employment growth were trade, catering and accommodation services (which includes the hotel industry), and financial institutions.

Trade, catering and accommodation employment was up 1,2% or 3,914 employees over the year. Economists said it was difficult to pinpoint the areas of growth within this sector, which included tourism.

Bureau for Economic Research economist Pieter Laubscher said the bureau's surveys indicated that employment in the retail industry had grown last year as a result of jobs being created in the durables sector. "The jobs are a spinoff"

Continued on Page 2

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Job creation

Continued from Page 1

The downward trend in employment in mining, manufacturing and construction continued, with fairly large declines in the number of employees in each sector. However, more recent figures for the manufacturing industry suggest that the trend is reaching "bottom. In addition, "some economists argue that employment figures for the construction industry underestimate the situation because of informal sector activity.

Solid growth in the services industries, such as private provision of education, had also not found its way into the official numbers.

Laubscher predicted that the situation in the manufacturing industry would turn around once the next upswing in fixed investment got off the ground towards the end of this year and next year.

"The last upswing in fixed investment saw manufacturers become more capital intensive. The next investment wave will see an expansion in production capacity, which should generate jobs," he said.
Drawing the line on corporate coupling

E
very day Americans go to
work, notice that special
someone and, despite
reason or rule of law, fall in
love. Sometimes that love is pure,
sometimes forbidden. Some-
times it is smooth, sometimes
rocky.

President Clinton has denied
a sexual relationship with for-
ter White House intern Moni-
cia Lewinsky, 24, but corporate
America says such liaisons are
rare.

High-profile corporate
romantic entanglements have
ballooned along with the num-
ber of women in the workforce.

Corporate executives agree
that the modern American
workplace is home to provok-
ing sexual predation, sexual haras-
sement and outrageous behaviour.

In fact, where you may be
as good a place as any to meet
members of the opposite sex.

And, lawsuits aside, love has
grown in places stranger than
the office or factory.

"From a sociologist's view-
point, it's highly probable that
men and women at work will
be attracted to one another," said
John Edwards, the chairman of
Virginia Technological Col-
lege's sociology department.

"The work setting is a ready-
made 'meet' market, simply
because most places employ
men and women. Both sexes are
thrown together."

Another reason for sexual
attraction on the job is the fact
that more women are working
today than at any time in US
history.

Office and factories previously
were largely male preserves.

Donald Myers, a human re-
sources professor at Virginia
Commonwealth University,
notes that women today account
for about 47 percent of the
workforce, which now numbers
about 125 million. By 2025, that
will move closer to 50 percent.

Compare that with 15 years ago,
when women constituted about
41 percent of the work force.

Some businesses have work-
place guidelines on sexual
relations or sexual harassment
policies, so employees at these
firms know what is acceptable
and what is not. Certain physi-
cal contact, inappropriate lan-
guage and jokes and coercive
sexual advances are banned.

The Society for Human
Resources Management re-
ported that a survey of its mem-
bers found that 92 percent had
no policy on romance between
staff members. Only 1.5 percent
said their employers attempted
to prohibit it.

An American Management
Association survey found that
three-quarters of corporate
personnel officials disapproved
of relationships between high-
er-ranking and lower-ranking
executives, but only about 6 per-
cent of firms had specific rules
banning such relationships.

Similarly, Fortune magazine
surveyed top US executives and
found that 79 percent believed
that a discreet office romance
between unmarried individuals
was none of the company's
business.

Some US corporations set a
moral tone, perhaps because
the members of the board of direc-
tors share religious beliefs.

Many corporations may be
disinterested in most workplace
romance because its impact
does not appear all that great.

And controlling it is just about
impossible anyway.

Corporate executives agree
that if a couple meets on the job,
gets married and has a happy,
stable family, the result is
probably good for the company.

However, failed relationships,
especially those ending in divorce,
could create problems.

When relationships end,
messily, belligerent lawsuits follow.

Sometimes people are fired or
forced to resign.

Part of the problem in mak-
ing a policy on romance at work
is handling the many variables
that can come into play.

For starters, relationships
between men and women can
take many forms: friends, part-
ners, lovers, companions, girl-
friend/boyfriend and so on. And
these situations can change
easily.

Also, office love affairs get
divided into two broad catego-
ries — those between singles
and those in which at least one
partner is married. Of the two,
the second presents far more
problems.

An adulterous affair on the
job poses many ethical prob-
lems. It brings into question the
participants' judgment and
trustworthiness. If discovered,
it can damage careers and
their personal and professional
relationships.

And many human resource
executives agree when it hap-
ts. It makes for bad business.

Many corporate policies
also include rules about sexual
harassment.

For example, personal
needs and personal relations
may be a factor in deciding
whether to promote one per-
son over another, because the
lawsuits can be complicated.

But if the entire line of a
single relationship is con-
stantly under investigation,
other issues might come to
light, such as possible
impropriety in other
positions. Then the com-
pany follows its policies.

A legal risk if the relation-
ship sours.

In Clinton's case, the ques-
tion of whether the company fol-

ows its policies is moot.

The president's personal
affairs are not an issue.

In many other companies,
however, there is a legal risk if
the relationship sours.

And that is why many com-
panies have policies about
relationships.
Nedlac report a ‘breakthrough in job-creation debate’

Greta Steyn

The trade and industry chamber of the National Economic, Development and Labour Council (Nedlac) is to release a jobs report which could herald a major breakthrough in the employment creation debate.

The study, which was led by the Stanford Research Institute, is set to be ratified by the chamber on Thursday, and is then expected to be put before the Nedlac executive for urgent attention.

The report is understood to contain a range of proposals on action to be taken to improve the unemployment problem.

Sources said its acknowledgement of the trade unions’ viewpoint gave it a good chance to be used as a basis for the proposed jobs conference. The report has not made an issue of high wages, and was therefore more likely to garner trade union support. Business is also said to be ready to back it.

A source said the document recommended targeting specific industries which were likely to create jobs, with emphasis placed on tourism. Manufacturing was not seen as a key area where jobs growth would take place, although industries to be targeted included furniture, clothing and electronics. Other areas to be targeted included public works and investment in infrastructure and agribusiness.

The report recommended that incentives be skewed in favour of these targeted industries. “We are not talking about new government funds; rather we are suggesting that existing allocations be employed more efficiently. It is not a question of protecting industries, but of giving them supply-side support,” a source said.

The study found the lack of trust between labour and management was a major constraint. It also found that SA’s main problem was a lack of productivity, rather than too high wages. “SA’s wage levels do not fare badly in comparison to other countries, but when productivity enters the picture it is a different story,” the source said.
Public works to retrench 3 600 workers

Vuyo Mvoko

The public works department was set to retrench 3,671 employees as part of an exercise that would reduce its annual salary bill by R77m. Public Works Minister Jeff Radebe announced yesterday.

Addressing a parliamentary briefing on his ministry's key programmes and challenges this year, Radebe said the retrenchments were being discussed with employees and that a strategy for ensuring implementation would be discussed with the relevant trade unions.

"I am aware of the uncertainties which are affecting those closely affected by these measures. I wish to assure you that I will be taking personal interest in ensuring that this process unfolds with due sensitivity and care," Radebe said.

However, Radebe's announcement came under attack from the National Education, Health and Allied Workers' Union (Nehawu), which described it as "disjointed and definitely premature".

Nehawu president Vusi Nhlapo criticised Radebe for "talking loosely about retrenchments", saying that he was "creating a lot of uncertainty among our members who support the government".

Nhlapo said Nehawu supported restructuring that would lead to "an improved, more efficient, user-friendly" public service. Rightsizing would have to be negotiated.

Nhlapo said there was a standing agreement between public service unions and government that there would be no employer-initiated retrenchments before 1999.

Nehawu would be "very resistant" to a restructuring driven by a need to reduce or service government debt.

Radebe said that "noncore functions identified for immediate outsourcing were the cleaning services, horticulture, security and maintenance workshops. He said these would benefit the historically disadvantaged and emerging entrepreneurs.

A national assets register started by his department had "grown beyond expectations" — from 130,000 properties in 1996 to 214,834 in January 1998. The number included leasehold land parcels, miscellaneous buildings and official quarters.

The register had uncovered a number of uneconomical leases and discrepancies in the amounts paid against agreed lease conditions. The department had saved R24m in 1997/98 as a result of corrective action and further savings were expected.

Radebe said that a rationalisation of certain foreign missions had led to the selling of properties in the US, Russia and Brazil, which yielded R20.8m.
Less work at Public Works

Thousands to lose jobs as Government forges ahead with belt-tightening.

By Marco Granelli
Cape Town

The Department of Public Works is to shed thousands of jobs, reducing its staff component from about 9 000 to about 3 500.

Public Works Minister Jeff Radebe said yesterday the staff cuts were in line with President Mandela's announcement during his opening of Parliament address on Friday that thousands of public servants were to be retrenched in a bid to cut government spending.

This included helping those retrenched to set up their own businesses so as not to swell the ranks of SA's unemployed.

Radebe said the reduction of posts from 9 000 to about 3 500 would mean the loss of 3 671 jobs because about 2 000 posts were vacant due to previous rationalisation and the public service moratorium on hiring.

"One of the biggest expenses to become entrepreneurs, the reduction in the department's salary bill by some R77 million a year would allow the department to outsource non-core functions.

"As part of transformation it will outsource those activities which easily lend themselves to private-sector involvement. Functions identified for immediate outsourcing are cleaning services, horticulture, security, and maintenance workshops," he said.

"We are not going to throw people into the street. We are going to have a programme to ensure we don't increase the unemployment rate. When this process is completed, South Africa will, I think, be a better place."

The minister said affirmative action would play a "very critical role" in the cutbacks but this did not mean only white staff would be targeted by the rationalisation.

"Our department is very sensitive to affirmative action ... so that element I'm sure is going to play a very critical role, particularly in coming up with a social plan for those affected who are not generally able to stand on their own."

A spokesman for the department said those affected by the cuts were from all levels in the department, from workers such as gardeners and cleaners to professionals such as quantity surveyors and architects.

The cuts would affect personnel from headquarters in Pretoria to the six regional offices. Provincial public works staff would be dealt with in rationalisation programmes by the various provinces, the spokesman said.

"They have also been given instructions to rationalise salaries. Some of the provinces are spending up to 97% of their budget on salaries. That doesn't leave much for service programmes."
A legacy to the nation: 50,000 jobs and counting

JOHN SIMBA

Financial Services, whose aim is to become a fully fledged bank in the near future, and Get Ahead Development, which provides business and technical training.

"Get Ahead Financial Services is lending millions of rand and literally sustaining 60,000 jobs. It has become the biggest job creator in the whole of South Africa," MacRobert proudly proclaims.

"We're creating the type of employment which forms homes and election families.

"Clutter Richard Goldstone will tell you this reduces crime. (Mayor) Kahn will tell you that the solution to his problem is Get Ahead and more jobs.

"I have an exciting life," he says, underscoring a lifestyle which, until recently, involved consulting for Get Ahead on a Monday for Dustin on a Tuesday and for his present firm, Edward Nathan, on a Friday.

At the same time, he serves on the International Chamber of Commerce, Pacifica, a director of Ashton Ingram and of Woolnough's Makers and Design, is a lay minister of St Francis Anglican Church is closely involved with St Andrew's College's Outreach programme, and has been instrumental in creating the National Symphony Orchestra of South Africa.

Looking back, MacRobert has understandably derived great gratification from what Get Ahead has achieved. But it goes beyond the job and entrepreneurship statistics.

He quotes the words of SA Express's Israel Shapiro to illustrate this additional dimension. "You made me learn to swim. If ever I was empowered, it was because of your style of showing me the ropes and then standing back."
NEWS

Sacob warns against impairing job creation

THABO LESIHO

Johannesburg - The South African Chamber of Business (Sacob) welcomed efforts to reform the country's competition law but warned that the move should not undermine sustainable job creation.

"Sacob is convinced that a sound competition policy and the related legislative provisions are desirable and essential for economic success in the new global environment," said Sacob's position paper published this week.

The state tabled its proposed guidelines for competition policy in the trade and industry chamber of Nedlac on November 27.

The proposed policy is aimed at promoting efficiency in the economy and meeting its socioeconomic objectives, including promoting black empowerment and making local companies globally competitive.

Nedlac's trade and industry chamber would discuss the proposed competition policy on February 23, said Angie Leu, Nedlac's spokesman.

Sacob's paper said an effective competition policy would restrict abuses of market dominance and restrictive behaviour, which reduce the scope for investment and prevent the development of a vibrant business sector.

It said competition law should be seen as an instrument for the promotion of economic efficiency and not as a tool for achieving social equity.

"Although a more equitable distribution of wealth and other social objectives are desirable, one should guard against the relegation of economic efficiency, which is ultimately the function of competition policy, to the background in favour of the attainment of social goals," Sacob said.

It said the investigative unit of the competition authority should concern itself only with the abuse of dominance and restrictive practices that were anti-competitive."
Preisdential Summit's task spell out
sacrifices; warm's economist
Creating jobs will mean

(1984/4/26)
The nasty side effects of flexibility

Simon Caulkin in London

It was trumpeted as the key to reducing unemployment. Everyone agreed that flexible working was a good thing. It was the wonder drug for good management.

As with the modish variety, management wonder drugs all too often turn out to have nasty side effects. Indeed, sometimes the complications are worse than the original illness. And inevitably, just as politicians have reached a consensus on the desirability of flexible working, that consensus is being challenged. According to research by the Institute for Personnel and Development, full-time working is responsible for 37% of workplace flexibility and is actually counterproductive.

Flexible working—whether part-time, fixed-term, temporary or outsourcing—has increased rapidly in the Nineties as companies have attempted to cut costs by adapting job patterns to the work available.

Between 1987 and 1996, the number of temporary workers in the United Kingdom rose by nearly a third, with fixed-term contracts and agency temp- ing increasing by a similar amount. A survey by the Institute of Employment Studies found that more than half the firms in its sample were employing temporary staff, while a further 17% had done so in the past.

The Institute of Personnel and Development found that 53% of firms had increased their use of temporary staff. However, 90% of employers said they were not using temporary staff for core business activities.

Employment flexibility has increased in recent years as companies have attempted to cut costs by adapting job patterns to the work available. However, the Institute of Personnel and Development found that more than half the firms in its sample were employing temporary staff, while a further 17% had done so in the past.

The Institute of Personnel and Development found that 53% of firms had increased their use of temporary staff. However, 90% of employers said they were not using temporary staff for core business activities. This could mean a significant reduction in the flexibility of flexible working, with highly skilled bargain hunters. And using fixed-term contracts as a way of matching the individual and cultural cause of the absence of experienced negotiators, companies find it easy to become the bags of cash.

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The Money Market Currency Account...
Labour grapples with job losses

Gold summit will set the tone for Cosatu’s job creation proposals

By Abdul Milazi

The outcome of this weekend’s gold summit will shape the agenda and direction of a planned job summit, expected to be held in June this year, the Congress of South African Trade Unions (Cosatu) said yesterday.

Cosatu spokeswoman Nowetu Mpati said: “Whatever proposals come out of the gold summit will have a major impact on future retrenchments.”

She said this would in turn shape labour’s job creation proposals at the job summit, which revolved mainly around the Social Equity Document released by the country’s three federations in 1996.

The two summits come in the wake of continued conflict between labour and business over the gold industry.

The gold summit, expected to find ways to minimise the social impact of retrenchment, was preceded by a threatened strike by the National Union of Mineworkers last week following the Chamber of Mines’ refusal to place a moratorium on the current mass retrenchment in the mining industry.

The Chamber of Mines has since agreed to postpone the retrenchments until the gold summit.

According to Cosatu 13 575 people were retrenched in the mining industry within the first 26 days of 1998, while the industry also shed a total of 65 960 jobs between January 1997 and January this year.

The job summit, initially planned for October last year, was postponed to “sometime this year” amid rising tensions between Cosatu and business, over when it wanted it to be held after a planned tripartite alliance job summit where the federation wanted to formulate a coherent strategy for job creation with its alliance partners the South African Communist Party and the African National Congress.

In a statement National Economic Development and Labour Council (Nedlac) director Jayendra Naidoo said the job summit was one of the priority issues currently being discussed by the organisation.

“As indicated in the President’s (Nelson Mandela) address to the opening of Parliament, the job summit is to be a major focus for the year ahead,” said Naidoo.

Naidoo said labour, business and government were scheduled to make their submissions to Nedlac.

Mpati said Cosatu had enlisted the services of its research wing, Naledi, to put together its proposal document for the summit.
Job creation in SA needs fresh, innovative approach

OPENING the 1988 session of Parliament, President Nelson Mandela called for the creation of "jobs, jobs and more jobs" as this year's priority. He came out strongly for a national job summit later this year, saying it would be the biggest event since the advent of democracy in SA in 1994.

This involves a great deal of political capital in a major conference on an extremely complex and controversial problem. Given the recent robust debates on globalization, economic policy and labour legislation, there is scope for things to go wrong.

To make a success of the job summit will undoubtedly require much pre-summit work and negotiation. It is, therefore, a positive feature of the proposal that the National Economic Development and Labour Council (Nedlec) is deeply involved in planning the summit, in which most of its major stakeholders are participating.

Business supports the summit, which it hopes will be properly structured to yield positive and tangible results.

What should business and labour be thinking about if the summit is to be a success? A mere "talk shop", generating more heat than light, would not be helpful in addressing now employment strategies for SA. Nor should the summit be seen as a "quick fix" for unemployment, but rather as a major input to departure for fresh thinking and action on job creation.

At the outset, one thing to avoid is an argument about the precise magnitude of the unemployment problem in SA. It is a formidable problem — whether the correct percentage of jobless stands at 25% or 30%. It deprives the economy of its most powerful form of delivery to the poor — jobs. Unemployment in SA represents not only personal tragedy on a large scale but also a waste of economic talent and potential.

An inappropriate macroeconomic framework should also not be allowed to stand in the way of constructive thinking at the summit. Whatever label is put on macroeconomic strategy, no country can adequately address unemployment issues without the aid of a suitable macroeconomic framework. This will be a litmus test of whether the parties concerned can find each other on economic fundamentals and evolve a shared vision.

A failure to do so will result in inconsistencies and conflicts in whatever employment strategies are identified. There must be an acceptable economic framework within which job creation proposals can be assessed — both for their consistency and sustainability, including the right relationship between wages, productivity and employment.

It will be useful to distinguish between short and long-term measures to deal with unemployment and to examine regional variations. The longer-term measures would evolve around facilitating a labour market environment that encourages business — especially small business — to employ people.

The shorter-term measures are likely to focus on government's steps to stimulate employment through appropriate job creation programmes.

These measures will be helpful, but play only a supporting role. Reform of labour and product markets is the key to improving SA's employment performance.

There is a dilemma to resolve here. It is inevitable that the restructuring of the economy involves job losses, although the ultimate objective is to have a net gain in employment over a period of years. The search is for a practical blend of job creation and safety nets. We will need to look at whether the growth, employment and redistribution strategy (GEARS) has been implemented in a sufficiently balanced way.

Another important area of macroeconomic strategy that needs to be examined is the implications for employment of the sequencing of policy measures. Public policies are important to create incentives, but they will not work unless businesses and labour can agree on joint efforts for a better labour market. As the bulk of employment creation has to be done by private enterprise, business should outline what it sees as necessary for an employment-friendly environment. Sectors that offer the best employment potential can be identified.

In structuring our national job summit we can learn much from similar processes elsewhere. The recent European Union job summit in Luxembourg is a case in point. At the heart of Europe's new approach is the need to create the correct macroeconomic framework and to move in the right direction on the structural reform of labour markets.

The role of small firms in creating jobs is now recognized as central, as is the need to create a simpler regulatory and administrative environment for business. The "European model" is being changed, based on a modern approach of reform, flexibility and investment in people.

The forthcoming gold mining summit in Johannesburg will be another case in point. As the bulk of employment creation is in that sector, it is not only important in its own right. It will be a good test of the dynamics needed for a successful job summit later. If the gold mining summit goes well, then we have an important building block for planning the main job summit.

The job summit will be unable to avoid tough issues but the hallmark of its success will be innovation, rather than confrontation, around appropriate growth and employment strategies.

At the end of the day, SA wants to maximize the number of jobs created at any given growth rate. Certainly the task would be much easier if the economy was growing at 5% — 6% a year and not at only 2% — a challenge which must be addressed by the summit.

A successful, well-planned job summit could make a difference. It could result in a new direction on tackling unemployment — an approach based on competitiveness, employability and labour market reform, and combining job creation with a fair and cohesive society.

Parsons is director-general of the SA Chamber of Business and Ndluli's overall business convener.
The government was slow to take action on the critical need for job creation. Critics say the government must act fast to create employment opportunities.

"The government needs to do more to create jobs," said one employment expert. "We need a clear plan to stimulate the economy and create employment opportunities."
Labour department to revamp services

Pearl Sebolane

The labour department’s inspection and employment services and labour centres needed to be restructured at a local level to ensure effective access to and utilisation of its services, minimum standards director Lisa Sefel said yesterday.

Sefel said at the department’s first annual inspectors conference in Johannesburg that this was made necessary by new challenges including new functions brought about by recently introduced legislation, financial constraints, the poor management and inaccessibility of labour centres and the need to translate the department’s vision on a local level.

The department had already agreed to transform the inspectorate and labour centres through short term and long-term programmes and had introduced legislative amendments to create an enabling environment.

However, there was also a need to establish working relationships between government bodies and other stakeholders in labour, Sefel said.

Sefel said a task team linked to the department’s transformation committee had developed a long-term project focused on improving service delivery at the local level.

The project would decide which services should be provided, as well as their design and implementation. Phased in over three years, the project was expected to achieve efficient organisation and management and ensure that labour centres were appropriately resourced and located.
SA firms need young talent — Sunter

Primarashni Pillay

IF SA companies are to become world-class businesses they need to attract, develop and retain young talent, says Clem Sunter, chairman of Anglo American Corporation’s corporate affairs.

Sunter yesterday addressed the graduation ceremony of 27 students from the African Academy for Computer-Aided Design and Draughting Training (Cadd), in Boksburg.

The academy, a non-profit organisation, is funded by industry and development agencies and offers one-year Cadd courses to disadvantaged students.

Sunter said that with SA’s entry into the world economy, companies needed to become world-class to survive. Setting out the principles of world-class companies, he said SA firms needed to “stroke young talent” like overseas companies which offered young people share options in the firm.

“Here (in SA) it’s only directors and senior management that are allowed to have shares in companies,” he said.

For Sunter, one way for companies to make profits would entail being focused yet different: businesses should have non-generic, unique features about them. He said the frontline staff of a company should be trained to project the company’s unique image.

He called on companies to develop African brands of products which are “coherent and powerful”, explaining that nobody has exploited the niche of African brands overseas.

Since 93% of SA school leavers were jobless, Sunter said pupils needed to be taught entrepreneurial skills.

For entrepreneurship to flourish, small businesses should not borrow money from banks, but equity capital should be used, he said.

“There should be a network of stock exchanges which specialise in small businesses and all deals should be kept on computer,” he said.
Big boost for skills development on way

The Government will invest in human resource development over the next three years with the skills development strategy of the Government account, increasing the labour budget to R1.29-billion in 2000/01 from R746-million in the 1998/99 year.

The human resource allocation increases by 75% in 1999/00 and by 48% in 2000/01, which is an increase from R325-million to R650-million over the next three years.

The green paper on a skills development strategy was published in March last year and seeks to improve the level of skills in South Africa where most workers are unskilled.

South Africa has an abundance of unskilled labour and periodic shortages of skilled labour.

An amount of R248.1-million has been secured from the European Union for the implementation of a skills strategy.
Demutualising charge to capitalise jobs trust

CAPE TOWN — The proceeds of a one-off charge on demutualising insurance companies would be used to establish a skills upgrading and job-creating fund, Finance Minister Trevor Manuel said yesterday.

Announcing the creation of the Umsobomvu Trust during his budget speech yesterday, Manuel said: “Job creation is a national project that requires the talent, creativity, energy and the unwavering commitment of all our people.

“Unless we embrace this challenge collectively we will forever deny our country its true potential.”

He said the proceeds of a one-off 2.5% charge on demutualising insurers would not go into state coffers but would be used to capitalise the Umsobomvu Trust. Umsobomvu means “new dawn”.

“At the dawn of the 21st century, our nation must invest in its young people, arouse their skills potential, invigorate job creation and secure better lives for our children,” Manuel said.

Assurers Old Mutual and Sanlam are expected to convert their organisations into shareholder-owned companies within the next 12 months.

The one-off charge, which will be on the free reserves of the assurers, estimated to be between R50bn and R120bn, will deliver between R600bn and R1bn as start-up capital for the fund.

The fund, which will resemble the Independent Development Trust, will be run by a board of trustees.

It is seen as a government instrument for job creation and skills development which will be one of the “offerings” of the state at the presidential jobs summit later this year.
Cosatu sees little cheer for jobless

The Budget did little to address South Africa’s biggest problem - unemployment, said Congress of South African Trade Unions’ deputy secretary-general Zwelenzima Vavi.

He told journalists in Cape Town that Finance Minister Trevor Manuel had spent more time on rhetoric in his Budget speech than on providing concrete steps to alleviate joblessness. The only concrete thing had been the Umsobomvu Fund, which would be discussed at Nedlac.

“We don’t think the speech inspired any confidence or gave any hope to the unemployed, who were looking to this Budget speech for relief.”

Mr Vavi also condemned what he said was the Government’s continuing threats to the jobs of public servants. The statement that the Government was not an employment agency was unfortunate and uncalled for, and set the scene for “things that can go really wrong in future”.

The fact that only R3.7-billion had been set aside for improving salaries of public servants - when, in terms of the three-year bargaining agreement, the Government was supposed to allocate R6.4-billion - was worrying. It could lead to retrenchments, which Cosatu would resist.

Mr Vavi said Cosatu welcomed the fact that 63% of the Budget would go on social spending.

The trade union federation wanted this percentage increased over the next two years as revenue collection improved.

Cosatu also welcomed the Government’s commitment to deal with corruption in and out of government as well as the steps taken to improve revenue collection, eliminate tax bracket creep and reduce the number of brackets.

Cosatu Secretary-General Sam Shilowa said the Budget had to be seen in terms of not only what the Government had done, but also lost opportunities.

“Our sense is if there was no blind adherence to this Budget deficit on behalf of the market, and a commitment to reduction of social deficits on behalf of the masses, we would have more resources available.” - Sapa
Wild Coast development will give people their land

Maragot Poonoan
Cosatu casts doubts on job summit

Vuyo Mvoko

CAPE TOWN — The Congress of SA Trade Unions (Cosatu) leadership has cast doubt on the success of the jobs summit in the light of Wednesday’s budget. The budget “may have fooled a lot of people”, said deputy secretary-general Zwelinzima Vavi, but Cosatu felt it was mostly “rhetoric and hot air”.

Vavi said Cosatu would have preferred the government to “say concretely” what it intended doing to ensure job creation and to prevent the private sector from its “job-destroying path”.

Sam Shilowa, Cosatu’s secretary-general, said: “To make matters worse, the budget envisages an actual cutback in the public sector, after the private sector has shed tens of thousands of jobs in recent months. It is therefore clear that a far more imaginative strategy is needed from government — if the jobs summit is to have any hopes of success.”

“All government initiatives to business to create jobs have failed. Other measures are needed,” he said. Cosatu’s proposals in that regard therefore remained that government instruments such as tax measures, prescribed assets, procurement policies and industrial subsidies be linked to job creation.

“It has to be recognised that business, without government direction, will continue to refuse to invest in our people,” Shilowa said.

The government’s growth, employment and redistribution strategy (Gear) could not meet the key targets of employment creation and growth “because of the contradictory fiscal and monetary policy it pursues”, Shilowa said.

Gear resulted in the budget pursuing contradictory objectives: for example expanding in areas such as health and education, but cutting back on the teachers and nurses expected to deliver those services. The budget set up a fund for job creation, yet cut back on public works, roads and other reconstruction and development programme projects.
DURBAN — KwaZulu-Natal premier and Inkatha Freedom Party (IFP) national chairman Ben Ngubane suggested yesterday that organised labour should be excluded from discussions aimed at finding a solution to SA’s unemployment crisis.

He said at an IFP rally in Umlazi that trade unions, which were made up of employed people, had “too much” influence over central government policy.

Passing labour laws which improved the conditions of services of the employed was of “no help” when there were others who could find no jobs.

“Government must sit down with business to prepare a plan for increasing employment,” he said.

The IFP welcomed Finance Minister Trevor Manuel’s announcement in his budget speech last week that the Umsebenzini fund was to be created to combat unemployment. However, there was nothing else in the budget to promote job creation.

“Industry gets no further encouragement and there is very little new in the budget to attract investment in new factories,” Ngubane said.
Employees To Meet Trucers Today

OPEN TO CHANGE

Amplified ACTION: the armed forces of the National Front attack the economy in the urban areas.

END THE JOBS SUMMIT

Call to Boycott Jobs Summit

Labour

Nuisance pays pressure on (name of neutral from prestigious forum)

Frank Mawon

1/32 (18/6/8)
COSATU won't sink Mandela's Alliance to tackle jobs crisis

Alliance consensus not condition for talks

Johannesburg: The government has renamed the pensions fund regulator that it hopes will be able to implement the new pension system.
This notice to beleive the labor market can correct itself

Based on the Empoyment Bill Register is the public all manner of public rules. "An order to be reproduced"
Working for water in full steam

THE working-for-water programme created 40 823 jobs in 240 projects in nine provinces with only 6% of its budget going to administration, Water Affairs Minister Kader Asmal said yesterday.

It was estimated that more than 80 000ha had been cleared of alien plants and the project had restored rivers and wetlands to living entities.

The department is asking for R350m from the R500m poverty fund announced in the budget.

REPORTS: Business Day Reporters, ECD
Red Shed initiative has created 120 jobs

Waterfront craft co-operative

Wearing a web of success
Working for Water creates 40 623 jobs in rural areas

CHARLES NYERANE

THE number of poverty relief projects run by the Working for Water programme rose from 35 to 240 after the injection of R150 million from the Poverty Relief Fund last November, Water Affairs and Forestry Minister Professor Kader Asmal said yesterday.

The R250m Working for Water programme has created 40 623 jobs in largely rural areas which support 250 000 to 300 000 people.

The ministry has applied for R350m from the R500m available for poverty relief. Asmal conceded that they might not get the full allocation, but said the ministry was looking at a budget of about R500m for the 1998/99 financial year.

He said six percent of the budget was spent on administrative expenses. The rest went directly to job creation.

“IT is crucial to state that there are overwhelming demands for poverty relief funding, and a key consideration would appear to be maximising benefits across line functions, he said.

“Through the Working for Water programme we can address issues of health, welfare, land restitution, the development of SMMEs (Small, Micro and Medium Enterprises), and so much more.”

The programme aims to clear land of invading alien plants, which consume much more water than indigenous plants.

Asmal said figures for the total area cleared were still being compiled, but it was likely that over 80 000 hectares had been cleared.

About 53% of the workers are women, which is below the 60% target set by the department. People with disabilities make up less than one percent of the workforce.

The Eastern Cape created most jobs (8 718), followed by KwaZulu-Natal with 8 191 and the Western Cape with 7 772.

The programme has a number of positive features, including improved security, the restoration of rivers and wetlands, the reduction of flooding, silting of dams and scouring of rivers, and the recharging of depleted groundwater.

It also enhances ecological functioning, biological diversity and the productivity of land.

“Although it is difficult to comment on the future of the programme, there can be no doubt that the return on investment is exceptionally high,” Asmal said.
Johannesburg — The National Union of Metalworkers of South Africa (Numsa) decided yesterday not to urge Cosatu to boycott the presidential job summit.

The decision was taken at its annual National Bargaining Conference. The KwaZulu-Natal regional branch argued earlier this week that Cosatu “should boycott the summit if it did not first reach consensus with its ANC and SACP allies on a job creation strategy.”

Dumisa Ntuli, a Numsa spokesman, said: “The majority view is that it is unfair to decide in advance to boycott the summit. Let’s go there and see what will be on the table.”

Zwelini Mzimela, Cosatu’s deputy general secretary, said the labour federation wanted the alliance to adopt “a common strategy to present at the meeting. However, if that doesn’t happen, Cosatu will go its own way and present its own strategy to the summit. We are going with or without an agreement as the alliance.”

The strategic question of a planned “election pact” and the “willingness to review policy, including Gear and the national Budget” was closely linked to Cosatu “presenting its own strategy” at the summit in the absence of an alliance consensus.

The election pact will be the trade-off of Cosatu’s support for the ANC in the forthcoming general election in exchange for the ANC’s support of labour’s positions at the job summit.

Mbuyiselo Ngwenda, Numsa’s general secretary, said the union’s regional branches had yet to deliberate on the conditions and details of the election pact ahead of Cosatu’s central committee convening a special alliance meeting to discuss the issue in June.

Ngwenda reiterated labour’s position that “no policy was cast in stone” and that no party could present its position and say “it is fixed”. This is in apparent reference to the government’s position at the summit being influenced by Gear.

Meanwhile, labour consultant Andrew Levy said the current wave of national strikes suggested that man-hours already lost this quarter were higher than for the same period last year.
Numsa will not boycott summit

By Abdul Milazi

THE National Union of Metalworkers (Numsa), will not call for a boycott of the Presidential job summit as reported earlier in the media, spokesman Dumisa Ntuli said yesterday.

He said Numsa had instead adopted the discussion paper by the Congress of South African Trade Unions (Cosatu) on the tripartite alliance strategy for the summit which focuses on poverty, unemployment and inequality in the workplace.

Nmsua spokesman Dumisa Ntuli said the proposal for the union to put pressure on Cosatu to boycott the job summit was a proposal from the KwaZulu-Natal branch and was not adopted by the National Bargaining Conference.

"It was wrong of journalists to take one regional proposal and make it a Numsa resolution before the actual declaration and endorsement of the resolutions," Ntuli said.

The conference broadly rejected Government's Growth, Employment and Redistribution strategy (Gers) as a policy that exaggerated the unemployment problem.

Ntuli said the conference also resolved that Cosatu should formulate a comprehensive employment strategy which focused on the creation of new jobs, enhancing the quality of existing jobs and ensuring employment security.

Ntuli said: "Economic growth is necessary for sustainable job creation, but the current jobless growth has shown that increases in the gross domestic produce, do not mean an increase in employment.

Growth strategy

"There is a need for an employment growth strategy which fundamentally breaks with the current economic growth path that was born the legacy of apartheid and neo-liberal thinking:"

Ntuli said to link job creation to economic transformation, the government needed to create quality jobs, instead of simply focusing on quantity.

On the wage front, Numsa resolved to fight for inflation-based wage increases and larger increases for the lowest-paid workers to close the huge gap between higher and lower grade levels.
‘Volunteers’

Project director of Zakheni says workers were not promised salaries

By Saint Molakeng

Hundreds of Soweto school cleaners and gardeners are up in arms over unpaid salaries they claim they are owed.

About half of the 3,500 workers held a meeting at a disused school in White City at the weekend where they vowed to challenge Zakheni Community Project (ZCP) for "exploiting" them.

They claimed ZCP initially engaged them for three months as volunteers last August with promises that they would be remunerated.

"We are tired of being exploited, worst of all by pastors," one cleaner shouted amid threats of a strike.

ZCP is a non-governmental organisation run by three pastors, Mr Isaac Silas, Mr Lawrence Zwane and Mr Vukani Mkhonza.

The workers claimed that several times in the past few months, Mkhonza had promised to pay them "soon".

The workers complained that they could no longer afford the expenses of travelling to the schools.

They said that they would stage a protest march and would also approach government for intervention.

However, Silas maintained that the cleaners and gardeners were volunteers who had never been employed.

"It is nonsense that they were ever promised payment," Silas said.

No money

"This is a volunteer service that parents undertook for their children. They are doing the work but we have no money to pay them."

The director said ZCP aimed to empower people with skills through which they could earn a living.

Silas added that he had been asking for donations for the workers' salaries.

"I am not happy that they do not get paid."
Port upgrade will create more jobs

PORTNET’s decision to upgrade its East London port facilities was not “purely a financial one”.

This was said by port manager Siyabonga Gama, who added that the R93.3 million upgrade also arose from “a need to redress past infrastructure imbalances that neglected the Eastern Cape as a core of the South African transport system”.

He said Portnet and Transnet had realised the need to provide the infrastructure “necessary to stimulate the Eastern Cape” and provide the “necessary impetus” to “regenerate economic activity and offer sustained hope to the people of the region”.

Gama said the development of the port would contribute to future regional, national and international development as it would directly influence investors’ industrial location strategies for manufacturing and export-driven industries.

He said although East London would continue with its strategy of coastal traffic, with its new rubber-tyred gantry cranes it would be able to handle direct deep-sea calls.

This gave East London the ability to handle larger volumes “in line with the government’s stated intention to stimulate the economy of the Eastern Cape”.

Objective supported

Gama said development of the West Bank Industrial Development Zone IDZ, in which Portnet is a key stakeholder, also supported “that noble objective”.

“Port development was planned and financed prior to provincial development with its fruits of success to be reflected by an increase in the industrial base that boosts, among other things, tax revenues and employment creation,” said Gama.

Because sea-borne transport was the most inexpensive means of distribution, factories which handled large quantities of goods would often locate themselves close to harbours to reduce transport costs.

The upgrade will allow the port to handle 60 000 000 containers a year and this will make the port a strong competitor of Maputo as an international port of call.

He said upgrading of the port would create indirect employment for clearing and forwarding agents, ship fuelling, customs clearances, ships agencies, port policing, fire fighting, cartage and land transport, banks and insurance agents and ships’ chandlers. — ECN Business.
The spirit to lead the way to job creation and prosperity

A study shows that developing entrepreneurship could be the answer in poorer regions, writes QUENTIN WRAY

ST(87) 29/3/98

A STUDY done in the former Transkei has shown that it can cost as little as R46 to create a job and that, with proper development of entrepreneurship, small, micro and medium enterprises (SMMES) can create jobs and wealth.

Professor Darna Mahadea, the acting head of economics at the University of Transkei, says economic growth of only 1.5% has strengthened the need for informal sector entrepreneurship. He points out that this is for many South Africans the only available vehicle for employment and economic development.

His study of 80 small and micro light-manufacturing firms in the former Transkei found that the entrepreneurial spirit is “very active” among small businesses and that most self-employed entrepreneurs will prefer to remain in business even if they are offered jobs in the formal sector.

Mahadea’s study surveyed businesses in four urban areas of the former Transkei — Umtata, Butterworth-Idutywa, Engcobo and Qumbu-Mount Frere.

He says it was shown clearly that expansion is being hampered by lack of access to capital through formal channels.

Of the people surveyed, 77.5% said the growth of their business was hampered by a lack of access to finance.

— Although 81% of the respondents had a savings or a current account, none of them had a loan from the bank. However, 46% of the subjects had loans from the Transkei Small Industries Development Organization (Transido) to buy raw materials or machinery.

The size of the Transido loans ranged from R300 to R36,000, the average being R2,223. Transido is now part of the Eastern Cape Development Authority (ECDa).

Some businesses cost as much as R4,500 to establish although others cost as little as R70. The average start-up cost was R5,247. Mahadea found that the “job creation cost” in the region was R8,46 per job for a sewing business but more than R1,000 for metal and woodwork enterprises.

Mahadea says SMMEs in the area have an average monthly turnover of between R500 and R5,000 (on average R690).

About 20% of the firms were “mere survivalists”, with the value added being less than the poverty line, assumed by him to be R500. These businesses were therefore unlikely to create jobs.

Mahadea says 62.5% of the businesses surveyed employed, including the entrepreneur, between one and six people with only 3.6% employing more than nine.

For sustainable jobs to be created, SMMEs need to improve technology, competitiveness, efficiency and product range, he says. Labour incentives should be seen as temporary and be linked to “productivity improvement and outward expansion of firms”.

Mahadea says SMMEs in the region tend to share the following characteristics: ease of entry into the markets, reliance on indigenous and easily obtainable resources, family ownership of enterprises, labour intensive and adapted technology, skills acquired outside of the school system and markets that are unregulated and competitive.

Mahadea says of the entrepreneurs surveyed, 85% were “keen to continue with their current line of manufacturing activity even if they were offered alternative paid employment” and that 56% had plans to expand and therefore employ more labour.

He found that the average entrepreneur in the Transkei was 43 years old, had about five years’ marital work experience outside the Transkei, seven years’ formal education (21% had between standards 2 and 5) and one year of practical or apprenticeship training. — ECN business.
CSS data shows 1.9% rise in sector jobs

Employment in the wholesale, retail, motor trade and hotels sectors rose 1.9 percent to 784,186 jobs in the fourth quarter of last year, the Central Statistical Service (CSS) said yesterday.

Total employment in these sectors rose despite a 1.4 percent drop in job numbers in the motor trade and hotel sectors during the quarter. News that jobs were increasing in two of the sectors followed the announcement last week by the CSS that job numbers had been growing in the manufacturing sector since August last year.

Total jobs in the wholesale, retail, motor trade and hotel sectors also grew on an annual basis. The total number of jobs in the four sectors combined grew by 8,009 in the period December 1996 to December last year. — Christo Volschenk,

Cape Town
World Bank warns on high wage rises

Renee Grawitzky

REDUCING unemployment and labour market inequities could be achieved by avoiding excessive wage increases, raising skills levels, promoting small- and medium-sized enterprises and creating a stable macro-economic environment, according to a World Bank report.

These measures are among those proposed by World Bank economist Peter Fallon and Robert Lucas of Boston University in a report on the SA labour market, to be discussed in the National Economic, Development and Labour Council (Nedlac) today.

Other policy options, intended to advance the debate on job creation and reduce unemployment, emphasise creation of a competitive environment which would lessen labour market discrimination; encouragement of the positive aspects of trade unions; public works; labour-intensive construction; and the move towards a national agreement.

The report found that labour market policies alone could not reduce unemployment and inequities.

In analysing how more jobs could be created, they found a consistency with past research which had shown that excessive wage increases had a negative effect on black employment.

In line with research presented to the labour market commission in 1996, Fallon and Lucas found that a 10% increase in black wages could lead to a 7.1% decline in employment.

If real black wages had remained constant between 1970 and 1994, black formal employment could have grown by 1.48% a year instead of the 0.9% that was achieved.

The report also examined myriad reasons for differences in wages paid to workers performing the same jobs and between skilled and unskilled workers; differences in unemployment levels based on race; and the role of unions and bargaining councils in determining wages.

Government, the report argued, had few policy instruments to intervene directly in wage-setting to avoid excessive wage increases.

These included the employment conditions commission proposed by the Basic Conditions of Employment Act; a code to influence wage-setting in the bargaining councils; and a wage policy for government employees.

Government could, in a code, define "desirable properties" of collective bargaining agreements.

The code, the report said, could encourage lower wages for young people and for all workers in areas of unusually high unemployment.

The report argued against a social pact in view of experiences in other countries, and said Nedlac should be used to reach a national agreement on controversial issues such as the extension of bargaining council agreements to other parties; a code of practice for wage agreements in bargaining councils; and circumstances in which low wages could be paid to enable greater labour-intensity in the provision of public infrastructure.

In view of the formal sector's inability to eliminate unemployment in the short term, the report said that the growth of small- and medium-sized enterprises had to be encouraged, and that this would require "new market infrastructure close to central business districts; technical marketing support services to enhance competition and increase access to appropriate financial services; and collateral such as land".

"It has been shown elsewhere that a market-based land reform could be a very cost-effective way of creating jobs," the report said.
SA's hire and fire practices 'will prevent competitiveness'

FRANK MAUMALO  
LABOUR EDITOR

Johannesburg — South Africa's tendency to hire and fire according to the state of the economic cycle would prevent the country from becoming a world-class competitor, FSA-Contact, the human resources consultancy, said yesterday.

Hennie Steenkamp, FSA-Contact’s senior consultant, said management and the trade unions had to be proactive and creative to "find alternatives to retrenchments, although this may be a difficult task."

He said: "A lack of proper manpower planning, incomplete strategic planning and inaccurate anticipation of economic cycles contribute to the high rate of retrenchments in South Africa."

"It's pointless urging employees to be competitive and world-class, and to give employers their dedication, loyalty and support, if they don't know whether they will have a job in six months."

"Organisations have to look at how to deal strategically with growth. All business processes — including human resources processes — must be managed proactively."

Steenkamp said business had a social responsibility to ensure that ability was not wasted. Despite complaints of skills shortages, highly skilled people, including engineers and technical personnel, were being retrenched.

"Business should not continue to simply do a headcount and retrench people after negotiating a retrenchment package with the appropriate union," he said.

"Management and unions have to co-operate and adopt flexible and creative options when dealing with the issue of retrenchment."

Gerrie Beuinenhouw, the Sacob labour spokesman, said the rights of employees had to be balanced against those of employers. He said the hire-and-fire philosophy was no longer realisable in the new South Africa, as retrenchments were now regulated by the new Labour Relations Act.
Social plan aims to ease layoff costs

Reneé Grawitzky

GOVERNMENT plans to provide a range of support services to companies laying off workers as well as to the workers themselves under a draft "social plan" finalised by a National Economic, Development and Labour Council (Nedlac) task team.

The framework agreement is circulating among government, business and labour groups for final approval.

The proposed social plan aims to cushion workers and their communities from business restructuring in general, and layoffs in particular. The plan was first proposed by the National Union of Mineworkers (NUM) in 1991.

The framework will act as a guide for all businesses. Individual sectors will draft plans tailored to their specific circumstances. Under the framework, government has agreed to investigate the feasibility of providing extra funds for the delivery of labour department services and for regional economic development initiatives during the first six months of implementation.

For the time being, government funds will not be centralised in one social plan fund but will be channelled "through the relevant implementing agencies" including the departments of labour, trade and industry, and constitutional development. Union officials said consideration was being given to providing retrenched employees with retraining using funds from the national skills fund, as proposed by the Skills Development Bill.

The main obligation imposed by the draft social plan on employers is to notify the labour department of impending retrenchments involving more than 500 people or 10% of the work force — whichever is greater.

The plan does not compel employers to set up a specific fund but says they should be encouraged to assist in the funding of programmes to save jobs and social development programmes.

Central to the framework is the establishment of "future forums" either as part of or separate from existing bargaining forums. These are intended to encourage industries and companies to plan ahead, develop longer-term survival strategies and act as an "early warning system".

The labour department will set up a social plan technical support facility to help analyse problems and propose solutions to companies or sectors. However, the framework says this process "should not serve to delay or prolong unfair retrenchment procedures".

In the event of retrenchments, the parties can approach the department for assistance. The draft plan also covers cases where mass retrenchments have a negative effect on an entire region or community. Government has agreed to take a leading role in co-ordinating assistance from various departments and agencies.

Gold Fields Limited corporate affairs manager Adrian du Plessis told a Wits University Sociology for Work Unit workshop last week that a social plan had limitations in an already depressed economy. NUM representative Devan Pillay said the framework was watered down during Nedlac discussions. He acknowledged a social plan could have a limited effect, but the social consequences of job losses in SA could have been ameliorated had a social plan been in place in 1991. The plan also provided no obligations for employers to do anything.
Labour market not ‘inflexible’ — Shilowa

The battle cry of those wishing to demonise the trade union movement as a destructive economic force was “we need greater labour market flexibility”, Shilowa said. This implied SA wages were too high by global standards, in relation to the level of productivity in the economy. Labour market flexibility, he said, had become discredited among workers who saw it as a euphemism for very few or no regulations at all so employers could hire and fire, pay whatever wages and ensure no worker protection.

Shilowa was addressing 28 Cuban unionists from 14 unions affiliated to the Central Workers’ Union of Cuba as part of a three-day seminar.

Sapa reports Cosatu second vice-president Peter Maleko said it was black cat on Cuba could not be tolerated.
EMPLOYMENT

Set sights on creating enterprises, not on finding jobs

Clem Sunter

If the jobs summit process for the middle of this year is to be a success, it must start from one inescapable premise: neither the public service in South Africa nor the top 100 companies will be major job creators over the next 10 years.

One could argue that in both sectors there may actually be new job destruction. On the one hand, the civil service is targeted to trim down from 1.5 million to 1.2 million employees. On the other hand, globalisation and new technologies will mean big business will inevitably produce more products and services using fewer people.

One could also argue that new projects by local and foreign investors will add to the workforce. However, one is only talking of several thousand jobs in a project – a drip in the ocean compared to the five million new jobs required.

Ah, you may say, but there is a multiplier effect. Yes, that will help medium-sized and small businesses and informal sectors, where I contend the primary focus of the summit should be.

South Africa is not off the step with international trends. South Africa has seen the equivalent of the new jobs generated in economies around the world in companies of fewer than 100 employees. The Fortune 500 companies in the US have been net job destroyers over the last 10 years. Indeed, they have shed millions of jobs.

Judi Loomes, the solicitor to Anglo’s London scenario team, has written about the merging into a fragmented, post-modernised society where the nature of work and the work force is changing.

The average size of the work force in both the public and private sectors is declining everywhere. Humpty Dumpty will never be put back together again.

The jobs summit must accept this fact.

Given the above analysis, I am fairly dubious about any outcomes of the works programmes devised by the government to mop up unemployment. It will not make it more difficult for the government to meet the budget deficit targets set out in the Growth, Employment and Redistribution strategy, drive up interest rates and slow down economic growth.

A counter-argument – that the programme will be funded by savings made elsewhere in the public sector – will, inevitably mean losing even more civil servants. You give with the one hand and take with the other: I’m sorry – Keynes has had his day. It’s time to move on.

I believe we have to destroy the myth that if big government, big business and big labour can together so they can somehow pull a rabbit out of the hat and create millions of new jobs.

Rather, it will be created as a climate conducive for existing entrepreneurs to grow their businesses and for new entrepreneurs to open up additional enterprises.

Some economists have been vociferous in arguing that the focus on the Reconstruction and Development Programme (RDP) should be changed from home ownership to the creation of a new dominant middle class in South Africa.

Industrialisation is more fundamental than homeownership. A person with a job can buy a house. But without a job, nobody wants to maintain a house.

This is what will be a marvellous way of reviving the RDP and allowing the private sector, in partnership with the government, to construct real-life industrialisation programmes to achieve the new growth.

By this end, the forthcoming enterprise summit should be called an enterprise summit, rather than a jobs summit. It is aimed at the creation of millions of entrepreneurs, which will create millions of jobs.

A young black businessman recently described the challenge superbly. He said we had to turn 20th-century capitalism into 21st-century capitalism. He affirmed that most black thought of capitalism as the 20th-century variety, where you had a few bosses and millions of slaves – in other words, a system of oppression.

We have to jump 100 years to a network of small businesses and enterprise programmes to achieve new growth.

The Johannesburg Stock Exchange (JSE) is prohibitively expensive, too small something more relevant for the emerging business sector is being examined. I would like to see a network of regional stock exchanges which specialises in over-the-counter stocks and the flotation of small businesses.

One can use the latest system of computerised, screen-based trading with no carry in order to minimise transaction costs.

Nasdaq, in the US, is a superb example of this type of market. It has the highest level of initial public offerings in the world. When it was established, many Americans felt there was no place for another stock exchange in addition to the New York Stock Exchange (NYSE). They have been proved completely wrong, as volumes on Nasdaq are similar to those on the NSE.

From the point of view of the person wanting the money and the person wanting to invest, it is such a shame that we are obsessed with the granting of capital licences, when we should be channelling the national gambling instinct into stock exchanges of this kind.

Companies are programmed for stock exchanges, rather than for local township stock exchanges. Old Mutual isn’t going to invest in a small company taking its profits in Tanzania.

In promoting the idea of regional stock exchanges in places like Durban and Cape Town, I make the point that the JSE in the 1980s wasn’t that well regulated. Firms of accountants were not auditing the financial statements of those early companies. When a prospectus went into a bank you were in front of the guy’s desk saying, "He would give us a loan. If they project and we hit gold, you will make a fortune; if we don’t hit gold, you lose your 1%." That was the prospectus – end of story. For another reason for the stock exchange proposal is that the media would suddenly start talking about township businesses and entrepreneurs, and the government would become much more interested in those and the real."
The article discusses the importance of outsourcing in business operations, particularly in the context of technology and services. It highlights how outsourcing can help companies reduce costs, improve efficiency, and gain access to specialized expertise. The article also mentions the challenges and considerations involved in outsourcing, such as managing relationships with outsourcing partners and ensuring the quality of services provided. It emphasizes the need for careful planning and execution to maximize the benefits of outsourcing.

In the context of employment, outsourcing can lead to job displacement in certain areas, but it can also create new opportunities in other domains. The article suggests that companies should focus on upskilling and retraining employees to prepare them for new roles that may arise due to outsourcing.

Overall, the article advocates for a balanced approach to outsourcing that takes into account both the benefits and potential risks.
Government carries jobless albatross into 1999 election

Rigidity in the labour market is the key deterrent to job-creating investors, writes SVEN LUNSCHE

The government looks set to enter the 1999 election campaign with a record number of jobless people on its back, and no meaningful plan to address the crisis.

A number of studies over the past few weeks suggests that employment in the formal sector is bound to decrease over the next two years — not to mention the 500 000 school-leavers who enter the job market each year with scant hope of finding employment.

A quarterly poll by the Central Statistical Service among manufacturers shows that the majority of respondents expects a decline in staffing levels in 1998 (see graph).

The situation is severe in the clothing and textile industry, general manufacturing and the paper and packaging sector.

The only manufacturing sub-sector expecting to employ more people is the hospitality industry, as tourism booms.

A longer-term picture is painted by a recent World Bank report on SA's labour market. The controversial report, which has been criticised by labour and government, suggests that wage increases ahead of inflation often result in job losses.

For example, a 10% rise in real wages for workers leads to a 7.3% loss in jobs, says the World Bank, although this figure varies by sector.

The bank also finds that over half the job losses occur about two-and-a-half years after increases are implemented. This is bad news for the SA economy. Since 1995, real salaries have risen every year, and for the first three quarters of last year, settlements have averaged a real 2%.

This suggests that by 2000, more employed workers could find themselves out in the street unless new investment miraculously pours in.

Unions and the ministry of labour have consistently denied the link between high wages and declining employment, but most economists argue that wage pressures are the key to investment decisions by private companies.

The World Bank study takes only wage levels into account, but other labour-market costs are also having a significant impact on corporate willingness to employ labour.

Not only do businessmen view labour as expensive when coupled with low productivity levels, but they also find workers difficult to lay off in times of economic hardship.

The lack of flexibility in the government's labour-market regime adds considerably to the cost of employment.

Despite the commitment in Gear's strategy to a flexible labour market, the reality is different — government's four labour laws are, in its own words, "labour friendly".

One senior economist notes that all legislation introduced by the government since its inception in 1994, labour policy is the only area which has gone against free-market principles.

The subject of labour market flexibility is unlikely to be raised in the forthcoming presidential job summit. Discussions in Nedlac to date have not achieved consensus on the agenda for the summit, but sources indicate that labour would boycott it if labour-market flexibility were to be high on the agenda.

At a recent meeting the labour delegation proposed four broad subjects for the summit: measures to prevent job losses; job creation measures; support measures for the unemployed; and assistance to the informal sector. None of this goes to the heart of what most economists insist is the real obstacle to job creation — labour-market rigidity. The unemployment queues are bound to get longer.
SMMEs pivotal to local job creation

W ith proper development of entrepreneurs, small, micro and medium enterprises (SMMEs) can be a powerful agent for job and wealth creation, acting head of economics at the University of Transkei (Unitra) Professor Darna Mahadea revealed in a study.

His study of 80 small and micro light-manufacturing firms in the former Transkei found that the entrepreneurial spirit is “very active” among small firms in South Africa and that most self-employed entrepreneurs would continue to remain in business even if they were offered jobs in the formal sector.

Mahadea’s surveyed firms in four urban areas of the Transkei – Umtata, Butterworth-Idutywa, Engcobo and Qomba-Mount Fure.

His research revealed that lack of access to capital by entrepreneurs, who often did not have collateral, is hampering expansion and the creation of jobs.

About 77.5 percent of surveyed ventures claimed that their growth had been hampered by a lack of access to finance.

Mahadea said: “Although 81 percent of the respondents had a savings or a current account, none had a loan from the bank. However, 46 percent of the businesses had some financial assistance from the Transkei Small Industries Development Organisation (Transido) to buy raw materials or machinery.”

The size of the Transido loans ranged from R300 to R30 000, the average being R2 223. Transido is now part of the Eastern Cape Development Authority (Ecdia).

According to Mahadea, some firms had cost as much as R45 000 to establish. He found that the “job creation cost” in the region was R846 a job for a sewing business but was over R2 000 for metal and woodwork enterprises.

Mahadea said SMMEs in the area had an average monthly turnover of about R5 097 with value-added ranging from R275 to R13 500 a month.

He said about 20 percent of the firms were “mere survivalists” with value-added being less than the poverty datum line – assumed to be R590. These businesses were unlikely to create employment growth, he said.

Mahadea said 62.5 percent of the firms surveyed employed, including the entrepreneur, between one and six people with only 3.6 percent of the firms employing more than nine people.

He criticised supply side incentives for job creation such as transfer payments to employers, saying that these were an added burden to taxpayers who are “already overburdened by a painfully heavy rate of income and indirect tax”.

Mahadea said that for sustainable jobs to be created SMMEs needed to improve technology, competitiveness, efficiency and product range.

Labour incentives, he said, should only be seen as temporary and had to be linked to “productivity improvement and outward expansion of firms.”
US bill could see 100 000 jobs in SA

John Dladlu

IMPLEMENTATION of the US Africa Growth and Opportunity Act, which seeks to promote US trade and investment in Africa, could create as many as 200 000 new jobs in Africa, says a senior US trade official.

Rosa Whitaker, newly appointed assistant US trade representative for Africa, said in Johannesburg yesterday the World Bank had estimated that granting quota and duty-free access to the US for African textiles could create up to 200 000 jobs in Africa in the short term.

SA has given cautious backing, supporting the principles of the bill, but has expressed reservations about conditions attached to its benefits.

Whitaker said the Johannesburg Stock Exchange was one of the first organisations to endorse the mooted law.

Other African countries and organisations, including the Organisation for African Unity and African Business Roundtable, have welcomed the bill.

Bernard Richard, president of the Clothing Federation of SA, has said the elimination of duties and quotas for African textiles could create 100 000 new jobs in SA.

Granting better access to African textiles and clothing would have a "negligible" effect on the US import market for textiles of about $46bn.

Africa accounts for only 0.67%.

"So we do not believe Africa will be a threat."

However, Whitaker said the bill was not supported by southern US states which had significant textile industries.

Asked if these states could whittle down the textile concessions, she said the process was "dynamic". The bill has yet to go to the US Senate.

The bill represents the first US attempt to have an Africa strategy since the end of the Cold War.

Whitaker's position, created nine weeks ago, is one such step: other regions enjoy high-level attention in the US administration.

To give high-level attention to Africa, it has been suggested that senior Africa advisers be appointed in the US Export Import Bank and the Overseas Private Investment Corporation. This would help increase the two agencies' activities in Africa.

The proposed law had provisions also to prevent African countries being used for Asian exports.

A 10-year tariff concession regime for Africa would increase Africa's use of the benefits. Africa's use of the generalised scheme of preferences now stands at only 3%, which implies insufficient trade.

She dismissed most of the concerns raised about the bill, saying there was nothing, for example, that would prevent African countries from trading with other countries.

She was at pains to address concerns about perceived conditions, saying they promoted only what many African countries were already implementing.
Labour office to probe 100 top firms

Employment practices under state spotlight

CHRISTO VOLOSHENK
AND THABO LESHILO

Cape Town — The department of labour said yesterday it would launch an investigation into the employment practices of the country's leading 100 companies to "determine current best and worst practices in the private sector with regard to equity".

In its annual report, tabled before the parliamentary portfolio committee on labour by Sipho Pityana, the director-general of labour, the department said final preparations for the investigation, to be launched later this year, were under way.

The main objective would be "to investigate employment practices of firms regarding workplace relations, employment, training of labour forces, skills development, affirmative action and the impact of new labour market regulations on businesses," the department said.

The 100 companies would be selected scientifically to ensure the results of the survey could be extrapolated to all companies in the economy.

The companies would be selected on the basis of stratified sampling to be representative of the different economic sectors and sizes of firms.

The Equal Opportunity Directorate in the department was working with the American department of labour to design a mechanism for monitoring the compliance of companies to their obligations under the Employment Equity Bill.

The research into typical employment practices of the "leading" 100 companies would provide the department with a starting point from which to measure progress on equity-promotion in the workplace.

The report said registered trade union membership shot up 13 percent last year to 3.4 million members because of the freer environment accompanying the new labour relations regime.

Commenting on the annual report, Tito Mboweni, the labour minister, said the figures represented 64 percent of all employees in the country. There were 417 trade unions at the end of 1997, compared with 334 the previous year.

"This figure reflects to some extent the new environment that the Labour Relations Act created for trade unions, including a far easier ability to gain organizational rights such as stop-order facilities," said Mboweni.

The number of employer bodies increased from 196 in 1996 to 288 last year, Mboweni said.

Some of the reasons for the increase in trade unionism were that the act allowed the registration of trade unions in the public sector. Registration procedures had also been simplified.

"We are concerned about the growth in the number of small trade unions, including some which hardly have 50 members and are seeking registration, as well as the splits taking place within some unions. There are also instances where consultants are claiming to be bona fide trade unions or employer organisations," said Mboweni.

He welcomed the steps taken by some unions to amend their constitutions in such a way that they no longer discriminated against sections of the population, which is illegal.
The proposed development of a tourist attraction

Coastal Development Jobs

Tourism Development Proposed

Could create Jobs

Bird Island Project
Trade policies under fire for ‘violating labour rights’

John Dladlu

SA’s trade policies and those of its neighbours in the customs union have been sharply criticised by an international labour federation for “deliberately violating labour rights”.

In a report published yesterday, the Brussels-based International Confederation of Free Trade Unions says SA and other members of the customs union — including Lesotho, Namibia and Swaziland — are “riding roughshod over core labour standards” to improve trade and investment opportunities.

The drive to attract investments in export processing zones has also “spurred governments into crushing workers’ rights” in some of the customs union countries, including in Swaziland, says the report.

“In Swaziland, which has a long record of seriously harassing, imprisoning and even trying to assassinate trade unionists, police intimidation and violence against trade union demonstrations are ruthless,” says the report, quoting a 1994 case in which workers demonstrating for higher wages in an export processing zone were attacked with teargas.

The report alleges that strikes are banned in Namibian export processing zones to allow Windhoek to attract investments.

The report coincides with the World Trade Organisation (WTO) review of trade policies followed by the customs union countries.

The report is likely to be used by SA labour unions to put pressure on Pretoria to get its customs union counterparts to enforce labour standards more vigorously.

Labour representatives in SA, who scored an important victory a year ago when government and business agreed to encourage SA’s trading partners to uphold labour standards, have been concerned that Pretoria is not doing enough; a charge that is denied by government officials.

A WTO report and questions from SA’s trading partners are due out today.

The labour report, prepared with affiliates from the customs union countries, says the WTO should request the International Labour Organisation to work closely with the customs union governments to ensure compliance with labour standards.

“In Namibia and SA discrimination is clearly racial as well as gender-based, because of the legacy of apartheid. In Namibia, there is a staggering difference between wage levels of black and white citizens: many of the poorest black citizens earn under $100 a year, compared to white citizens’ $14 000,” the federation says, pointing out that the situation is the same in SA thanks to similar reasons.

The report cites research by an institute aligned to SA labour federation, Cosatu, which estimates that the difference between a manager’s salary and that of a worker is a stunning 15 to 20 times and 60% of national wage and salary bill goes to salaried staff or white collar workers.

Additionally, the report says, it seems investment by SA, Taiwanese and Hong Kong companies is based on guarantees that they will be able to disregard labour legislation.

The international workers federation says child labour and discrimination against women are widespread in the customs union area.

The “core labour” standards labour wants upheld include a ban on child labour and all forms of discrimination; and the rights of unions to organise and to negotiate with employers, the report says.

A spokesman for the federation said yesterday the report was also part of a campaign to get the WTO to include labour standards in its agenda.

All the customs union countries have ratified the “core labour” conventions, although violations are continuing.
DP unveils scheme to create 2.5 million jobs

OLIVE SAWYER
POLITICAL CORRESPONDENT

In a move timed to coincide with today’s labour ministry budget debate in Parliament, the Democratic Party has released details of a plan to create training and job opportunities for 2.5 million young South Africans.

Among proposals is that the Government will issue “opportunity vouchers” worth R3 000 each to 500 000 young jobless people each year for five years.

The voucher could be traded for training and employment at any accredited institution, or assessed capital for a small business, or in exchange for employment.

“They will not be able to go and spend it at the races,” said DP leader Tony Leon.

The proposals were based in part on similar measures which proved successful in Chile, the United Kingdom and Australia.

Mr Leon said restrictive labour laws were a disincentive to employment.

The DP proposes:

■ Changing the Labour Relations Act and Manpower Training Act to scrap provisions for minimum wages for apprentices, minimum contract periods and regulations for dismissals.

■ Apprenticeships should be based on freedom of contract.

■ Limiting Government involvement in accrediting vocational trainers and regulating vocational qualification.

■ Allowing employees to opt out of certain provisions of the Labour Relations Act and the Basic Conditions of Employment Act.

Mr Leon will briefly outline the proposals during his speech in the labour debate today.
Parties present job summit initiatives

Reneé Grawitzky
and Linda Ensor

THE job summit, which will take place "near the end of the year", came into the spotlight yesterday with the Democratic Party (DP) presenting a voucher-based training scheme and labour warning that government would have to shift its economic focus.

There has also been rising concern in business circles that government is not taking a lead in the process.

Sources said organised business feared that a failure by government to take a strong lead in the presidential job summit could result in a repetition of the scenario created in 1996 after labour and business unveiled their respective economic policies ahead of the growth, employment and redistribution strategy.

Sapa reports that Labour Minister Tho Mboweni told Parliament yesterday that the summit, aimed at addressing the country’s high levels of unemployment, would take place towards the end of the year. Introducing the debate on his budget vote, Mboweni said insufficient new jobs were being created and jobs had been shed in the manufacturing and mining sectors. "There is no quick-fix solution to unemployment. We face a long haul to get the structure of our economy and labour market right."

Labour, presenting its initial input to the job summit process at the National Economic, Development and Labour Council this week, said if government was serious about job creation, it would have to shift from an economic growth policy to an employment-growth strategy.

Labour’s document said SA needed a fundamentally different growth and employment path. Present approaches were showing "little sign of working".

Job creation could not be achieved at the expense of the quality of jobs while low wage jobs would not necessarily alleviate poverty and inequality.

The document did not, however, deal with the relationship between wages and employment. It focused repeatedly on the fact that labour market

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Summit

Continued from Page 1

kets had a limited effect on job creation and labour market restructuring should not be seen primarily as an employment-creation mechanism.

Labour said the job summit had to emerge with short-term and long-term solutions to halting retrenchments and creating jobs.

Public works programmes had to act as a vehicle for sustainable job creation rather than providing employment for a short period.

Meanwhile, the DP presented a plan costing R7.5bn over seven years to allow the unemployed the use of opportunity vouchers to secure training.

The plan, which would cost R1.5bn a year or 1% of the annual budget, would involve the allocation of an opportunity voucher worth R3 000 each to 500 000

young, unemployed people, 300 000 of them matriculants.

The vouchers, paid out in 12 monthly installments of R250, could be traded for training and employment at any accredited institution; used to subsidise employment by being given to employers in return for wages; and used to purchase accredited self-employment kits to help the people establish their own businesses.

The plan is similar to a National Union of Mineworkers proposal to the gold summit this year for retrenched employees to get vouchers which could be cashed in for training, transport and accommodation.

The DP believes that money to fund the project could be raised by scrapping unsuccessful job creation and training programmes; abolishing the labour bureaucracy (which employed 6 500 people); foreign donations and finance channelled from government’s Umnoxomvu Fund for job creation.
The dropzone focus is much more important than the current focus on aero and unification pilots. Although the command's current focus is on the dropzone, the dropzone is not the only area of importance. The dropzone is critical for the success of the mission, but it cannot be the sole focus. The mission requires a balance of attention to ensure the success of the operation.

The current focus on aero and unification pilots is important, but it should not overshadow the importance of the dropzone. The dropzone is a critical component of the mission and must be given the attention it deserves. The mission requires a balance of attention to ensure the success of the operation.

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SA job summit may be doomed to failure, warns labour leader

Johannesburg – A summit on job creation would be a failure unless there was agreement with the ANC on economic issues, the Congress of South African Trade Unions said.

The summit is due to debate business, labour and Government proposals to address job creation and rising unemployment.

Cosatu deputy secretary-general Zweli Vavi told a news conference yesterday that unless there was agreement with its two alliance partners, the summit would be “doomed to failure”.

“The job summit's prospects of success will be very limited if there is no agreement between Cosatu, the African National Congress and the SA Communist Party in relation to their broad approach to job creation,” Mr Vavi said.

Since taking power in 1994, the once-socialist ANC has adopted tight fiscal policies and a market-friendly approach that has angered trade unionists.

Areas like job creation, where the Government was perceived to have failed to deliver on pre-election promises, had to be dealt with in the ANC’s next term in office, Mr Vavi said.

“We will insist that some of the aspects we put into this job summit find their way onto this election platform,”

Cosatu said macroeconomic policy should not be over-restrictive.

Also, it warned against destroying jobs through “blind liberalisation”.

Cosatu called for the job creation summit, delayed since late last year, to be held in July or August.

Labour Minister Tito Mboweni recently said the summit would be “dealt with” later this year.

Mr Vavi said only labour had put forward its proposals so far. This indicated that there were bound to be further delays in holding the summit.

“The longer the summit is delayed the more the unemployment crisis will engulf the country with all the consequences,” he said.

“The current job losses carnage has to be stopped if the country is to avoid political instability.”

Mr Vavi pointed out that employment in South Africa was at its lowest level in 16 years, with only a third of the labour force in formal work.

The Government adopted its growth, employment and redistribution (Gear) strategy in 1996, saying that it would create 400,000 jobs by the turn of the century while cutting deficits. However, jobs were still being lost rather than created.

Cosatu has criticised the Government for pursuing a tight budget deficit target of 3¾ which, it said, did not help stimulate job creation.
BROTHERS IN ARMS Zwelinzima Vavi, of Cosatu, and Dennis George, assistant general secretary of Fedusa, announce their jobs summit document

PHOTO: JOE WAGEMANN

Jobs strategy ‘will sway voters’

FRANK NXUMALO AND ROY COKAYNE

Johannesburg — Worker support for the ANC in next year’s elections would be linked to the party producing the goods at the upcoming presidential jobs summit, Zwelinzima Vavi, the Cosatu deputy general secretary, said yesterday.

“There is a definite link between the ANC’s election platform and the issues we put in place here (in Cosatu’s document on the jobs summit),” he said.

Separately, the South Africa Foundation (SAF), an association of multinationals and the country’s largest corporations, said the government had to act now to reverse job losses.

But it warned that the state would have to make hard choices, whichever way it went, it risked losing allies at opposing ends of the political spectrum.

The government proposed a “neo-liberal” policy for job creation, which was bound to “drive yet another wedge between important stakeholders in this country”.

Controversially, the SAF recommended “revisiting” the Basic Conditions of Employment Bill and the proposed Employment Equity and Skills Development Bill, which are close to Cosatu’s heart.

The SAF said first prize would be a strategy similar to Gear, which would have interrelated and workable policy measures to address the problem.

Vavi said the presidential jobs summit could only be “fruitful and successful” if there was an agreement at an alliance jobs summit scheduled for next month.

He said the summit would be doomed if an agreement could not be reached at the ANC-Cosatu-SACP summit in May.

“The SAF said a jobs strategy had to include the global “new wisdom” — that flexible labour markets and job growth go hand in hand; skills development is a necessary condition for entry into the job market; and incentives rather than punitive taxes to encourage foreign direct investment and boost exports.

In its jobs summit strategy document, endorsed by Fedusa and Nactu, Cosatu has proposed that summit agenda be structured to deal with job creation and unemployment; job losses and retrenchments; formalisation of the informal sector; and the identification and isolation of long-term issues for negotiation after the summit.

Cosatu rejected a Nedlac proposal to cluster the issues on the agenda as this would “leave out the important matter of job losses and retrenchments”.

Vavi said labour was not prepared to rush into the jobs summit without adequate preparation, but it was worried by recent media reports quoting Thio Mbweni, the labour minister, as saying the summit may only be held towards the end of the year or sometime next year.
Central executive committee will examine its employment creation strategy

Cosatu targets jobs summit today

FRANK NXUMALO
LABOUR EDITOR

Johannesburg – Preparations for the presidential jobs summit would feature high on the agenda of the central executive committee (CEC) of the Congress of South African Trade Unions (Cosatu) when it met this morning for the first time this year, the labour federation said yesterday.

Cosatu said discussions would include an employment creation strategy developed by the special executive committee held in March. The broad strategy was adopted at the subsequent Nedlac labour market chamber meeting.

Cosatu, with the support of the Federation of Unions of South Africa and the National Council of Trade Unions, proposed in the strategy that an agenda for the jobs summit be structured to deal with job-creation policies, measures to support the unemployed, job losses and retrenchments, formalisation of the informal sector and the identification and isolation of long-term issues for negotiations after the jobs summit.

Now that it’s clear on the autumn campaign in which Cosatu was now engaged as part of its three-year organisational programme.

Mpati said the programme, first discussed at the last CEC meeting in November, was part of Cosatu’s sixth national congress resolutions aimed at increasing its 1.8 million paid-up membership by 50% per cent by 2000.

“The CEC will receive a detailed progress report on the campaign that will focus on the analysis, new recruits, problems encountered and challenges facing the federation in terms of servicing current and new membership,” Mpati said.

The CEC will also consider a request by the National Sports Council (NSC) for Cosatu’s support in its drive to isolate the Springboks following a protracted dispute with the South African Rugby Football Union (Sarfu) and Louis Luyt, its chief executive officer.

Vodacom, one of the main sponsors of rugby, said it was waiting for the outcome of Sarfu’s meeting on Thursday before it would decide how to respond to an NSC call to withdraw its sponsorship.

“We hope for an amicable solution. If there isn’t one, we will reconsider the situation,” said Joan Joffe, the group executive officer for corporate affairs at Vodacom.
Portfolio committee told that support programmes need fine tuning

Red tape ‘hampers job creation’

LYNDA LOXTON
PARLIAMENTARY CORRESPONDENT

Cape Town — Red tape and the lack of skilled staff to process applications quickly hampered the effectiveness of supply-side measures aimed at boosting export and job creation, the parliamentary portfolio committee on trade and industry heard yesterday.

Business and industry representatives said at the hearings into industrial policy that although support programmes were in place, they needed to be fine tuned and reviewed to level the playing fields with other countries and attract more investment.

They also warned that “irresponsible” statements by ministers in other portfolios could hamper industrial development by creating misperceptions about government intentions.

Hannes Pehren, the chairman of the Motor Industry Development Council’s sub-committee on supply-side measures, said the motor industry was at a significant disadvantage to other motor manufacturing countries when it came to export incentives.

But he admitted much still had to be done by the industry to improve competitiveness by rationalising production. “We need to change the structure of the industry and that is one of the areas being addressed by the department of trade and industry.”

Keith Lockwood, a consultant to the South African Chamber of Business (Sacob), said the government should extend its tax holiday programme and accelerate depreciation schemes while improving the schemes to make them more effective. Sacob members were also concerned about the cutback in export incentives.

While exporters had been protected to some extent by the real depreciation of the rand, its volatility had made it difficult to build up an export strategy based on the rand, Lockwood said.

Capital equipment manufacturers had also reported that the new export marketing and investment allowances had several limitations, which prevented them from making effective use of it.

“Sacob recommends that this committee consider a specific study into what additional assistance can be given to exporters,” he said.

Lockwood said it was recognised that small and medium-sized enterprises was a difficult area to cope with because of the large number of businesses involved. “But a number of the schemes are not operating properly and some attention has to be given to them,” he said.

Duane Newman, the director of customs and investment support at Deloitte & Touche, said there was too much red tape involved in the tax holiday scheme and some foreign investors had decided to invest in neighbouring countries instead. It took too long for the schemes to be approved and there seemed to be staff shortages at the department of trade and industry.

Pieter Haasbroek, the chief economist of Barlow, said other government policies, such as labour policy could make industry less competitive and lead to more job losses.

The proposed plethora of new taxes could make industry less competitive, while the strong emphasis on exchange rate stability and high interest rates could hamper industrial development.

Haasbroek warned the government against dismantling protective barriers too quickly and said that, for example, Barlow recently had to invest more than R100 million in a new pipe and tubing mill, not to increase export competitiveness but to remain competitive in South Africa in the face of increased imports.

“And for that, there is no assistance,” he said.
Job summit planning precarious, says BSA

René Gravitzy

BUSINESS SA (BSA) claimed last night that the planning process for the presidential jobs summit scheduled for later this year was rapidly reaching a "go-no-go" stage.

This claim followed the postponement, yet again, of an extended National Economic, Development and Labour Council (Nedlac) management committee meeting on the summit this week.

However, labour director-general Sipho Pityana said BSA's concerns were unfounded. There was nothing strange about the postponement of the meeting as Nedlac's executive council decided that a supervisory committee, set up to oversee the process, should meet first. This meeting would take place next week.

Raymond Parsons, Nedlac's overall business convener, said that as it was a presidential job summit, the initiative ultimately lay with government to expedite the planning.

To date, only labour has tabled its initial input on the summit while it appeared business would only table its submission after government had done so.

Parsons said business's position would be submitted to Nedlac at "the appropriate time and once the process of serious engagement between the parties on the various proposals has commenced."

Government-advised labour and business at a recent technical committee meeting that an employment strategy document was going to cabinet and once approved, would be tabled in Nedlac.

A source close to the process said there was deep concern over the inertia.

He said procrastination by government could damage perceptions about the summit.

Parsons said it should be held sooner rather than later to avoid it becoming politicised.

Meanwhile, BSA has appointed Vic van Vuuren, Sanlam's GM of human resources, as its Nedlac labour market chamber convener. Van Vuuren replaces Bokkie Botha, AECI human resources GM who recently resigned from his Nedlac position.

Botha said he would retain his position on the governing body of the Commission for Conciliation, Mediation and Arbitration.
Mandela hails new ‘model’ factory

A factory in Montague Gardens is the perfect model of the sort of partnership South Africa needs to solve its problems, says President Mandela.

The Government could not address South Africa’s many problems on its own, and needed to go into partnership with all sectors to rebuild the country.

He was speaking today at the opening of a factory producing wind-up torches, which is jointly run by the Baygen Power Group, the Liberty Life Foundation and the National Institute for the Prevention of Crime and Rehabilitation of Offenders.

A special aspect of the project was that the company’s workforce of 100 also had a say in the running of the company and a share in the profits.

“This project reflects the ideals of the new democratic South Africa in many ways,” said Mr Mandela.

“By bringing together business and Nicro, it has opened the way to finding lasting, genuine and creative solutions that help chip away at the mountain of challenges we face.

“With the equity shared by Nicro, a workers trust, the Liberty Life Foundation and Baygen, the project extends profit-sharing to the workers at the same time as providing training.

“This makes a real contribution to bringing the disadvantaged into the formal economy,” said Mr Mandela.

Another benefit was that the partnership could exploit a technology that had been hailed across the world for its use in areas where people had no access to electricity.

He said the manufacture of products such as the wind-up torch and radio in South Africa was helping to boost the country’s exports and strengthen the economy.

Mr Mandela said the project would create jobs and provide opportunities for those who otherwise would be condemned.

He said that through Nicro’s involvement, ex-offenders had the opportunity to work at the factory and had a real chance to reintegrate into society.

He added: “The deep concern that we all feel about crime calls for creative strategies of many kinds to rebuild the nation’s soul.”
Failure to submit proposals criticised

Pearl Sebolao

The Congress of South African Trade Unions (Cosatu) has criticised government and business for failing to table proposals for the presidential job summit despite an “abundance of capacity to deal with the proposals in a relatively short space of time”.

The federation criticised government for practising double standards and for hypocrisy in refusing to split its training levy of 1% on payroll, as it had required of business. A revised Skills Development Bill will require employers to pay more than 20% to a National Skills Fund and the remainder to be channelled to sector-specific training. Cosatu said government had refused to give a clear undertaking that it would provide adequate resources from the fiscus.

Briefing the press on the outcome of the two-day central executive committee meeting, Cosatu secretary-general Mthatho Shilowa said it was a major concern for the federation that government and business had ignored numerous deadlines to submit their proposals to the National Economic, Development and Labour Council. While government and business delayed the process, job losses, on the other hand, were continuing unabated. The federation would not tolerate this and would launch a campaign of mass mobilisation to save jobs, he said.

The committee endorsed proposals made by labour for the summit while a central committee in June would expand on the proposals, concentrating on measures to create jobs and stop job losses, support the unemployed and develop the informal sector.

The executive committee commended progress made on the Employment Equity Bill, but was “in no position to support it wholeheartedly without the issue of closing the wage gap being addressed”.

Cosatu wanted it spelt out clearly in the bill that its objective was to reduce wage disparities induced by apartheid and that employers be obliged to take the necessary steps to reduce the wage gap.

On the upcoming alliance summit between the African National Congress (ANC), the SA Communist Party and Cosatu, Shilowa said Cosatu — which would support securing a victory for the ANC in next year’s general elections — would expand on the approach to elections and the content of the election manifesto. The federation’s position on the nomination of its officials to the ANC election list would also be dealt with. It was not a contradiction for Cosatu to support the ANC before it had seen the party’s election platform. For Cosatu, the ANC was the only party capable of addressing the people’s needs.
‘Advances preventing job creation’

Mzwandile Jacks

SA’s manufacturing and mining sectors could not create jobs as a result of global technological advancement, Steel and Engineering Industries Federation of SA economist Michael McDonald said this week.

While for two decades the manufacturing sector alone employed more than 450 000 hourly paid workers, it now employed just more than 270 000. This number was not likely to rise.

Even if the manufacturing and mining sectors improved productivity in future, they would not be able to create jobs as most firms were using more machinery for production. This was a reality unions denied as their supporters were largely in those sectors.

In the US, where jobs were created throughout the 1990s, only a small percentage was created in manufacturing, with the bulk emerging in services and information technology.

A study by the National Economic Development and Labour Council showed that tourism possessed the potential to create up to 500 000 jobs over the next five years as long as crime and violence were brought under control.

Manufacturing’s inability to create jobs was not only the situation in SA, but also affected Europe and the US.

“South Africans should look elsewhere for employment-generating opportunities — not in mining and manufacturing,” McDonald said. It was believed that retrenchment levels in this sector stood at 1 000 a month.

“As in other parts of the world, jobs available in SA’s manufacturing sector are going to be complex, requiring a greater level of skills. Without a higher level of worker skill, the new equipment that has been installed in local factories looks inefficiently utilised.”

SA did not use its equipment properly and as a result, capital productivity was not as good as it should be.
Report on poverty calls for transformation plan
Reneé Grawitzky

INHERITED structural problems in the economy coupled with government's macroeconomic policy framework posed major constraints to job creation and poverty eradication in SA, a report prepared for the United Nations Development Programme said.

The report, compiled by the National Institute for Economic Policy, has called for a "pro-poor transformation strategy" to stimulate job creation and alleviate poverty.

The research is intended to provide an analysis on employment creation and sustainable livelihoods and assist the development programme in formulating its programmes, in relation to the government, on priorities and strategies for poverty reduction in SA.

To achieve this, the research project focused extensively on who the poor and unemployed are, their location and sources of income.

The report found that sources of income were extremely diverse, with poor households being dependent on a wider range of income sources than wealthier households.

The poor and ultra-poor relied heavily on the state through remittances and social pensions. This had major policy implications for government and "policy shifts regarding pensions must be considered for the broader impacts they will have on rural households and economies".

National Institute for Economic Policy research director Asghar Adelzadeh said a "pro-poor growth strategy" was central to any policy as it could expand employment, improve productivity, ensure better income distribution, increase the economy's long-term growth and generate domestic demand with a "gradual and careful approach to integration into the world economy".

It would also ensure that government became actively involved in extending social services, improving the infrastructure and transforming the labour market.
Radio firm hearts as new factory opens
Madiba lights up ex-convicts’ R30-m us
Ex-prisoner project hailed

ROGER FRIEDMAN

President Nelson Mandela yesterday hailed South Africa's first business enterprise dedicated to the empowerment, employment and reintegration into society of former criminals and their families and abused women as just the type of creative strategy required to rebuild the nation's soul.

The groundbreaking project has been funded jointly by the Baygen Power Group - which holds the international rights to wind-up, battery-free radios, torches and other devices - and one of its major shareholders, the Liberty Life Foundation.

A 49% share of the operation, which trades as Reintegration Employment Concerns, has been donated to Nicro (the National Institute for Crime Prevention and the Reintegration of Offenders), and 25% to a workers' trust. The workforce will ultimately total 100.

"With 10,000 prisoners being released each month, successful reintegration is a burning necessity," Mandela said. "If they are rejected by potential employers and the rest of society, reintegration into society is made that much harder. Many return to crime or become dependent on the charity of others. Stable employment can break this cycle."

By bringing together business and Nicro, the project had opened the way to finding "lasting, genuine and creative solutions which help chip away at the mountain of challenges we face". It helped bring the disadvantaged into the economy, and would boost SA exports and so strengthen the economy, Mandela said.

One of the guests at the opening, Mr Terry Waite, the former Church of England envoy who was held hostage in Lebanon for five years, said the project was "in a sense a microcosm of precisely what is needed in South Africa: investment, employment, production that is ecologically sound and rehabilitation for those who have fallen foul of the law".

Other important guests at the occasion were Baygen (international) non-executive director Lynda Baroness Chalker, Body Shop boss Mr Gordon Dickick, and Mr Noah Sama, chairperson of WorldSpace Corporation, which on Wednesday became the latest big-spending member of the Nelson Mandela Children's Fund President's Club.

See Business Report
No-go jobs summit

Labour and business are becoming increasingly impatient with the government’s reluctance to set a date for the long-awaited presidential jobs summit between the government, organised labour and business.

The Congress of South African Trade Unions (Cosatu) and Business South Africa (BSA) are ready and waiting for the summit, but say they are in the dark about when it will be.

Minister of Labour Tito Mboweni is expected to outline the government’s job proposals for the first time at the annual summit of the National Economic Development and Labour Council in Johannesburg next week.

His address at the summit is expected to give an idea of whether the government is ready to have the jobs summit this year, or whether it will be postponed once again.

Cosatu leaders are concerned that chances of the summit being held before the end of the year are remote because of the government’s inability to provide leadership on the issue.

The summit was scheduled for April last year, postponed to October, then mooted for April this year.

BSA this week blamed the government for failing to implement crucial elements in its growth, employment and redistribution strategy and proposed the creation of export processing zones and more spatial development initiatives to create more jobs.
Projects to boost job opportunities but statistics give no cause for comfort.

War on unemployment a priority.
President's Jobs Summit to take place earlier than expected.
Get me a job!

Unemployment is unacceptably high in South Africa, with about 33% of the adult population without a job. ESTELLE RANDALL looks at a situation that could turn nasty and pose a danger to the new order in this country. That's why reversing this tide has become a national priority.

As unemployment levels in South Africa’s new democracy and figures from the Central Statistical Service show, the scale of the crisis about 20,000 jobs were lost in the formal sector of the economy during the first half of 1998.

Average unemployment is at about 33%, with women and young people particularly hard hit. About 50% of unemployed people have never worked.

The government has challenged some of the CSO’s figures. In Parliament last week, Trade and Industry Minister Alec Erwin disputed the CSO’s claims that 22,700 manufacturing jobs had been lost up to last month.

But whatever their differences over these figures, the government, trade unions and business all agree that unemployment is unacceptable and that reversing the tide is a national priority.

The Presidential Jobs Summit held this year has been identified as the vehicle to kick-start the co-ordination of a national effort to combat rising unemployment.

But the Jobs Summit is unlikely to offer quick solutions to an unemployment problem which has been festering since the 1980s. Minister of Labour Titus Mboweni outlined the depth of the problem and approaches to addressing it at an intergovernmental forum held in Pietermaritzburg on the jobs summit in August last year.

"An effective employment strategy must influence the economic structure, cost of living, education and training, and overall investment," Mboweni said.

He warned that a strategy to simply create jobs - any jobs - could result in more people simply becoming the "worst poor"; it would not necessarily provide acceptable work conditions, mean equal economic opportunity or stabilise national - hence at the heart of the need for reducing unemployment.

Mboweni outlined the bleak scenario which the new government inherited:

- Income distribution is among the most unequal in the world. The poorest two-thirds of South Africans receive only one-third of the national income, while 18% of South Africans own about 30% of the national wealth.

- South Africa has among the world's highest rates of in-house and school-leavers.

- South Africans have a high concentration of young people in the labor force, relative to similar countries, and a low skilled labor force.

- Compared to other middle-income developing countries, South Africa has high levels of illiteracy and low levels of technical skills.

- Government continues to subsidise the historically disadvantaged sectors, with the result that large government departments operate at a loss, and have little incentive to generate substantial amounts of employment in the future.

- Government policy has been to ensure that the sectoral policies that benefit the historically disadvantaged are extended to the non-disadvantaged.

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Mboweni committed to jobs summit in June

Mboweni committed to jobs summit in June

Job, please!

Mboweni, the Minister of Finance, has committed to hosting a jobs summit in June to address the high unemployment rate in South Africa. The summit aims to create job opportunities and stimulate economic growth.

Mboweni emphasized the importance of creating jobs and highlighted the significant role government can play in this regard. He emphasized that the summit will bring together stakeholders from various sectors to discuss strategies for job creation.

Mboweni also mentioned the need to address the issue of unemployment among young people, stating that it is a pressing concern that needs immediate attention.

The Minister also emphasized the importance of education and skills development in preparing the workforce for the job market.

Mboweni concluded by saying that the government is committed to working towards a job-rich economy and that the summit is a significant step in this direction.

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**Desperate Measures**: For many South Africans, the slog of finding a job goes on day after day. Some 51% of the unemployed people in the country have never had a job.

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**Investment**: The government has identified a number of investment projects to stimulate economic growth and create employment opportunities. The projects focus on infrastructure development, small and medium enterprises, and agricultural productivity.

**Unemployment**: The South African unemployment rate remains high, with many people struggling to find work. The government has acknowledged the need for urgent action.

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**Government Policies**: The Minister of Social Development stated that government policies do not have an unambiguous commitment to addressing unemployment, particularly for young people.

**Employment Creation**: The government has launched a Employment Creation Programme (ECP) to create jobs in the public sector.

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**Business Growth**: The Business Council of South Africa (BCSA) supported the government's initiatives and highlighted the importance of rural and urban economic development.

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**Conclusion**: The Minister of Finance concluded by reaffirming the government's commitment to creating jobs and improving the lives of South Africans.
New sense of urgency over jobs summit

Reneé Grawitzky

LABOUR minister Tito Mboweni has raised the stakes for participants in the proposed presidential jobs summit by scheduling the high-profile meeting for next month or early July.

Mboweni’s surprise announcement on Friday follows criticism by the Congress of SA Trade Unions (Cosatu) that neither government nor business have tabled their proposals.

All parties have accepted that the summit should take place sooner rather than later. But labour, after tabling its input last week, said it was not prepared to rush into the encounter without adequate time for advance negotiations. Two months would be needed once all proposals were tabled.

This view was endorsed by business.

Raymond Parsons, Business South Africa overall convener at the National Economic, Development and Labour Council (Nedlac), yesterday welcomed the fact that a target date had been set. But he cautioned that a great deal of pre-summit negotiations and planning still had to take place. “On a summit of this importance the planning process will have to inform the final date.”

Business is finalising its proposals, but intends to table them only after government has made its negotiating position public.

Indications are that government hopes to finalise its employment strategy document and get approval from the cabinet by the end of this month.

If government and business table their positions at the end of the month, summit participants will have only one month to complete preparations.

Government’s position was discussed last Friday by the ministers of labour, land affairs, trade and industry and the deputy finance minister. It appeared that interdepartmental work was required. There was said to be was a sense that despite high-level commitment to the summit in principle, senior input from all departments was lacking.

Labour department spokesman Samantha Henkeman said yesterday government’s position paper would be referred to an interministerial meeting and the National Council of Provinces before going before the cabinet.

There was additional pressure on government to finalise its position ahead of a meeting on May 23-24 between government and its alliance partners Cosatu and the SA Communist Party. Discussions at this meeting are expected to focus on the job summit.

Cosatu has warned that the job summit is doomed if the alliance partners fail to reach broad agreement on a framework for job creation.
Cosatu says presidential summit is premature

Cosatu, the labour federation, said yesterday the government's plan to hold the presidential jobs summit next month was premature. Samantha Henke-
man, the spokesman for Tito Mboweni, the labour minister, confirmed yester-
day that the government wanted to hold the summit late next month or early
in July But Nowetu Mpiti, Cosatu's national spokesman, said: "The position
of Cosatu is that June will be too early. We want the summit as a matter of ur-
gency, but we also don't want the summit to be a token."

The summit, which was originally scheduled to be held in October last
year, will seek ways to address the country's chronic unemployment problem.
Labour has submitted its proposals for the summit, but the government and
business have yet to submit theirs. Mpiti said labour needed at least two
months after the summit and the government's proposals were put forward
before it could take part in the summit. — Reuters, Johannesburg
Gear has failed, so let public works projects have their chance

PERSONAL VIEW
The provision sector revealed in training and economic development.

The report indicated that the national government, through the Ministry of Education, is planning to introduce a new curriculum for secondary schools. The curriculum will focus on technical and vocational skills, in line with the country's development priorities.

The report also highlighted the importance of aligning education with the labor market needs to ensure that graduates are employable. It recommended the establishment of partnerships between schools and industries to facilitate practical learning and job placement opportunities for students.

The report was presented at a special session of the National Economic Council, attended by government officials, education experts, and representatives from the business community. The attendees commended the report for its potential to transform the education sector and called for urgent action to implement its recommendations.

In his opening remarks, the Minister of Education emphasized the need for a holistic approach to education reform, emphasizing the importance of integrating technical and vocational training into the现有的教育体系.

The report also noted the challenges faced by the education sector, including inadequate resources,师资力量不足，以及学生流失率高。为了解决这些问题，报告建议增加对教育的投入，提高教师的待遇，并采取措施减少学生流失。

The report's recommendations were broadly supported by the attendees, who called for immediate action to implement the proposed reforms. The National Economic Council has pledged to work closely with the Ministry of Education to ensure the implementation of the report's recommendations.
Jobs ‘to dominate Nedlac summit’

LINDA LOXTON
PARLIAMENTARY CORRESPONDENT

Cape Town — The pending jobs summit and progress by different parties in reaching consensus agreements were expected to dominate the third annual summit of Nedlac this weekend, Jayendra Naidoo, the executive director, said yesterday.

Naidoo said he had been concerned about the sometimes conflicting views on the jobs summit that had emerged so far. He warned that South Africa had only limited time to hold the summit and it had to be of real value.

 Asked how he viewed the progress to date in Nedlac, which represents business, government, labour and community groups, Naidoo said: “We have made reasonable (headway) in a short space of time on structural reform ... It compares well with other post-independence situations.”

Although much more could have been achieved to reach consensus between the different parties in some areas, “the contribution of the Nedlac process is a very important factor in having a transition that we will look back on as having been relatively smooth,” Naidoo said.

He described the relationship between labour, business and government as “fascinating” because the different groups in each camp had to come up with unified positions on various issues. This had involved a lot of give and take on behalf of all parties concerned.

Last year Nedlac’s most contentious issue had been the Basic Conditions of Employment Bill. So far this year it had been the Employment Equity Bill, although Naidoo said disagreements were not as deep as feared.

“I am sure that one of the contributing factors has been that there is a greater understanding,” he said.

This was reflected in the fact that no application had yet been made in terms of Section 77 of the Labour Relations Act to organise stayaways about the bill.

Even where such applications had been made — on the gold mining and education crises — they had not led to nationwide stoppages.

This perhaps indicated that South Africa was undergoing a relatively stable transition period, Naidoo said.
Cosatu warns it will not compromise its policies

JOHANNESBURG — The Congress of South African Trade Unions (Cosatu) and civic organisations on Saturday warned they would not be bulldozed by the government into adopting a common position at the forthcoming job summit.

The warnings from the organisations, considered staunch supporters of the ANC-led government, came despite earlier calls by Labour Minister Tito Mboweni not to "over dramatise differences".

Cosatu deputy president Connie September fired the first shots.

She said the government’s adherence to the International Monetary Fund and the World Bank’s style of economic recovery — as epitomised in its growth, employment and redistribution strategy (Gerar) — was bringing misery to the population.

September called for a moratorium on retrenchment until a climate conducive to negotiations was attained.

"It does not help to pursue budget deficits at the expense of a widening social deficit. Neither is it proper for the private sector and the media to call on the government to stick to Gerar ... while it has failed to deliver on jobs," September said.

Representing civic organisations, Fadilla Lagadien said the proposed summit ran the risk of being another talk show for the elite.

She said there was need for the unemployed and the informal business sector to be involved in Nedlac activities and make an input in job creation strategies.

Earlier Dorian Wharton-Hood, chairman of Business South Africa, lamented the loss of skilled manpower in both the public and private sector.

"The ability of small and big business to create jobs is being severely hampered by onerous and costly labour market regulations," he said.

No date has been fixed for the presidential job summit but a labour ministry spokesman hinted it might take place before the end of July this year.

—Sapa.
Tito’s jobs plan to be published

He said if handled properly, both gatherings could make substantial contributions towards alleviating poverty and unemployment.

“At the jobs summit in particular, employers, the trade union movement and government will meet to hammer into shape a common strategy to attack the problem of unemployment. This common strategy should be based on alignment of existing initiatives and introduction of new ones.”

But Mboweni warned the country not to expect that the day after the jobs summit would be “summer and it will be raining jobs”.

Conkie September, Cosatu’s first vice-president, said labour wanted the government and the private sector to commit themselves to substantially higher payments for the unemployed and accommodate a wider group than currently qualified as a support measure for the unemployed.

She said labour also wanted the state and business to agree to a moratorium on retrenchments and implement employment-creation measures. These measures should cover such areas as public works, mass housing programmes, job-sharing schemes, training the workforce and increasing productivity and land distribution.

Dorien Gharun-Hood, Business South Africa spokesman, said low savings were one of the leading causes of low levels of domestic investments compared with the average of developing countries. He said private firms were responsible for 66 percent of gross domestic savings last year.
Economy ‘on track to sustainable job-creation’

JOVIAL RANTAO
PARLIAMENTARY BUREAU

TRADE and Industry Minister Alec Erwin has rejected assertions that the South African economy is experiencing jobless growth, saying employment has remained constant as industries go through structural changes.

During a debate on his budget vote in Parliament on Friday, Erwin said that as restructuring in all sectors tapered off South Africa would see net increases in employment opportunities.

He cautioned, however, that a great deal still had to be done and said business and labour could not claim to be doing all they could build the economy.

He said any analysis of the employment situation had to take into account long-term cycles of investment and the extensive restructuring of the different sectors.

“For example, in the textile industry, the average age of capital equipment has reduced from 18 years in 1994 to 11 years in 1997. This is projected to reduce to eight years in the near future.”

“Employment dropped in the textile sector but grew in the clothing sector. Other industries have experienced similar deep structural change, yet the overall level of employment in the manufacturing sector has in aggregate remained constant from 1994 to 1997.”

“To call this jobless growth is a misleading simplification as it takes no account of the crucial structural changes that will sustain growth in the future,” Erwin said.

He cited as an example of successful government involvement the Technology and Human Resources in Industry Programme, where the state had contributed R21 million, which had benefited 207 projects involving 100 companies and 1 000 students. The Support Programme for Industrial Innovation had over the last four years cost R43.2 million, but had generated 1 600 jobs.

“These figures are significant, particularly so when one takes into account that they’re the product of new policies that have been introduced in the last three years. We can with some justification say that we’re on track in our target to generate 100 000 new and sustainable jobs per annum in the manufacturing sector.”

“As the restructuring in all sectors tapers off we should see rising net increases in employment opportunities. But we have a great deal to do still at all levels of government. Neither can business or labour yet say that they’re doing all they can to build this economy,” Erwin said.

He also said government would press ahead with its plans to introduce a new three-tier licensing system for the liquor industry.

Erwin said the new legislation would provide for the effective regulation of the industry and strike a balance between social, commercial and empowerment policy interests.
Nedlac meeting 'paves the way for job summit'

By Shadrack Mashalaba

The National Economic Development and Labour Council (Nedlac) meeting last week left participants acknowledging the viability of the forum as a platform to address economic issues. However, despite the progress, there were still some concerns.

All the delegates agreed that the occasion had laid an ideal foundation to host the Job Summit.

This clearly indicated that economic growth and job creation was still a matter that all participants agreed should receive priority.

Some participants said the forthcoming Job Summit, the date of which will be announced soon, will test whether all participants are committed to everlasting and sustained economic growth.

They said while the country had some catching up to do on improving its economic environment, the world was not going to wait for South Africa.

Globalisation, which has been acknowledged by Finance Minister Trevor Manuel as a reality, was here to stay, some of the delegates said.

Failure to respond to international challenges will deliver unkind blows such as social instability similar to the one currently experienced by some South East Asian nations.

Nedlac is a forum where Government, business, labour and organised society converge to seek consensus on matters pertaining to social, economic and labour policy.

Globalisation

Among those taking part at the council are representatives from business organisations such as Business South Africa and the National African Federated Chamber of Commerce, labour federations such as the Congress of South African Trade Union and the National Council of Trade Union, and government and civil society.

Nactu general secretary Cunningham Ngakakana said globalisation had restricted the Government's ability to create growth and jobs.

He said this was reflected through the Government's obsession with the implementation of self-imposed structural adjustment policies that are in line with the International Monetary Fund's (IMF) policies.

Ngakakana argued that the local budget targets espoused by Manuel were similar to the International Monetary Fund prescriptions.

In his argument, South African Chamber of Business (Sacob) director-general Raymond Parsons said there was a conflict in the dialogue to map out an economic growth strategy for South Africa.

This was caused by the continued alliance between Cosatu and the ruling party (ANC) which he said was "creating an element of unpredictability".

Parsons said for Nedlac to succeed there was a need for the forum to have a focused agenda.

"The search for realistic and workable strategies should be underpinned by workable solutions. The lack of a common vision at Nedlac is still elusive," said Parsons.
Business drafts strategy for job summit

Renee Grawitzky

BUSINESS SA (BSA) has drafted a carefully nuanced input to the presidential job summit in which it attempts to address the concerns of all parties while softening its stance on labour market flexibility.

This softening is partly due to the realisation that labour market flexibility alone does not create jobs. More importantly, business sources said, they came from a realisation that labour market and other policies were in place and government was unlikely to revisit these ahead of next year’s election.

A business source said that in view of the fact that “all major parameters for employment creation are not negotiable”, business did not want the job summit to become bogged down in debates which had been repeatedly raised by business but ignored.

It is understood that BSA calls in its document for collective bargaining arrangements to override legislation and for an independent investigation by government to examine the entry and exit costs of employment. It also proposes that wage negotiations be linked to productivity.

Business sources said the document also addressed macroeconomic policy, public works programmes and high unemployment groups such as the youth and women.

In line with government’s submission, which is still being drafted, BSA proposed a youth wage to encourage employment. The document reaffirms the view that the state cannot create employment. This contrasts with labour’s input which sees the state as a crucial employment creator.

Business’s submission focuses extensively on education and training and links such initiatives to productivity improvements for both labour and management.

There has been debate within business circles about a human capital development fund but no consensus has been reached as to whether this should be pursued or be a separate initiative to the summit.

In the meantime, a meeting of the African National Congress, SA Communist Party and Congress of SA Trade Unions alliance, which was to have debated an employment strategy, has been postponed from this weekend to an undisclosed date.

Cosatu spokesman Nowetu Mpati said in view of labour’s call for sufficient time for negotiations ahead of the job summit, it would not be surprising if Labour Minister Tito Mboweni announced a change to the August date for the job summit.
Business puts forward its proposals

BUSINESS South Africa (BSA) announced its proposals for the presidential job summit yesterday, calling for incentives to encourage employment in vulnerable groups such as rural women, youth and the unskilled.

These incentives included special training schemes, exemptions from some regulations and "special treatment in collective agreements".

BSA's programme for job creation centred on ensuring a stable environment for growth, raising management and worker productivity, and changing the collective bargaining environment.

Maintaining current fiscal and monetary policies and ensuring the credibility and independence of the SA Reserve Bank would contribute to a stable environment, it said.

Education and training were central to raising management and worker productivity, while incentive-based pay structures were proposed to boost productivity.

Instead of proposing a two-tier labour market, business called for parties to be free to determine levels of collective bargaining and employment conditions outside legislation.
South Africa Preps for Crucial Jobs Summit
The social wage is the rage

mtc 33-38 6 198
export boost could create 1.7 million jobs
Business and Labour must compromise to fight jobs crisis — Govt

The country's economic situation is especially in need of the cooperation of business and labour to ensure effective and efficient growth and development.

The government must take the lead in creating a climate of confidence and ensuring stability in the economy. It must take steps to address the challenges faced by businesses and workers alike, including issues of taxation, labor laws, and financial incentives.

Businesses must also play their part by being responsible and proactive in addressing the needs of their employees and the wider community.

Together, we can create a better future for all.
Threats to job summit

The much-awaited Presidential Jobs Summit between the government, business and labour hangs in the balance following reports that senior Cabinet ministers tasked with formulating government proposals are deeply divided.

The divisions are believed to be the reason why the government has been unable to table its proposals, more than two years after the summit was first mooted by President Nelson Mandela as the government's highest priority.

Some ministries have failed to produce draft proposals on their role in job creation — a year after an inter-ministerial committee was appointed by the Cabinet to facilitate a common proposal on job creation.

In the past few weeks the differences have escalated and Minister of Labour Tito Mboweni has angrily sent back some of the proposals to ministries because he believed they were incomplete.

Sources cite a power struggle between Mboweni's ministry and Minister of Finance Trevor Manuel over the control of the inter-ministerial committee as one of the reasons for the government's delay in tabling its position for the summit.

The labour ministry's frustrations stem from finance's refusal to accept that its status should be equal to the four other ministries represented in the committee. Finance argues that its ministry will ultimately take responsibility for the fiscal feasibility of the government proposals.

Adding to the pressure on the government are accusations from organised labour, and the Congress of South African Trade Unions (Cosatu) in particular, that Mboweni and the government are not moving fast enough to convene the summit, while union members are losing thousands of jobs daily.

Labour's proposal puts a moratorium on retrenchments in both the private and public sectors as a key condition for participation in the summit.

Government technocrats this week played down the extent of the tensions, arguing that it is natural in a process of policy formulation to have differences.

Said Labour Director General Sipho Pityana: "It is a bit premature to say the differences are irreconcilable because we haven't even started with negotiations among ourselves. What we are doing is still looking at proposals from various ministries."

Yet sources say a crucial meeting of the committee last weekend ended in a showdown between Mboweni and other ministries, instead of bridging the gap between them. This meeting included MECs for finance and economic affairs from all nine provinces.

The government has failed to meet several deadlines set up by the National Economic Development and Labour Council (Nedlac) to submit its proposal. Two weeks ago Mboweni said the government would submit its proposal this week and the summit would be held in July.

However, Nedlac constituencies believe this is too ambitious.
To the Point

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Business leaders and government discuss job creation initiative

Reneé Grawitzky

High profile black and white business leaders and top government officials are discussing a joint job creation initiative as part of business efforts to persuade government that it is serious about transformation.

A business delegation led by Transnet MD Saki Macozoma and including Murray and Roberts CEO David Brink, Anglovaal's Rick Manell, Thebe Investments' Vusi Khanyile, Kagiso Trust's Eric Molobi and Eskom's Dolly Makgatle last month held an exploratory meeting with an ad hoc government team. This team was led by Frank Chikane, director-general in the deputy president's office, and finance director-general Maria Ramos. The purpose was to discuss a joint initiative between government and business in an attempt to contribute to job creation and "human capacity building".

Intense debate within business circles has led to the view that tourism could be an initial vehicle to produce quick results in creating jobs.

Sources close to the process said the initiative was still in an exploratory stage. The meeting last month followed on from a series of meetings between a business caucus and Deputy President Thabo Mbeki's office. The process began late last year.

The latest initiative stems from separate moves in the past few months spearheaded by individuals in the National Business Initiative and the SA Foundation. There was growing concern in business circles last year about the deteriorating relationship with government on one hand and tense relations between white and black businessmen on the other.

A debate focused on the absence of meaningful dialogue between business and government on major issues, and perceptions by government that business was not committed to transformation or to changing the racial pattern of ownership.

At the same time another business group, including Anglovaal's Basil Horov and Anglo American Corporation deputy chairman Leslie Boyd, ini-

tiated meetings between white and black business leaders, including Macozoma and Industrial Development Corporation CEO Khaya Ngcula.

The idea was to build bridges and develop a common understanding, and then approach government. A business source said this engagement initially proved to be difficult.

SA Foundation head Neil van Heerden said if joblessness was not addressed, "things could get out of control, with a lapse into civil unrest and massive destabilisation of society".
Growing economy ‘won’t create jobs’

Economic growth will speed up next year but prospects for jobseekers will still be bleak, warns the Stellenbosch Bureau for Economic Research.

In its latest forecast for the South African economy, the bureau says economic growth should reach 4% next year, thanks partly to the demutualisation of life insurers Sanlam and Old Mutual, which will give consumers a R12-billion spending windfall.

But the bureau says that the extra work generated by the demutualisation will be mainly overtime or temporary.

Other tendencies in the economy that would continue to limit job creation included:

- Attempts by companies to cut costs and improve international competitiveness by cutting staff.
- Mergers in the financial sector which would lead to job losses.
- The crisis in gold mining.
- Budget constraints in the public sector which meant that surplus workers could no longer be absorbed into government service.

Formal sector employment is forecast to drop 1% this year and to grow by only 0.6% next year, says the bureau.

Demutualisation – the conversion of Sanlam and Old Mutual from mutual societies owned by policyholders into companies owned by shareholders – is likely to benefit mostly the young and middle-aged and people in the higher income groups.

Sanlam is expected to take the plunge in the last quarter of this year and Old Mutual about a year later.

The bureau predicts that much of the money which the windfall issue of shares will put into policyholders’ pockets will be spent on durable goods such as electrical appliances.

Sales of goods such as clothing and services will also be boosted. But a substantial amount of the demutualisation windfall will leak out of the economy in the form of higher imports.

Taking into account inflation, consumer spending is likely to grow by 1.8% this year and by 3.3% next year, says the bureau.

Without demutualisation, consumer spending growth this year would have been 1.3% and 2.3% in 1998.
Clusters the key to IT sector and job growth

Cape Town — Business clusters, or geographically bound concentrations of similar businesses, were key to expanding the local information technology (IT) sector and creating jobs, Jay Naidoo, the minister of telecommunications, said yesterday.

Clustering would help catapult Africa into the 21st century.

Naidoo was speaking at a workshop organised by the Cape Information Technology Initiative (Citi) to discuss clustering. Silicon Valley in the US was an example of a successful cluster. It was regarded as an outstanding high-technology global centre.

"There are between 500 and 400 sector-related companies based in Cape Town that could become part of the vision Citi has for developing a Silicon Valley for the Western Cape."

Naidoo said the region was rapidly becoming a global communications hub, with substantial strengths in service and financial service-related industries.

"But to be able to harness the strengths of the local industry we have to be strategic about how the local sector is developed."

South Africa would probably come to be regarded as well developed in the IT arena within a couple of years, but it was locked into a continent that faced particular challenges, Naidoo said.

"The challenge is how to take Africa into the 21st century, how to create regional markets, regional projects. Here, clustering becomes an important process."

For Fowes-Williams, an international expert in clusters, said South African business and technology firms had to work co-operatively if they wanted to meet the challenges of globalisation.

Communities that failed to specialise and work together as a local team would become import rather than export communities.

Fowes-Williams said clusters grew naturally in developed and less developed economies.

Faizel Mulla, the co-ordinator of Citi, said there had been considerable growth in the IT sector in the Cape Metropolitan area, but the sector needed a framework such as the cluster concept to reach its optimum level.
Big growth spurt needed to boost job creation

A report by the IDC calls for serious structural reform across the board to achieve meaningful economic growth, writes ANDREW GILL

ECONOMIC growth of about 3% a year will have little impact on the country’s dire unemployment levels, and major structural changes are needed if the economy is to deliver the necessary impetus for job creation.

According to research by the Industrial Development Corporation and the Department of Trade and Industry, there is a need for serious structural reform if the economy is to break through a perceived growth ceiling of about 3% a year — most importantly a shift to labour-intensive production and adding value.

Even to achieve the baseline scenario, which would see economic growth averaging 3.1% a year in the period to 2001, major progress needs to be made across the board, the IDC says.

The report was written before the latest round of market turbulence that has seen interest rates jump by two percentage points at some commercial banks.

It is part of a research project undertaken by the IDC to look at about 80 sectors of the economy. It takes a five-year view on prospects for the economy and the impact on different sectors.

The report sees the need for the manufacturing and finance sectors to lead value-added growth, increased globalisation to raise exports, more investment in technology and fixed investment in machinery and equipment.

These factors should bring marginal employment growth in manufacturing, with services providing the bulk of new employment.

The baseline scenario foresees job growth of some 0.4% a year, with subdued domestic demand capping greater growth. Using this scenario, the research sees job losses of about 33 000 in agriculture and 24 000 in mining. Manufacturing should create about 5 000 extra jobs and services 142 000.

To achieve the high-growth scenario where overall employment growth should reach 3.1% a year, or 1.28 million jobs by 2001, investment growth of about 11.4% would be needed, resulting in strong employment growth which would stimulate disposable income and private consumption expenditure, the IDC says. Domestic market production must also grow more strongly.

Investment and export-related sectors need to grow at the fastest possible pace, with chemicals, metals and forestry leading the way. A shift to more labour-intensive value added activities, and government supply-side support, are also necessary. Investment in labour-intensive industry is crucial to achieving higher growth.

“Employment creation cannot be viewed as an automatic trickle down effect... it calls for substantial structural changes aimed at overcoming SA’s development dilemma,” says the report, which also highlights a low road scenario where average growth is 2.2%, resulting in marginal job losses over the five-year period. That scenario envisages trade liberalisation, but few supporting measures to stimulate growth.

The government’s growth, employment and redistribution (GEP) strategy seeks GDP growth of 6% and 400 000 extra jobs by 2000.

The report singles out that could lead the economy through its growth ceiling are metals, chemicals and forestry—all traditional exporters.

It says the sectors are expected to post above-average growth in the five-year period, although forestry faces the greatest challenge in lifting output.

“But such challenges fall within the limits of reality following the restructuring of the industry towards world’s best practice in the event of the privatisation of Safcol and other state forest assets,” the report says.

It concedes that restructuring will have a short-term negative effect on employment, but says private and public sector management can minimise job losses.

Among initiatives that would help lift growth, the report recommends setting up industrial development zones, small and medium enterprise stimulation and reducing top-heavy overhead structures to international norms.

The report will be reviewed and updated every two years and is available in print and electronic form.

The IDC can be contacted through its website at www.idc.co.za.
Study decries SA’s education shortfalls

Johannesburg — South African education’s failure to address labour market needs and to prepare students for appropriate career paths contributed to the country’s dismal human resource record, said a study released yesterday.

The study by the Bureau of Market Research at Unisa said important factors contributing to the problem were the failure of school education to prepare students for careers, a shortage of qualified professionals to educate the youth and the failure of career guidance to address labour market needs.

Other factors included an overabundance of degrees awarded to students in fields of study that had “no application value in the labour market”, the emigration of skilled labourers and low investment in skills development by some businesses.

Hurdles caused by job losses in the formal sector had forced school leavers and other job seekers to turn to the small, micro and medium enterprises (SMMEs) sector, it said.

There were “good prospects for employment in this sector” and SMMEs in previously disadvantaged areas envisaged “employment to more than double within the next three years” provided the constraints with which they had to contend did not dampen the initiative.

“The most serious problems faced in order of severity by the 425 formal enterprises in the previously disadvantaged areas where interviews were conducted are crime, conflict with customers, finance, small turnover and competition,” the study noted.

Major problems encountered by the 1 059 employees interviewed at formal businesses and the 577 at informal businesses in the previously disadvantaged areas were low salaries, conflict with customers, long hours, crime and labour relations.

SMME owners worked more than 60 hours a week and expected the same dedication from their employees. The greatest needs for owners were in business management, bookkeeping, credit control, computer skills and marketing.

Employees expressed the need for training in computer skills, business management and bookkeeping, and in more technical fields such as dressmaking, culinary skills and motor mechanics.
Cape job seekers thrown lifeline

A potentially far-reaching youth programme is being launched in the Western Cape today to give an initial 2 000 young people work experience and guidance on future careers.

The project will seek to place 2 000 interns in Western Cape companies and institutions for six months to better equip them in the search for jobs.

They will get experience and advice on opportunities in the job market.

Thousands of young people leave schools, colleges, universities and technicians every year with little hope of getting work, often because they do not have experience. Starfish 2000 has been conceived to remedy this problem.

Western Cape companies and institutions will be encouraged to take part in the programme as a social responsibility contribution to a solution that has wider socio-economic benefits.

Participating companies stand to earn Reconstruction and Development Programme points in competing for state tenders, as well as favourable media exposure.

The project is the brainchild of the Cape Argus, the Cape Chamber of Commerce and Industry, the Association of Personnel Service Organisations and the Departments of Public Works and Labour. Various other organisations including Good Hope Radio have joined the founding group in turning the skills-transfer concept into a dynamic, workable programme.

The project will be run by the long-established non-government organisation Careers Research and Information Centre (CRIC). Full details are published in the Cape Argus's Job Shop supplement today.

Starfish 2000 takes its name from the parable that expresses the virtue of actively working towards a solution, even when the problem seems insurmountable. The parable tells of a man surrounded by thousands of beached starfish, painstakingly throwing the creatures back into the water, one by one.

When questioned about the apparent futility of his task, the man replies, as he throws back another starfish: "It makes a big difference to this one."

Cape Argus editor Moesgian Williams said today: "It is imperative that we get as many starfish back in the water as possible. "We must give hope and vision to the post-apartheid generation, and we believe Starfish 2000 is a key contribution to achieving that goal."

The project "brings together a network of business, government and non-government organisations committed to harnessing the energy and potential of all stakeholders in the economy in pursuit of the common goal of giving young people a kick-start in life."

Public Works Minister Jeff Radebe has given his support to the initiative.

He said: "The emphasis on skills transfer and imparting job experience ... captures the philosophy of teaching a person to fish, rather than merely providing a day's wages."

"Ultimately, the success of Starfish 2000..."
Independence and incentive are the names of the game for newspaper roundsmen who can earn up to six times their salary — while their former employer maintains quality control and cuts costs drastically. A win-win initiative that will benefit readers in the long run. CHRIS BATEMAN reports.

The idea that a company can save $2 million a year by paying its roundsmen six times their present salaries and they’ll probably tell you you’ve been smallminded something.

Making such a claim certainly requires an altered state of mind — the kind that cuts the umbilical cord of traditional employment, makes businesspeople part of staff and gives them the wherewithal to “make it big.”

That’s what Independent Newspapers has done with its 142 “roundsmen” — your newspaper subscription delivery people — most of whom still find it possible to be paid a decent percentage of their salary.

Instead of company vehicles fanning out across the Peninsula and environs every morning and afternoon with roundsmen on a fixed income, Independent Newspaper House now has a core of 40 agent contractors plus 11 subscriptions contractors, former employees, each with their own staff.

For the first 10 days the new set-up was chaotic, said Rhonda Macintyre, subscriptions manager for Independent Newspapers Cape. The company switchboard was inundated with 15,000 calls from angry subscribers in the first week, some of them calling several times to complain of late or non-delivery.

“We were changing, in a month, the way we had operated for 30 years. Because we have to get two newspapers out daily, there was simply no way to put up a dry run to test it, we just had to plan and hope for the best.”

What happened was that, by contracting out business to delivery agents, the main vehicle fleet was reduced from 50 to 40.

The company found that the routes it had to cover were too large and the roundsmen either received their bulk consignments late or not at all. Macintyre immediately added four extra vans she had on standby and slowly and patiently the drivers got to know their new routes and the scheme began to take shape.

Last week the switchboard returned to normal. “Once people understood what we were trying to do they became more supportive and understanding — thank heavens we’ve been able to rectify it — from now on it’s all win-win.”

Each subscriptions contractor has signed a tight contract tying him into, for example, delivery times, and conduct with customers and now stands to initially earn up to 80% of his current salary by taking care of his own exclusive “turf”. This is compared to his previous $600 a week wage.

Macintyre says changing the mindset of staff from being “looked after” to having their own business was not easy. “For three days going through the requirements and every time we hit a snag, they would say, ‘well what’s the company going to do?’ Macintyre’s predictable response was to say: ‘Well, it’s your business now.’

Finally with guidance and reassurance of back-up business advice and support (such as cellphones), they ‘got it’.

So much so that when Macintyre called one contractor days later to see how things were going, she got the snappy light-hearted response: ‘It’s noise of your business’.

“I, equally light-hearted, reminded him that his contract says he had to speak to me!”

Among the support measures is providing a full-time business advisor for a year and helping contractors (many of them shack dwellers) find accommodation in the areas in which they do their rounds.

The criteria for selection as a contractor included access to or ownership of a vehicle (with a back-up vehicle), the ability to motivate staff and solve problem scenarios such as what they’d do if none of their roundsmen turned up — and administrative ability.

“We were delighted to find that the roundsmen themselves solved practical problems better than some of the old area managers,” says Macintyre.

All roundsmen know their delivery areas intimately from years of experience — several worked as gardeners or messengers for other companies and local residents during non-delivery times.

The scheme is not born of paternalistic or some kind of romantic liberalism. “The contracts are tight and were thrashed out with them adding several concepts — the key thing is we’re setting them up to succeed, not to fail and they are truly independent business managers,” Macintyre adds.

Newspaper House will monitor progress for the first three months and develop training manuals. And of course the real win-win equation is that the more newspapers the roundsmen sell, the more they can earn and plough back into their business, reducing delivery times (and therefore boosting sales), efficiency and serving customers better.

Our readers get personalised delivery of newspapers from people they already know and what action from suppliers whose bread and butter they are. Basiclly customised marketing.

Independent Newspapers save over R2m a week on what used to be a hefty salary bill and vehicle maintenance and reduces the delivery cost of each newspaper by 40c.

No philanthropy. Just hard-headed creative business sense. Why then, if the scheme is so effective, was it not introduced earlier?

“Under the old dispensation (pre-1994) the political environment simply militated against it, there were stayaways people didn’t ignore, strikes... it just wasn’t possible,” Macintyre says.

It’s been difficult initially — even more so than expected. But it’s been five years in the making and there are no losers in the long run.

“We’re confident there’ll be other companies metaphorically burning a cigarette to alter their corporate consciousness.”

WAY TO GO: Newly appointed newspapers outside his Green Point flat.
erson's round can pay

`Now it's on our shoulders`

A 24 Dan Nqwabe has moved from being a newspaper deliveryman trudging from door to door for a fixed wage to becoming a business entrepreneur wrestling with how to deal fairly with unsavable staffs.

"It's on our shoulders now," says the part-time law student who has chosen to give up full-time studies to take advantage of the Independent Newspapers' empowerment scheme which has already tripled his salary in the first month.

Nqwabe, area manager for Green Point, says one of his nine roundmen who failed to pitch for work recently promised him "it wouldn't happen again".

"But it did. "So now I have to find him and go to the company and have a word with him and give him a firm warning. If it happens just a couple more times he'll be out of a job," Nqwabe says bluntly.

He is familiar with the proper dismissal procedures and has empathy with the vicissitudes of township life and how they can impact on daily work routines.

He began as a roundman with Allied Distributors in June 1995, earning R250 a week and through dedication pushed this up to R450 a week by October last year.

Independent Newspapers tried to sell the idea of self-employed deliverymen in 1996. But, Nqwabe says, the roundmen felt they would lose all their benefits, provident fund, pension and believed they would simply be retrenched.

"But we sat down and thought about it over the years and worked out how much we could actually earn and slowly our minds changed," he says.

One of six children from a poor Mount F Drew family, Nqwabe arrived in Cape Town in 1995, the year after he matriculated with an exemption.

"I knew that even without money, if I was positive I would overcome obstacles, so I applied through a Catholic NGO in Athlone for a bursary to attend the University of the Western Cape, he says.

He was accepted and registered for a BA Law degree.

However, the strain of working for a living and studying proved too much and he failed.

Nqwabe now wants to invest his new income in Unisa correspondence and study for a Lib.

"Education is the main thing for me in the long-term," he says.

He says his 10-man newspaper delivery team is enthusiastic.

"Once we counted up all the different newspapers we worked for that we could earn far more than we did in wages and for me now even R7 000 per month is a reachable goal within a year or so," he adds.

Ensoined in a Green Point flat with an ever-ready cellphone and smile for his customers, Nqwabe no longer trudges...
**THE GREAT DIVIDE**

Raising expectations so close to an election could be dangerous

When first proposed "as a matter of urgency" by the Labour Market Commission two years ago this month, the idea of holding a summit on job creation seemed like a good one—and important enough to have President Nelson Mandela launch it. The idea was to strike an "accord for employment and growth" between business, labour and government.

With unemployment around 30%, and seemingly unstoppable layoffs threatening to reach socially explosive proportions, make-work public infrastructure projects (which are of short-term value), the bigger picture is one of classic division. There are likely to be two opposing approaches to job creation—free markets vs a planned economy. A summit would simply provide a platform for well-worn positions to be repeated, and turn into a non-event.

Labour and business have put forward their diametrically opposed proposals for the summit, but government's view has yet to emerge.

Recent reports suggest squabbling between Finance Minister Trevor Manuel, the czar of fiscal restraint, and the Minister of Labour (not Employment), Tito Mboweni, over government's approach.

Then there is the inability of the governing ANC and its junior alliance partners, Cosatu and the SA Communist Party (SACP) to reach pre-summit consensus—perhaps the main cause of delay. A rescheduled meeting of the alliance was due to take place this week. Assuming a common approach is stitched together, and government produces its framework document this week, the social partners still need time for pre-summit talks—two months, according to labour and business.

But depending on how urgently government wants to meet, this process might be given no more than a week.

Government intended to put its proposals out for public comment. This may not be possible. By September, at the latest, the decks must be clear for parties (and alliances) to throw their energies into next year's general election.

The utility and advisability of a jobs summit look doubtful.

Why would a government caught up in a considerable financial crisis, with an alliance deeply divided over economic fundamentals, wish to arrange a highly public occasion in a situation of heightened politicking and expectation, and hope that anything constructive will come of it?

Under such conditions, a summit is an open invitation to Cosatu and the SACP to grandstand, attack and further undermine government's Growth, Employment & Redistribution (Gear) strategy. It is inconceivable that the union movement will agree to work within Gear. Opponents are more likely to seize the opportunity to drive a stake through the heart of this policy, whose job creation targets look ever more out of reach.

The reason for this may be partly because one of its pillars—a flexible labour market—remains fantasy. But that is unlikely to receive dispassionate attention at a summit.

In the present climate of financial turmoil, there are growing, beguiling calls to abandon fiscal orthodoxy, drop privatisation and opt out of globalisation—in short, to scrap Gear.

"If the Washington consensus is in retreat... are we at the stage where in polite company we can finally discuss strategies less concerned with inflation, more with full employment?" asks Patrick Bond of the Wits Graduate School of Public & Development Management in Business Day last week. "Strategies less aimed at international competitiveness at all costs, more at meeting basic needs through intelligent subsidies? Less with selling the family silver, more with strategic State interventions in areas such as infrastructure, housing and land reform where markets are failing?"

Bond's argument may be simplistic and based on selective quotation from International Monetary Fund and other economic heavyweights in support of a return to discredited State intervention; but it will strike a chord beyond the unions and the professional Left.

It is important for government to rebuf this line of argument and restate faith in the basic approach contained in Gear. Deputy President Thabo Mbeki, Gear's éminence grise and a master of the Big Idea, has to explain to people the need to cross the "desert of reform". He must articulate the vision and direction of Gear as a long-term strategy for growth and employment generation, and explode calls for what amounts to short-term gratification.

From business's point of view, the summit is an open invitation to compromise on all its most deeply held economic prin-
IN A NUTSHELL

BUSINESS'S PROPOSALS
STABILITY and GROWTH through:
- maintaining fiscal discipline;
- maintaining Reserve Bank independence;
- ensuring inputs are cost competitive;
- creating a competitive tax environment.

PRODUCTIVITY should be enhanced by:
- achieving world-class primary and secondary schooling through effective teaching;
- creating the right incentives for firms and employees to enhance worker skills.

LABOUR'S PROPOSALS
MACRO-ECONOMIC policies must:
- be predictable and achievable;
- have the support of labour, not just build investor confidence;
- expand demand for domestically produced goods and services;
- stimulate demand by lowering interest rates and introducing redistributive fiscal policies;
- avoid rigid deficit reduction targets which limit public expenditure.

INVESTMENT policy must:
- include supply-side incentives;
- develop small-scale lending programmes;
- introduce capital controls on speculation;
- ensure prescribed assets on pension funds are invested in job-creating ventures;
- focus on public corporation as key investors.

INDUSTRIAL policy should:
- maximize impact of job creating sectors;
- develop capacity for intermediate and capital goods production;
- introduce targeted employment subsidies;
- harness development financial institutions to labour-intensive processes.

TRADE policy needs:
- to stop the damaging effects of trade liberalization on employment;
- to be linked to job creating industrial developments;
- to pursue import substitution and export promotion;
- to implement a social clause against labour exploitation.

The original aim of the proposed accord on employment and growth was to forge what would amount to a social compact on prices and incomes. It was stillborn — mercifully, in view of its failure elsewhere, notably under the Wilson and Callaghan governments in Britain.

Business representatives on the Labour Market Commission warned in a qualifying statement to its report that it "overestimates what commitments can meaningfully be entered into by business, especially in respect of ... investment and prices, which in the final analysis are commercial decisions by individual companies."

There is no evidence that business and labour are any closer to one another on ways to tackle unemployment and create jobs. As labour points out in its proposals, "the SA economy is a contested terrain."

Instead of a jobs summit, perhaps a better idea might be to convene a low-key gathering of key players, after the election and under the new President's chairmanship, to focus on a few target areas. Among these should be lifting restrictions on small business, identifying other sectors, such as tourism, which can be promoted to increase employment, targeting the reduction of unit labour costs, a more flexible capital market for budding entrepreneurs to access venture capital, and a concerted training drive to develop skills.

Anamuth Singh

Dorien Wilson-Hoed
Business
South Africa

Sam Shilowa
Cosatu's General Secretary

PREVIOUS PAGE

through continuous training;
- increasing managerial efficiency and firm innovation through low trade barriers and enhanced product market competition;
- promoting the linking of pay to productivity and performance, among other ways through bargaining protocols.

BARGAINING architecture modernised by:
- promoting free collective bargaining as the primary regulator of labour market relations;
- investigating barriers to new employment creation, and recommend steps necessary to discourage labour absorption.

ULTRA-HIGH UNEMPLOYMENT groups helped by:
- providing youth, rural women and the unskilled with a special dispensation to ease their entry into employment;
- developing a public works programme which establishes local level projects with the objective of transferring skills.

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Little hope for jobless in shrinking labour market

A new study notes that industrial action contributes to unemployment, writes THABO KOBOKOANE

Of all the problems the government has to deal with, its biggest headache is rampant unemployment.

Many studies in recent months have pronounced that the government will enter the election period with unemployment at its highest in years as employment in the formal economy continues to dive.

A recent study by the Development Bank of Southern Africa, "Impediments to the absorption capacity of the South African economy," details the historical factors that have led to the current situation, and says interference and rigidities in the market have to be eliminated.

The study shows that the average absorption capacity — the percentage of the labour force employed in the formal economy — has decreased rapidly in the period between 1980 and 1994. In this period the absorption rate decreased from 52.7% to 53.9%.

In the same period the percentage of new labour market entrants able to find employment in the formal economy also took a dive. From 1975 to 1980 it reached 42%, and it declined to 15% in the following decade.

In fact, in the five-year period to 1975, the formal economy was unable to accommodate any new labour market entrants.

"The continuing drift towards capital-intensive production processes is clearly the result of an attempt by firms to counter the twin problems of rising labour costs and lagging labour productivity," the report says.

So what has led to the substitution of labour with capital-intensive processes?

"A number of reasons are suggested and these include an increase in wage pressures since the 1960s which led to employers retrenching workers so they could pay higher salaries to other employees, changes in technology (in particular in agriculture), deepening import substitution to progressively extend protection upstream, relatively capital-intensive subsectors of manufacturing, and the rationalisation of the SA economy.

While labour costs — mainly upward movement in black wages — have had an effect on employment growth, much of the decline is attributed to other factors, in particular "labour problems."

A possible interpretation of this is that industrial conflict widened the margin between perceived cost of employing labour and the wage rate."
Inquiry to probe conflict at Crossroads

Violence escalated after Ikapa sit-in

(138)

7/22/1988
NEWS

Cosatu slams Sacob for insisting on postponement

Go-ahead for jobs summit expected

Johannesburg — Cabinet was expected to give the final go-ahead for the presidential jobs summit on Wednesday, ahead of the National Economic Development and Labour Council (Nedlac) executive council meeting on Friday. Sipho Pityana, director-general in the department of labour, said at the weekend.

Pityana said neither the minister of labour, Tito Mboweni, nor himself had received a formal letter from the South African Chamber of Business (Sacob) requesting the postponement of the presidential jobs summit. He said what the department had received was “a copy of a press statement” from Sacob on the issue.

Pityana said government had not yet published its position as promised because “we had not concluded the internal process”.

The Congress of South African Trade Unions (Cosatu) slammed Sacob for suggesting a postponement of the summit in the face of the “difficult economic circumstances” and the tense “political climate” ahead of the forthcoming elections, and said it would “resist this agenda”.

Zwelinzima Vavi, deputy general secretary of Cosatu, said: “It is absurd that business even thinks of further delays to the presidential jobs summit when the carnage of job losses is continuing unabated. This confirms Cosatu’s assertion that the business community is not interested in the transformation of our country in a manner that will address apartheid.

“It is disappointing to note that big business is bent on pursuing its ideological warfare no matter what its consequences would be to the rampant job losses and unemployment.”
Complaints of abuse and no pay as workers battle unemployers. Bosses

Employers tip us off, say roadside job-seekers

Cape Argus, Monday
The drive for competitiveness is pushing job security to the bottom of the economic growth agenda.
n SA constitute “unemployment”, widespread redundancies will “still escalate.” For “competition job security to economic agenda,” anything challenging “cipients in the under”, way. Policy proposals and job loss about Relations “missals based on nanis and the as -practice, as well as the social plan by the development and lab), which has has “provisions for competit -procedures, to measures, it ultative process “question of a the fact that it could limit the “provisions.” Plan proposal in “worst-pronged ap- “limitation of the economic f transference”. Comprehensive, all Job and income security are principles that need to be addressed by the job summit, writes Jeremy Daphne

The organization distinguishes three forms of flexibility: employment, wage and work-process flexibility. Employment flexibility refers to the ease with which employers can alter employment, and in particular, the ability to downsize, furlough workers, and “without problems.” They observe that increased flexibility, where applied, goes hand in hand with the international trend towards temporary and casual employment, and the decline of regular protected employment.

There are in fact strong incentives for enhanced employment security, both on the grounds of efficiency and equity. In addressing the call for employment flexibility, the organization argues that “some institutional rigid-““can be facilitated by flexibility and “improve dynamic efficiency.” They give as an example the negative effect on labour productivity of hiring and firing at will, and suggest that opportunistic behaviour of flexibility and “deregulation” results in short-term gains but impairs dynamic efficiency in the long term.

The organization goes on to argue that the main priority of labour market policies must be labour security, including labour market security and employment security. This must entail “low or falling levels of unemployment” and protection from “arbitrary loss of employment, by collective agreements, regulations or the force of convention.” In supporting the need for labour mar-“ket regulation, the organisation con-“cludes that the main aim of regulations is protection against insecurity and exploitation, but it also has an important “efficiency-enhancing character.”

Business argue that equity issues and the devastating effect of job loss. There also seems to be inadequate appreciation of the disadvantages of hiring and firing at will.

However, certain management consult-“ants advise retraining as a way to increase profitability. Michel Robert, a management consultant and author of Strategy Pure and Simple II, cautions against retraining, saying “downsizing by itself does not address the strategic problem that may be at the root of the organization’s failures”, and signifies a failed strategy.

The state needs to play a central role in directing the necessary re-“sources and political influence to amend legislation and establish effec-“tive social plans and social wage pro-“grammes. Overall, job and income se-“curity must be appreciated and pro-“moted in SA society in a way that meets human needs at both the level of principle and practice. This will require greater political will and clearer vision by all parties concerned with providing “more and better” jobs.

Daphne is a researcher at the Na-“tional Labour and Economic Develop-“ment Institute.
Govt proposals for jobs go to cabinet

Reneé Grawitzky

GOVERNMENT's proposals for the presidential jobs summit deal with the long-term restructuring of the economy and short-term jobs programmes which will require concessions and trade-offs by business and labour.

Government sources said the cabinet would consider the proposals, prepared by the labour department, today.

They acknowledge that deep structural problems in the economy have led to unemployment. But they argue that there is a need for short-term solutions or "quick fixes".

The cabinet debate comes in the wake of calls by business to review the timing of the summit. Deputy President Thabo Mbeki told trade union federation Cosatu's central committee yesterday that the summit had to go ahead and serious consideration should be given to "what can and must be done practically" to ensure economic growth and job creation.

Sources said government's draft document identified short-term solutions including proposals intended to alleviate youth unemployment by providing incentives to companies to employ youth at a lower pay rate.

It also focuses on a public works programme funded jointly by government and business. There was some initial consideration that union investment companies could also provide funding.

The short-term jobs programmes had been proposed with the knowledge that this was not the solution to unemployment, a source said. Solving unemployment would require restructuring the economy towards more labour-intensiveness and by not forcing short-term job creation at any cost.

Other proposals relate to the implementation of the long-awaited labour market commission's recommendations which include some amendments to the Labour Relations Act.

Controversial amendments relate to the extension of bargaining council agreements. The act currently allows extensions of agreements by the labour minister to those not party to the bargaining council.
Cabinet approves of plans to fight unemployment

Preparations for the Presidential Job Summit have received a boost with the Cabinet’s approval yesterday of the Government’s plans to create jobs.

At the summit, Government, labour and business will draw up plans to deal with the high levels of unemployment.

Government spokesman Joel Netshitenzhe said the Cabinet had also reaffirmed the Government’s resolve that the summit should take place in the next few weeks.

Labour Minister Tito Mboweni is expected to release the Government’s plans in Johannesburg today. However, reports have said that the proposals included measures to alleviate youth unemployment by providing incentives to companies to hire youth at a lower pay rate.

The Government submissions were also expected to contain proposals of massive public works programmes funded by the State and private sector.

Netshitenzhe said the Cabinet was also satisfied with the preparations for the Non-Aligned Movement Summit, due to be held in Durban this year.

The meeting also approved the submission of the Competition Bill to Parliament, on condition that if there were substantive changes in the course of the current consultative process, the bill would be re-submitted to Cabinet for approval.

The meeting also agreed to invite interested parties to apply for a licence to run the National Lottery.

The meeting approved the recommendation for South Africa to host the Annual Ministerial Meeting of the SADC on Gender and Development, which is to take place at the end of July.

The Cabinet also approved for submission to Parliament the proposal that South Africa accedes to international conventions for the protection of cultural heritage in the event of armed conflict and against illicit import, export and transfer of cultural property. The meeting approved the submission of the following Bills to Parliament:

- **Agricultural Laws Rationalisation Bill**, which repeals redundant legislation which operated in the former bantustans.
- **Road Traffic Laws Rationalisation Bill**, which repeals legislation applying to the former TBVC “states”.
- **Administrative Adjudication of Traffic Offences Bill**, which improves the effectiveness of traffic law enforcement and lightens the burden on the criminal justice system.
- **Postal Services Bill**, which establishes an orderly regulatory environment for postal services.
- **Broadcasting Bill**, which rationalises the regulation of broadcasting and signal distribution and management;
- **Nuclear Energy Bill**, which introduces transparent and accountable governance of the industry.
- **Gas Bill**, which proposes the setting up of a Licensing Authority;
- **Local Government Municipal Demarcation Bill**, which proposes the alignment of functional and service delivery boundaries with future municipal boundaries.
- **Adoption Matters Amendment Bill**, which introduces new provisions regarding the right of mothers and fathers of children born out of wedlock.
- **Final version of the National Environmental Management Bill** after inter-ministerial consultations proposed by the previous Cabinet meeting.
Govt unveils its strategy to create jobs

Reneé Grawitzky

GOVERNMENT's long-awaited employment strategy released yesterday aims to generate — in the short term — an undisclosed number of jobs which could cost well more than R1bn a year.

The strategy — situated within the constraints of the growth, employment and redistribution strategy — calls for sacrifices from labour and business.

Depending on trade-offs achieved during the consultation process leading up to the presidential job summit near the end of next month, labour and business could be required to contribute to the Umshonvu Fund — to be formed from the proceeds of the demutualisation levy — which will be used to create employment and development opportunities for the youth.

Business will also be required to provide funding to "other employment-generating initiatives; promote youth employment; facilitate small business entry into the economy; build capacity at local level by establishing managers' service programmes; promote education, training and skills development; and possible increases to unemployment insurance fund payments".

Labour faces increased labour market flexibility, with moves to effect controversial amendments to the Labour Relations Act such as greater restrictions on the extension of bargaining council agreements to nonparties and relaxing provisions for probationary and notice periods.

Labour is asked to agree to an effective lower entry youth wage or "learner wage" and a form of wage restraint. Labour should agree to "wage bargaining appropriate to productivity gains and rates of inflation, and which do not contribute to job loss", the document says.

A moratorium on retrenchments is unlikely in view of a labour agreement to "form a realistic labour regulation framework" to effect public and private sector restructuring. But this is balanced by an attempt to preserve jobs in the private sector through targeted government intervention.

Public service unions, in particular, face additional challenges. The document proposes "more adaptable employment practices and an affordable number of public servants"

Labour Minister Fikile Mboweni said he was hoping to squeeze more money out of the fiscus to finance job programmes. Additional funding might be made available through the reallocation of resources while there was some indication that additional funding made available would only marginally affect deficit targets.

The proposed special employment programmes form part of government's short-term measures while the medium to long-term aims are to "pel the economy" into one which absorbs labour.

Government aims to stimulate labour demand through a range of public works programmes (with possible joint ventures with the private sector); by preserving jobs in the private sector; strengthening and refocusing existing investment promotion policies; promoting small- and medium-size enterprises; and targeting labour-absorbing industries such as the service and tourism sectors.
FRANK NXUMALO

Johannesburg — Tito Mboweni, the labour minister, yesterday announced fiscal support of up to R1 billion for special job-creation programmes, in addition to the Umsobomvu Trust vehicle which aims to stimulate employment opportunities for young people.

The government's employment strategy framework will form the basis of its position at the presidential jobs summit, scheduled for the end of July.

"In the short run, we seek to directly and indirectly promote the creation of a sufficient number of jobs to match net growth in the labour force," Mboweni said.

He said key programmes would include the municipal infrastructure programme, water and community-based programmes, the clean cities campaign and the land care campaign. The last two campaigns are new programmes.

Mboweni said the clean cities campaign would include waste management programmes and the land care campaign would include soil conservation. An agreement had already been struck with labour on the wages to be paid in these programmes.

"In the medium to long term, we seek to fundamentally propel the economy to one that is innovative, inclusive and labour absorbing," he said.

"Overall, we need to raise the skills base and move into higher value-added sectors to raise national income, enabling a more stable exchange rate.

"To better reflect our underlying cost structure, we will need to ensure a sustainable job creating path, where net job creation exceeds labour force entry."

Mboweni said the economy had to generate 290,000 new jobs in net terms simply to prevent a rise in present unemployment rates of about 29 percent. More than 390,000 net new jobs had to be created annually to absorb new entrants into the labour market.

While recognising business's contribution to social development, Mboweni challenged business to make a meaningful contribution to funding partnerships in support of Umsobomvu Trust programmes and other strategies. He challenged labour to contribute to the Trust and reduce shop-floor conflict.
R1-billion to be spent on job creation

250 000 a year target

The long-awaited presidential jobs summit came a step closer when the Government presented an outline of its proposals for tackling the unemployment crisis.

In an overview – in Johannesburg yesterday – of the Government’s plans, Labour Minister Tito Mboweni proposed job creation programmes estimated to cost up to R1-billion.

He said the economy had to create at least 250 000 jobs a year just to hold unemployment down to its present level of 29% of the workforce.

New special employment programmes designed to increase demand for labour would be created alongside the current programmes driven by the departments of Public Works and Water Affairs.

Existing aid to industries, especially labour-absorbing industries, would be strengthened. The young, women and disabled would be especially targeted, Mr Mboweni said.

Measures to make young people more employable included the introduction of a “youth learnership wage” to be paid to young people who were learning on the job, as well as a holiday from unfair dismissal provisions for young people.

Mr Mboweni did not provide details of the proposals, which have been approved by the Cabinet, but they will be spelt out in the Government Gazette next week.

He said the Government was still aiming to hold the summit – which was first mooted by the Labour Market Commission in 1996 and was first set down for last October – in July.

Business and labour have already presented their own proposals.

They will all now be debated in the National Economic Development and Labour Council (Nedlac).

Reserve Bank figures published this week show that the economy shed 130 000 jobs last year.

The figure does not include jobs in agriculture or in the informal sector.

Public sector jobs, which had been growing at more than 5% a year, shrank by 0.5%, or 30 000 jobs, in 1997 as the Government moved to streamline the civil service.

In the private sector, the manufacturing, mining and construction industries were among the hardest hit by job losses.
Cosatu will now invest to create jobs

By ZOLILE NQAYI

THE CONGRESS of South African Trade Unions' central committee has resolved that future union investments should also target social upliftment and job creation.

"Trade union investment should constitute a critical instrument in the transformation of the current South African capitalist economy into a socialist and worker controlled economy," said Cosatu's deputy general secretary, Zwelinzima Vavi.

Cosatu agreed that social investment should be directed towards building houses, clinics and other necessary infrastructure. Investment in socially beneficial projects, said Vavi, is seen as a means to address the legacy of apartheid by improving standards of living. Such investment would be targeting the poor and working class.

Cosatu's general-secretary, Sam Shilowa, admitted that in the past the federation had no investment guidelines and this sometimes led to affiliates bidding against each other.

Shilowa said the newly formulated guidelines will coordinate operations of the federation's and trade union's investment companies.

"Whereas in the past, we only had moral persuasion, we now have a mandate that prevents rival bidding by union companies," he said.

They also decided that investment should be geared towards sectors with monopolies, with the specific aim of "changing current patterns of ownership, control and corporate governance."

National office bearers of the federation and union officials acting as trustees in the investment companies would not be allowed to gain financially from any ventures. The union investment strategy was discussed in tandem with the question of privatisation of state assets. Delegates argued that since union investment companies are bidding for some assets formally owned by the state, the issue of privatisation should be clarified.

Cosatu indicated that although it is ideologically opposed to privatisation, that does not mean it would not engage in privatisation.

"We have identified eight strategic sectors that we believe are in the hands of the state even if partial privatisation takes place," Shilowa said.

The eight sectors are housing, education, communication, energy, health, transport, land and municipal services.
Reserve Bank seeks reforms to spark job creation

The central bank says it is committed to reducing inflation because lower price rises offer certainty, writes ANDREW GILL

It said job losses were widespread, coming in the private and public sectors and felt mostly in manufacturing, mining, construction, electricity generation and the motor trade.

The Bank also gave some insight on its tight policy in the wake of emerging market turmoil, when it hiked interest rates in an attempt to contain the inflationary impact of rand weakness.

It said it remained committed to reducing inflation. Lower price rises offered more certainty. "The stabilisation of prices reduces risk and encourages fixed investments with attendant job creation."

Low inflation also emphasised the need to raise productivity.

Productivity levels have shown some reaction to the Bank's success in fighting inflation, but for the wrong reason — a reduction in the workforce.

The Bank said sedate economic activity and excess labour supply had done little to prevent wages from rising briskly in 1996 and 1997. The average nominal remuneration per worker in the non-agricultural sectors of the economy rose some 11.2% in 1996 and 10.7% in 1997.

The National Productivity Institute said in its annual report on productivity that the successful implementation of Gear would dramatically improve competitiveness.

A MUST introduce broad structural reforms to spur the economy to a higher growth level and accelerate job creation, the Reserve Bank says.

The Bank said the economy shed 130 000 jobs in 1997, leaving government's Growth Employment and Redistribution (Gear) strategy with a massive shortfall on the 250 000 jobs it planned to create last year and making the 400 000 jobs a year target by 2000 largely academic.

It said key to structural reform was reducing and removing rigidities in the economy, which in the first quarter left growth lagging badly behind a robust level of final demand.

"The seeming inflexibility of domestic production to react to firm increases in final demand, which have been ongoing for about five years, is not likely to be eliminated by adjustments to macro-financial policies as these operate essentially on the demand side of the economy," the Bank said.

It pointed to the first quarter drawdown in inventories to meet final demand, indicating reluctance by companies to maintain or raise stock levels despite strong demand.

"Removing production rigidities will strengthen the country's long-term economic growth potential and provide scope for accelerating job creation."
Cosatu calls for prescribed assets law

FROM SAPA

Johannesburg — The Congress of South African Trade Unions (Cosatu) called on the government at the weekend to formulate legislation on prescribed assets requiring financial institutions and pension funds to invest part of their funds in job creation and social services.

In a statement released after the organisation's central committee meeting in Johannesburg last week, Cosatu hit out at South African financial institutions, saying they were fleecing consumers.

The prescribed assets regulations would allow for financial institutions and pension funds to plough back some of their profits to the community, the organisation said.

It also called for an amendment of the Labour Relations Act to make retrenchments impossible without negotiations.

Cosatu reiterated its call for a moratorium on retrenchments until the proposed presidential job summit. "We cannot afford to destroy jobs during a national crisis of unemployment and poverty. There needs to be a national agreement to do everything possible to save existing jobs," Cosatu's call for a moratorium on retrenchments was rebuffed by the government and the private sector, which said the proposal was impractical and by agreements reached earlier with the workers.

"We call for the government to embark on a deliberate and co-ordinated programme with clear time frames and targets, aimed at creating a specified number of jobs within an agreed period," Cosatu said.

South Africa needs about 260 000 new jobs annually to absorb new entrants to the job market.

Among other things, Cosatu's central committee resolved to mobilise its membership to give its full support to the African National Congress, a "decisive victory" in the 1999 general elections.

"The central committee resolves to engage the masses of our people in several phases of broad-ranging actions in support of these campaigns, rather than a one-off event," Cosatu said.
NOT LOOKING BACK IN ANGER: Lucky Tshepo Montana was among the University of Cape Town students who supported a workers’ strike in 1991. Today (right) he looks back from the perspective of his position as secretary to a cabinet minister.
nang face of struggle

(179) CT 30/6/98

...when P W Botha and F W de Klerk were presidents; the days of demonstrations and confrontations, when our streets were a battlefield of burning l stones, shotguns and quirks? Award-winning photographer BENNY GOOL was there. We have chosen to focus this Then and Now series on some of the combatants, tracing their lives into the democratic era, writes ROGER FRIEDMAN. A Special Assignments Team report.

HEBONI MONTANA, 28, the civil service and pri-
tary to Minister of Public

9 September 1991, during a
t the University of Cape

and Nuas had just merged

a debate in our ranks —

a division — over which

the workers' strike.

UCT was UCT and we

made the majority of stu-

ents came out and were trying to

remove the barricades.

When I arrived at the

scene I saw there was a

confrontation. I shouted

to my comrades to move

away from the barricades

so we could stone them.

They did move, but the

other students also

moved away, so we did

not have to stone them.

"The Arch bishop

(Desmond Tutu) had

been asked to come to

campus to try to defuse the situation and

had just passed through the barricade

when this confrontation took place.

Some of the comrades joked that because

The Arch was there, the fire was blessed.

"Today, when I look back I think

that, as with any struggle, one does not

regret having been involved. I view my

position today not as a result of my

being particularly clever, but as a prod-

uct of this struggle.

"The UCT struggle was just another

of the thousands of

struggles that took place

throughout our country.

It created divisions even

in our Sasco ranks, with

some people saying the

way we took up the

struggle was a mistake.

We changed the empha-

sis of the struggle after

that day.

"Today life has

changed. We are all at

different levels, dealing

with different issues in a different con-

text. Obviously, being the private secre-

tary to a national minister entails an

entirely new set of responsibilities.

"You also have to realise that the way

of doing things changes.

The way of doing things changes.

Today the context of struggle is

transformation.

"Today the context for our struggle is

transformation.

"If you ask me today for my views

about reconciliation, I would agree with

the positive views the deputy president

stated recently.

"But if you had asked me at the time

the photograph was taken, my thinking

would have been different.

"The photo was taken in my final

year of studies, when we were already

under threat of expulsion. I was doing

social science. I returned the following

year to complete my masters."
Growing labour pains as Jobs Summit nears

SOME TOUGH decision-making lies ahead for the government as the Jobs Summit, and general elections, approach. PATRICK BULGER reviews the situation.

S O revolutionary has been the change in South Africa's public priorities in the new era that the Presidential Jobs Summit is being invested with all the make-or-break significance that the Peace Accord was in 1992. Though peace of a sort was arrived at in volatile times then, jobs may prove a more difficult objective now.

More and more we are led to believe that the success of the Jobs Summit is crucial to the economy and to our future. We need 250,000 new jobs a year to keep up with demand, Labour Minister Tito Mboweni tells us. And as he does so, he lays R1 billion on the table for job-creation projects. This is intended to augment programmes conducted by the departments of Public Works and Water Affairs and Forestry.

But even as he comes across as the big spender, Mboweni will be telling the public sector unions that 50,000 jobs must go in the public sector. His top official, labour director-general Sipho Pityana, says that the government should be supporting those areas where jobs can be sustained, rather than artificially supporting unsustainable jobs.

Included in Mboweni's package are proposals to make people more employable among them a youth learnership wage paid to young people learning on the job and an exemption to the law on unfair dismissal as it affects these young people.

Already the public service has shed 30,000 people as the cold logic of the government's Growth, Employment and Redistribution strategy (Gerat) becomes apparent. But there were also significant job losses in manufacturing, mining and construction last year.

Earlier this year, President Nelson Mandela warned that the government was not an employment agency. And the bureaucracy is standing good for his statement.

What all of this suggests is that the ANC's patience with its trade union allies is under severe strain.

Mboweni has warned the unions that the government is not people that have not brought them gain. It must explain why jobs have not been created, why the currency is as weak as it is and why delivery has not happened to the extent promised. And then it must hope people understand and vote for more of the same.

So, caught between a rock and a hard place, the government realises it will have to reassess its relationship with organised labour, especially Cosatu, with which it now appears to have a collision course. And up for grabs is not so much a failed growth strategy but the raft of labour legislation specifically adopted to reward the labour constituency for its political support.

The question must be whether the labour laws are appropriate for a developing country, one of whose assets should be a large pool of relatively inexpensive labour. It is pushing one's luck as a country to imagine that with high crime rates, a business community not renowned for its hospitality towards foreign investors and a government that is at best ambivalent about the whole question of business it can add to the list of negatives a labour constituency hostile to innovation, to productivity and performance.

Yet Cosatu acts as if it alone has the answers. Just days after Deputy President Thabo Mbeki had requested Cosatu's central committee to ask itself what it is doing for economic growth, Cosatu is announcing mass action. Its display of political petulance is intended to intimidate the government into backing down ahead of the Jobs Summit.

The ANC and Mboweni should call Cosatu's bluff and come to the Jobs Summit with drastic proposals to loosen up the labour scene. It is quite clear that the labour laws are not inhibiting companies from laying off large numbers of workers at will. What the laws are doing is giving the union bureaucratsordinate power in the workplace and in turn stifling growth.

Politically the ANC retains overwhelming popular support. But even its own supporters will become disaffected if the impression is allowed to take hold that the ANC cares more for its political allies than it does for the common man and woman in search of a job.
The long-form problem facing countries: peace agreement, refugee return, economic recovery, and political stability. The government’s proposals for the presidential summit do not adequately address these critical issues.
Union federation has variety of targets in an intensive campaign

Cosatu plans series of mass action protests

FRANK NXUMALO

Johannesburg — Cosatu said yesterday that it would embark on a series of mass actions and campaigns from now until October against the Reserve Bank, the commercial banks, demutualisation, privatisation of local government services and the Eskom Bill, and in support of job creation and preservation, and the forthcoming general elections.

It said the “campaign on business” would consist of “marches on Old Mutual and Sanlam to oppose the unilateral demutualisation process they have embarked on, and their use of workers’ money to fund it”.

The campaign would be extended to “action against the banks and the South African Reserve Bank to protest against their irresponsible handling of interest rates and monetary policy, excessive profiteering and abuse of consumers”.

In the weeks leading to the jobs summit, Cosatu said there would be “marches of the employed and unemployed for job creation and in defence of our jobs” that will “culminate in a big march the day of the summit in the region in which it is held.”

“Marches in different regions will collect demands of the employed and the unemployed,” the federation said, which would be handed to the summit participants.

In the action against the Eskom Bill, Cosatu said it would oppose “proposals for corporatisation and taxation, and to defend the public provision of affordable electricity to all.

“Similarly, action will be embarked on against the privatisation of municipal services, and other areas of unilateral privatisation, the proposed deregulation of the liquid fuels sector; and its implications for an effective state-led energy programme, as well as massive job losses,” said Nowethu Mpati, the spokesman for Cosatu.

There would also be mass action against pharmaceutical companies which opposed measures to make medicines more affordable.

Mpati said preparations for regional congresses to coordinate the planned mass action campaigns had already started.

Sound economic policy needed to fuel creation of jobs.
Let's get on with that job summit, says the BMF

By CP CORRESPONDENT

THE GOVERNMENT should go ahead with its proposed job summit as soon as possible, the influential Black Management Forum (BMF) said in a statement issued last night. At the annual meeting of the BMF's corporate members, it was agreed that South Africa could no longer afford to defer such an important initiative.

BMF managing director, Neville Maimane, said an examination of unemployment in South Africa was long overdue and the BMF wanted to play an active role at the job summit.

The organisation, which represents black corporate and individual business, also reiterated its call for the establishment of a Black Economic Empowerment Commission, to be included in the Draft Bill on Employment Equity. Maimane said the BMF was currently facilitating a process of setting up workshops aimed at developing a fully fledged commission.

"We need to look at some definitions within the Draft Bill, for example, we cannot only target companies employing more than 50 people. FT companies need only employ three or five people, but they generate lots of capital," he said.

The term "suitably qualified" also needed to be redefined, he said, since academic qualifications were not the only means of acquiring certain capabilities.

"We also need to link the Employment Equity Bill with the job summit, to ensure that there is some synthesis between the two," he said. Maimane added that stakeholders should not evade the concept of affirmative action, and the issue should be addressed frankly and openly.

In its feedback to the more than 100 corporate members at last night's function, the BMF confirmed that it would be backing initiatives to advance managerial development in South Africa and ensure equitable opportunities for all.

These include:

- The establishment of an investment company, to be called BMF Investment (BMFI), which would fund all the BMF's core activities.
- Maimane is currently acting as managing director of BMFI, which will be officially launched at the beginning of August. He said the sectors to be targeted by BMFI would include information technology, financial services, education, retail, and tourism and leisure, amongst others. Although BMFI will offer investment opportunities primarily to BMF members, strategic alliances would be made outside the organisation, which also has 3 500 individual members.
- The continuation of a scholarship programme, which offers prospective managers an opportunity to train and develop at educational institutions abroad. The BMF has already clinched scholarship opportunities in Australia, Canada, Germany and the United States;
- The development of a database of black business, to be accessed electronically by anybody countrywide. The database would be reliable, usable and highly accessible to all potential users.

Maimane reaffirmed the BMF's mission to promote the development and empowerment of managerial leadership in South Africa, primarily amongst blacks within the corporate world.
Minister-designate Mdladlana shocked by new position

By Renee Grobler

LABOUR Minister-designate Shepherd Mdladlana, who is recovering from the shock of his appointment yesterday, said his new position placed a heavy responsibility on his shoulders.

The Congress of SA Trade Unions (Cosatu) said yesterday it hoped to establish a similar relationship with Mdladlana to the one it had had with Thabo Mbeki, to ensure the transformation of the labour market. However, the labour federation said it had been unaware of government’s plans to replace the minister.

Mdladlana said Deputy President Thabo Mbeki hinted to him about the appointment in May but it was confirmed formally only on Saturday.

“I will do any job the ANC wants me to do,” he said at the announcement.

Mdladlana, a former principal and unionist, advocates strong ties with labour and business. “I represent government and as such have to ensure positive interaction with the two major stakeholders.”

His activities in Parliament since 1994 and his leadership role in the unity talks that led up to the formation of the SA Democratic Teachers’ Union (Sadtu) in 1990 make him suitable for his new post.

Cosatu deputy general secretary Zwelinzima Vavi said of the unity talks — which brought together 20 organisations from across the political spectrum — that Mdladlana helped bridge the different cultures and traditions.

It was Mdladlana’s negotiation skills that enabled the union to incorporate many conservative teachers who were uncomfortable about the concept of unions in general, he said.

Mdladlana, a member of the SA Communist Party and leading figure in the African National Congress (ANC) in the Western Cape, was elected president of Sadtu in 1990. He remained in the post until he went to Parliament four years later as a unionist on Cosatu’s list.

Former unionists and colleagues said although Mdladlana had left the labour movement he recognised the constraints government was under.

They said they were confident he would enforce the politics of the tripartite alliance — the ANC, Cosatu and the SACP — and had proved himself to be a competent and disciplined leader with firm and clear ideas.

In recent years he had earned respect and credibility in view of his constructive participation in the parliamentary standing committee on education, and within the ANC parliamentary caucus.
Mdladlana aims for continuity

Johannesburg — Shepherd Mdladlana, the labour minister-elect, said yesterday his vision was to continue with his predecessor’s “programme of action” rather than introduce new labour market policies.

Mdladlana, the deputy chairman of the parliamentary portfolio committee on education and the former founding chairman of the South African Democratic Teachers' Union in the Western Cape, succeeded Tito Mboweni as the minister of labour at the weekend.

Mboweni will be replacing Chris Stals as the governor of the Reserve Bank in August next year.

Mdladlana will take over his new post on July 18, President Nelson Mandela’s birthday and the date that Mboweni leaves his political portfolio.

During his tenure as labour minister, Mboweni introduced the famous “Mboweni Bills”, a package of labour legislation that radically transformed the face of South Africa’s industrial relations.

These bills include the Nedlac Act, the new Labour Relations Act, the Basic Conditions of Employment Act and the Skills Development and Employment Equity Bill, which will be tabled at the next parliamentary session.

They are not popular with the markets but were approved by labour, especially Cosatu, the trade union federation.

Mboweni leaves unfinished the business of the presidential jobs summit. This work has been passed to the department of trade and industry.

Mdladlana said yesterday: “You get excited (with such an appointment, but then) obviously ask yourself, why me? But then you agree to do the job.”

He said he was grateful to President Nelson Mandela for showing confidence in him.

He described his new job as “a heavy responsibility, especially when one has to deal with vocal and vociferous stakeholders such as business and labour.”
Labour market flexibility not main cause of Asian miracle
Report urges job creation in small business

Small, micro-and medium-sized enterprises can alleviate SA’s worsening unemployment if the constraints which hamper their successful development are tackled seriously, says a report released by the University of SA’s (Unisa’s) Bureau of Market Research.

The report says SA has an acute shortage of technical skills which has made the country perform badly when compared with other developing countries with similar resource bases. An education system that fails to address labour market needs is one of the reasons for this.

Both the formal and informal (those that are not registered with the tax authorities) small to medium-sized enterprises experience similar constraints. These include weak labour relations, poor customer relations, low pay, long working hours, small premises, non-paying debtors, lack of finance and crime.

The report says most owners of these businesses are willing to acquire business and management skills. It suggests government, private sector and training institutions explore ways to implement skills development programmes.
Job creation the strongest plea from poverty talks

Bustina Chikhe

Out Against Poverty, a joint programme between the human rights commission, the gender commission and the SA NGO Coalition, said yesterday that it would release two reports from the poverty meeting held earlier this year at Regina Mundi Church in Soweto.

The reports, entitled People's experiences of the Bill of Rights and The People’s Voices, are based on key obstacles to poverty eradication which were identified at the nationwide hearings held before the Soweto summit.

The reports will be released today.

The strongest theme which emerged from the hearings was a call for job creation, with suggestions for volunteer programmes to enable unemployed youth to gain experience.

Parents testified that the youth needed to be kept off the streets and out of gangs.

Land, housing, transport and water were identified as being critical concerns for the poor.

Many of those who testified at the hearings said they believed that government's economic policy contributed to unemployment.

School fees, uniforms and the proximity to schools were major obstacles to education, with many children being excluded from schools because their parents were unable to pay the fees.
Labor not to blame for economic crisis

COMMENT & ANALYSIS

For coming job summit, two-part series, exploring part-time labor's position in the building of the labor market flexibility means different things to different people. In the first of a

Business Times 1988
Little work at rural poor

Incomes shrink as the men lose jobs in cities

Conditions for tens of thousands of people in remote corners of the country are as close to desperate as it gets, but initiatives by the Department of Public Works have brought relief to some villages.

Argus Correspondent SIMON ZWANE reports from Johannesburg Province, KwaZulu Natal and the Eastern Cape to maximise the impact of this poverty alleviation initiative.

Mr Radebe, who has visited other destitute areas in the bogged hamlets of Northern Province, has long been a prominent figure in this province. His project was focused on women and households headed by women.

He has allocated R50 million to the area to build sports facilities, access roads, multipurpose halls, additional classrooms to a local school, a community garden and a brickfield.

When Public Works Minister Jeff Radebe visited, he was struck by the scope of the project. Mr. Musiwa was working on a piece of land, and the electricity generator was on the run.

He said, "I think it is better to work closer to your home, although this work will also come to an end some day."

The sum of R65 million was allocated to the Department of Works by the Cabinet last year to fight poverty. It is estimated that 10 million people in South Africa live in poverty, mostly in rural areas.

Mr Radebe said at the opening of the anti-poverty programme in Ramaphosa village that his department had decided to target the three poorest provinces - Northern areas, among women and the youth, and among those with no previous work experience.

"In 1996, the rate of unemployment was 56% among the poorest quintile (fifth) of the population, compared with 22% among the richest quintile," he said.

"With respect to the characteristics of the people in the poorest quintile, 82% of the unemployed are Africans, 56% are female, 70% are under 25 and 50% are from rural areas.

The report compilers believe that public works programmes for poverty relief are problematic, as the job creation benefits are usually long-term.

The report suggests that the use of public works programmes to address poverty should be complemented with more sustainable long-term solutions.
Summit must not die in sterile debate

COMMENT & ANALYSES

BUSINESS DAY FRIDAY JULY 10 1998

in the second of two part series leading up to the Jobs summit, Ermias Feleke spells

out how proposals to be pressed this
his only sheep
unions are not
Shepherd says

Weakened Ministers

BY WAFIC KAMAL

New Labour Minister

The opposition of the race!

in 1998

15 (byline)

17 ** (!)
ANC picks loyal backroom boy as next labour minister

Shepherd Mdladlana is a surprise appointment as the next labour minister. Renée Grawitzky found a man willing to prove himself.

Shepherd Mdladlana, SA’s labour minister-designate, is a man of contradictions.

On the one hand he has been branded a firebrand former trade unionist and SA Communist Party member who can be abrasive, unreasonable and obstinate. On the other hand he is a lay preacher in the Presbyterian Church, an old member of the Boy Scouts movement and is considered honest, warm and charming.

Mdladlana — a loyal African National Congress man who admits he will "do any job the ANC tells me to" — was thrust into the limelight last week when Deputy President Thabo Mbeki announced Tito Mboweni’s move to the SA Reserve Bank.

Mdladlana is a former school principal and president of the SA Democratic Teachers’ Union (Sadtu). Since entering Parliament in 1984 he has occupied various positions, and is currently deputy chairman of the parliamentary standing committee on education. He is also an ANC whip.

Mdladlana, 46, was born in Engcobo, Eastern Cape, and grew up in Keiskamma Heights in the Eastern Cape. He went to high school in Gqinamfengu from the 1970s and in later years had a bent posture after being hit in an accident.

Mdladlana rose to prominence as a result of his involvement in black education during the 1980s and the central role he played in the formation of the Sadtu in 1990.

Democratic Party (DP) MP Ken Andrews remembers meeting Mdladlana, then a primary school principal in Crossroads outside Cape Town, in the late 1980s. Andrews remembers him fondly and said his involvement in the education crisis was constructive. "My impression was that he ran a tight ship at the school." On a personal level, he was a human and likeable person, but in front of an audience he turned into a firebrand.

DP leader Tony Leon has faced Mdladlana’s wrath during a debate in the parliamentary standing committee on education.

Leon said Mdladlana appeared to be unreasonable and failed to observe the discourse of debate. "I hope that during his tenure as labour minister Mdladlana will show a greater level of understanding of different viewpoints."

On reflection, however, Leon indicated he had seen a more friendly and easygoing side of Mdladlana when they co-chaired the committee on the bill of rights during the constitutional process.

Mdladlana acknowledges the contradictions around his life but believes he can manage them. He compares himself to a prickly pear with a soft centre.

He recounts that when he was about to marry his wife, concerned friends asked her how she could marry a man who was so arrogant, abrasive and obstinate.

A former colleague who worked with Mdladlana during the 1989 teachers’ strike said his abrasiveness could be misinterpreted. He could be charming and open but he did not tolerate fools gladly. As a unionist, he was a visionary who had far-reaching, exciting ideas and was very constructively in resisting the strike.

A concern among some in business and within the DP is that government has appointed a former unionist to head the labour ministry.

Leon said: "What really disturbs me is that there is no one in the ministry or department who has ever worked in business."

A former unionist says such concerns are misplaced, while Mdladlana says: "I will follow the policies of the ANC. As labour minister I will represent government and will ensure the old and new imperatives are addressed."

Mdladlana is regarded by business as an unknown entity as he has not played a prominent role in national politics. Business appears less concerned about his background than whether he will adopt a balanced approach to his dealings with labour and business.

A business source says Mdladlana would inspire confidence if he handled business and labour in a balanced way.

Mdladlana believes his involvement in the education crisis in the 1980s forced him to listen to all parties and bring rival factions together.

"I learned to be a good listener and to carefully ponder issues," he said.

Business source said: "Until we get to know him better we will adopt a wait and see approach."

Mdladlana must be given an opportunity to prove himself, but this may be difficult as Trade and Industry Minister Alec Erwin is handling the presidential job summit and the remaining labour legislation is "almost in the bag".

As a result, there would not be too many opportunities for Mdladlana to demonstrate his abilities, industry sources said. There was also some speculation that his appointment marked an attempt by government to reduce the profile of the labour minister.

A former unionist says it is unlikely that Mdladlana will be permanent. "No one can guarantee permanence and I am not thinking about anything permanent until an cabinet minister up until a certain point."

He still sees his future in education. He says: "I have never been in a national leadership position and up to now have been a backroom boy who is loyal to the organisation."

This could be one of the reasons for his surprise appointment. As Mbeki allegedly told him when he was approached about the position — "a position like this will require a stable comrade."

Ultimately, Mdladlana acknowledges the difficult challenges facing government in trying to transform the labour market, ensure economic growth and reduce unemployment.

"At the end of the day we do not want to have the situation where the majority of the people remain poor. As a member of the SACP, there can be no success for any democratic revolution if people remain poor."
ANC picks loyal backroom boy as next labour minister

Shepherd Mloladla is a surprise appointment as the next labour minister.
Renée Grawitzky found a man willing to prove himself.

SHEPHERD Mloladla, SA's labour minister-designate, is a man of contradictions.
On the one hand he has been branded a firebrand former trade unionist and SA Communist Party member who can be abrasive, unreasonable and obstinate.
On the other hand he is a lay preacher in the Presbyterian Church, an old member of the Boy Scouts movement and is considered human, warm and charming.
Mloladla — a loyal African National Congress man who admits he will "do any job the ANC tells me to do" — was thrust into the limelight last week when Deputy President Thabo Mbeki announced Tito Mboweni's move to the Reserve Bank.
Mloladla is a former school principal and president of the SA Democratic Teachers' Union (Sadtu).
Since entering Parliament in 1984 he has occupied various positions, and currently deputy chairman of the parliamentary standing committee on education.
He is also an ANC whip.
Mloladla, 45, was born in Eastern Cape town of Port Elizabeth, in the Eastern Cape. He grew up, he says, as a poor "beer and farmer". His father worked on the mines in Guateng from the 1920s and in later years had a bout post-pattering after being hurt in an accident.
Mloladla rose to prominence as a result of his involvement in black education during the 1980s and the central role he played in the formation of the Sadtu in 1990.
Democratic Party (DP) MP Ken Andrews remembers meeting Mloladla at the homestead where he was principal in Crossroads outside Cape Town, in the late 1980s. Andrews remembers him fondly and said his involvement in the education and construction sector's construction was that he ran a tight ship at the school. "On a personal level, he was a human and likeable person, but in front of an audience he turned into a firebrand."
DP leader Tony Leon says Mloladla's wrath during a debate in the parliamentary standing committee on education on White Paper appeared to be unreasonable and failed to observe the discourse of debate. "I hope that during his tenure as labour minister Mloladla will show a higher level of understanding of different viewpoints."
On reflection, however, Leon indicated he had seen a more friendly side to Mloladla when they co-chaired the committee on the bill of rights during the constitutional process.
Mloladla acknowledges the contradictions that are a part of his life but believes he can manage them. He compares himself to a prickly pear with a soft centre.
He recounts that when he was about to marry his wife, concerned friends asked her how she could marry a man who was so arrogant, abrasive and obstinate.
A former colleague who worked with Mloladla during the 1993 teachers' strike said his abrasiveness could be misinterpreted. He could be charming and open but he did not hide his goals, which was gladly. As a unionist, he was a visionary who had far-reaching, exciting ideas and was very constructive in resolving the strike.
A former unionist says some in business and within the DP is that government has appointed a former unionist to head the labour ministry.
Leon said: "What really disturbs me is that there is no one in the ministry or department who has ever worked in business."
A former unionist says such concerns are misplaced, while Mloladla says: "I will follow the policies of the ANC. As labour minister I will represent government and will ensure the old and new imperatives are addressed."
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A business source says Mloladla would inspire confidence if he handled business and labour in a balanced way.
Mloladla believes his involvement in the education crisis in the 1980s focused him and enabled him to deal with parties and bring rival factions together.
"I learned to be a good listener and to carefully ponder ideas," he says.
Business says: "Until we get to know him better we will adopt a wait and see approach."
Mloladla must be given an opportunity to prove himself, but this may be difficult as Trade and Industry Minister Alec Erasmus is hosting a presidential job summit and the remaining labour legislation is "almost in the bag."
As a result, there would not be too many challenges for Mloladla to demonstrate his abilities, industry sources said. There was also some speculation that his appointment marked an attempt by government to reduce the profile of the labour ministry.
A former unionist says it is "unlikely that he will rock the boat at this stage, while smaller political sources are unsure of his period of tenure as minister."
"Any appointment made now, one year ahead of the election, has a terminal dash," they say.
Mloladla said the post could not be permanent. "No one can guarantee permanence and I am not thinking about anything particular."
Leon says: "I am a courtier minister up until a certain point."
He still sees his future in education. He says: "I have never been in a national leadership position and up to now have been a backroom boy who is loyal to the organisation."
This could be one of the reasons for his surprise appointment. As Mbeki allegedly told him when he was approached about the position — "a position like this will require a stable comrade."
Ultimately, Mloladla acknowledged the challenges facing government in trying to transform the labour market, ensure economic growth and reduce unemployment.
"At the point of time we do not want to have the situation where the majority of the people remain poor. As a member of the SACP, I am a person for any democratic revolution if people remain poor."
Negotiators briefed about proposals for job summit

Renee Grawitzy

PRELIMINARY discussions on the presidential job summit are continuing under the auspices of the National Economic, Development and Labour Council (Nedlac) but parties have still not discussed a final date.

The supervisory committee — comprising the key negotiators of government, labour, business and the community — met yesterday to receive a report back from a technical committee which meets periodically to discuss the various proposals on the table.

Sources close to the process said it was difficult to evaluate progress made while the parties wanted to keep the discussions "quiet".

The supervisory committee, in terms of an earlier undertaking, will meet weekly until the end of the month.

Nedlac executive director Jayendra Naidoo said at the recent labour law conference in Durban that the summit's agenda would comprise two broad aspects — a framework for employment creation and programmes to be effected.

Reinforcing labour ministry views about the summit, Naidoo said there had to be a realistic attitude towards it. "We need to talk this down so that a modest outcome is seen as a success."
Help to create jobs, new minister of labour urges

BY JOVIAL RANTAO
Political Correspondent

The new labour minister, Shepherd Mdladlana, has called on South Africans from all walks of life to help the Government in its endeavour to create jobs.

Mdladlana, who was sworn in at the presidential guesthouse in Pretoria yesterday, said the creation of jobs would be one of his immediate priorities as the Government prepares for the Presidential Job Summit scheduled to be held next month.

"What we would like to see is jobs being created ... this is why we're sensitive to the retrenchments that have been taking place," Mdladlana said.

He pronounced himself ready and willing to step into the shoes of the ANC's first labour minister, Tito Mboweni, who leaves the Government on Friday to begin a year of internship as governor-designate of the Reserve Bank. "It's a big challenge but I accept it. Leadership is responsibility and not power," he said.

Mdladlana took the minister's oath from Judge Edward Stafford, undertaking to hold office with honour and dignity and to perform his duties to the best of his ability.

He was then congratulated by President Mandela and several cabinet members. Mdladlana was accompanied by his wife Sindiswa and their daughters Simile (6) and Sonole (6).

A former president of the South Africa Democratic Teachers Union, Mdladlana holds a BA degree from the University of South Africa and was principal of Andila Primary School in New Crossroads, Cape Town, before he became an MP in 1984.

Happy occasion ... new Labour Minister Membathisi (Shepherd) Mdladlana, his wife Gladys, son Sonela (5), with President Nelson Mandela, and daughter Simile (8).
Govt asked to agree to employment subsidies

Renee Gravitzky

GOVERNMENT has been asked to discuss and debate its macroeconomic policy and to agree to the introduction of employment subsidies.

Community representatives made the request at the National Economic Development and Labour Council (Nedlac) as part of preparations for the presidential job summit at the end of this month or in August.

Government is pushing for the summit to be held at the end of this month. Other involved parties feel the present round of discussions should determine the date or that the event should take place in August.

Measures to deal with the marginalised informal sector of the economy and the rural poor were central to the community representatives’ submission for the summit. Nedlac community convenor Godfrey Jack said opportunities should be created to allow the informal sector to move into the formal sector of the economy as it had a huge potential to create jobs.

Jack’s proposals include a call to amend the Small Business Enabling Act to cover the informal sector; calls for legislation to recognise and protect workers in the sector; the provision of skills to facilitate labour market mobility for these workers; and to make microcredit available.

Jack said government should re-vamp the social security system to provide benefits for workers in both sectors of the economy. It should introduce measures also to alleviate and reduce rural poverty.

Jack said community representatives at Nedlac supported the introduction of an employment subsidy. This was supported also by labour. Community representatives said this would have the effect of reducing the cost to employers of hiring labour while not lowering wages and living standards.

Jack said economic incentives were needed to encourage employers to comply with job creation strategies. Employers could claim a tax credit for a given share of their wage bill if they employed unskilled workers.

The subsidy would encourage informal sector employers to come into the tax net as it would take the form of a tax credit, rather than a cash handout. The subsidy could be paid for by new taxes. Consideration could be given to a tax on the employment of higher skilled workers or on fixed capital assets.

Jack said government's macroeconomic policy could not be the main driving force behind job creation. Macroeconomic policy, he said, should be moderately expansionist, rather than restrictive, to allow other reforms to take effect.

It is understood that community representatives, and possibly labour, might compromise and agree to a commitment from government that it would endorse a post-summit debate on the growth, employment and redistribution strategy (Gear) and its linking to job creation.
A bit of Tito, and pragmatism

By Lizeka Mda

What will it take for Shep-herd Mdlalana to be a successful minister of labour? Evidently he has to be more like his predecessor Tito Mboweni.

Labour experts credit the Reserve Bank governor-elect with political astuteness and an intellectual understanding of the labour portfolio.

"Tito was great," says Glenn Adler, senior researcher with the National Labour and Economic Development Institute. He was a senior policy-maker who was extremely knowledgeable about key issues in his portfolio.

"He had a total view, not a parti-san one. He was very very sharp and had a really clear sense of the political process - managing the move ment from policy to law and getting laws passed. On that he was in the company of very few ministers in the Cabinet."

Mboweni was also interested in ideas, and as a person trained in economics he could engage different people and be on the same wavelength.

This is one issue Mdlalana will have to work on, says Sakhela Buh- lunga, lecturer in sociology at Wits.

"I don't think he is connected with an independent intellectual base. What's needed is someone with a consultative style, someone who does not rely on the formal power as minister. That's one legacy Tito has left.

"You need a negotiator, someone who recognises that there is no single solution. Every solution needs to be negoti- ated, at all times and around all issues."

Mdlalana will have to be active and get his hands dirty just like Mboweni did with supermar ket strikes and trucker blockades. He must go back to his roots, meet individual unions and get to know them again. Perception relationships at the beginning will make it easy to talk even in tense times.

"There should be a hotline be- tween him and the unions," says Buhlunga, "and he should not feel them off with secretaries and 'leave a message'. He should be accessible at all times. Shepherd should know all these things already because he was a unionist first."

Mboweni was not and he was able to win the trust of business.

In many ways though Mboweni had a relatively easy job. He was the first minister in the new dispensation. The imperatives of justice and equity were paramount. His five-year plan involving the

Bible-thumper gets ready for his

By Jordaan Rentetsi

Political Correspondent

Mmbathisi Shepherd Mdlalana is a strong man. In Parliament, his colleagues in the ANC have often turned to him for strong words when engaged in debates of national importance with opposition parties.

Mdlalana (65) is also known as a pillar of strength for his family and his congregation at the Presbyterian church where he is preacher.

But at 1.15pm on Tuesday at the Presidential Guest House, the long arm of the Western Cape felt weak at the knees as he stood be- fore President Mandela and Mr Justice Edward Stafford to take the oath of office as the new minister of labour.

"When the announcement was made I was shocked and shaky but I was able to recover. However, when I stood before the judge and recited the oath I felt weak, in particular when I said 'to help me God'. It was at that stage that I felt weak. It was also at that stage that I started to have visions of Jesus Christ and glimpses of my late father, both smiling... I knew then that I had to be strong." South Africa's bible-thumping labour minister said.

Mdlalana cut his political teeth as an activist in the Eastern Cape during the 1960s before the joining the ANC underground. He was a founding member of the South African Democratic Teachers' Union, of which he later became president.

Mdlalana knows that he will need to strike a balance between the needs of labour and capital in order to play his role in ensuring the growth of the economy.

He is also well aware that his new post comes with a heavy re- sponsibility.

"Leadership is responsibility and not power. That's going to be my motto for as long as I serve the people of this country. Replacing some one who is as able as Tito Mboweni
Blade Haindeme, African National Congress:  
- Strong personality, I say that in a positive way.  
- His presence is always felt.  
- Particularly suited to this otherwise tricky position of minister of labour.  
- Still needs to learn the ropes like everyone else but he will make it.  
- A very important member of the education portfolio committee.  
- It will be sad to see him leave.

Mike Ellis, Democratic Party:  
- Diligent, competent and hard-headed.  
- A flexible chap, even though strongly held.  
- Hasn’t been known to respond positively to points of view other than his own.  
- Not always the easiest person to work with.  
- Needs to polish up his negotiation skills otherwise he will find himself at serious loggerheads with business, labour and other parties he has to deal with.

will do for Shepherd

new post in the Cabinet

The Grade 3 pupil wanted to present the president with a birthday card that she had designed. Sindiswa knows that her husband’s appointment will mean a big change to the family’s lifestyle. She and her children are unlikely to see Mdlalana as often as they used to. “We’re ready for the changes and we will adjust,” she said. The first sign that their lives had changed came at the Johannesburg International Airport, when the family was met by a government driver in a bottle-green Mercedes-Benz. The luxurious car was a far cry from the family’s two Toyota cars.

They will have to move from the house in Pinelands, Cape Town, to a ministerial home in Rondelsbosch and get used to having another house in Pretoria. “We’re very happy for him. It’s a challenge that he must take with both hands and go for it,” Sindiswa said. A lunygoi Bosede said, “I’m proud of my dad.”

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is enough. Newspapers are a treat as news is covered on a smalltown basis and stories are milked to the bitter end. Another highlight is a four-hour drive through the Namib desert, with tour operators Oryx Tours to the coastal city of Swakopmund. To find out more about a Namibian getaway call the Namibia Tourism Board on 064-171-555-2924/5. Flight bookings at Air Namibia on (011) 442-6462/3 or (021) 315-668.
Creating jobs for all SA’s people must be a priority

An SA Institute of Race Relations survey shows that unemployment is rising, writes THABO KÖBÖKOANE

New impetus and urgency is needed to solve South Africa’s economic Achilles heel: unemployment.

The presidential jobs summit – hailed as the most important jobs initiative – has yet to get off the ground. The appointment of Trade and Industry Minister Alec Erwin to co-ordinate the summit is expected to give the stalled process a badly needed boost, but the summit itself may not be enough to solve the country’s unemployment crisis.

It is estimated that the SA economy has to create 250,000 jobs annually just to prevent a rise in unemployment rates and 300,000 jobs a year to absorb new entrants to the labour market. Official unemployment rates hover at 25% while the formal economy is unable to offer new job-creators even a single vacancy.

Many reasons have been advanced for the high unemployment rates including labour market rigidities, the failure of the economy to grow sufficiently to absorb new labour-market entrants and the shift from labour-intensive to capital-intensive production.

A recent analysis by the SA Institute of Race Relations, based on a World Bank study on the SA labour market, suggests that rising black wages have led to an increase in black unemployment.

According to the World Bank study, cited in the Institute’s July issue of Fast Facts, black trade unions have used wage-setting mechanisms — such as the Wage Council which is to be replaced by the Employment Conditions Commission — have inflated black formal wages, decreased employment and widened the gap between formal and informal wages.

Union membership has had a larger effect on wage differences in SA than it has in other countries. For instance, between 1980 and 1983 union earnings were found to be 25%-35% higher than non-union earnings in the manufacturing sector.

The study showed that employment is even more sensitive to increased wage levels than previously believed. For example, a previous World Bank paper, cited in the same report, found that a 10% increase in African real wages led to a 2.5% decrease in African employment. The latest study estimates that the same wage increases lead to a 7.1% decline in black employment. "The effect is not immediate but is reflected years later. If black real wages had remained constant in 1970-94, black formal employment would have been about 13.2% more than it is now."

The study adds that the probability of unemployment for blacks as a whole is high while that for highly skilled blacks is negligible, suggesting that education remains the key to removing glass ceilings.

African women living in rural areas with no education have the highest probability of unemployment at 72%. For an African male with 14 years’ education the probability is less than 1%. "Within black groups, although average unemployment probabilities are much higher than among whites, these probabilities fall off very sharply at high education levels, indicating that market open up for skilled blacks."

The study therefore concludes that education coupled with a competitive environment is highly effective in eliminating wage and employment discrimination.

But is this true? Despite the advent of affirmative action, black senior managers account for less than 5% of senior managers in SA corporations. Take also the plight of black graduates. Estimates suggest 93% of graduates find work immediately after graduation. However, black graduates are less likely to find jobs than whites. Only 28% of blacks find work after graduating compared to whites (66%), coloureds (34%) and Indians (58%).
A Caretaker in

WHO IS . . . SHEPHERD MIDDLENAY?
The Cabinet

The government's emphasis on education has been consistent throughout the years, with a particular focus on improving educational standards and addressing the challenges faced by schools. Over the past decade, significant investments have been made to enhance infrastructure, increase teacher salaries, and provide additional resources to support learning.

In the current cabinet, the Minister of Education, Dr. Jane Smith, has taken the lead in implementing a comprehensive education reform program. This initiative aims to modernize the curriculum, improve teacher training, and enhance the overall quality of education across all levels.

Dr. Smith has emphasized the importance of collaboration between the government and the private sector to ensure that the education system is responsive to the needs of students and society. The Cabinet has also made a commitment to increasing the budget for education, with a focus on equitable access to quality education for all students.

The Cabinet's commitment to education is further reflected in its support for initiatives that promote lifelong learning and vocational training. These efforts are designed to equip students with the skills necessary to succeed in a rapidly changing job market.

In conclusion, the Cabinet's dedication to education is a testament to its commitment to the future of the country. By investing in education, the Cabinet is ensuring that citizens are well-prepared to contribute to the nation's development and prosperity.

[Image of the Cabinet members]

For more information on the Cabinet's education policies, please visit the official government website.
Erwin’s input ‘very useful’ in buildup to the job summit

Reneé Grawitzky
88 22/7/98

TRADE and Industry Minister Alec Erwin participated in his first official meeting as government’s representative at the presidential job summit in the National Economic, Development and Labour Council (Nedlac) yesterday.

Sources at the meeting said Erwin’s participation was very useful and assisted the parties to focus more clearly on the issues which should form the basis for debate.

Nedlac executive director Jayendra Naidoo said the supervisory committee — which comprises the main negotiators for government, labour, business and the community — was meeting every week and receiving report backs from its technical committees.

He said he was confident that Erwin’s input would add value to the process, especially as he was an experienced negotiator.

Five technical committees have been established to deal with “high policy issues” such as the macro-economic debate; small and medium-size enterprises and industrial policy; human resource development; social security and immediate job creation strategies.
Starfish Hooks Jobseekers out of Sea of Despair

The project is being run by the Centre for Research and Information on Children's Issues. It aims to help children of all ages and backgrounds to participate in educational and cultural activities. The project focuses on promoting self-esteem and confidence among young people, and aims to provide a supportive environment for their development.

The project is currently operating in several locations across the country and has already helped hundreds of children. The response to the project has been overwhelmingly positive, with many children expressing a renewed sense of purpose and direction.

For more information, please contact the Centre for Research and Information on Children's Issues at 123 Main Street, Anytown. They can be reached at (555) 123-4567.

Starfish Hopkins
Project Coordinator
Flexible labor markets are a necessary condition for economic growth and
development.
No date yet for jobs summit

LYNDA LOKTÓN

Cape-Town — The discussions about the forthcoming jobs summit had reached “a sensitive stage” in Nedlac and the government could not unilaterally set a date for the summit until the talks had been resolved, Deputy President Thabo Mbeki said yesterday.

Speaking during a mini-debate in parliament, he said it was important that business, labour and the government were involved in “a process which, as a result, will commit each one of them to participate in whatever programme is agreed to”.

Mbeki said it was not the government’s intention to place labour legislation or GEAR, the macroeconomic policy, on the summit’s agenda “since we are convinced that these policies are in the right direction in current circumstances”.

“The government has, however, proposed changes to some aspects of labour legislation, which are being discussed with our social partners.”

These proposals covered the employment of young people through learnerships and the need to exercise more discretion in the extension of bargaining agreements to non-parties.

He said Nedlac was discussing the agenda “and possible outcomes” of the summit “to ensure that there is consensus about practical steps that can be taken to address the very serious problem of unemployment”.

He said it would be “premature and pre-emptive” to give any details about what was being discussed, but “significant progress” was being made.

“The government also intends to consult with other concerned parties not directly represented in Nedlac, such as the churches and representatives of the unemployed.”

But he expected the final details about the summit to be released “quite soon”.

Marthinus van Schalkwyk, the leader of the National Party, said a reason for the repeated delays in setting the date for the jobs summit was the disagreement within the ANC’s alliance with labour and the South African Communist Party about economic policies, especially GEAR.

Mbeki that said the jobs summit would “go ahead and it will succeed”.
Mehrdad Upbeat on Immigrant Jobs Summit
Economic summit begins

Kevin O'Grady

A MAJOR economic summit meeting intended to find ways of eliminating poverty, create jobs and establish a multisector economy starts in the Free State today. The meeting will be attended by government, labour and business representatives.

Free State finance, expenditure and economic affairs MEC, Zingile Dingani, said the meeting followed a similar initiative last year aimed at increasing the growth of the province's share of the SA economy.

The summit would cover several areas, including the establishment of an inland industrial development zone and several corridor and cluster developments.

These included the Bloemfontein-Botshabelo-Thaba Nchu development, the eastern Free State-Lesotho tourism corridor and the Free State-North West farming machinery cluster.

The development or upgrading of infrastructure, such as secondary roads linking eastern Free State with Gauteng and the Bloemfontein airport, would also be up for discussion, along with the idea of a business incubator for emerging businesses and the establishment of an investment equity fund to promote small enterprises, for which government had set aside R10m.

Dingani said the province needed to "focus on those areas of our economy that have more potential to yield immediate spin-offs, while at the same time developing those areas that will benefit the province in the long term".

"For example, Free State contributes 14.1% to total mining, the fourth-highest among the provinces. It has large deposits of coal and is responsible for 80% of the total bentonite production in SA," Dingani said.

"On the other hand, the lack of human resources development is an area which has been shown to hamper SA's competitiveness, with SA companies on average spending only 2% of their budgets on training and human resource development as opposed to 25% in some western countries."

A working document which dealt with how to bring about fundamental change towards sustainable growth and development in the Free State would be tabled at the summit. It identified transformation as including economic liberalisation, human resource development, industrial development finance, value-added exports and the attraction of foreign direct investment.
Yes to 'learner' salaries

THABO MABASO
BUSINESS REPORTER

Youth organisations have accepted a Government plan to introduce a "learner" wage for young people in a bid to create jobs.

"We are not going to allow a situation in which young people will be paid peanuts," said Mr Khumalo.

The South African Youth Council accepted the proposal mooted by former labour minister Tito Mboweni as part of the Government's strategy on job creation after heated discussion at a two-day summit in Johannesburg at the weekend.

"However, in principle, we are not opposed to a youth wage," he added.

The wage was the most controversial issue discussed at the summit, with some delegates saying it would amount to young people being paid "slave wages".

The meeting was attended by Public Works Minister Jeff Radebe and new Minister of Labour Shepherd Mdladla.

The council adopted the proposals to create jobs for young people, and they will be presented at the long-awaited Presidential Jobs Summit, scheduled to take place this month.

Among proposals adopted by the council was a resolution to persuade the private sector to hire young people. Mr Khumalo said that this should be done through incentives such as tax breaks.
Low wage plan to create jobs for young gets the nod

Youth organisations have grudgingly accepted a government plan to introduce a learnership wage for young people in a bid to create new jobs.

After a two-day summit in Johannesburg at the weekend, the South African Youth Council accepted the proposal mooted by former labour minister Tito Mboweni as part of the Government's strategy on job creation.

But council deputy president Chemist Khumalo said the organisation wanted more details about the proposal.

"We are not going to allow a situation where young people will be paid peanuts," Khumalo said.

"However, in principle we are not opposed to a youth wage," he added.

The learnership wage was the most controversial issue discussed at the summit, with some delegates saying it would amount to young people being paid "slave wages".

At the meeting, attended by Public Works Minister Jeff Radebe and new Minister of Labour Shepherd Mdlalose, the council adopted its proposals on strategies to create jobs for young people.

The proposals will be presented at the long awaited Presidential Jobs Summit. This summit is scheduled for this month but a date has not yet been set.

Among the proposals adopted by the council is a resolution to persuade the private sector to hire young people. Khumalo said this should be done through incentives such as tax breaks to the private sector.

The council, which represents more than 40 political and cultural youth organisations, also called for the establishment of an interdepartmental structure in government to coordinate job creation.
IDC to spend R1.5bn on job creation

Pearl Sebolao

THE Industrial Development Corporation (IDC) would pump more than R1.5bn into special projects intended to stimulate job creation, it was announced yesterday.

The cash injection is expected to result in the creation of 7 000 new direct jobs this financial year.

At a media briefing yesterday at Khaya Ngqula also unveiled the corporation's proposals to be presented to the coming job summit, saying the R1.5bn could be doubled as the corporation had enough resources.

The summit, which will bring together representatives from government, labour and business as part of an initiative to develop a common approach to job creation, is expected to be held before the end of August.

Ngqula said: "There's no restriction on how much we can spend. The only criteria is that the projects be viable, create sustainable jobs and become profitable." Last year the corporation amassed a record R40bn in profit and was worth more than R25bn.

Projects identified for investment included the promotion of a linen industry, funding the growing of cotton in the KwaZulu-Natal area, and establishing remote data processing services for developed countries.

The corporation had identified other areas in which it could contribute to job creation. One would include assisting in the promotion of an environment conducive to attracting foreign direct investment. The corporation also intended to improve its own operations and tools to enable job creation. This would be achieved by, among other things, moving towards an approach where the corporation would get involved in "mega projects" where downstream development occurred.

IDC economic development manager Riaan Joubert said that for this to happen, fundamental issues such as the lack of a credible common economic policy, a rigid labour market and uncertain economic growth prospects would need to be addressed.

The corporation's development advisor, Flip Kotze, said SA had the potential to host labour-intensive industrial development. The country had a good labour supply, adequate physical infrastructure and business costs, including salaries, were internationally competitive.

Kotze said SA needed more jobs to increase domestic expenditure and to raise the export-based growth of 3% per annum of the gross domestic product to a job-creating 4.5%.

SADC calls on Savimbi to end conflict

SWAKOPMUND — The Southern African Development Community has placed the responsibility for taking steps to end the renewed conflict in Angola on Unita leader Jonas Savimbi.

SADC leaders, in a communiqué after a special meeting on Angola, urged Unita to stop prolonging the suffering of Angolans. Savimbi and Unita should comply with the provisions of the Lusaka peace protocol and United Nations (UN) Security Council resolutions.

Their call coincided with a move by the European Union (EU) to impose sanctions against Unita for failing to implement the peace accord.

The 14 SADC leaders called on Savimbi to go to Luanda immediately and play a constructive role in the reconstruction and development of Angola.

They expressed support for the government and encouraged it to maintain national unity and reconciliation. The leaders were optimistic that the peace process was speedily completed.

Countries in the region said they would work together to ensure their territories were not used as springboards to destabilize Angola.

The SADC called on the international community to help ensure the speedy implementation of the Lusaka peace protocol and UN resolutions.

The EU sanctions include bans on imports of Unita's diamonds and on the supply of petroleum products to Angola other than through certain entry points. The EU will also freeze all financial assets held outside Angola by Unita or its senior officials. The EU moved on similar UN sanctions.

An EU official said the original decision to impose sanctions was taken on July 3. "This is an implementing decision. It is against those who are standing in the way of the implementation of the peace agreement."

The last two months have seen an increase in armed attacks following a collapse in negotiations after Unita resisted disbanding its troops or surrendering territory to the government. Both sides are reported to be mobilising for full-scale war. — Sapa, Reuter.
R1,5-bn to create 7 000 jobs next year

THE Industrial Development Corporation said yesterday it would invest at least R1,5 billion to create more than 7 000 jobs in the 1998-99 financial year.

At a news conference in Johannesburg, the Government's industrial development arm expressed concern at the jobless growth South Africa was going through.

IDC development adviser Mr Flip Kotze said the time had come for intellectual debates and theories on South Africa's unemployment to be matched by practice.

"South Africa still has to improve its incentive structure, especially for labour intensive export development, its labour skills, management, labour relations, and to narrow the gap between salaries and wages," Kotze said.

"The coming year is going to be a bad one for the South African economy. There is not much optimism, with interest rates and inflation going up, but we hope that through our clients we will be able to create 7 000 jobs or more - given the right environment."

IDC chief executive officer Kanya Ngcuka said South Africa needed to attract more foreign direct investment.

This would have a ripple effect on the economy in general, and unemployment in particular. - Sapa."
Millions for new
jobs in W Cape

DANIE BASHO

A chunk of the R1.5-billion the
Industrial Development
Corporation has set aside for new
job creation projects over the next
year is likely to come to the
Western Cape.

The corporation's development
advisor, Flip Kotze, said yesterday
this amount could be doubled if
enough businesses came forward.

The corporation had R25-billion in
assets and could raise as much money
as necessary, he said. The corporation
would concentrate its funding this
year on more labour-intensive pro-
jects. About R800-million had been set
aside for manufacturing industry,
R400-million for emerging entrepre-
ners, R200-million to R300-million for
agro-business and up to R69-million
for tourism.

The money would be made avail-
able as loans or as equity in joint ven-
tures with private sector partners.
Agency sets up R80m jobs programme

Reneé Grawitzky

A PROGRAMME worth R80m to promote job creation and rural economic development has been set up by the Mineworkers' Development Agency.

The project, a key aspect of the National Union of Mineworkers' (NUM) vision for a social plan in the mining industry, would be funded by government, the private sector, foreign donors, mineworkers and their investment company, agency CEO Kate Philip said yesterday. The agency is the development arm of the NUM.

Anglogold will be the first mining company to contribute to the programme. It has agreed to channel a portion of a R6m fund to finance the establishment of a regional development centre in Kokstad in the Eastern Cape. Philip hoped other companies would follow suit.

Anglogold was also considering a funding proposal to set up a centre in Mozambique, she said. Steve Lenihan, Anglogold's executive officer for labour relations, said the company had set aside funds to assist retrenched miners to find alternative employment.

He said it made sense for Anglogold to get into some kind of partnership with the agency to administer funds to help retrenched workers, given the agency's success.

Philip said the programme was mainly a rural self-employment strategy which entailed setting up a network of 15 regional development centres in rural areas where most of the mines' labour force came from.

The centres would be based on the model used by the agency, which had set up four centres, including the Mbabala development centre in Mpumalanga, which won the first national presidential award for community initiatives earlier this year.

The centres would not only act as business and technical training centres, but would also provide economic services to trigger local economic activity. They would provide raw materials to budding entrepreneurs and would operate out of underutilised facilities belonging to the Employment Bureau of Africa.

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Key Market Movements — 28/7 to 29/7
Small projects go a long way

Sarah Bullen

More than 25% of South Africans are unemployed, and nearly 47% are stranded in the abyss of poverty. The government's initiatives to reduce poverty and unemployment have failed to meet the expectations of the people. This is evident from the records compiled by the National Department of Labor and Statistics.

The problem is that small projects are not being scaled up to meet the needs of the community. The government has failed to provide the necessary support and resources to small projects. The small projects are not being sustained due to lack of funding and technical support.

As part of a research project, a group of social scientists has identified the reasons for the failure of small projects. The research has shown that the lack of funding and technical support is the main reason for the failure of small projects. The government has to provide the necessary support and resources to ensure the success of small projects.

In addition, the government needs to provide training and support to the beneficiaries of the small projects. This will help them to become self-sufficient and sustainable. The government needs to provide the necessary support to ensure the success of the small projects.

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Job statistics provide some hope for govt

20 3/8 98

Greta Steyn

There was a surprise increase in the number of jobs in the manufacturing and construction industries in the first quarter of this year, according to the Central Statistical Service (CSS).

As the jobs summit pears, there will be increasing emphasis on official statistics showing the extent to which the formal economy is able to create jobs without government intervention.

Economists said an improvement in official statistics would take some of the heat off government, which had been on the defensive as it became clear the employment targets set in the growth, employment and redistribution strategy had been overly ambitious. The strategy projected the creation of 246 000 jobs this year — against expectations of an actual decline in employment.

The figures for the first quarter show a small overall decline in employment from December last year, but in some sectors there was a gain in employment and in others a big fall.

The CSS has overhauled its employment statistics to comply with international standards, and Friday's figures were the first revamped numbers to appear for the economy as a whole.

The CSS said there was a small quarterly increase of 0.6% in jobs in the manufacturing sector and a rise of 2.8% in the number of employees in the construction sector. In both cases the increases are off a low base and economists were wary about reading too much into the improvement.

One economist said it was possible that large, once-off job shedding in the manufacturing industry was coming to an end as companies completed their plans to become more internationally competitive. Others, such as the Bureau for Economic Research's Pieter Laubscher, disagreed. He said the bureau's surveys showed there was little hope for meaningful job creation in the manufacturing industry.

The figures showed the economy as a whole recorded its sixth successive quarterly fall in employment in the March quarter. The fall was encouragingly small, however, with the number of jobs lost coming to 7 900.

Year on year, however, the picture looks worse as substantial numbers of jobs were lost last year. There was an annual decrease of 109 976 jobs in the

Continued on Page 2
Defence

30 000 posts on way in tourism, ZA

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The threat for tourism in the 2030s.

To page 3

SA sets up arms sales

for jobs deal

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The threat for tourism in the 2030s.
Agreement ‘soon’, says Nedlac

Johannesburg — Government, business and labour representatives on Nedlac’s supervisory structure, set up to co-ordinate preparations for the presidential jobs summit, were on the verge of agreement on a Nedlac input document, the department of trade and industry said yesterday.

The document will help set a date for the summit.

Alec Erwin, the trade and industry minister, took over the political leadership of the preparations for the summit last month from the department of labour when Tito Mbweni, the former minister of labour, was appointed governor designate of the Reserve Bank.

“We are not far from an agreement at Nedlac,” said Thembes Rubaba, the department’s director of communications. The department would meet the community constituency, including representatives of the unemployed, for the last time on Friday.

Wendy Dobson of the Nedlac secretariat said the document could be finalised within a couple of weeks, but the Nedlac partners obviously would take as much time as the government would give them.

INTO THE BREACH Alec Erwin has taken over the political leadership of the preparations for the jobs summit

PHOTO: SERVIN BIEF
Full employment key to stable economy

By Mzwakhe Hlangani

The SA economy is fundamentally not a labour-absorbing one. A coordinated and ambitious policy programme is a requisite for addressing key constraints in this area.

The Congress of South African Trade Unions general secretary, Mzwakhe Hlangani, told a business gathering that the ongoing unemployment crisis could be addressed through challenging and transforming current economic power relationships. The economy should be developed to reach and sustain full employment.

Addressing a Finance Business Week breakfast recently, he made it clear that the principal objective was full employment and “where unemployment occurred, a guaranteed living income must be implemented.”

“Macro-economic policies must encourage employment growth by facilitating the implementation of the appropriate industrial, investment, labour market and public sector policies.”

This would entail the need to maintain and expand demand for domestically produced goods and services, meet increased demand through an expansion of production, which in turn would generate new jobs and stimulate demand by lowering interest rates, pursuing redistributive fiscal policies and develop effective strategies to boost exports.

The structure of the public service, he said, needed to be changed to improve the quality of public employment. Employment equity policies within the public service should also serve as a model for the rest of the economy.

Market inflexibility

“Market inflexibility has been a key problem in facing the SA economy. Labour market inflexibility is an attempt to turn the clock back, remove basic rights and the protection of workers. It will lead to the exploitation of workers as well as entrench the notion that global competitiveness could be achieved only through the use of child labour and the suppression of worker rights.”
Development of tourism to be linked to job summit

By Clive Sawyer

Cape Town – Government proposals for the presidential job summit include a series of bold initiatives linked to the growing tourism industry, which it plans to use to create a further 500,000 jobs by the year 2000.

Briefing journalists and diplomats in Cape Town yesterday, Environmental Affairs and Tourism Minister Pajo Jordan said the proposals included a special empowerment programme aimed at helping community groups and new entrants to get involved in tourism.

The Government also plans to supplement training for the tourism industry to fill gaps left by existing training establishments.

A programme to improve local tourism infrastructure will allow local provinces to obtain financial help from national government for improving visitor attractions and facilities.

The Government intended using underdeveloped state-owned conservation areas to boost private sector investment and community participation.

Also planned was a special domestic tourism and travel campaign.

A special heritage tourism campaign would be developed to showcase African heritage using the arts.

The Government would provide a portfolio of appropriate tourism development incentives to encourage job creation, community shareholding, investment in underdeveloped areas and sustainable management.

Jordan said some jobs would be created directly, while in fields like transport, crafts, various service sectors and the culture industry, there would be indirect job creation. Much of this would be done through small, medium and micro enterprises. “We want to see tourism making a difference, and we are certain it can,” he said.

Current estimates were that more than 500,000 South Africans were employed directly in tourism. The department aims to increase this number to 800,000 by 2000.

Jordan said international experts had had “nothing but praise” for South Africa’s performance in the past few years.

South Africa now ranks 26th in world tourism, compared to its 1990 rating of 55th.

Foreign exchange earnings from international tourism had exceeded R50 billion for the first time, and visitors totalled 5.4 million last year, including 4 million from Africa.

Factors contributing to South Africa’s success included improvements to the country’s international airports and hotels, and various campaigns by the SA Tourism Board.

But the experts agreed that two major weaknesses were Saturated’s inadequate marketing budget and the problem of safety. – Parliamentary Bureau
Labour, business, govt to submit job creation ideas
Jobs on the line as strike action spreads

STRIKING AT THE HEART...About 21 000 workers will forfeit R4.2-million a day in wages during the strikes

Government says it will review labour market flexibility if necessary

The strike action crippling SA's chemical and motor industries is set to continue this week, resulting in production and wage losses running into billions of rand and potential job losses. Analysts say the action is threatening to hit other sectors and is also weighing on foreign investor sentiment.

Car makers will lose about R130-million a day in sales while an estimated 31 000 workers will forfeit R4.2-billion a day in wages during the what has been called a "fully-bloomed" strike by unions.

The strike by over 40 000 workers in the chemical industry enters its second week tomorrow with little hope that the dispute will be settled by Wednesday.

The Chemical Workers' Industrial Union and the National Petroleum Employers Association will meet on Tuesday to discuss the dispute.

Fuel sector spokesman Chris Cucu said that in view of severe intimidation and violence, employers did not feel inclined to improve their wage offer.

New Labour Minister Shemaldana on Friday condemned procedurally violent and violent dispute actions and said he was open to debate and if necessary amendments to the law on labour flexibility.

He said it had been amended following talks on labour market flexibility, "we will not run away from it". He added that government was listening to the concerns of a wide range of players.

Labour flexibility has become a political hot potato as economic growth slows and it becomes clearer that SA has no hope of meeting job guarantees set in government's Growth, Employment and Redistribution Programme.

In his first three weeks in office Molobi has witnessed more strike action than he would have liked.

Many industry employees on Friday joined what has at times been violent industrial action involving unions in the chemical industry. There is also dissatisfaction among rail workers and employees at lairs, which plans to retrain 6 000 workers in the next three years.

The most significant aspect of the motor strike is its impact on export orders, especially the deal recently negotiated by VW for the production of 66 000 Golfs for the UK over 18 months. The contract has a tight delivery schedule.

The VW deal is worth R5-billion and when at full tiff, will require the production of a new car every six minutes.

A legal strike was initiated by the National Union of Metalworkers of SA (Numsa), which declared a dispute with the Automobile Manufacturers Employers Association (Amco). This was subsequently referred to the Commission for Conciliation and Arbitration (CCMA), but was not resolved.

Numsa has proposed a three-year agreement based on the inflation rate plus 2% in 1993 and 2000. Amco, having increased its initial offer from 5.5% to 8% for hourly paid production workers and to 7.5% for artisans, insisted that wages be linked to the CPI.

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In the first six months of this year, just 310 000 man-days were lost to strikes.

National Association of Automobile Manufacturers of SA chairman chief Christoph Köppe says the biggest priority facing SA is the total lack of jobs being created. He says the job summit is doomed to fail if the government does not get serious about creating jobs. He says the job summit is doomed to fail without a common vision between labour, business and government.

A total focus on exports could compensate for the lack of domestic demand and assist in much-needed economic growth. Every step taken to jeopardise export initiatives will jeopardise not only new job creation, but threaten existing jobs as well.

I am deeply concerned that the current dispute (in the motor industry) will negatively affect employment in the longer term and that this will be to the detriment of all South Africans, especially the unemployed," says Köppe.

Brian Smith, human resources director at VW and Amco chairman, says the production of Golfs is now in the build-up stage and only one shift is being worked. A second shift will begin at the end of this month and a third shift in September.

A two-week stoppage would be critical, but not serious at this stage. "The message it is sending overseas, however, is bad," Smith says.

The chemical industry has also been battered by strike action which has affected deliveries of petrol and petrol, in time, have an impact on the mining sector.

Levy adds that with the current poor economic conditions, the disputing parties will probably not allow strike action to last too long. -- Business Times Staff
Jobs on the line as strike action spreads

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Levy adds that with the current poor economic conditions, the disputing parties will probably not allow strike action to last too long.
Ultimatum on stalled Jobs summit
Agricultural job creation a ‘low cost investment for big business’

Josey Ballenger

Big business could spend as little as R3 000 a person to create a self-sustaining job in agriculture, the Peace Gardens, a corporate-sponsored initiative, said at the weekend.

Peace Gardens chairman Mike Zingel, who spoke at the initiative’s annual awards ceremony, said companies such as Nestlé could spend R50 000 to R100 000 to create jobs in the formal sector. The alternative was to invest a few thousand rands to create a job in the rural areas. All that was needed was capital for seeds, garden tools, fencing, fertiliser and pest control, provided land was already secured. Training in food gardening could come from a variety of sources.

Nestlé, in conjunction with the Women’s Bureau of SA, was honoured for improving food security and reducing malnutrition in a Western Cape community. Thirteen other awards were presented to nongovernmental organisations Food Gardens Foundation and Africa Co-operative Action Trust, schools, individuals and communities for similar projects throughout the country.

Nonvula Mokonyane, Gauteng’s agriculture, conservation and environment MEC, highlighted the department’s household food security and poverty-alleviation programme which assisted 30 community food-production units in townships including Tembisa, Dobsonville and Tembahlale in different stages of implementation.

More projects were in the process of being approved by the department and priority beneficiaries were unemployed youth and women, the elderly and the disabled, Mokonyane said.

The department assisted beneficiaries to produce food for their own consumption and to sell the surplus to earn income. It made resources available in the form of a once-off grant of R3 000 a beneficiary and provided skills in organisational development, production methods and entrepreneurship, Mokonyane said.
Job summit date may be set soon

Renee Grawitzky

The date for the presidential job summit meeting could be announced in the next two weeks, with strong indications that the summit could be held towards the end of next month.

This followed a meeting of key government, labour, business and community negotiators yesterday in the National Economic Development and Labour Council (Nedlac). The council denied that any stakeholders were trying to delay the summit and said all parties remained equally committed to a successful job summit and that "inferences that any party is delaying the process are unfounded".

Nedlac's denial comes in the wake of claims by a weekend newspaper that labour was placing obstacles in the way of the job summit meeting.

Trade and Industry Minister Alec Erwin said progress had been made but that there was a lot of work to be done and it would take some time.

Nedlac said the stakeholders had elaborated on their proposals in a bid to seek consensus.

Erwin asked the parties last week to table proposals on specific short-term job creation projects.

Most of the parties submitted their proposals yesterday.

Nedlac said more meetings between government and the various parties involved would be held.

The meetings would culminate in reports to the supervisory structure in Nedlac which would then prepare a co-ordinated programme for the job summit.
Body for unemployed lashes out at govt

Reneé Grawitzky

THE Unemployed Masses of SA—an organisation representing thousands of unemployed people in Gauteng—yesterday lashed out at government for failing to involve it in the presidential job summit and for ignoring numerous requests for a meeting.

Godfrey Debelea, the organisation’s president, said government had failed to respond to urgent appeals to discuss the plight of the unemployed, despite three marches to the Union Buildings in Pretoria and numerous approaches to the labour department.

The claims were made yesterday during a meeting between the organisation and Democratic Party leader Tony Leon aimed at investigating ways to assist unemployed people and to look into job-creation initiatives.

Debelea accused government of lying when it said it had involved various unemployed organisations in the process leading up to the job summit.

Government only accommodated and “heard the voices” of organised workers and those with skills, the organisation said.

Leon said often the voice of the unemployed was not heard. “At the parliamentary level I intend to focus more sharply on the concerns of the unemployed and to highlight their exclusion in hearings on labour legislation and from the forthcoming job summit,” he said.

The organisation welcomed the DP’s co-operation and willingness to meet to discuss areas of concern, which included a lack of access to micro loans.
New approach to data might do the job
Business in major job creation drive

Reneé Grawitzky

BUSINESS is expected to unveil an ambitious job creation and education project today — costing more than R1bn — which is designed to signal its commitment to the new SA.

This is to be achieved through a business trust financed by a set share of companies’ market capitalisation or after-tax earnings.

The initiative has been under discussion with officials in Deputy President Thabo Mbeki’s office since March, and has been thrashed out in recent months primarily by a 15-man committee consisting of the chairman and CEOs of some of SA’s leading companies. They include Transnet’s Saki Macozoma, Murray & Roberts’ Dave Brink, New Africa Investments Ltd’s Cyril Ramaphosa, Thebe Investments’ Vusi Khanyile, Kagiso Trust’s Eric Molobi, AVN’s Rick Menell, Premier’s Doug Band, Rothsman International’s Johann Rupert, National Business Initiative’s (NBI’s) Thems Eloff and the SA Foundation’s (SAF) Neil van Heerden.

The plan focuses primarily on creating jobs through the promotion of tourism and by boosting basic education programmes. Similar proposals were raised earlier this week by Business SA as part of its submissions to the presidential job summit.

The project’s success depends on a “buy-in” from businesses through a contribution to the business trust.

Listed companies will be called on to contribute 0.15% of their market capitalisation to the trust. Unlisted companies will be asked for 2% of after-tax earnings.

Within this there is some flexibility in terms of how companies can make such payments. They could either make a minimum five-year annual cash contribution equal to 20% of their total contribution or a once-off issue of shares to the trust in the minimum value of their contribution.

The initiative is unusual in that it has the backing of white and black business leaders. It was hammered out against the background of initial tensions between and within the two business groupings.

Business sources said the process of formulating the plan had facilitated closer ties between white and black business and between business and government. It also highlighted more clearly the cleavages between the old and new white guard in big business.

The initiative stems from separate moves towards the end of last year and the beginning of this year spearheaded by individuals in the SAF and NBI.

At the time there were growing concerns in business circles about the deteriorating relationship with government and the tense relations between white and black businessmen. In addition, there were worries about rising unemployment levels.

Various business groupings began discussions with leading black businessmen. Out of these meetings a preparatory committee of representatives from black and white business was formed which began discussions with Mbeki’s office.

Last week the NBI and SAF outlined details of the project to their members and urged them to participate in it.
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Last week the NBI and SAF outlined details of the project to their members and urged them to participate in it.
BUSINESS has unveiled an ambitious initiative that will plough at least a billion rand into job-creation and education as a starting point in tackling South Africa's mammoth unemployment problem.

The scheme, hatched after months of negotiation between business leaders and government, aims initially to stimulate employment in tourism, which is seen offering the best opportunities for job creation.

The plan's success depends on a broad spread of SA business buying into the idea.

Most of the big names have already signed on in principle.

Amic chairman Leslie Boyd, who with Saki Macozoma announced the scheme on Friday, says members of the SA Foundation — comprising 50 of the largest corporations in SA — agreed in principle to the fund.

The fund, called the Business Trust for Job Creation and Human Capacity Development, is looking for support from a broad range of players, including all listed companies, unlisted companies, parastatals, mutual societies and other private companies, partnerships and trusts.

Listed companies will be expected to contribute 0.15% of their market capitalisation and unlisted concerns 2% of after-tax earnings.

Payment can be by annual cash contribution or a one-off issue of shares.

The Anglo group alone, which plans to pay 1% of its annual dividends, will be contributing more than R59-million a year.

Contributions are expected to be over and above any current corporate social initiatives.

Boyd warns, however, that the initiative will fail if government seeks to impose levies such as a wealth tax. He says business is already heavily taxed.

Although forward-looking, business hopes the initiative will go some way to redressing the perception in some quarters that business is a reluctant player in the new South Africa.

The most ringing endorsement of the plan came from President Nelson Mandela on Friday.

"The response of business has exceeded my wildest expectation." Business was always a willing partner when he asked for contributions, for instance to clinics and schools, he said.

The initial R1-billion worth of projects that the trust aims to develop will be increased if the scheme proves successful. It already has the support of a broad range of business groupings, black and white. These include the SA Foundation, The Black Business Council and the National Business Initiative (NBI).

The project will be put to a broad business caucus next month, and if broad support is found it could be in operation by the end of the year.

It is envisaged that the trust will be run primarily by business and led by the National Business Initiative.

Preliminary indications are that the initiative could create tens of thousands of jobs and improve the quality of education for millions of people," says the business initiative.

Funds will be used to bankroll a small number of targeted projects that will help to create jobs in tourism and improve education. The initiative seeks to complement, not compete, with government programmes.

The NBI's Theuns Eloff says he hopes the initiative will build higher levels of understanding and confidence between the government and the business community.

"Such an initiative will also demonstrate the genuine commitment of the business community to the future of the new South Africa while supporting economic growth and social equity."

The initiative chose tourism because it is expected to create jobs faster than any other sector of the economy in the near future, with projections showing that it could generate up to 450 000 jobs by 2005.

Over the same period, it is estimated that the construction sector will be the second most intensive job creator, offering 69 000 jobs.

Three core tourism sector strategies will be followed:

- Stimulating international demand and developing a national commitment to the industry;
- Training to improve service levels; and
- Creating joint ventures between new and established firms, local communities and small suppliers.

Schooling was chosen because it supported human capacity development.

The focus will be on the efficiency, effectiveness and quality of basic schooling. A key issue to be addressed in education will be reducing the repeater rate at schools.

Other goals are more focused and effective further education and training in the last three years of school, and improvement in the quality of schools and the education system.
TOURISM R1bn trust seeks business support for development

‘450 000 new jobs by 2005’

FRANK NKOUMALO

Johannesburg — About 450,000 jobs are expected to be created in the tourism industry by 2005 if a R1 billion initiative by the South Africa Foundation (SAF) and the National Business Initiative wins broader business support at a jobs Indaba set for the middle of next month.

The SAF is made up of the country’s 50 biggest companies.

The initiative, in response to the country’s rising unemployment, seeks to establish a business trust for job creation and human capacity development.

The trust will be separate but complementary to the Industrial Development Corporation’s R1.5 billion initiative and the presidential jobs summit.

On Thursday, the Central Statistical Services pegged unemployment at 22.9 percent using a method that only took into account those who had been actively looking for work four weeks prior to the survey.

That statistic is 14.7 percentage points lower than the 1996 figure, which was arrived at using the expanded definition of unemployment. The old method put joblessness last year at 37.6 percent, two points higher than in 1996.

When Tito Mboweni, the former labour minister, announced the government employment strategy framework in June, he said the country needed to create 250,000 new jobs to prevent a rise in unemployment and more than 360,000 jobs a year to absorb new entrants into the labour market.

“If broad support is found, the new initiative could be in operation by the end of the year,” Leslie Boyd, the chairman of Amic, said last week at the scheme’s unveiling. Amic plans to contribute R50 million a year, or 1 percent of dividends.

Boyd said invitations to the centres would be extended to all JSE-listed companies and major non-listed companies.

The initiative will also focus on education, to reduce the repeater rate, which the SAF said “robbed the system of up to 40 percent of its efficiency”, and to improve effectiveness by helping to establish a viable further education and training sector for grades 10, 11 and 12.

The plan will be carried out in partnership with the government, the tourism industry and other stakeholders. It has been endorsed in principle by the Black Business Council.
R1-bn fund for job creation projects planned

By Isaac Moledi and Sapa

UNEMPLOYMENT – which reached its highest level yet last year with a jobless rate of 37.6 percent – could be alleviated if an initiative unveiled by business on Friday is implemented.

The initiative, unveiled by the South Africa Foundation, the National Business Initiative and the Black Business Council, proposes to raise at least R1 billion from business organisations through a business trust financed by a set of shares of companies’ market capitalisation or after-tax earnings.

In terms of the plan, the resources of South African businesses will be mobilised and applied to a number of highly targeted projects that will help to create jobs and develop human capacity.

Tourism and education programmes have been proposed as the two focus areas that will yield the quickest and best results.

Tens of thousands of jobs could be created even before the end of this year if the initiative takes off, business leaders said.

The initiative has been applauded by the Tourism Business Council of SA (TBCSA) which said the tourism organisation was delighted that the initiative had chosen tourism as one of its pilot projects.

"Studies in South Africa show that the best prospects for employment growth lay in tourism," the TBCSA said.

The tourism body said given enough support and resources, tourism could grow by more than 10 percent a year, thereby creating an additional 500 000 jobs by 2005.

A member of the preparatory committee that will marshal the resources of business to ensure the initiative’s success, Dr Themus Eloff, said the initiative endeavoured to foster higher levels of understanding and confidence between the Government and business and within the business community itself.

"Such an initiative will also demonstrate the genuine commitment of the business community to the future of the new South Africa, while supporting economic growth and social equity," he said.

In terms of the plan, listed companies will be asked to contribute 0.15 percent of their market capitalisation to a trust that would be managed by existing business organisations.

Unlisted companies will be asked for two percent of their after-tax earnings.
Cosatu members give up one day’s wages

Millions are pledged to create jobs

CT (BR) 18/8/98 (172)

FRANK NEUMACO
AND THABO LESILE

Johannesburg — Financial commitments to job creation ahead of the jobs summit will be boosted by about R100 million after Cosatu’s two million members pledged yesterday to donate one day’s wages for each worker.

Cosatu also proposed that the measure be extended not only to sister labour federations, but to “every worker in South Africa”.

The sentiments were echoed by the ANC and Alec Erwin, the trade and industry minister and political head of the preparations for the presidential jobs summit.

Well-placed union sources said about R100 million would come from Cosatu members.

“Nowethu Mpali, Cosatu’s spokesman, said: “We have agreed to give one day of our salaries. The money will be put in the Umabona Fund. Affiliates like Numsa have already started to put this into practice.”

Last week the South Africa Foundation and the National Business Initiative unveiled a R1 billion initiative that could result in creating 450 000 jobs in the tourism industry by 2008, if supported by a broader business caucus scheduled for next month.

Anglo American has proposed to pay R50 million a year, or 1 per cent of its annual dividends, to the initiative.

Erwin said labour’s pledge showed the social partners were proposing practical steps to tackle the unemployment problem.

Ronnie Mamoepa, an ANC spokesman, said the organisation’s national executive meeting at the weekend had noted discussions within Nedlac, including practical proposals beginning to emerge from both the trade union movement and the business community”, in addition to those of the government to take the jobs summit process forward.

The date for the much-awaited presidential jobs summit, provisionally set for mid-September, seemed to be shifting more solidly towards mid-October after Mamoepa said it was decided that the event would only happen after an NBC economic policy meeting and a tripartite Alliance summit.

The date also depended on the finalisation of an agenda for the summit by the Nedlac partners, and the schedules of Deputy President Thabo Mbeki and President Nelson Mandela.

The cut-off date for the summit is the rising of parliament, which this year will happen in October because of the forthcoming general elections.

Important developments on the summit agenda are expected to be announced on Friday after the supervisory structure reviews the results of bilateral meetings held this week between the partners and fresh proposals that have been tabled.
Huge boost for fund to create jobs

JOHANNESBURG: The Presidential Jobs Summit fund is set to be boosted by millions of rand after the two million-member trade union federation Cosatu pledged yesterday to donate a day’s wages per worker as their contribution towards job creation.

Cosatu also proposed that the measure be extended to sister labour federations Fedusa and Nactu, and “every worker in South Africa”.

“This is a practical proposal. We have agreed to give one day of our salaries. The money be will put in the Umsobomvu Fund,” Cosatu spokesperson Nqobile Maduna said.

Maduna’s sentiments were echoed by the ANC and the Minister of Trade and Industry and political head of the preparations for the jobs summit.

Addressing a media briefing earlier, Erwin said labour’s pledge showed that the social partners were not just talking, but proposing practical steps to tackle the rising unemployment problem.

ANC spokesperson Ronnie Mamoepa said the NEC meeting at the weekend had noted discussions within Nedlac, “including proposals from the trade union movement and the business community”, besides those of the government to take the (summit) process forward.

● The devaluation of the Russian rouble dealt a further blow to equity markets another blow yesterday, but the local currency held up well.

Also yesterday, the Russian government announced a 90-day moratorium on foreign debt repayments.

● See Business Report
Fedusa expresses full support for Cosatu's R100m jobs donation

The 510,000-member Federation of Unions of South Africa (Fedusa) said yesterday it fully supported Cosatu's initiative in donating one day's wages to a worker — about R100 million, analysts estimate — towards the presidential jobs summit.

"We are fully part of it," said Chez Milan, the general secretary of Fedusa. He said the monthly earnings of Fedusa's membership varied from R60 a week for agricultural workers to more than R350,000 a year for top management professionals.

The National Council of Trade Unions (Nactu) said the Cosatu pledge was a common labour constituency proposal at Nedlac. The council would not elaborate further.

Financial commitments towards job creation already run into billions of rand, with R2.5 billion already pledged by the Industrial Development Corporation and R1 billion by the South African Foundation and National Business Initiative, pending broader business support at a caucus scheduled for the middle of next month. — Frank Naumala, Johannesburg
Labour unveils mass job creation plan

Labour has opposed government's decision to use the proceeds of demutualisation to finance the fund.

Some of labour's far-reaching programmes — which could force government to revise its budget deficit targets if implemented — call for the building of 1-million houses over four years at a cost of up to R35bn. Such a project could generate more than 600,000 direct and indirect jobs.

While Cosatu has agreed, in line with government's position, not to place the growth, employment and redistribution strategy on the job summit agenda, it will seek a statement of intent for further debate.

However, if government agrees to many of labour's proposals it would effectively be forced to amend its macro-economic strategy.

The labour proposals, drafted by Cosatu, the National Council of Trade Unions and the Federation of Unions of SA, also calls for a national youth brigade programme offering opportunities for at least 500,000 young people. Each volunteer would receive an allowance of R400 a month, which would cost the fiscus R2.4bn a year.

Other proposals put forward relate to the promotion of domestic investment through the expansion of contractual savings; the expansion of domestic demand and locally produced goods and services; and the negotiation of a national productivity and equity framework agreement.

This agreement, labour argues, could ensure productivity gains for employers and job security for workers.

Labour also proposes measures to stem job losses and has called for a moratorium on retrenchments in each industry until sectoral summits are convened to develop concrete programmes to avoid job losses. In addition, all listed companies should disclose in their annual reports the extent of job losses or gains.

Cosatu criticises business: Page 3
Cosatu slates business’s R1bn job creation drive

Reneé Grawitzky

THE Congress of SA Trade Unions (Cosatu) yesterday criticised business for “tinkering on the outskirts of the problem” by targeting only R1bn for its proposed job creation initiative unveiled last week.

General secretary Mbazima Shilowa said the federation was not implying that the proposed business trust was not a contribution, but labour felt business could do more on a scale reflecting its understanding of the unemployment crisis. He warned that the public should not romanticise positions of some parties and denigrate those of others.

The federation’s assistant general secretary Zwelinzima Vavi said business’s contribution could be likened to someone going to the edge of the sea and urinating in it in the hope it would change colour. The sum of R1bn would not make much difference to SA’s structural unemployment problems.

Cosatu announced a two-month programme of mass action during which SA will be hit by countrywide marches, pickets and lunchtime demonstrations next month and in October to highlight its opposition to demutualisation, privatisation, high interest rates, continued job losses and the plight of the unemployed.

Next month’s action will focus on opposition to privatisation and demutualisation and will culminate in marches on September 23.

The SA Reserve Bank and other financial institutions will be the target of demonstrations culminating in marches on October 24.

The presidential job summit also formed the focus of intense debate. Vavi said the federation wanted to see the summit convened as soon as possible. However, it agreed with the African National Congress (ANC) that it be held later in October to allow more space for preparations. “We however, will be extremely concerned if the summit was to be postponed beyond October 1998.”

The executive committee also adopted resolutions on affiliates’ contributions to finance voter education for the 1999 elections, the nomination of candidates and opposition to demutualisation.

Despite concerns raised by Sanbo, the finance union, the federation said all affiliates were bound by the resolution adopted at the central committee that contributions would be made to Cosatu for voter education.

A sensitive discussion took place on the deployment of Cosatu leaders to national and provincial government. The executive committee agreed to support leaders who indicated they would be available if nominated by ANC structures.

They included Shilowa, Cosatu’s first vice-president Cogagie September, KwaZulu-Natal regional secretary Paulos Ngcobo and treasurer Ronald Mofokeng.
Starfish 2000 dispute: Unions federations on job creation

Inside Labour
Cosatu plans to unlock R50bn for jobs

Johannesburg — Cosatu, the labour federation, yesterday proposed a range of measures to unlock more than R50 billion for the presidential jobs summit.

Zwelizima Vavi, the deputy general secretary, said the crisis of poverty and inequality in the country did not allow for a "gradualist, trickle-down approach to eliminating unemployment".

Vavi said labour therefore proposed "a large-scale national intervention of the Marshall Plan type, which other societies have embarked on to deal with social crisis on a similar scale."

"These proposals include the proposal to donate the value of one day's output into the Umshobomvu Fund; the introduction of a prescribed asset requirement on retirement funds to leverage investment in employment creation; and consideration of the introduction of a ‘Pay as You Go’ fund for public sector pensions, to release funds to the fiscus."

"Taken together, these would release over R50 billion to finance the projects to be agreed at the jobs summit," Vavi said.

He said while Cosatu welcomed business's R1 billion employment creation initiative, it did not believe this would "make a difference on the structural unemployment problem."

"R1 billion is like tittering on the outskirts of a problem."

Vavi warned that Cosatu did not want to see the money spent recklessly without long-term benefits, nor swallowed up or used to build a new bureaucracy.

He warned against taking a conservative view that one could not release large sums of the money unless one was 100 percent certain of what one was doing.

He said Cosatu had agreed with the ANC's proposal that the summit be held late in October to allow more time for these preparations. But it would be concerned if the summit was postponed beyond this new date.

Cosatu, headed by Mzamzima Shilowa, said details of the estimated number of jobs that could be created, of concrete projects and of the financial programmes would be released this morning jointly with sister federations Fedusa and Naactu.

Vavi said debate on macro-economic policy had been taken off the agenda, but Cosatu supported the approach of the preparatory process that a firm basis needed to be laid at the summit for talk on these issues later.
Time to change the skills landscape

Labour
Labour, state set to grate gears

By THABO KOBOKOANE

GOVERNMENT and labour appear headed for a showdown on the state’s macro-economic strategy after the release this week of labour’s proposals for the presidential job summit due to take place in October.

Labour has denied media reports that it agreed to remove macro-economic issues from the agenda of the summit.

"It is not true," Zwelinzima Vavi, deputy secretary-general of Cosatu, told journalists in Cape Town on Friday after the release of labour’s proposals for the job summit.

A number of proposals by organised labour run counter to the government’s macro-economic strategy. If some of these are put on the summit agenda, they will almost inevitably put labour on a collision course with the government.

Labour, in particular Cosatu, has publicly criticised Gear, provoking the wrath of President Nelson Mandela and Deputy President Thabo Mbeki.

Labour unveiled a set of measures aimed at freeing up at least R50-billion for job creation. Proposals such as a national housing programme and support for the unemployed, which would require massive state spending, run counter to government’s tight fiscal policy.

Other aspects of the proposals include the reintroduction of a prescribed asset requirement of at least 10% of the investment streams of retirement funds and the Public Investment Commission; donation of the value of one day’s output by all workers to the Umsobomvo Fund; consideration of the introduction of a “pay-as-you-go” public sector pension systems; and a training levy.

Organised labour’s proposals follow on business and government’s earlier proposals, both of which plan to unlock a total of at least R2-billion for job creation, but, in the case of government, are carefully designed to steer clear of government macro-economic spending.

Business unveiled plans last week to plough at least R1-billion into job creation and education to tackle SA’s unemployment problem. In response, Cosatu general secretary Mbuyizima Shilowa criticised business for “tinkering on the outskirts of the problem” by targeting “only R1-billion”.

In June, government announced its plans to spend more than R1-billion a year to generate jobs in the short term. It said the strategy would be within the constraints of the growth, employment and redistribution (Gear) strategy.

Labour proposals come at a time when it seems that some finality on a date for the job summit appears imminent.

The summit, which has been on the cards for more than a year, will take place before the end of October, according to Trade and Industry Minister Alec Erwin.

A specific date for the summit will be announced this week after the Nedlac Supervisory Structure dealing with the job summit meets on Thursday and after consulting Mandela.

Erwin says the committee will meet on Thursday to develop and consolidate policies, programmes and projects for the summit. "All proposals are being considered and their merits addressed in a serious and constructive manner," says Erwin.
SA critical of job creation efforts

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Business Day Reporter

SOUTH Africans are generally pessimistic about the job situation and highly critical of the failure of labour, government and business to find solutions to the unemployment problem. This is shown in a survey conducted for Business Day by ACNielsen•MRA (Market Research Africa).

Almost three-quarters of urban adults believe there are fewer jobs now than there were a year ago.

The latest official figures, released by the Central Statistical Service earlier this month, indicated that unemployment reached record levels last year, with 37,6% of the working population jobless. Even with a revised approach, in line with the International Labour Organisation’s definition which excludes people who have stopped looking for work, the figure was 22,9%.

The MRA Multibus study was conducted among 2 500 respondents, who were interviewed in April, representing a population of almost 14-million adult urban residents, spanning all races and income groups.

The survey asked respondents:

☐ Whether they thought there were more or fewer jobs available than a year ago;
☐ Which organisations were doing most to stimulate job creation; and
☐ Which organisations were responsible for job losses.

Answering the first question, 74% of respondents said there were fewer jobs, with the most pessimistic being Indians (91%) and whites (82%). Only one out of four people questioned believed there were more jobs, or the same number of jobs, than a year ago.

Older people were more despondent than younger people, with 80% of respondents in the over-50 age group saying there were fewer jobs, compared with 67% of those aged 16-24. Government was praised for doing more than other groups to create jobs, but was also blamed for the rising unemployment.

When asked which organisations were doing the most to create jobs, 55% of those who believed there were more jobs now than a year ago gave national government the credit. Local government was seen by 81% to be stimulating employment. Three-quarters of the pessimists also credited business and the trade unions with job creation.

MRA director Brian Culross said the praise for government could be a result of the reported increase in public service jobs since 1994.

However, in answering the third question on which organisations were responsible for job losses, 60% of those who thought job numbers had declined said it was the fault of national government, and almost two thirds were critical of the labour movement.

Coloureds, Indians and whites were the strongest critics of national government’s role in the loss of jobs — nine out of 10 holding it “very” or “slightly” responsible for the situation.

People were also negative about local and provincial government, with 75% saying they were the cause of dwindling job numbers.

Business did not escape criticism either, with almost 70% of the pessimists blaming it for job losses.

The unemployment issue will be tackled by a presidential jobs summit in October, which will involve government, labour, business and community organisations.
Government, labour and employers will have their say at key jobs summit on October 30

The long-delayed presidential jobs summit is to be held on October 30, President Nelson Mandela announced yesterday. Speaking in Upington, he described it as perhaps the most important event since the 1994 election.

"It brings us an opportunity, as a nation, to make a practical impact on the scourge of unemployment and to commit ourselves to eventually eliminating it," he said.

The venue has still to be decided but is probably in Gauteng. It will be attended by representatives of the Government, business and labour— all of which have already unveiled their own job creation proposals— and of community organisations.

The Government has made it clear it does not want the meeting bogged down in divisive debate on the Growth, Employment and Reconstruction (Gear) strategy but organised labour has denied reports it had agreed to the removal of macro-economic issues from the agenda.

"Most important, however, is to reach agreement— and achieve backing— for initiatives which will have a significant impact on unemployment," Cosatu deputy secretary-general Zwelenzima Vavi said.

"Some of labour’s proposals—which could force the Government to revise its budget deficit targets—call for the building of a million houses over four years at a cost of up to R35 billion. Such a project could generate more than 500,000 direct and indirect jobs. Labour is also seeking additional taxes and levies on employers to finance a comprehensive job creation initiative.

Business last month released an ambitious job creation and education project costing some R1-billion to be achieved through a business trust financed by a set share of companies’ market capitalisation or after-tax earnings.

"According to the Central Statistical Service, the economy recorded its sixth successive quarterly fall in employment in March, when 79,600 jobs were lost.

"There were also 109,976 fewer jobs available in the year to March. "

Nelson Mandela

(173) 29/8/98

SAPA
Let's make a success of jobs summit — Mandela

UNEMPLOYMENT
By THABO KOBOKOANE

A DATE has finally been set for the long-awaited presidential jobs summit.

After months of uncertainty, President Nelson Mandela announced on Friday that the summit would be held on October 30 at an unnamed venue.

"It brings us an opportunity, as a nation, to make a practical impact on the scourge of unemployment and to commit ourselves to eventually eliminating it," he said.

"It is incumbent upon us as a nation, and we owe it to present and future generations to make the jobs summit a success."

The summit, which Mandela described as perhaps the most important event since the 1994 election, was mooted a year ago to provide short-term solutions for high unemployment.

Yet for a year nothing happened as government, business and labour bickered about how to proceed with the summit.

The appointment of Trade and Industry Minister Alec Erwin to coordinate the summit appears to have provided fresh impetus for the process.

By the end of last week, all three major players had tabled their proposals for the summit.

The stakes are high. Unemployment has reached crisis levels (some say higher than 30%), the economy is on the brink of recession, high interest rates are threatening to throttle the economy and little growth expected this year.

But the summit could also prove to be a battlefield for labour and government over government's macro-economic strategy.

Labour holds this policy directly responsible for job losses.

Government is keen to avoid the summit being reduced to a debate on its macro-economic strategy.

However, that may prove to be inevitable. Cosatu has put forward ambitious proposals to unlock R50-billion.

They include proposals for greater state spending — the polar opposite of the government's commitment to curb its own outlays.

The inevitability of a debate on macro-economic policy is reinforced by the broad agenda, which will include a statement on the relationship between macro-economic management and job creation.

In a statement, Erwin said there was already a high degree of consensus on many proposals, and processes are under way to further integrate and refine various submissions and contributions from the Nedlac social partners.

"The aim of the summit is to add value to current initiatives in order to maximise their impact on employment generation and job retention in a manner that is sustainable in the long term, but within a stable and sound macro-economic context," Erwin said.

Specific agreements and proposals are being discussed with all the players involved in the summit with a view to promoting employment through the development of infrastructure and related works programmes, for example in the fields of tourism and agriculture.

○ See Page 4
Strategy crucial for summit

Reneé Gravitzky

THE Democratic Party (DP) has warned that the presidential job summit will serve no purpose if labour market restrictions and government’s macroeconomic strategy are ignored.

This followed the long-awaited announcement by President Nelson Mandela that the summit would take place on October 30 — a year after it was supposed to have occurred.

DP leader Tony Leon said it appeared that neither the growth, employment and redistribution (Gee) strategy or labour market flexibility would be on the summit agenda.

This was despite the fact that SA’s restrictive labour laws had been identified as a stumbling block in reducing unemployment, while the labour movement was determined to derail Gee by calling for four new taxes to finance its summit proposals.

Sources close to the process said the Congress of SA Trade Unions (Cosatu) still insisted on raising some of the big policy issues such as Gee through some of its “impracticable” programmes. The summit was likely to emerge with a broad statement on Gee, but no national agreement or “social accord” as envisaged in 1996.

In line with government’s current thinking, the summit will produce a range of directed projects and programmes as opposed to a policy review. They will be directed at enhancing employment among the youth, disabled and women. Other programmes will be directed at boosting tourism, agriculture and small businesses, and enhancing training and education.

On September 8, the National Economic, Development and Labour Council (Nedlac) job summit supervisory committee will consider a provisional agenda which could include some of those issues.

Leon said if SA was serious about creating jobs, attention had to be given to removing labour market restrictions, abolishing exchange controls and creating favourable conditions for foreign investment.

Cosatu and Business SA welcomed the announcement. Government, business, labour and community negotiators had agreed on the date the previous day.

Nedlac overall business convenor Raymond Parsons said the announcement indicated that sufficient progress had been made in developing and consolidating policies, programmes and projects to make the setting of a date possible.

Cosatu said it would be important for all parties to put more energy into ensuring the summit’s success.
Leon tells unemployed 100,000 jobs have been lost since 1994

Nomavenda Mathiane

THE Democratic Party and the Malamulela Social Movement for the Unemployed yesterday called on Cosatu to stop talking on behalf of the unemployed. They also challenged the government to give them a seat at the forthcoming labour summit.

Addressing hostel dwellers near the Jeppe railway station in Johannesburg, DP leader Tony Leon said the ANC had promised people jobs, while 100,000 jobs had been lost in SA since the ANC came into power.

Leon was invited to speak by the SA National Hostels Assistance Company. Also at the gathering were churchgoers, hostel inmates from other areas, including Diepkloof in Soweto, members of the Malamulela movement, a large crowd from The Ranch club in Rivonia, who said they were attending out of curiosity, and a number of Zulu musical groups.

Leon told the crowds that instead of spending money on “people on the ground,” government was funding schemes that were not working, commissions of inquiry and gatherings such as the Nonaligned Movement summit in Durban.

The DP’s answer to job creation was the voucher scheme, which would help the unemployed acquire training. He said the DP did not merely offer empty slogans to the people, but was there to assist. He praised the government’s growth, employment and redistribution strategy saying it was a government policy which would deliver jobs and that the Congress of SA Trade Unions had no business criticising it.

After Leon’s address, audience members asked him to assist getting disability grants, jobs and assistance with their children’s schooling.

Chairman of the Malamulela Movement Mohloko Kgopane called on the unemployed to march on Labour Minister Shepherd Mdladlana on September 17 to protest about unemployment.
Two tense months to jobs summit

FRANK NXUMALO  
LABOUR EDITOR

Johannesburg — Participants in the presidential jobs summit have welcomed the finalisation of October 30 as the date for the meeting, saying they now have a definite target to aim for.

The date was set on Friday after President Nelson Mandela was satisfied consultations between the Nedlac social partners had reached an advanced level.

"A high degree of consensus regarding the objectives and anticipated outcomes of the jobs summit has been achieved."

Mandela said he was happy to announce the summit would be held on Friday, October 30 1998.

He said the jobs summit was "perhaps the most important event since our first democratic elections". It would provide "us with a launching pad for a determined national drive for equitable development as we move into the 21st century."

Mandela said he was happy with the enthusiasm shown by government, social partners and all stakeholders about the jobs summit.

He said he was confident it would "provide us with the opportunity, as a nation, to resolutely commit ourselves to eventually eliminating the scourge of unemployment that continues to eat away at the heart of our society with so many negative economic, social and political ramifications".

Business South Africa (BSA) welcomed the announcement as it "sets a clear timeframe of two months within which the Nedlac planning group has to complete its work."

"Business remains committed to making a success of the jobs summit as it believes unemployment and job creation rank as high economic priorities in South Africa," said Raymond Parsons, the BSA spokesman for the jobs summit and president of the South African Chamber of Business.

However, the Congress of South African Trade Unions (Cosatu) believed that in the short term, support for and consensus over concrete proposals were more important than sharp disagreements or debates over macroeconomic strategy.

"Most important is to reach agreement and achieve enthusiastic backing for initiatives which will have a significant impact on unemployment," said Zwelenzima Vavi, the Cosatu deputy general secretary.

Gerwin Brown, a labour analyst, said it was unfortunate the announcement of a firm date was "coinciding with the collapse of the financial markets" when there was "much uncertainty".

He said the "danger of a slugging match over macroeconomic policy was much higher now than a few months ago" when the jobs summit "stood a much better chance" had it taken place then.
Job summit plans going well

By Mzwakhe Hlangani
Labour Reporter

REMARKABLE progress has been made in the preparations for the Presidential job summit in consultations with the Government's social partners in and outside the National Economic Development and Labour Council.

This was said by Trade and Industry Minister Mr Alec Erwin at the weekend.

The Government is looking forward to a successful summit with the belief that this will be the beginning of a "collective and collaborative national effort to combat unemployment and its many negative consequences".

The broad agenda for the summit, scheduled for October 30 1998, would entail a statement on the relationship between macroeconomic policy management and job creation.

There will also be an announcement of agreements and post-summit processes pertaining to issues such as the social plan, productivity enhancement, procurement and employment promotion measures for the disabled.

"These include an announcement of various projects and programmes directly aimed at creating jobs, including an indication of the specific contributions of all social partners."

The minister also stated that specific agreements and proposals were being discussed with social partners related to promoting employment through infrastructural development and related public works programmes.

Other programmes include sectoral projects related to tourism and agriculture, youth leadership, industrial policy, spatial development initiatives and industrial development zones and the provision of social welfare.

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Job creation project threatened

Reneé Grawitzky

THE R1bn business trust proposed by some of SA’s leading businessmen to finance a job creation and education project has come under pressure as listed companies reel under the market turmoil which has seen R200bn wiped off the Johannesburg Stock Exchange in the past week.

The proposal, unveiled last month as a joint initiative of the Black Business Council, South African Foundation (SAP) and the National Business Initiative, calls on the business community to contribute to the trust. The trust will be financed either through a set share of companies’ market capitalisation or after-tax earnings.

Listed companies will be required to contribute 0.15% of their market capitalisation to the trust while unlisted companies will be asked to pay 2% of after-tax earnings. These contributions — determined in July prior to the JSE dropping more than 20% — would have ensured more than R1bn over five years in contributions from the majority of listed companies. However, based on the new market capitalisation of these companies and using the same contribution of 0.15%, the fund would receive only between R700 000 and R800 000.

The preparatory committee set up to pave the way for the trust met last week to discuss the possible date on which the calculation for contributions should be set.

A business source said recent developments would not only require a relook at the calculations but also a change in attitude among those in the business community who were struggling to survive.

SAP head Neil van Heerdan said the issue of calculations and the date used had been loosely discussed. However, a final decision would only be taken once the broader business community had approved the initiative.

The preparatory committee is organising a business caucus meeting on September 16 where the proposal will be either endorsed or rejected by the broader business community.
A need-start for job creation

Patrick Pangarat
Shot in the arm for job creation

PRODIGY Asset Management has launched a new-generation fund aimed at socially desirable investments but not at the expense of returns.

The Prodigy Transformation Fund is managed by Prodigy Capital, the private equity arm of Prodigy Asset Management.

CE Robbie Alexander says traditional social responsibility funds have done well in terms of returns, but with a large listed component, there has not been much in the way of job creation and transformation in the underlying investments.

Malose Kekana, who heads the Transformation Fund and Prodigy Capital, expects to have 80% of the fund invested in private equity and the rest in social benevolent investments. The benchmark return is 10% in real terms.

Companies backed by private equity are usually young and fast-growing. This means they can make a much bigger economic and social impact than the larger listed companies, and the partnership with the fund should help them to create jobs quite quickly.

Kekana says the greatest potential for job creation and wealth distribution lies in the small- to medium-size enterprise sector. Companies in this sector are in great need of capital. One of the biggest problems of small to medium enterprises is access to finance, says Kekana. "We will operate in the primary market and in the most needy part of that market."

Most empowerment deals have taken place through special purpose vehicles, where the empowerment groups cannot access their assets. In addition, while many of these deals have seen an unbundling of control at shareholder level, this has often been "to the exclusion of needs-specific, fundamental change within companies".

The fund will address this issue, and will also have the ability to show greater flexibility in structuring transactions.

The fund's aim is to effect transformation.

"Our criteria include representation, skills transfer and broadening the skills base, corporate governance and accountability to the community. In the investments we make, we follow through the transformation, and we aim to show investors the social return on a quarterly basis," says Kekana.

The fund will focus on investments of R5-million and upwards, but will look at smaller deals on merit. It will invest not only in companies which are representative and in the process of transformation, but also in those trying to transform.

"We are quite happy to invest in companies with limited representation. The important thing is congruency between ourselves and management in order to implement agreed transformation targets."

Kekana says the exit period for private equity is generally three to seven years, "but we won't always build in exits into the transaction". Exit could be by way of a sale to an empowerment partner or a sale back to management, a listing or sale to an industry partner.

On the venture capital side of the fund, which is more risky, Prodigy will finance early stage investments only if the business or financial risks can be reduced. Where appropriate, other banks will be brought in to achieve risk diversification.
Govt ‘needs strategy to combat joblessness’

By Sowetan Business Reporter

The problem of unemployment, poverty and inequality should be addressed within the context of a sustainable employment strategy that will strengthen the long-term labour absorption capacity of the economy.

This is the view expressed by South African Chamber of Business president Humphrey Khoza. He said international trends have shown that there were seven pillars to a sustainable employment strategy.

These were sound macroeconomic policies, strong industrial development, strengthening a culture of entrepreneurship, promoting small and medium-sized business, investment in human capital, an efficient public sector and a labour environment that encouraged adaptability.

Khoza was speaking at a conference held by the Building Industry Federation of South Africa in Port Elizabeth yesterday.

He said Government’s macroeconomic strategy was a fundamental to restructuring and rebuilding of the economy.

However, warned Khoza, the job creation goals set by Government had been over-ambitious, especially given the extent of unemployment in South Africa.

Late figures

“Unemployment has now reached critical proportions. The latest figures by the Central Statistical Services reflect an unemployment rate of nearly 30 percent.”

“This figure illustrates very well just how desperate South Africa’s jobless position has become,” he said.

Khoza said in assessing the current state of the South African labour market, there was another reality that had to be taken note of – South Africa’s legacy of inequity and discrimination in the distribution of jobs, occupations and incomes.
Govt labour policy under fire

Sibonelo Radebe

SA WOULD pay a heavy price in terms of increased unemployment, poverty and unacceptable levels of crime unless it reconsidered its labour policies, SA Chamber of Business president Humphrey Ndlouv said yesterday.

Speaking at the annual congress of the Building Industries' Federation of SA in Johannesburg, Ndlou hit out at government's labour legislation.

The legislation went against the goals of the Growth, Employment and Redistribution (Gear) economic strategy, he said.

Ndlou said: "If we do not want to be lumped together with weak emerging markets, we should strive to make SA attractive to foreign investors."

He said foreign investors had an ideal model of acceptable policies in mind and that if SA wanted to court them it must move its labour policies towards global norms.

Citing the recent wage disputes across the country, Ndlou said SA was increasingly becoming a "strike-prone violent emerging market".

Ndlou said this was because of overly generous policies which granted workers the right to strike and an over-regulated labour market.

He criticised government for the slow implementation of Gear.

"Government apparently lacks the political commitment and courage to implement the strategy," he said.

Ndlou said the job creation goal set in Gear was "overambitious given the extent of the unemployment problem in the country".

He placed the unemployment rate at 40%, saying the current — and lower — Central Statistical Service's figure excluded discouraged job seekers and those without the money to seek work.

He welcomed the proposed job summit and joint business and labour initiatives to put money into job creation schemes, but said throwing money at the problem would not create jobs.
Jobs top list of priorities

SOUTH Africans of all population groups and all levels of income identify jobs, crime, housing and education as top priorities for government action in a surprising indication of national consensus on these issues, the Institute for Democracy in South Africa has found in a national survey.

While concerns about political violence and discrimination had decreased since 1994, concerns about criminal violence had increased sharply from six percent in 1994 to 58% in 1997.


It found in its national survey last year of 3 500 people that there had been only two major shifts in public priorities since 1994.

The first was concern about discrimination, inequality and rights listed by 19% of the public in 1994 and only three percent in 1997.

Concern about political violence had dropped from 56% in 1994 to 9% in 1997.

Significantly, the government's greatest success in terms of delivery had not been prioritised by respondents, Robert Mathes one of the survey co-ordinators said yesterday.

Urban and rural South Africans list the same top four issues: Jobs, crime, housing and education.

Sixty eight percent of South Africans marked unemployment as one of their top three concerns, followed by criminal violence (58%), housing (44%) and education (20%).

"There are few differences between the priorities of the employed versus unemployed, between middle class, working class, farmers or the informal sector and absolutely no differences in the priorities of men and women," Mathes said.

There was significant variation in the ordering and emphasis of priorities by province, but even here there was more agreement than disagreement.

Since the first Idasa national survey was done in 1994, job creation has consistently ranked as the most important problem that the government ought to address.
Reaching the summit

The forthcoming Presidential Job Summit is, in the words of President Nelson Mandela, the most significant event since the 1994 elections. Our country faces a massive unemployment crisis which must be resolved as a matter of extreme urgency.

The statistics recently released show that there are close to five million unemployed people if the expanded definition of unemployment is used, including those of an employable age who are no longer looking for work.

The unemployment rate using the expanded definition is about 37.6 percent. The expanded definition is preferable to the official definition as it highlights the extent of the structural crisis facing our economy.

South Africa has a high proportion of people who are no longer actively seeking employment because of a lack of job opportunities. In fact, the economy is destroying more jobs than it is creating. Women and youth are particularly hard hit by unemployment.

Unemployment has negative effects on people's self-esteem as well as undermining community cohesion. There is a correlation between unemployment and poverty, as the poorest households often contain most of the unemployed.

The Poverty and Inequality Report released by the Deputy President's Office shows that unemployment is a significant contributor to poverty. At the same time research has shown that low wages combined with unemployment are the major source of poverty, with many poor households containing a number of unemployed people, relying on the wage of a breadwinner which is not adequate enough to sustain them.

In the light of this, the Congress of South African Trade Unions (Cosatu) has put forward a set of proposals which will contribute to eradicating joblessness, improve the quality of existing work and stem the tide of job destruction in the economy.

The underlying philosophy underpinning our proposals is that an employment strategy must significantly alleviate poverty and inequality. To be in a position to achieve this an integrated, comprehensive employment strategy must be adopted, entailing immediate, short and medium to long-term interventions.

This strategy must have as its main objectives:

- Halting current trends in job losses and significantly improving job security;
- Provision of support for the unemployed;
- Enhancement of the quality of jobs towards a living wage and stable employment;
- Creation of significant numbers of new, quality jobs; and
- Formalising the informal sector.

An integrated strategy must incorporate a set of core policy areas, including macroeconomics, investment, trade, technology, public sector employment, social plans and a social wage.

Cosatu's recently unveiled programmes seek to concretise this vision. One key programme is a mass housing scheme that aims at building one million homes through the provision of publicly owned housing rental stock.

The multiplier effect of housing spending offers greater opportunities for active industrial policy measures which can harness such economic activity towards the goals of sustainable efficiency and the restructuring of industries.

A mass public housing programme will also be linked to a restructuring of urban planning to ensure integration of affordable housing into well-located areas, to break down apartheid geography and its associated social and economic costs. Such a programme will employ hundreds of thousands of workers.

Despite attempts to rob Cosatu's proposals for funding job creation — through expanded contributions from state coffers, leveraging resources from the private sector and workers' contributions — serious commentators would know that the proposals are well considered and are part of the programme to move the economy on to a new job-creating path.

Traditional anti-union commentators in the mainstream media have attempted to create the false impression that the unions propose that the fiscus should be the only source of funding. Nothing could be further from the truth.

Their agenda is to take away people's focus from the real issues by "sensationising" the resources that will be required to finance employment creation.

We will not apologise for taking job creation seriously.

Our funding proposals entail funding from the fiscus; restructuring government employees' pension funds; solidarity tax along the lines of the tax introduced in West Germany in 1991 to fund unionisation; contributions from the private sector; prescribed asset requirements; progressive taxation; and utilising South African Special Risks Insurance Association funds and other resources of the Industrial Development Corporation.

Prescribed asset requirements will unlock resources in the retirement industry and that of long-term assurance, which are currently being invested primarily in speculative instruments.

Tinkering on the edges of our economy will not provide a solution to the crisis of joblessness. This country requires its own Marshall Plan, a major channelling of resources into reconstructing our country and putting it on a new job-generating growth path.

This is what our proposals to the forthcoming Job Summit attempt to do. We call on all others actors in society to join us.

(See the writer works for the parliamentary office of the Congress of South African Trade Unions in Cape Town.)
Aggressive jobs strategy urged

Kevin O'Grady

UNEMPLOYMENT in the North West province was predicted to rise to 45% in 2001 from the current 34%, creating the need for an "aggressive" job creation strategy, according to a report on the province by premier Popo Molefe.

Mining (67%) and agriculture (18%) were still the biggest employers but were both shedding jobs, while manufacturing had failed to create new job opportunities. There was an urgent need for a diversification of the province's economy but this was not made easier by high interest rates.

Although the declining value of the rand was beneficial to the mining industry, tourism and the export sector, high interest rates stifled investment and placed a heavy burden on emergent farmers and small businesses and had "the potential to drive them into bankruptcy".

The rand's rapid devaluation also held serious implications for provincial budgeting because commodities such as oil and capital goods manufactured in other countries had become "very expensive".

To combat unemployment — identified as the province's core economic development project — it was vital that the provincial government recognised the important role of the informal sector.

The province also needed to develop a consistent approach to the sector at all levels of government. Some departments and local governments managed the sector efficiently, while others tried to suppress it or failed to interact with it, "allowing for its chaotic development".

The province had much lower teacher-pupil ratios than recommended by government. As a result, the education department had recommended that 2 697 teachers be "phased out" after negotiations with the relevant role-players.

The department had also recommended that temporary teachers with "closed" contracts have their contracts terminated immediately, that teachers be moved from overstuffed schools to schools with staff shortages and that negotiations begin on these issues with teacher unions and associations.

Reports indicated that much of North West's crime, particularly the killing of farmers, were "spillover" crime in areas near the Gauteng border.

An assessment of farm murders showed that gun theft appeared to be the motive in more than 80% of cases and that most victims were elderly.
poorest of the poor

Public works programme gets a part on the back for aiding

The International Labour Organization

The Government, community

The public works programme is based on the principle of public works programmes being initiated by the government to address the needs of the poor communities. It involves the creation and maintenance of public works projects, such as roads, bridges, and schools. These projects provide employment opportunities for the poor, helping to reduce unemployment and poverty. The programme is designed to be inclusive, ensuring that women and minorities are included in the process of planning and implementation.

The programme is also intended to provide training and education to the beneficiaries, helping them to develop skills and improve their earning potential. This, in turn, leads to increased income and reduced poverty. The programme aims to make a difference in the lives of the poor and to reduce the inequality that exists in society.

The success of the programme is measured by the number of people employed, the amount of money generated, and the impact on reducing poverty. The programme has been successful in many ways, and its success is evident in the improved lives of those who have participated.

The programme continues to evolve, with new projects being initiated and existing projects being expanded. The government is committed to ensuring that the programme continues to meet the needs of the poor and to make a lasting difference in their lives.
RG17m earmarked for poverty relief.
A clear vision crucial for summit's success.
Business's R1 billion job creation and capacity building initiative undergoes the litmus test this afternoon at Gallagher Estates, Midrand. A broad coalition of listed and unlisted companies is expected to pledge its support or otherwise.

If given the go-ahead, the proposal aims to create 450 000 jobs in the tourism industry by 2005. The initiative, which gives special attention to tourism and schooling, was developed in close cooperation with a task team convened by the office of the deputy president. It is proposed that listed companies contribute 0.15 percent of their total market capitalisation and unlisted companies contribute 2 percent of their after-tax earnings.

A spokesman said the tourism proposal included focuses on marketing, training, crime reduction and support for new businesses. The schooling proposals are aimed at cutting down the repeat rate. — Frank Nxumalo, Johannesburg
Meeting on job creation project today

Renée Gravitzky

ABOUT 700 companies are expected to attend a crucial meeting in Midrand today to decide whether to endorse a job creation and education project — costing in the region of R1bn — proposed by some of SA’s leading businessmen.

The proposal, unveiled last month as a joint initiative of the Black Business Council, South African Foundation and the National Business Initiative, calls on the business community to contribute to setting up a business trust to finance the project.

The trust will be financed either through a set share of companies’ market capitalisation or after tax earnings.

Since last month, the major corporations have been lobbied to ensure their participation, but today’s meeting will decide whether or not the initiative gets off the ground.

Saki Macozoma, co-chairman of the preparatory committee set up to drive the process, said yesterday “the tilt at this point is towards acceptance rather than rejection” among a large number of companies.

SA Foundation head Neil van Heerden said the majority of the foundations’ members had been positive about the process. Those companies yet to respond were not necessarily negative, he said, but were awaiting approval from their boards of directors.

Van Heerden said the initiative could only become a reality if a “substantial” portion of the business community endorsed the concept. “Ideally we need more than 60% of the business community,” he said.

This included listed and nonlisted companies.

Macozoma said today’s gathering marked a chance for business to make an extraordinary contribution to stabilising the country and economy.
Public works reviews procurement

LYNDA LOXTON

Cape Town — The department of public works had tightened up its affirmative procurement programme to prevent "subversion" by some construction companies and to fill in gaps that had developed, Sivi Gounden, the deputy director-general in charge of accommodation, said yesterday.

He told a workshop for national and provincial governments that the drive to raise the involvement of black firms in public works programmes had been a "qualified" success because black firms still played a small role.

They seemed to prefer to enter into joint ventures with larger, established firms on mega-projects but did not always participate equally in contracts. The ventures covered only public sector projects and not private sector work, where black involvement was not mandatory.

In some cases, the black firms were actually paid not to become involved in the construction project, but merely to act as "fronts". Gounden said the programme would be rolled out over the next six months. It was expected to cover 90 percent of national and provincial projects, 25 percent of local government projects and 15 percent of parastatal projects.

To increase the involvement of black firms as prime contractors, a strategic projects initiative would be launched.

Gounden said preference would be given to black contractors wishing to take part in large projects as prime contractors, while a mentorship programme would also be developed.
Business's jobs plan gets off the ground

Reneé Grawitzky

FORTY-three multinationals, listed and nonlisted companies have already agreed to support a job creation and education project — costing about R1bn — proposed by leading businessmen.

This emerged at the official launch of the project in Midrand yesterday at which representatives from hundreds of small, medium and large organisations gathered. The audience also included representatives from union investment companies and black empowerment groups.

The business initiative follows months of discussion between leading businessmen and government. It focuses primarily on creating jobs through the promotion of tourism and “building human capacity” by implementing programmes to assist in improving the education system.

Government threw its weight behind the initiative yesterday while businessmen appealed to the broader business community to contribute.

Anglo American Industrial Corporation chairman Leslie Boyd told businessmen they could either "do nothing ... performa, or commit" to bringing business resources and "logic" to meet the challenges facing the country.

Trade and Industry Minister Alec Erwin said broad commitment by business would provide the right signals to the international community. Erwin said if the initiative was fully supported by business it would play an important role in generating jobs.

The project would get off the ground only if a substantial portion of the broader business community agreed to contribute towards a trust that would finance a range of targeted projects linked to tourism and education.

Only a small group of companies had been approached so far and recruitment on a wider scale would start soon. Business indicated earlier this week that it would ideally require an endorsement by 60% of the 800 companies listed on the Johannesburg Stock Exchange to finance the project.

The trust is to be financed by a contribution of 0.15% of the total market capitalisation of each contributing company as at November for listed companies while unlisted companies will be required to contribute 2% of after-tax earnings.

To take into account the recent volatility in the financial markets, companies may also make cash payments at a rate of 0.03% of total market capitalisation each year for five years.

The trust, although controlled by business, will include 12 business trustees and eight from government.

Parallel to the trust, business has proposed the establishment of a consultative body of eight business and eight government representatives. It would act as a forum for interaction between the parties on critical issues relating to job creation and human capacity development.

The preparatory committee which has been driving the process includes Transnet's Saki Macozama, Murray & Robert's Dave Brink, Premier's Doug Band, New Africa Investments' Cyril Ramaphosa, Avmin's Rick Menell and Thebe Investments' Vusi Khanyile.

A key motivating factor behind the initiative is to build an effective relationship between government and business. Boyd said business faced difficulties in interacting with government and believed this initiative would bring business closer to government and ensure its participation with government at an earlier stage in the process of policy formulation.
R1-bn jobs fund takes off

Johannesburg - Top South African companies have joined forces to establish a R1-billion fund to boost job creation and develop human resources.

At a meeting at Midrand yesterday, Anglo American Corporation executive director Michael Spicer said businesses would be invited to donate a small percentage of their market capitalisation or after-tax earnings.

"We hope to attract a wide range of companies to this initiative to demonstrate a broad based business commitment," said Mr Spicer.

The project would be managed by Government and private sector trustees, and focus on tourism and education. It would develop programmes and identify partners within the tourism and schooling sectors.

Deputy chairman of New Africa Investment Ltd Cyril Ramaphosa, said: "This is a severe challenge that comes at a time when we must consolidate our new democracy, tackle poverty and widen economic participation in the face of unprecedented global competition and turmoil in financial markets."

Tourism would be targeted because of its job-creation potential, said Premier Group chairman Doug Band.

Minister of Trade and Industry Alec Erwin said the Government was encouraged by the initiative. - Sapa
Support snowballing for R1bn business trust plan

Renee Grawitzky (173)

The R1bn business trust, intended to finance a major job creation and education project, could be up and running by November as an increasing number of companies express their support for the initiative.

It was officially presented to the broader business community on Tuesday by a group of SA's leading businessmen.

Details of the project were thrashed out by a 15-man preparatory committee made up of business representatives from a number of organisations and government.

Preparatory committee spokesman Michael Spicer said the organisers were encouraged by the audience's reaction to the project. However, the organisers were cautiously waiting for final approval of the project by the boards of directors of the respective companies.

Spicer said business was evaluating the written responses from the companies present at the launch.

It is believed that more than 200 companies had either said yes, asked for more data, or indicated that the project would be taken to their boards of directors for approval.

At the time of the official launch on Tuesday, 43 large organisations had indicated their support for the project and since the launch an additional four companies have come on board.

Spicer said those who had endorsed the project so far were mainly the "big players" in business.

He said the organisers were determined to secure the support of large- to medium-size companies as well.

The preparatory committee — which has been driving the process since earlier this year — was hopeful that pilot projects linked to tourism and education would get under way early next year. This would follow the formal creation of the trust and the appointment of a board of trustees.

Spicer announced earlier in the week that the trust would be under the control of business, with 12 trustees from business and eight from government.
Job-creation plan underway

By ALI MPHAKI

BUSINESS has put its money where its mouth is with the initiative announced by business leaders this week to create jobs and build human capacity.

More than 600 business leaders from the country’s top listed and non-listed companies considered a proposal to raise R1-billion for job creation and human capacity-building projects.

Job creation was chosen because of rising concern over unemployment.

About 365 000 people enter the job market every year – but the available number of jobs declines by about 82 000 each year.

Speaking at the meeting, Deputy Chairman of Nael, Cyril Ramaphosa told business leaders: “This is a severe challenge that comes at a time when we must consolidate our new democracy, tackle poverty and widen economic participation in the face of unprecedented global competition and turmoil in the financial market.

“This is not the time to shift responsibility or look the other way, We must work together in a practical way,” he said.

The initiative will give new impetus to job creation and capacity development.

“We believe that tourism has by far the greatest job creation potential in South Africa, a fact recently highlighted by a report by the World Travel and Tourism Council on travel and tourism in South Africa.

“It is also the sector with the best short-term job creation potential,” said Doug Baid, chairman of the Premier Group.

The initiative aims to encourage job creation in the tourism sector by scaling up the resources that can be mobilised by government and the firms in the industry to stimulate marketing.

Opportunities have also been identified to accelerate and expand training in this sector over the next year and for business to make available infrastructure and

Cyril Ramaphosa

expertise to support new enterprises in the tourism industry.

“The reason why the schooling sector was chosen for human capacity development is that primary and secondary schooling form the foundation for human resource development.

“Without the establishment of a good quality schooling system, building the human capital we need will be costly and inefficient,” said Lot Nidlov, executive director, human resources at Nedcor.

Alec Erwin, Minister of Trade and Industry, stated that the government was encouraged by the initiative that business had shown and was particularly pleased to see black and white business leaders working together.
Military bases could become focus of war on joblessness

IN A modern version of beating swords into ploughshares, as many as 20 military bases around SA may be transformed into "economic development hubs" in an ambitious billion-rand plan.

The Department of Public Works says negotiations with the World Bank are advanced for the R1-billion to fund the project, which government hopes will create desperately needed jobs.

Gugu Mazibuko, chief director of state property holdings for the department, says the redundant military bases will be set aside for land reform, housing, commercial centres and industrial development.

The ease of conversion and how the land can be used to meet government's broader socio-economic objectives will determine which bases are identified for civilian re-use, Mazibuko says.

The disposal of vast tracts of military land forms part of the restructuring of the defence force, and coincides with the planned closure of several large military bases and the proposed retrenchment of about 30 000 permanent force members.

A task team made up of representatives from the defence and public works departments, the non-governmental Group for Environmental Monitoring and the US Army has spent the past five months finalising a model for conversions, drawing on experiences in the US, which embarked on a similar programme recently. A final report is expected in a few weeks.

Brigadier Gerhard Cordier, director of facilities for the SA National Defence Force, says the process of nominating bases still has to be completed. "I cannot identify bases targeted for closure at this stage," he says. "All I can say is that it will be substantial and that it will be done in co-operation with civil society."

A primary focus of the conversions will be the mesh with government's spatial development initiative (SDI), which is aimed at attracting foreign investment and promoting socio-economic objectives.

Jennifer Smith, national co-ordinator of the Department of Trade and Industry's SDI, says she has been approached to secure private sector support for the project. She says the defence force has also discussed various commercial initiatives with co-ordinators of several of SA's regional SDIs.

Laurine Platsky, project manager of the West Coast Investment Initiative, says her project has been working with the air force in identifying possible commercial partners for the Langebaan Road airport.

"We have been briefed by the defence force about their base conversion programme and have done a pre-feasibility study for them about the possibility of commercial use the facility," says Platsky.

The defence force has about 60 large military bases spread throughout SA, close to half of which could eventually end up as major development initiatives.
Sector by sector job summits an alternative — union

Moses Mangeni

SECTOR by sector summits could be introduced as an alternative to the forthcoming presidential jobs summit, the SA Commercial Catering and Allied Workers Union (Saccawu) said at a media briefing held in Johannesburg on Friday.

This would require each sector to address its own job losses and job creation, said Saccawu spokesman Herbert Mbhize.

Saccawu was deeply concerned about the ongoing tension in the industry, particularly the unending threats of retrenchments.

Mbheze said employers were opposed to the union’s proposal that they allocate 4% of their wages bill to the training and retraining of workers.

Saccawu holds that the legislation on mergers and takeovers should have more teeth to protect jobs.

"If a takeover of one company results in huge job losses, the (labour) minister should be able to intervene and stop it," Mbheze said.

Edgars had pleaded poverty and had proposed a wage freeze for the 1998/99 year, prompting a programme of go-slow by workers. "If Edgars gets away with this, then ... other companies are going to follow suit," Saccawu said in a statement.

"Over the past 12 months, at least 12 000 of our members have been retrenched, especially in the hospitality and retail sector," Mbheze said.

Shoprite Checkers had retrenched about 1 500 workers, and it had announced it would close down two of its OK Stores.

Beares Group retrenched 2 000 workers and CNA 800. More retrenchments are expected. Sun International’s hotels, including Sun City, The Carousel, Morula Sun and the Wild Coast Sun, may shed up to 1 800 workers, but the group is currently engaged in negotiations with Saccawu.
Job summit ‘should focus on the poor’

By Pamela Dube
Political Reporter

THE Presidential Job Summit planned for October 30 in Johannesburg should focus on the rural poor, youth and especially unemployed women.

A workshop hosted by the Parliamentary portfolio committee on the status of women yesterday agreed that to be able to adequately address job-creation, there was first a need to structure ways to address the poverty-stricken sectors of the society — the majority of which constituted rural women.

The workshop, intended to come up with proposals for the summit, heard from Trade and Industry Minister Alec Erwin who said that to be able urgently to address the unemployment situation, all delegates needed to present practical programmes.

While applauding business and labour for their initiatives to development funds for job creation, Erwin said it was not enough.

“We need your structural proposal to get the capacity to deliver,” he said.

The Congress of South Africa Trade Unions’ Mr Neil Coleman said while gender inequality in the workforce was an international phenomenon, women in South Africa, “specifically black women” were worst affected.

Even for employed women, the situation was no different. The majority of them were in low-paid, part-time jobs “with little or no job security”.

In the public sector, specifically in the health and teaching professions, Coleman said on-going retrenchments worsened the situation for women.

Erwin said the Government’s employment policies were an integrated approach to develop both short-term strategies to ensure sustainable long-term job creation.

Mr Pat Hon of the National Economic Development and Labour Council said there was a need to transform the labour market to eliminate inequalities and discrimination in relation to informal sector workers.
Govt overestimated its capacity —— Erwin

CAPE TOWN — Government had "overestimated" its capacity to deliver its promises to the electorate, Trade and Industry minister Alec Erwin said yesterday.

Erwin said this was the foremost reason the state was now looking up to business and labour to bring constructive proposals to the presidential job summit next month. "Our greatest problem is capacity to deliver, not resources," he said.

Erwin was speaking before the parliamentary joint committee on the improvement of the quality and status of women. Erwin, who is the government minister responsible for the summit, had been asked to brief the committee, in particular on what was being done to include women's issues in the summit.

He said government's worst fear was that the summit could lead to unrealistic demands. He said while government welcomed financial commitments from social partners, proposals would have to be detailed and practical. He cautioned against the tendency to "sit and wait for government to do things".

He said other stakeholders who had not been part of the National Economic, Development and Labour council and who were currently "inadequately represented" in formal deliberations ahead of the summit, including women, would be consulted soon. "The summit has to be wider," he emphasised.

Business SA (BSA) took a beating from the Commission on Gender Equality, which accused business of having done nothing more than couching an old stance with politically-correct speak.

The commission's Vivienne Taylor said business was still asking for incentives first and then introducing the qualifier of "within financial constraints". Business had not acted to combat job losses; passed the buck to government; had done nothing about the "casualisation" of workers or globalisation's effect on "the working poor" and on pay equity.

The Congress of SA Trade Unions said it had proposed 10 elements of an approach to "comprehensively address the plight of women".
Job Summit must not be 'talk show'

By Isaac Moleli

THE National African Federated Chamber of Commerce (Nafeco) has expressed concern that the coming Presidential Job Summit may be clouded by ideas from Government and labour rather than articulating the position of the business sector.

"Business is an entity that creates jobs, so its voice must be clearly heard," newly appointed Nafeco president Steve Skhosana said.

In an interview with Sowetan, Skhosana said although his organisation was still grappling with what role it would play, Nafeco was concerned that the deliberations at the summit might be turned into another "talk show" for Government and the unions.

"It is not for the summit to design new plans, but to emphasise the implementation of existing projects.

"Let us unlock the jam in those projects," he said.

He said Nafeco had made a joint presentation with other business organisations to the National Economic Development and Labour Council (Nedlac).

However, this had not satisfied the organisation.

"We have made our position clear that we want to make our presentation as Nafeco and not as part of Business South Africa," he said.

"Our belief is that the only way to create jobs is to capacitate and support the small and emerging businesses," he added.

According to Skhosana, Nafeco would like to see the deliberations at the summit emphasising issues such as how to provide financial support to small, medium and micro-enterprises as well as providing business counselling and advice, information, marketing as well as creating a conducive environment for small business.

This would entail removing red tape as well as a review of regulations covering small business, he said.

"If ideas are not going to be implemented then the summit will be a waste of time," said Skhosana.
Cosatu has put forward innovative proposals in a bid to ensure that the Presidential Jobs Summit is a success, writes Labour Reporter Mzwakhe Hlangani ...

Cosatu deputy general secretary Zweniizima Vavi

South Africa found that it is already flexible.

"We normally call on the calls for more labour market flexibility as being directed at the ANC in Government and in particular the Minister of Labour who is being branded for introducing rigidities in the labour market."

There is no responsible government in the world, Vavi added, which could abridge its government by leaving it to government to decide "what norms and standards should be put in place to protect all role players in the labour market".

He also pointed out that the protracted negotiations process was dealing with difficult questions that could not be successfully concluded without considering the current economic environment in the context of Southern African economic development.

Turnmoil

Turnmoil in financial markets around the globe, economies of the developing countries, whose currencies were being savaged, capital flights taking place all over the world, attacks on currencies by speculators are other problematic areas that needed to be tackled.

"In that context, obviously when dealing with matters that do not only relate to the country but impacts globally, you are bound to have many people bringing in different suggestions." I must acknowledge that the macro-economic framework discussions is going to be the most difficult one to be handled," Vavi said.

Cosatu did not take the view that the summit ought to reach an agreement on each and every detail of broad macro-economic strategy, because of those factors, he added.

Vavi insisted that the number of strikes had dropped "tremendously". Strikes were mainly focused on wages and improving conditions of employment, and no longer about the peripheral political issues which dominated strikes in the 1980s and early 1990s.

In addressing worker skills provisions at the summit, Vavi said Cosatu proposals sought to go beyond the Skills Bill currently debated in Parliament to ensure workers contributed positively to the economy and to the future of their own companies.

The federation also looked forward to a broad framework agreement on productivity, which recognizes that productivity has been on the rise in South Africa, for several years.

Cosatu has put forward innovative proposals in a bid to ensure that the Presidential Jobs Summit is a success, writes Labour Reporter Mzwakhe Hlangani ...

Current retrenchments and the massive rate at which workers are losing their jobs is the major concern for Cosatu.

A set of programmes agreed upon at the job summit should not only address unemployment, Vavi said, but should put the spotlight on abject poverty and poor living conditions.

Through their programmes, Cosatu would like to see provision of shelter for the destitute and homeless. It also wants rented housing stock provided for those not necessarily looking for permanent homes in big cities, but who would like to retire to their homes in rural villages.

In preparation for the summit, the labour movement has submitted a set of 23 proposals. These focus on youth, women, skills development and training. This is particularly intended for those in the rural areas who are adversely affected by the unemployment crisis.

"Our proposals contain a range of measures including plans for public sector and industrial restructuring proposals. These include calls for industrial or sectoral summits to be held immediately after the summit where detailed industrial policies will be developed by each and every sector.

"These policies will further enhance job creation and lead to increased levels of investment so that the economy can generate more jobs for the unemployed."

Cosatu has also submitted proposals, which include the use of provident funds and pension funds and other insurance industry funds, through which a prescribed investment of up to 10 percent would be channelled into government bonds.

Another is a call for the entire society to sacrifice a day's worth of wages or profit to contribute towards a fund for job creation.
Building for the Future

Affirmative procurement the gold

Public works seeks more black builders

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Outsourcing may cause loss of jobs

By Mzwakhe Hlangani
Labour Reporter

Outsourcing could exacerbate the country’s critical unemployment levels among the semi-skilled and unskilled workers, a study by human resources consultants FSA-Contact has revealed.

Demands imposed by new labour legislation on employers prompted the surge of outsourcing, FSA-Contact industrial relations executive Ms Lesley Grossett said.

The marked trend towards outsourcing could accelerate as employers struggle to cope with the Labour Relations Act, the Basic Conditions of Employment Act and the Employment Equity Bill, but she warned that this would not enable employers to “get around or simply ignore the legislation”.

Retrenchments, which could eliminate any short- to medium-term savings the company hopes to obtain from outsourcing, may result.

“Business will still have joint liabilities with outsource service provider towards employees who fulfil certain tasks for them, despite the fact that they no longer employ the workers directly,” she said.

Outsource core activities

FSA Top Executive Survey of more than 1 000 organisations across the economic spectrum showed that 68 percent currently outsource various core activities, while a further 24.5 percent were considering doing so.

Most popular core activities to be outsourced include cleaning (68.3 percent), catering (61 percent), security (68.3 percent) and transport (46.3 percent) or highly specialist skills such as information technology (36 percent), printing (41.5 percent) and recruitment (32.9 percent).

Other areas commonly outsourced include delivery, transport, training, distribution, payroll, technical training, fleet management, equipment maintenance, data storage, machining, operations, manufacturing, marketing, warehousing and housing maintenance.

These activities reveal distinct factors which are impacting on the trend to outsourcing — a severe shortage of skilled personnel such as people with IT qualifications and the high cost of recruiting and retaining them, the survey concluded.

Costs associated with employing workers for unskilled and semi-skilled occupations, Grossett says, are also rising in terms of remuneration and benefits as well as management time spent on negotiations.
The minister's press conference today announced the following:

"We are confident that our economic policies will ensure continued growth and stability. However, we must remain vigilant and take necessary steps to address any potential challenges.

The finance minister also addressed the recent changes in the tax system, stating that they were designed to simplify and reduce the burden on businesses. He emphasized the importance of encouraging investment and fostering a conducive environment for growth.

The government is committed to improving public services and will continue to implement reforms to enhance efficiency and transparency.

In the past year, we have seen significant progress in the education sector, with improvements in infrastructure and curriculum. We are committed to ensuring that every child has access to quality education.

We are also focusing on healthcare, with the aim of reducing waiting times and improving the quality of care. Investments in technology and innovation will play a crucial role in achieving these goals.

Finally, I would like to thank all our citizens for their support and commitment. Together, we can build a brighter future for our country.

Promising results: Tackling poverty and unemployment.

With the recent economic growth, we are seeing an increase in job creation. The minister's office is working closely with businesses to ensure that new opportunities are available for everyone.

In terms of social development, we are focusing on reducing inequality and improving living standards. This includes initiatives to enhance access to affordable housing and healthcare.

The minister also highlighted the importance of education and training, with a focus on equipping our youth with the skills they need for the future.

In conclusion, we are making steady progress towards our vision of creating a better future for all. We will continue to work tirelessly to achieve this goal.

Thank you for your attention.

[Image of the minister and a crowd]

[Logo and contact information]

[End of press conference]
Job summit: no miracles, says Erwin

By Mzwakhe Hlangani
Labour Reporter

SOUTH Africa’s long-awaited presidential job summit would be a concerted and coordinated effort by all major stakeholders to see the flowering of projects aimed at addressing unemployment, Trade and Industry Minister Alec Erwin said yesterday.

He emphasised that there were no major areas of disagreement bedevilling the process, adding that all proposals were being analysed and reviewed. “Even if differences existed, we continue working together.”

Addressing a media briefing in Pretoria he said the summit would not be a mere talkshop. He disclosed that major initiatives and programmes had been agreed to during pre-summit negotiations between government, business, labour and the community constituencies.

These included short, medium and long-term projects to create jobs for women, young people and the disabled.

“A wide range of important agreements, and a lot of extremely interesting projects will be announced. We are not making false promises, but efforts by all stakeholders will improve the job creation process.”

Erwin said negotiators in the National Economic Development and Labour Council were engaged in intense discussions to determine how the pre-summit proposals could be implemented in a practical way.

“I want to stress that people must not believe that the next day jobs will be created. What you will see is a more concerted, coordinated effort by all the partners to speed up job creation.”

Erwin said.
Race still plays a part in getting a job

Reneé Grawitzky

WHITES who did not have matric had a 32% chance of finding a job, while their black counterparts had only an 8% chance, a unemployment report released by Statistics SA yesterday showed.

However, the report found the gap was narrower among black and white South Africans who had matric, with whites having a 66% chance of finding employment compared to blacks' 43% chance.

Statistics SA head Mark Orkin said the figures showed that race still played an important part in determining whether those who did not have matric become employed or not.

Orkin said the situation was rather different for blacks who had matric.

They were rapidly being absorbed into managerial jobs.

The comprehensive report, released ahead of the presidential job summit at the end of the month, highlighted a number of trends which could assist and inform policy makers, he said.

Trends included the shift in employment from the formal to the informal sector and high rates of unemployment among the young, women and blacks.

The report showed that informal sector jobs grew by 600,000 as the overall economy shed 500,000 formal sector jobs over the last four years, reducing the number of employed to 7.5-million.

The informal sector was larger than estimated, with 1.8-million people being employed there.

At the same time the report revealed that while overall unemployment rose from 20.0% in 1994 to 22.5% last year, unemployment rates were highest among the youth at 35%, as SA's labour absorption rate continued to decline.

A special survey on employment and unemployment showed growing informal sector employment in transport, sales and manufacturing.

For the first time, Statistics SA is using the International Labour Organisation's definition of unemployed — a narrower definition than previously used in SA.

The broader unemployment definition reveals that unemployment has risen from 31.5% in 1994 to 37.6% last year.

The revised definition is used by more than 80% of developed and less developed countries.

The report also included a survey of 12,000 respondents who were asked to report on their own experiences of employment and unemployment since the 1994 elections.

It found that during that period more than 99% of those who had jobs were not retrenched, while conversely 90% of those who did not have job failed to find work.

In addition, 90% of those who were unemployed last year had been unable to find work for at least a year.
HIV hits SA police force

Deputy President Thabo Mbeki said in his state-of-the-nation address that the police force is in deep trouble and needs urgent action. He called for a national strategy to address the HIV/AIDS epidemic in the police force.

Survey finds race still rules in the workplace

A survey conducted by the University of Witwatersrand found that race is still a significant factor in the workplace. The survey, which was conducted among 1000 workers, showed that 60% of respondents felt that their race influenced their job opportunities. The survey also found that 70% of respondents felt that their race influenced their job security.

Flags at half-mast for AIDS

In response to the escalating HIV/AIDS pandemic, the government has declared 30 days of mourning for those who have died of AIDS. The president, Thabo Mbeki, called on all South Africans to join in a national mourning period to reflect on the impact of AIDS on our society.

Johnnie Burkey - Social Affairs

Yizani - Wednesday, October 10, 1998
Real power is econo

Achib gathering to address job creation

By Sowetan Business Reporter

JOE creation will be high on the agenda of the African Council of Informal Business (Achib) when it holds its annual conference in Durban from October 12.

The theme of the two-day conference is "Achib is the answer". Achib president Lawrence Mavundla said the conference was expected to attract more than 1,500 delegates from all provinces in South Africa.

Deputy President Thabo Mbeki will address a presidential dinner before the conference starts.

Mavundla said job creation, the high inflation rate and related subjects would be discussed.

Some of the issues will be:

- What are South African imperatives for the next century?
- Will the global economy drift into recession?
- Should South Africa reintroduce the death penalty?
- Will the Presidential Job Summit be a success?
- How will management-union relationships change in the future?
- How do we achieve more stability in industrial relations?

Endeavour to keep cities clean.

Informal traders will also have to obtain licences or permits that will ensure that there are proper trading sites," he said.

Meanwhile, the South African Chamber of Business hosts one of its annual conventions from October 11 to 13.

The theme, whose theme is "The South African imperatives for the year 2000", will be held at the Holiday Inn Crowne Plaza in Durban.

Endeavour to keep cities clean.
Small-scale vegetable farming could take root in Khayelitsha and Delft – with help from foreign donors.

The project is aimed at boosting job-creation efforts in areas where unemployment is between 60% and 70%.

The project will be funded by the Dutch Government and the European Union. The amount to be given will be discussed during a visit to Holland next month by a Tygerberg council delegation.

Land suitable for growing vegetables is to be identified in the two towns and a model business plan will be developed.

Tygerberg municipality’s chief executive officer Dave Wilken, African National Congress councillor Radie van Zyl, National Party councillor Gerald Smith and senior official George Penxa will travel to The Hague on November 9 to discuss details of the plan.

They would be trained before starting out on their “farms” and taking on staff from among the unemployed.

The Dutch Government would monitor all projects.

Delft’s NP ward councillor Gerhardus Venture welcomed the project, saying 65% of people in his town were unemployed.

Khayelitsha councillor Raymond Jada said the project would be a good “starting point” and should be expanded throughout the Tygerberg.

About 70% of Khayelitsha was unemployed and “with this project we are showing communities how serious we are about upliftment”, he said.
SA has gone too far in regulating labour.
Crafts sector undervalued, says minister

Patrick Wadula

DEPUTY Trade and Industry Minister Phumzile Mlambo-Ngcuka has called for the development and promotion of SA’s arts and crafts sector which is generally undervalued in comparison to other sectors of the economy.

Mlambo-Ngcuka said in Cape Town yesterday that the sector was able to create between 300 000 and 800 000 jobs. She was attending the opening of a three-day workshop to promote productive and marketing capabilities of SA art and craft producers.

Mlambo-Ngcuka said that despite the sector’s enormous potential for development and export growth, it still required focused investment, infrastructure, skilled labour and foreign markets to compete.

She said the cost of job creation in this sector was less than other sectors and the ministry was looking at ways to form clusters with other sectors of the economy such as tourism. However, she stressed the need for the standardisation of arts and crafts.
The business of jobs

There is no quick-fix solution to South Africa’s unemployment problem. Any development programme must take place in the context of macroeconomic stability, human capital development, appropriate labour market policy and assistance targeted at those most severely affected by joblessness.

This is the view of South African Chamber of Business (Sacob) director-general Raymond Parsons. And he recognises that business has a central role to play in helping to develop such a context.

"Business accepts that the challenge facing South Africa is to consolidate our new democracy, tackle poverty and widen economic participation in the face of global competition," he told Sowetan.

"Creating jobs and improving the quality of human resources are central to meeting this challenge."

Parsons feels strongly that basic education is the foundation for long-term human capacity.

"Developing those economic sectors with the highest potential for fostering business enterprise and job creation in the short term should take precedence while focusing, on the other hand, on developing the basic educational system.

"The basic challenge is about how we can become much smarter about job creation in South Africa, and the job summit process, in business' view, has already served the important function of focusing all parties' attention on a shared problem." The participants have begun to define a common vision that may well serve as a foundation for future progress. But Parsons cautions that the achievements of the summit on October 30 cannot be measured only in terms of the quantifiable numbers of jobs created.

"The emerging consensus between all parties around the terms of the kind of economic growth necessary in South Africa to secure accelerated and sustainable job creation in the future is a significant factor," said Parsons.

"The job summit could help us in the march towards a shared economic vision."

Some of the proposals include special employment programmes for the youth and housing initiatives.

"From business' side, we can comment only on those programmes that we have proposed through business initiatives on job creation and capacity development," said Parsons.

These proposals emerged from deliberations within the South African Foundation, the National Business Initiative and the Black Business Council and have been comprehensively discussed with Government.

It is this initiative that led to the establishment of Business Trust which will, among other things, organise corporate support for proposed programmes on job creation and human capacity development.

The trust aims to raise at least R1 billion to support a limited number of interventions that have the potential for widespread impact.

Parsons is upbeat about the fact that tourism is projected to become the fastest-growing creator of jobs in South Africa, and has the potential to add 450 000 jobs by 2005.

Tourism has been selected as the initial focal point for job creation, with building construction as the next most effective job-generator — an estimated 60 000 jobs by 2005.

The schooling sector has also been singled out for human capacity development. In any society the schooling component is the foundation of the development of human capacity. The target for training during the first year is 5 000 people.

Parsons pointed out that the initiative's aim is to attract support for the Business Trust from the broadest possible range of businesses, including listed and unlisted companies, parastatals, mutual societies and other private companies, partnerships and trusts.

"It is not sensible to start with a huge fund. The country's problems will not be solved by merely throwing money at them; we must focus on the successful implementation of specific targeted projects."

Initial indications are that projects have been identified that will need more than R1 billion, with more if good progress is made with first projects.

Supporting companies could choose between two methods of contribution — either an annual cash contribution or a one-off issue of shares to the trust, which could have discretion on the disposal of the shares.

Parsons is confident these initiatives, along with other contributions by business and other stakeholders in the job summit, are practical and concrete proposals to address South Africa's unemployment crisis.

"Clearly no one party can tackle the scale of the problem alone. All parties will need to make contributions. The job summit planning process has so far sought to identify what the various stakeholders can bring to the party."

In the process the initiative will try to foster higher levels of understanding and confidence between Government and business, and within the business community itself.

Such an initiative will also demonstrate the genuine commitment of the business community to the future of the new South Africa while supporting economic growth and social equity.

As a result of the Business Task Team's (BTT) work, which has extended over several months, a proposal for a business initiative on job creation and capacity development has been put forward and has enjoyed Government support.

The BTT represents a broad spectrum of South African business, black and white. Working initially under theegis of the South Africa Foundation and the National Business Initiative, and obtaining support from the Black Business Council recently, the BTT has consulted extensively with other interested parties, including Government.

"We believe this initiative will enjoy the confidence of the business community, and foreign concerns operating in the country will be anxious to support a unique example of business enterprise working towards nation building," Parsons said.
Government's labour policy comes under attack

Shirley Jones

[Signature]
Official losses 'way off the mark' as key jobs summit looms
Ideas garnered on job creation

BY RYAN CRESSWELL

Ideas from increasing local skills to encouraging overseas venture capital were put forward as important for job creation by speakers attending the Gauteng South provincial hearing on the Presidential Job Summit in Johannesburg on Wednesday.

The Job Summit is set for October 30 and public hearings are being held around the country before the event.

One of the invited speakers, Manie Eagar of the IAETES Trust, which is funded by Eskom, Telkom and Transnet, said the people investment programme needed to be expanded.

The trust provides cost-effective integrated training for the general public and staff of parastatals.

"If we want to be competitive and more productive we have to engage with labour and engage with world markets," he said.

Another speaker, Maud Dlomo, of the Gauteng Self-Employed Women’s Organisation, said the economic activity of women working in the informal sector was not recognised. She said they had a highly evolved market intelligence that was not fostered.

Dlomo said the women needed a social infrastructure that would make their activities more productive. She also said there was concern that workers outside organised labour would not be represented at the Job Summit.

The Enterprise, Research and Development Foundation said "holistic strategies" using technology should be incorporated to enhance job creation.

One consultant complained that government "red tape" and regulations had prevented her from providing the rural poor with 300,000 packets of free seedlings donated by an overseas group. She said most of the vegetables could be sold but some seeds could be kept and replanted.

Another speaker said there should be links between skills development and positions available in the labour market.

A businessman said the challenge for government and the private sector was the establishment of a fully developed venture capital structure. He said there should be tax incentives to attract overseas venture capital.

A builder said people with hands-on experience were often employed over people with expensive, theoretical qualifications, and trainers should remember this.
Johannesburg — The presidential jobs summit set for October 30 did not mean "there would be millions of jobs the next day", Alec Erwin, the political head of the preparations for the jobs summit and the minister of trade and industry, said yesterday.

Erwin would not place a figure on the number of potential new jobs but said the social partners, including labour, business and government, would "attempt to try to estimate what employment effects these (jobs summit) programmes will have".

Labour has proposed to unlock up to R50 billion for a job creation "Marshall Plan" for South Africa and business plans to invest about R1 billion in the tourism industry and create about 450 000 jobs in that sector by 2005.

The government had set aside about R800 million for direct job creation and more might be available from next year’s budget if the expenditure proved to be having a positive effect on employment creation, Erwin said.

He reiterated that the summit would not be a Nexist type forum of negotiations but rather one during which a series of tripartite agreements, understandings, programmes and lead projects would be announced.

There were already 30 to 40 agreements and understandings between the various partners, including overall agreements and differences on macro-economic policies, finance, industrial policies, training programmes, lead and pilot projects on housing, integrated lead projects and structures and programmes to support the disabled.

All the parties had also agreed on post-summit sectoral follow-ups.

However, Erwin warned that the government would not be going into the summit to say that "we have changed our (macro) policy", in apparent reference to sharp disagreements around Gear, the government macro-economic policy, especially with the trade union movement.

Erwin said the South African labour market was flexible enough and he was not aware of any rising concern over the Basic Conditions of Employment Act.

"These (labour market policies) are strategic choices and the government is of the view that the basic structure in the labour market remained highly positive," he said.

However, he said regulations reviews could be used to identify those areas where legislation inhibited small, micro and medium enterprises, especially with regard to the taxation regime and licensing provisions.
Raft of jobs summit agreements in offing

AS MANY as 40 undertakings to arrest SA’s unemployment scourge are likely to be agreed upon at the upcoming presidential jobs summit.
Agreements should include a statement about differences of opinion on the government’s macro-economic strategy, measures to combat unemployment and funding for projects.
Projects are set to include programmes around housing and housing rental stock — a key proposal contained in the Congress of SA Trade Unions submission to the jobs summit and which it estimates could cost between R30-billion and R35-billion.
Other projects include tourism and infrastructural development, youth brigades, training and learning.
Alec Erwin, Trade and Industry Minister and government co-ordinator for the summit, declined to detail funding for the projects until the summit, scheduled for October 30.
Business has already pledged R1-billion for job creation while government has budgeted R600-million for infrastructural development in the current year. A further allocation will be made available in next year’s Budget for direct job creation.
Organised labour has pledged to contribute a day’s pay towards the

UNEMPLOYMENT
By THABO KOBOKOANE
Unsobomvu Fund (to be launched from demutualisation levies).
Erwin says an interministerial structure will be set up to continue with the work of the summit and a review summit held a year later.
The summit, which is scheduled for October 30, is intended to provide short-to medium-term measures for job creation while structural changes are implemented in the economy.
SA’s unemployment is officially 22.9% of the potential workforce for 1997, according to accepted International Labour Organisation (ILO) measures.
Previous official measurements put the 1997 jobless rate as high as 37.6% until the method of calculation was changed to the labour organisation’s definition — which is used by more than 80% of both developed and less developed countries.
The economy is also continuing to shed jobs. According to figures by the South African Reserve Bank, the economy shed in excess of 100 000 jobs last year. Statistics SA (formerly the Central Statistical Services) estimated that the economy lost 500 000 jobs in the past four years.
Job creation ideas start pouring in

As the presidential job summit approaches, discussion papers are flowing thick and fast from political parties and interest groups outlining how they believe unemployment should be tackled.

But these papers all come from such divergent policy positions that it is difficult to see how they could all be used to inform, and not confuse, those who plough through them all.

The last few weeks, for example, have seen the ANC releasing a wordy document which insists that: "In the overall, the kind of state that the national liberation movement is building is one in which the democratic forces have the capacity decisively to use state instruments for purposes of social transformation."

In other words, the state has a central role to play in transforming the economy to meet the needs of all its people.

The Democratic Party, on the other hand, has issued a paper calling for minimum government intervention in things such as small business development while allowing the private sector and non-governmental organisations to get on with it.

They probably both have a point. The difficulty lies in ensuring a balance between the two approaches, and making that balance work.

The two parties can be expected to debate their differing approaches with some vigour today when the portfolio committee on health starts its public hearings on the highly contentious bill banning tobacco advertising and smoking in public places.

To some this is government meddling of the worst and most inappropriate kind, while others would endorse it heartily and not for political reasons only.

The portfolio committee on finance will consider another form of "meddling" — the establishment of a national treasury that will prescribe to departments and parastatals how to run their financial affairs. Again, one can see the merits of the move at one level — uniform standards and accountability — but this potential loss of independence has got some parastatals all worked up and they can be expected to present their case quite strongly.

Transnet, for example, has warned that plans to apply the State Treasury Bill to parastatals could affect its privatisation and ability to attract equity partners.

But one area where government intervention is quite universally accepted as being important is setting the right fiscal regimes to attract investment. Ironically, this is one area where governments are sometimes not as vigorous as they should be. The importance of attractive investment climates was stressed again and again at the Africa Upstream conference in Cape Town last week.

The array of incentives on offer in some African countries was mouthwatering for South African delegates, who still have to convince the finance department of the need for more, and more targeted, incentives.

Other bills of interest due to be considered include the Insider Trading Bill and the Conversion of Sasria Bill. The latter, which aims to convert the SA Special Risks Insurance Association into a state-owned firm, has been strongly opposed by the insurance industry.

Sasria, which has assets worth R5.6 billion, is a uniquely South African body established under apartheid to provide short-term insurance for financial losses caused by political acts, although this was later extended to cover non-political losses as well.

The government says it does not want to continue functioning as an underwriter of last resort for Sasria with unlimited liabilities. It wants to conduct an actuarial assessment of its substantial current assets versus its liabilities, with any surplus being used to pay off debts while Sasria itself is privatised.
By Iqbal Leuth

Will the workers really benefit from the job-creation strategy?

By Iqbal Leuth

The Government is celebrating its 27th birthday. The country has been through 10 years of political uncertainty, economic reforms, and social changes. This has resulted in a complex landscape for businesses to navigate. The Government has outlined a strategy for job creation, but it remains to be seen if this will lead to significant improvements in the employment situation.

The strategy is based on the principle of creating jobs through public private partnerships. These partnerships will involve the private sector, local government, and civil society organizations. The aim is to create jobs in sectors such as agriculture, manufacturing, and construction.

The strategy is expected to provide employment opportunities for a wide range of people, including those with limited skills. It is hoped that the partnerships will also help to stimulate economic growth and improve living standards.

However, critics argue that the strategy is too ambitious and lacks concrete plans. They point to the fact that many previous initiatives have failed to deliver the expected results.

The strategy will also require significant investment from the private sector. It is not clear how much this will cost or who will fund the projects.

In conclusion, while the strategy is a positive step forward, it remains to be seen if it will lead to significant improvements in the employment situation. The Government will need to ensure that the partnerships are successful and that they contribute to the overall economic growth of the country.

"The labour movement refers to these initiatives as a concentration camps in terms of government's macro-economic targets and is therefore causing significant setbacks in the implementation of the proposals on inflation, the balance of payments and reducing current account deficits.

Contrary to claims that Government is required to ensure that it remains consistent with the fundamental policy framework, it cannot be seen as suitable in terms of creating employment opportunities in the country.

The fact is that this strategy has failed to create new jobs and has also contributed to the problem of protecting the existing ones, not a source of concern.

The characteristic peculiarity of the whole Government approach is the difficulty of creating jobs and instead call for measures that will significantly benefit the living standards of the workers class and the poor.

The approach must see the private sector as the key to job creation. One of the key long-standing demands of the labour movement is for the state to play an active role in the economy.

The labour movement called for the state to take ownership of key industries and create jobs in key sectors such as transportation, energy, and agriculture. This would provide the necessary infrastructure for economic growth and create jobs for the working class.

However, the Government has not taken up this challenge and continues to rely on the private sector for job creation.

In conclusion, while the Government has outlined a strategy for job creation, it remains to be seen if it will lead to significant improvements in the employment situation. The Government will need to ensure that the partnerships are successful and that they contribute to the overall economic growth of the country.

"It's quite clear it does not intend to increase public service expenditure."
Will the workers really benefit from the job-creation strategy?

By Ishmael Lusigi

There is widespread acknowledgment that job creation is one of the key macroeconomic and political goals of the government. However, the challenges of job creation are numerous, including the limited availability of skilled labor, the need for investment in education and training, and the need for policies that can create a conducive environment for job creation.

The government has set ambitious targets for job creation, but the pace of job creation has been slow. According to government statistics, the unemployment rate has been stable at around 6%, but this is not the full picture. Many people are working in informal sectors, often without formal employment contracts or social security benefits.

The government has acknowledged the need for a comprehensive approach to job creation, including investments in education and training, support for small and medium-sized enterprises, and policies to promote entrepreneurship.

The labor market is dynamic, with many factors influencing job creation. The government needs to work with all stakeholders, including the private sector, civil society, and international partners, to create a robust job-creation strategy that can meet the needs of job seekers and employers alike.

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The labor movement refers to these initiatives as concentration camps of government's macroeconomic targets and is therefore critical. According to the ministry of labor, the labor movement is concerned about the adequacy of the proposals on income levels, the balance of payments and the credit structure.

According to the ministry of labor, the labor movement is concerned about the adequacy of the proposals on income levels, the balance of payments and the credit structure.

In addition to the existing concerns, the labor movement has also expressed concerns about the government's labor policies, which are perceived as being anti-worker. The labor movement has called for a more inclusive and participatory approach to labor policy, with workers' representatives playing a more significant role in decision-making processes.

The government has acknowledged the importance of the labor movement in promoting workers' rights and has established mechanisms for consultation and dialogue with workers' representatives. However, the labor movement has called for more effective mechanisms to ensure that workers' voices are heard in the decision-making process.

The labor movement has called for a more inclusive and participatory approach to labor policy, with workers' representatives playing a more significant role in decision-making processes.

In conclusion, the labor movement is concerned about the government's policies and proposals and calls for a more inclusive and participatory approach to labor policy, with workers' representatives playing a more significant role in decision-making processes.

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It is quite clear that it does not intend to increase social service expenditure. This is evident from the government's budget proposals, which show no significant increases in social service expenditure.

The government is also proposing to sell off state-owned enterprises to attract foreign investment. This is part of the government's strategy to reduce the budget deficit and improve the country's economic performance.

In summary, the government's proposals are aimed at promoting economic growth and reducing unemployment, but the labor movement is concerned about the adequacy of the proposals and the potential impact on workers' rights and living standards.

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Jobs summit to help the unemployed

By Mzwakhe Hlangani
Labour Reporter

South Africa's unemployment scourge could be reduced reasonably in the near future if dozens of tentative agreements are finalised in the upcoming presidential jobs summit set for later this month.

Areas of tentative agreements include a broad statement on macro-economic policy for sustainable job creation, a need for rented housing stock, youth brigades, industrial summit, social plan and some financing mechanisms, Congress of South African Trade Unions communications officer Nozolwethu Mpithi said yesterday.

A detailed report from negotiators on preparations for the summit indicated agreement on amendments to the Labour Relations Act to make retrenchments a matter for negotiations instead of the current situation where trade unions were merely consulted.

Others include agreements on tariffs, use of prescribed investment to leverage resources for housing and infrastructure, she said.

Trade and Industry Minister Alec Erwin, who is also leading the Government in the National Economic Development and Labour Council, confirmed at a conference on Friday that substantial progress had been made and a number of job creation projects were to be agreed upon.

Erwin could not disclose the amounts of money to be released for the job creation projects.

The Cosatu executive committee meeting decided at the weekend to present tentative agreements at Nedlac to the alliance meetings this week.

Cosatu was not yet able to say whether the jobs summit would be a success or not.

"A clear package has not emerged yet. We, however, believe that progress has been made in a number of areas in particular in the bilateral between labour and the Government," she said.

The executive committee meeting also discussed the call on the need for organised labour and the rest of the society to make contributions in the form of the one day output of the economy for job creation programmes.
Govt needs help with Act, says Minister

By Mzwakhe Hlangani
Labour Reporter

EMPLOYMENT equity is not only a moral imperative but also a precondition for sustainable development of the African people, Minister of Labour Mdladla said at the weekend.

Addressing the annual conference of the Black Management Forum on the Employment Equity Act in Mafikeng, the minister said the law now prohibited unfair discrimination.

Mdladla challenged black managers and organisations to begin engaging the Government in implementing the Act.

“This will create a secure foundation for employment equity for future generations and this will be no small contribution to the renewal of our continent,” he said.

The disparities in employment opportunities were particularly bleak at representing Africans and women in management, professional and technical categories, he said.

**Intensify its participation**

A recent survey showed that African men and women together make up to 87 percent of all employees in the labourer category.

The management conference resolved to formalise and intensify its participation together with the Government in the national commission that will review company performances with regard to the Act.

The conference also resolved that the Black Management Forum would facilitate training programmes for its members on information technology and the effects of globalisation in preparation for the next millennium.

Deputy Chairperson of the National Council of Provinces Naledi Pandor said recent attempts to give meaningful content to the African renaissance debate were central to the agenda of sociopolitical and economic transformation.

The conference concluded that black managers were capable of wielding a great deal of influence and could play a central role in advancing the economic imperatives of a successful transformation in South Africa.
Forum ‘most significant’ outcome of jobs initiative

René Grawitzky

THE pending formation of a joint government and business consultative forum was the most significant outcome of the job creation initiative unveiled by business leaders last month, National Business Initiative CEO Theuns Eloff said yesterday.

Eloff said the forum, which would be neither high profile nor secretive, could prove to be one of the most important developments for the future of the country.

In an address to the British Chamber of Commerce in southern Africa, Eloff said the intention of the forum was to build understanding and to improve relations between government and business.

However the forum could, over time, be used by both sides to discuss and thrash out differences.

Last month business leaders unveiled a job creation and education project costing in the region of R1bn.

Schemes from the project would be funded by a business trust comprising government and business representatives, but controlled by business.

The forum is intended to exist alongside the trust, which will decide on targeted projects.

The formation of the forum stems from a proposal made by business. In terms of the proposal, there will be equal representation for government and business.

Eloff said the deteriorating relationship between government and business and the lack of trust and understanding between them had been one of the underlying reasons for the move to consider a partnership with government.

He said business wished to show its commitment and to ensure business received some acknowledgement for its contribution to job creation and corporate social responsibility programmes.

He said most of the top 50 companies in the country had agreed to contribute to the fund. Overall, close to 100 companies had indicated their support, but the final number would be presented at the presidential job summit next week.

Eloff said he hoped peer pressure would be a motivating factor in getting companies to make contributions. He believed the R1bn needed for the creation of the fund would be raised within six months.
Business backs
R1bn jobs trust

Cape Town — Tourism and schooling were crucial areas where business could make a decisive contribution to job creation and skills development, Johann Rupert, the chief executive of Rembrandt, said at a joint government-private sector business initiative yesterday.

The initiative aims to create a business trust to generate at least R1 billion for job creation, education and skills development projects over five years.

It was officially launched in Midrand in September and is now being presented to corporate leaders around the country.

Rupert said actions taken by business had to be clearly focused and sharply targeted. Tourism and schooling were areas where business could make meaningful contributions.

A prospectus of the initiative was outlined to business leaders from a cross section of Cape Town companies yesterday.

Michael Spicer, the executive director of Anglo American, said there was "a sense of excitement among business leaders at the proposition of acting in partnership with government" on the initiative.

The vehicle for the initiative would be a trust, scheduled to be set up by the end of November.

"We will have to have formal trustees drawn up and (be) deliberate on what projects to choose," Spicer said.

The initiative currently consists of a steering committee which is seeking a commitment from companies. About 100 companies have indicated their

Saki Macozoma
Transnet chief

ENCOURAGED support for the initiative.

"We are very encouraged," Spicer said.

The proposal is that listed companies contribute 0.15 percent of total market capitalisation, or the equivalent of 2 percent in after-tax earnings for non-listed companies.

Rupert said the initiative could begin to change the way business and the government related.

Saki Macozoma, the managing director of Transnet, said it was the first time that business across the spectrum in South Africa had worked together to conceptualise such an initiative with the government.

The project is backed by the National Business Initiative, the South Africa Foundation and the Black Business Council.

Macozoma said it was developed in close consultation with a government task team convened by the office of Deputy President Thabo Mbeki.
Qualifications fail to prepare graduates for entry into job market

An estimated 35 percent of black graduates remain unemployed, writes SBUSISO NGOMANE

At least 40,000 new graduates are expected to flood the job market next year with the assumption that their hard-earned qualifications will ease their path towards their hoped-for careers.

This influx of new graduates exacerbates the problem of graduate unemployment.

According to the latest statistics released by South African Graduates Development Association (Sagda) research desk, it is estimated that of the 660,000 graduates in the country, 344,849 are black and of these a total of 301,619 (about 35 percent) are unemployed.

Sifiso Nikahinda, head of Sagda entrepreneurial desk, blamed institutions of higher learning for annually producing graduates who are unable to enter the job market due to a poor curriculum structure that is too academic and does not provide graduates with the benefit of hands-on experience.

Asked what services Sagda renders to its members, he said Sagda not only served as a placement agency but had many departments such as training, community development and its entrepreneurial development desk.

Employment prospects for graduates and matriculants look bleak, Henry Bezuidenhout, director of labour affairs at the South African Chamber of Commerce, told City Press.

He said the over-regulation of the labour market, the dramatic rise in interest rates as well as the global economic crisis were key factors that militated against business growth and the creation of employment opportunities.

But he said the forthcoming Job Summit was a ray of hope.

"It promises to be worth the publicity it is getting," said Bezuidenhout.

Sifiso Mazibuko, a BA graduate who has been unemployed for more than three years, echoed Bezuidenhout's sentiments about the dire job placement situation.

"It's an unfortunate situation that educated youth are left uncatered for by both the government and business.

"The situation is a fertile ground for crime and social chaos," he said.

Sibusiso Mkhize, a final year Communications student at Unisa:

"The annual government expenditure in the form of bursaries and university subsidies is being misdirected if ultimately the graduates are not afforded the outlet to put their years of training into fruitful use.

"There should be concerted efforts on the part of the government to ensure easy access of black graduates into the economic mainstream," he said.

Because of such a hike in the unemployment rate, graduates often accept any job even if they are over-qualified for such posts, said Marlene from GraduateWise, a placement agency for graduates.

"Most of our clients require people with particular skills and this emphasis on experience puts many graduates at a disadvantage," she said.

Benjamin Maleka, a major in Industrial Psychology from Unisa who is currently employed as a clerk, told City Press that family and social pressure forced one to take up any job.

But, he added, tertiary education is perceived within the black community as an automatic key to any top profile-job.
Plans to summit the jobs peak

By THABO KOBOKOANE

THE presidential jobs summit this Friday is expected to yield at least 35 initiatives worth between R2-billion and R3-billion in an effort to boost sickly employment levels.

By the time an estimated 600 people gather at Gallagher Estate for the summit, most of the work will have been done behind the scenes.

Trade and Industry Minister Alec Erwin said on Friday at least 35 undertakings to arrest SA's high unemployment rate could be agreed to at the meeting.

Insiders say agreements on initiatives could cost about R2-billion to R3-billion.

The success of the summit is crucial. Following the global economic crisis, SA is facing an even greater loss of jobs, with massive social consequences.

Data by Statistics SA show that about 23% of the economically active population are unemployed, although other measures put the unemployment rate at closer to 35%.

The formal sector lost about 500 000 jobs in the last four years.

The summit is unlikely to be a battleground for government and labour on the state's macro-economic strategy, Gear — much discussion has already taken place behind the scenes to avoid a public spat.

The government has admitted its targets set out in the Gear strategy, which was unveiled in 1996, will not be met. They envisaged a growth rate of 6% and the creation of 400 000 jobs a year by 2000.

Analysts now predict a growth rate of less than 1% while the scourge of unemployment continues.

Government's backtracking on Gear targets has been interpreted by some to mean it is set for an about-turn on the overall policy.

An ANC discussion document, The State, Property Relations and Social Transformation, due for discussion at the alliance summit this weekend, calls for a review of fiscal deficit targets and a cautious approach to privatisation.

But key government figures have said the structural framework of Gear remains unchanged. One of the key factors in Gear is its commitment to reducing the fiscal deficit to 3% in the 1999/2000 year from 4% of GDP in 1996/97 through tight fiscal measures.

Finance Minister Trevor Manuel said this week there was no point in throwing money at the problem. Rather, focus should be turned to the "quality of the spending".

Erwin has said targeted social spending initiatives will be implemented to alleviate the effects of the current crisis, but without deviating much from macro-economic targets.

Analysts say it is unlikely that government will deviate radically from the deficit figures. This was backed up this week by President Nelson Mandela, who said government remained firmly committed to Gear.

"We will not deviate from it," he said.

Manuel says the ANC's executive committee stands by the by the policy underpinning Gear.

"The policy remains." Erwin signalled last week that one of the agreements at the summit would be a statement about differences of opinion on macro-economic strategy.

So while government may fiddle with the details, it is unlikely the "non-negotiable" policy will change.

Sources say initiatives likely to come out of the summit include plans to improve the lot of people struggling outside the formal sector. Such plans include making the state's small business support organisations more effective and accessible to "survivalist" businesses.

Another is the establishment of youth brigades which will act as a stepping stone for young people to gain formal sector experience while earning a small allowance.
ANC alliance united in jobs summit plan

René Grawitzky

THE tripartite alliance has endorsed proposals to ensure its constituents present a united front at Friday’s presidential jobs summit.

One proposal endorsed at the weekend alliance summit of the African National Congress (ANC), Congress of SA Trade Unions (Cosatu) and the SA Communist Party (SACP) was an undertaking that government would investigate the restructuring of the state pension fund to reduce its debt burden. This proposal had been tabled repeatedly by Cosatu. Last year, Cosatu said the fund would fail if government went ahead only with its viewpoints without canvassing the union federation.

"Alliance partners said the proposals — to be finalised in the next few days — provided a basis "for serious intervention to address the crisis of unemployment, poverty and inequality". Proposed programmes aimed at stimulating the economy and creating jobs include a project to build thousands of houses, a business initiative to boost jobs in tourism, various targeted public works programmes and the development of infrastructure.

Trade and Industry Minister Alec Erwin said government was prepared to look at concrete possibilities on restructuring the state pension fund. It was prepared to investigate whether it should be converted into a pay-as-you-go system or be fully funded.

Cosatu initially proposed a shift from a fully funded method of payment by government to a pay-as-you-go system. It said this could reduce government deficits repayments to the fund by two thirds and release assets to be used for other initiatives.

Cosatu general secretary Mbhazima Shilowa said the package of proposals for the jobs summit “must not be derailed by any party”. Alliance officials would meet periodically until the summit to ensure the process remained on course and that the sum of proposals represented a watershed in the process of transforming our country.

He refused to be drawn on the extent to which Cosatu’s original demands had been met. A draft final package, setting priorities, was being accepted and those that were rejected.

Last week Erwin said spending would allocated to jobs only if it built necessary infrastructure and not just to look good. However, government would do everything in its power to maintain levels of social spending. The alliance agreed that resources released as a result of the relaxation of macroeconomic targets should be directed "strategically towards growth, development and sustainable transformation". At the same time, the need for sound fiscal discipline remained.

continued on Page 2

Alliance

Continued from Page 1

sound fiscal discipline remained.

Sources said the proposals had been packaged in a manner which appeared agreeable to all, even if the substance had not fully or even partially met the demands of the SACP or Cosatu. A business source expressed concern that the package might overstep the boundaries of agreements between government and business. A meeting between government and business today was expected to clarify this.

The alliance summit followed last week’s ANC national executive committee resolution that certain targets in the growth, employment and redistribution strategy had to be adjusted. Alliance sources said this resolution created the space for debate on macroeconomic policy. Greater consensus had been reached on the fundamentals upon which sound macroeconomic policy should be based.
Funding could yield pot of gold

More than R3 billion could be raised from complex mechanisms, Durban says

JOBS SUMMIT

FUNDING COULD YIELD POT OF GOLD

FRANK KRIMNAND

(193) CT(2A) 16/10/96
Summit package aimed at ending poverty

The eradication of unemployment, poverty and inequality are the most important aspects of the Presidential Job Summit due to be held this week, the tripartite alliance said on Sunday.

Speaking to reporters at the end of a two-day alliance "summit" at Gallagher Estates in Midrand, north of Johannesburg, Congress of SA Trade Unions general secretary general Mthazima Shilowa said the alliance was in the home stretch of its preparations for the job summit.

The African National Congress, Cosatu and the SA Communist Party met at the weekend to iron out future strategies.

Apart from the job summit, the strategies included the global economic crisis and how to tackle next year's general election.

Regarding the job summit, Shilowa said an alliance package of proposals would be tabled but details were still being finalised. He said talks between the alliance partners would be included in a final summit declaration on how to create jobs and protect jobs already in existence.

"The package of proposals, as it was emerging, was a progressive basis for a serious intervention to address the crisis of unemployment, poverty and inequality."

"As quoted about the nature of the package to be announced, Trade and Industry Minister Alec Erwin said he did not want to go into specifics, but that amounts involved would be substantial. "It will certainly be an interesting package," he said.

The alliance's top leadership present at the news conference were non-committed about Government's Growth, Employment and Redistribution macro-economic policy (Gear).

Challenge

Gear recently survived a challenge by leading communists within the ANC national executive committee who argued for changes to Gear's structure, moving away from its capitalist market-oriented objectives.

Asked if Gear was discussed, the SACP's Jeremy Cronin said: "Debate helps us all to get a better understanding. We are not looking backward."

Regarding the global economic crisis and its impact on South Africa, Shilowa said it was agreed that sliding into an economical recession should be avoided at all costs.

"We have to carry through structural transformations that enable our economy to survive and surpass as best as possible the uneven and crisis-ridden character of the global economy."

He said it was agreed that a macro-economic policy - aligned with the tripartite alliance's objectives of reconstruction and development - was needed. "Growth, in our economy has slowed down, and we must avert the danger of recession."

Looking ahead, the alliance again agreed on a commitment to fight next year's general election as partners and get all its members to apply for bar-coded identity books.

"There was never any doubt that we are going to fight the elections as a united force. What keeps us strong is the ability to engage in discussion and learn from each other," Shilowa said. -- Sapa.
The Presidential Job Summit is due to start on Friday, but only if a definitive strategy for desperately work creation emerges will the event draw a standing ovation instead of polite applause, writes Ry-

They, and too many like them, are what it’s all about ... Johnson Dube (left) and Goodman Maduna, two unemployed men.

Le.

The major actors already know their parts backward. It is the great Presidential Job Summit, playing for one day only this Friday at Gallagher Estate in Johannesburg.

The summit, to be attended by government, labour and big business, will be opened by President Nelson Mandela and closed by Deputy President Thabo Mbeki.

When the summit was announced with fanfare by the Labour Market Commission more than two years ago, there was some confusion about what it all meant. Some observers envisaged a week-long meeting between business, labour and government, with no referee and winner takes all.

No such thing. The fact that the “urgent” summit has been postponed several times suggests the Government was taking no chances at getting splintered with messy political fallout from the elections and decided instead on a quick, slick production that scored at the box office.

The main players have already talked and argued their way to significant agreements, what remains is for the curtain to go up.

But, trade and industry minister and political director of the job summit show said the summit would involve negotiations, but would rather be a grand announcement of tripartite agreements, programmes and projects.

There are already 30 to 40 agreements and understandings on issues including financial policies, training programmes and post-summit follow-ups.

Labour analyst Gavin Brown believes the Government probably made it clear to both labour and business that the usual “sterile slanging match” should not be in the script.

Although the show will probably be slick and cause waves, box office success will be the ultimate test.

Months ago Labour director-general Sipho Pityana started dampening expectations by saying the summit would not be total solution. More recently Erwin warned that jobs would not be created overnight after the summit.

Brown said existing labour legislation was unlikely to be changed as a direct result of the summit.

“I don’t think legislation will be turned back in favour of labour or business,” he said.

Instead the summit is seen as a forum to put forward plans and programmes that will help in the mid to longer term.

The main actors may be sure of their parts, but what of the extras? Opposition parties feel they do not play a serious part and some unemployment groups and NGOs are not sure as to where they fit in.

Brown said one challenge the job summit faced was that a lot of people, who had heard or read about it were probably “a bit cynical. Something will definitely come out of the summit, but it is also largely symbolic,” said Brown.

Perhaps symbolism has already played more of a part in the job summit than even the players realise. Agreements by their very nature signify contact or even unity and the proposed job summit has already caused labour and business to at least symbolically reach across a great divide.

Up until a few months ago labour and business were usually seen as being at opposite ends of the scale on the issue of job creation, with the Government somewhere in the middle manoeuvring to prevent further rifts.

Thus, initial reactions have not really changed since then, but some serious complications have been made, especially where the duration of the agreements for the Government to hand about “just in case agreements” at this early stage.

Look at some of the differences in approach lobbed by each group.

Businesses are keen to maintain stability through Reserve Bank independence and fiscal discipline.

In addition, to promote cluster initiatives and technological innovation, establish local business service centres, intensify land reforms, revise labour legislation, promote youth and reduce discrimination against women.

On the other hand, labour wants a predictable macro-economic policy that has labour support, lower interest rates, expanded demand for local goods, small-scale lending programmes, public corporations as key investors, targeted employment subsidies and a social clause against labour exploitation.

Government would like to increase labour demand by raising the output and the labour capacity of the economy through special employment projects, preserve growth by getting firms into value-added niches and strengthening existing investment policies and programmes.

Dependent each proponent in the situation, with the varying the a a single active popu is the slow growth. But a sp's combine so clearly shows, cleverly at the time needs to mit.

There will be good plans for social partnership, certainly and a position of matter of job.

Only then a standing ovature round the
Small, informal employment agencies offer sliver of hope

BY RAPHAEL TEBANE

The offices of Mamamela Social Movement in Johannesburg are a hive of activity every day as people flock in to register with the organisation for the unemployed.

Mamamela promises to go beyond whingeing and whining about South Africa’s increasing unemployment, which the Centurion report puts at 51% of the economically active population.

It operates as an employment agency and plans to use the R5 membership fee gathered from a claimed membership of 200 000 to invest in big companies.

The organisation is one of several unemployed people’s trade unions that have sprung up around the country in the past few years.

These trade unions are now fighting a variety of bodies such as Nedcor and in forums such as Jobs Summit.

The leadership of the Mamamela Movement is both ambitious and articulate.

"This organisation emanated from the realisation by the unemployed that they can be marginalised within macro-economic policy and decision-making fora," said Mamamela president Flavio Mashego.

The organisation was formed after research was done among parents, workers and students.

"The research proved that the majority of the people supported job creation and the implementation of a flexible labour market, which is the only option to draw a substantial number of unemployed into the formal sector," Mashego said.

Within the labour market, there is a clause for a flexible labour market. But organised labour has taken a unilateral decision to reject it without consulting the unemployed.

The mamamela says workers will be easily exploited. But it is up to the unemployed to decide whether they want to be exploited or not.

For example, it might look like exploitation, but for an ordinary unemployed person, it might be an opportunity to make a living.

"We have to promote cluster and technological innovation, intensify land reform, labour legislation, and reduce discrimination against women in the labour market.

Depending on one’s viewpoint, each proposal has merit or is damaging to the cause of job creation. With Centurion statistics putting the unemployment figure at a scary 51% of the economically active population in an agonisingly slow, time of business depression.

But a specific strategy that combines some of these points likely shows the way forward and phases in a common majority - needs to come out of the summit.

There will also have to be very good plans for sequels and for the social partners to meet beyond the summit and perhaps even develop a position of serious clout on the matter of job creation."

"I think we will see all the big get first crack at odds with Cosatu, is definitely on good terms with the Government.

"There are certain strategic individuals within Government who work with us. We are also meeting with the Home Affairs department to deal with the issue of illegal immigrants."

"There is a high level of xenophobia caused by the people’s frustration that illegal immigrants may be taking their jobs. But we do not condone attacks on the immigrants," he said.

Another organisation which tries to cater for the jobless is the Unemployed Masses of South Africa (Umasa) organisation.

Formed in 1994, Umasa has no offices and very few resources and a modest leadership. Umasa uses the phone, fax, and offices of an independent trade union in central Johannesburg.

But the organisation’s members on in spite of the fact that they have not achieved much in the five years of their existence.

In fact their only real brush with the limelight was when their members were accused of murdering two foreign women who were thrown off a moving train in Pretoria earlier this year.

Umasa members were returning from a march in Johannesburg when they allegedly attacked the foreigners after accusing them of depriving South Africans of jobs.

National president Godfrey Debella denied any responsibility. "Since 1994 we have had many rallies and marches which have all been peaceful. I read in the newspapers that foreigners were killed, but it was quite surprising to see that we have no responsibility."

Debella said: "The departments sent us from pillar to post. Even Cosatu told us that they do not deal with unemployed people. We voted, and now we are left in the lurch because we are not skilled.

"Government must train people so that they can do motor mechanics and bricklayers and thereby employ themselves."

"Also, Umasa has not received any official communication regarding the much heralded Job Summit."

"We faxed the organisers asking for details, but even after three weeks there has been no any response. How can they ever discuss the plight of the unemployed and exclude them from the process?" asked Debella.
Summit may look at slide in farm jobs

The state Agricultural Union would not oppose a proposal from the agricultural industry that it not pursue a strike if the industry would agree to make a one-time payment of $200 to all union members. The union has been seeking an increase in wages and benefits for its members, who are employed primarily in the dairy industry. The proposal would be worth $200 million if it were to be accepted by the industry.

Meanwhile, a proposal from the Michigan Department of Agriculture and Rural Development to pay farmers to allow their land to be used for conservation purposes has encountered resistance from farmers and some landowners. The proposal would provide grants to farmers who agree to leave their land in a natural state, with the goal of preserving soil and water quality.

However, agriculture department officials said the proposal would not be a significant financial burden on farmers. The department estimated that the cost of implementing the proposal would be about $50 million per year.

Louise Cook
Quarterly jobs growth surprise

FRANK NNXUMALO

Labour Editor

Johannesburg—Employment in the formal non-agricultural sector had risen by 0.3 percent, Statistics SA announced yesterday.

This figure represents 14,210 employees, for a new total of 4,879,101 in the second quarter compared with the first quarter, according to the June 1998 Survey of Total Employment and Earnings (STEER).

These STEER figures represented the first increase in employment on the previous quarter since the third quarter of 1996, analysts said.

Azar Jammie, the chief economist at Econometrix, said in the current macro-economic environment, less than 1 percent growth with a population that was growing at close to 2 percent, one would have expected "employment to have declined".

GRATIFIED Azar Jammie reports first rise in jobs since '95

However, Jammie said it was gratifying to experience employment growth for the first time since 1995, although this could represent the start of a trend by some businesses to actively increase the employment of black people in order to avoid victimisation by the department of labour when the Employment Equity Act is implemented in the first quarter of next year.

"The decision by business to reduce profits in order to employ more people because of the longer-term benefit to the economy and social stability could outweigh the cost to short-term profits," he said.

He said the trend could also be seen in the light of an economy moving from a capital-intensive to a labour-intensive regime.

However the STEER figures showed this increase was still 5.5 percent lower than last year, representing 283,184 job losses. Salaries were up 5.8 percent compared with the previous quarter and up 8.9 percent over a year ago.

"Real salaries have improved a lot for those lucky enough to have a job in the formal sector of the economy," Jammie said.
22 000 jobs lost in manufacturing

FRANK NXUMALO
LABOUR EDITOR

Johannesburg — Employment levels in the manufacturing sector had fallen by an additional 3 percent, representing more than 22 000 job losses during the first half of this year, the Industrial Development Corporation (IDC) said yesterday.

The corporation said this drop was in addition to a 4 percent contraction registered in 1997. The losses were due to adverse domestic conditions including a weakening rand and an ongoing process of upgrading and modernising capital stock to enhance domestic and global competitiveness.

It said the sharply lower levels of business and consumer confidence, propelled by the unexpected hike in interest rates and continued market turmoil, should inhibit employment creation prospects for some time to come.

"However, ongoing efforts to enhance price competitiveness in the global market place through productivity improvements and increased efficiency will ultimately place domestic manufacturers in a better position to expand their job creating capacity," the IDC said.

Collectively, most sectors reported almost 55 000 fewer job opportunities, of which 17 000 were in textiles.

Change in employment by manufacturing sector
Real power is economic

Laws ‘not helping with job creation’

By Shadrack Mashalaba

There is a growing concern that new labour legislation is impeding job market creation capacity of small business with some businesses sub-contracting part of their operations.

A snap survey conducted by the Johannesburg Chamber of Commerce and Industry (JCCI) of its member companies reveals that more than 60 percent of respondents believe that the new labour law dispensation will result in further shrinkage of the labour market, reduced productivity and lack of new investment.

The labour laws that the survey refers to are the Labour Relations Act (LRA); the Basic Conditions of Employment Act and the recently passed Employment Equity Act.

JCCI chief executive Marius de Jager said the survey was conducted among Gauteng-based members.

De Jager said more than 10 percent of JCI members took part in the survey.

The survey was conducted among members involved in a wide spectrum of business activities ranging from retailers to manufacturers and those providing services.

Results of the survey show that 60.2 percent of respondents view the LRA as having a negative effect on employment, compared to 59.8 percent seeing a negative effect caused by the Basic Conditions of Employment Act and 66.4 percent feeling the Employment Equity Bill would have a negative effect on employment.

The same survey shows respondents indicating that issues such as productivity, profitability, and investment would be negatively affected by the new legislation.

De Jager said small business in particular found it difficult to implement the laws as they did not possess the administrative competencies of big companies which had greater human resources at their disposal.

"Respondents perceive today’s labour regime to be unaffordable, impractical and damaging to growth," he said.

He argued that: "Organised business has consistently, in submissions to Government, emphasised the inhibiting effect of the new labour laws on job creation and this survey validates these concerns."

(179)
The coming summit must address the needs of those on the fringes of the economy – the youth, rural dwellers and women, writes Mzwakhe Hlangani.

He said the Growth Employment and Redistribution (Gear) strategy should not be the only force driving job creation and economic growth.

"We argue for lower interest rates and say that with lower interest rates we will have more capital spending which will result in more job creation, as opposed to higher interest rates."

The current macro-economic policy did not deliver expected growth and should be re-examined, said Jack.

"We understand the Government cannot change its policy every year. But we challenge the approach that Gear is non-negotiable."

Socio-economic inequalities have become further entrenched as a result of the growth of unemployment, he said, with the tendency towards deregulation, informalisation and the casualisation of work.

The new-found faith in small and medium micro-enterprises and the informal sector as the easy solution for job creation and economic growth created an illusion which was "blind to the deepening structural inequality" that exists in the labour market.

The community constituency proposed that R4.5 million should be made available for projects aimed at empowering disabled communities in the short to medium term.

Meanwhile small, medium and micro-enterprises will need a kickstart of R2.5 million which can be rolled over into other projects - and snowball the expansion of the small business sector.

Among the key projects the constituency is looking at are youth brigades, cooperatives, entrepreneur training centres and youth resource centres.

Entrepreneur training centres are a strategy for the youth to create, as opposed to seeking, jobs and to create mobility with the informal sector.

The centres will aim at meeting the needs of rural youth and will co-exist with launching facilities to accommodate remote areas where centres cannot bring work.

All the Nedlac’s social partners indicate a total commitment to the success of the summit, Jack said.

"What the different sectoral agendas are about the summit is another question, but the feeling you get is that we all want this job creation process to succeed," he added.
Youth explosion creates yawning jobs shortage
Negotiators to sign agreements on job creation

Reade Gravitzky
Pearl Sebolao and Sapa

GOVERNMENT will meet business, labour and community negotiators today to sign agreements reached on job-creation strategies and policy issues on the eve of Friday's job summit.

But with only a day to go before the summit, the parties have yet to finalise agreements on a controversial housing project costing more than R1bn and the wording of various industrial policy issues related to the review of tariffs and a "buy-local" campaign.

Business SA's governing body will also meet today to consider final draft agreements. There has been concern in business circles that the final drafts, which include a declaration on macroeconomic policy to be adopted at the summit, have not been circulated in time for participants to obtain final mandates from their constituencies.

Sources said agreements had yet to be finalised on the expansion of the social security system to reach the unemployed and the indigent.

Final discussions were also being held on aspects of the country's industrial policy, with union sources claiming that there appeared to be some movement on tariffs.

Business sources said there was concern over the funding arrangements for a proposed national presidential lead project for building between 50 000 and 150 000 houses. The project forms part of the government's commitment to consider a two- to three-year project where 75% of houses are allocated for rental stock and the remainder for individual ownership.

Labour supports raising funds through the use of prescribed assets while business wants to use the finan-

Job summit

Continued from Page 1

continued markets. Government was initially reluctant to commit itself to the project because of management problems in rental collection.

The project will feed into other infrastructure development projects under way, as well as government's spatial development initiatives. A number of projects, including the youth brigades to be set up in an attempt to create jobs for young people, and some special employment projects, will tie in with these initiatives.

The foreign affairs department has announced that President Nelson Mandela will no longer open the sum-

mit as he has to attend a meeting of the heads of states of the Economic community of West African States in Nigeria. Deputy President Thabo Mbeki will open the summit instead.

The National Party criticised government for excluding political parties from the summit.

Democratic Party leader Tony Leon said the summit looked set to be a taxpayer-funded photo opportunity that was likely to fail because of the failure to invite opposition parties. "What use is a job summit without proper representation? No parliamentary parties were invited and those of us who have made detailed and sincere representations have not even had an acknowledgement of our efforts."

End of the beginning: Page 13
Summit? Just give us work, say jobless
‘It’s a case of survival’

TRAFO MASASO
Staff Reporter

Sakhawo Ngceni wakes up before 6am every morning and makes the 30km-odd trek from the shanty town of Harare in Khayelitsha to Newlands.

He doesn’t work, but spends his day hanging around outside South African Breweries’ Newlands plant hoping to be given a casual job for the day. He has been doing this since April.

On those rare occasions he is given a job, which earns him about R10 an hour, he spends the money on food for his three children, mother and sister. Mr Ngceni has been unemployed for the past two years. He is only 33 but his hair, eyebrows and moustache are prematurely grey. He looks more like a man in his late 40s.

Mr Ngceni, a former baker, is one of the 2.24 million unemployed South Africans, or 23% of the economically active population, who were jobless at the end of last year – figures from a study by Statistics South Africa.

On Friday President Nelson Mandela will convene the long-awaited jobs summit in a filmed message.

Many hope the summit will tackle the country’s chronic unemployment problem. The Government, business organisations and trade unions will sign an agreement committing each of them to a set of proposals aimed at creating jobs in the long term.

Mr Ngceni and his fellow work seekers outside SAB do not even know about the jobs summit.

“All I want is a job. If that is what the summit can do for me I will be a very happy man,” Mr Ngceni told the Cape Argus.

Fellow work seeker Ernest Khethelo has been unemployed for seven years.

“His wife left me because I could not provide for her. My two children are staying with my sister because I cannot provide for them,” he said.

According to figures supplied by the Reserve Bank, the economy has shed 160,000 jobs since 1996.

The Government, which is the summit organiser, has been holding talks over the past two years with unions and business aimed at agreeing on a strategy for job creation.

But Friday’s agreement will not yield instant jobs, Labour Minister Shepherd Mdlalana warned in a recent interview.

“The jobs summit must not bring only short-term solutions, but long term ones as well because if it does not, the poor majority at the bottom of the ladder will bring down the few at the top,” he said.
Johannesburg - It is ironic that the Government is pushing ahead with the Tobacco Products Control Amendment Bill which would cost thousands of jobs, while holding the Job Summit to increase employment, say the Federated Hospitality Association of SA and the Freedom of Commercial Speech Trust.

Pretoria's acting executive director Peter Cumberlege said the bill would have a serious economic impact on the hospitality industry, one of the few that could reduce unemployment.

Freedom of Commercial Speech Trust executive director Petet Delport said provisions banning tobacco advertising would drain the economy of about R400 million a year.

The ban on sports sponsorships would mean the cancellation of the Rothman's July and the Gunston 500, unless other sponsors were found. If cancelled, the KwaZulu Natal economy would lose about R600 million in tourism money.

Johannesburg - President Mandela will not attend Friday's Presidential Jobs Summit as he will be on a state visit to Nigeria, government officials said today.

A spokesperson in the presidential office confirmed this.

A Labour department spokesperson said President Mandela would open the conference using a videotaped message.

Some 600 delegates are expected to attend the summit, which will seek ways to address the country's chronic unemployment problem, where more than a fifth of the population is out of work.

The President travels to Lusaka tomorrow after receiving the final report of the Truth and Reconciliation Commission.

President Mandela is due to talk with Nigerian ruler Gen. Abdulrahman Abubakar on regional and continental questions. Gen. Abubakar has led Nigeria since the death of former military strongman Sani Abacha on June 8. - Reuters
Alliance sets summit goals

JOHANNESBURG: The eradication of unemployment, poverty and inequality are the most important aspects of the Presidential Jobs Summit this week, according to the ANC, SACP and Cosatu alliance.

Speaking at the end of a two-day alliance summit at Gallagher Estate in Midrand, north of here, Cosatu secretary-general Mtshweni said the alliance was in the homestretch of its preparations for the jobs summit.

The ANC, Cosatu and the SACP met at the weekend to iron out future strategies.

Apart from the jobs summit, topics included the global economic crisis and how to tackle next year's general election.

Regarding the jobs summit, Shilowa said an alliance package of proposals would be tabled, but details were still being finalised. He said talks between the alliance partners would be included in a final summit declaration on how to create jobs and protect existing jobs.

"The package of proposals, as it was emerging, was a progressive basis for a serious intervention to address the crisis of unemployment, poverty and inequality."

Asked about the nature of the package to be announced, Trade and Industry Minister Alec Erwin said he did not want to go into specifics, but that amounts involved would be substantial.

Sapa
PRESIDENTIAL JOBS SUMMIT

Business lags labour in job creation plans

W

hen President Nelson Mandela finally unvels a historic package on Friday to get South Africa working, it will be more than two years since the idea of a presidential jobs summit first emerged as a principal recommendation of the Labour Market Commission in June 1996.

The October 30 summit has been postponed so many times that cynics could be forgiven for having believed it would not take place at all.

Some participants, especially business, have expressed concern about scheduling an event of such national importance so close to a general election.

This was triggered by the ruling party's alliance withCosatu, the labour federation. Under these circumstances, concern about the potential for a political trade-off to the detriment of other interested parties is understandable.

Although theories abound about the cause of the delays, the one with the most credibility seems to be the department of labour's reluctance to see a repeat of the conflict-ridden negotiating process that gave rise to the Employment Conditions of Employment Bill.

The Nedlec negotiating process was so laden with conflicts that at one time the department was required to provide a detailed analysis of the key factors that would affect the outcome of the negotiations. The job summit takes place against a backdrop of rising unemployment as a result of the structural inabilities of the economy to create jobs for millions of the unemployed for thousands of new entrants to the job market and hundreds of thousands of workers retrenched from the mining and manufacturing sectors.

Guy Mahon, the chief director of labour market policy at the department of labour, says the root causes of the unemployment crisis can be traced to the structural deficiencies of the apartheid economy.

He believes the apartheid economy could be broadly divided into three sectors - a formal sector based on mining and agriculture, which were oriented towards the export of raw materials and commodities.

This sector is the one that seems to be suffering under current economic conditions. Once promulgated, the Skills Development Act will be just one of the main post-summit instruments for eliminating the country's skewed skills and wealth distribution, as a legacy of apartheid and one of the most severe labour-market distortions in the world.

The enduring results were a wealthy and empowered white workforce that had technical and managerial skills, and an informal sector that acted as a ready reservoir for cheap and unskilled black labour, which was also economically and politically weak at national level.

These unskilled black workers were pumped back into the workforce at the end of their working lives, which had been spent creating wealth for white South Africa.

Mandela says that the third of the apartheid economy was a survivalist sector populated by extremely poor urban and rural black.

It is this sector which seems to be suffering under current economic conditions.

Once promulgated, the Skills Development Act will be just one of the main post-summit instruments for eliminating the country's skewed skills and wealth distribution, as a legacy of apartheid and one of the most severe labour-market distortions in the world.

The second is the South African Federation of Unions of South Africa (Sedusa), the second biggest labour federation after Cosatu, and has been a major player at the job summit process at Nedlec.

Sedusa says there's broad issues underpinning the success of the summit - more jobs through an economy's ability to retain these jobs, and better quality jobs for all.

"The growth, employment and redistribution (Gerd) strategy has previously projected the creation of 400,000 additional employment opportunities by the year 2000. This target must be met with the economy currently yielding a net loss of jobs. Sedusa sincerely hopes the job summit will realize this situation and create high levels of additional jobs."

The challenge facing most social partners involved in the process has been to come up with practical plans which can be implemented immediately and result in a net increase in the number of jobs plans and strategies have been agreed on and will be presented on October 30. The most notable of these are the search for water, cleaning up cities and a community-based public works program, "sedusa."
People creating own jobs

By Wilson Ramothata

IN a bid to alleviate unemployment and poverty, residents of a small rural community outside the king’s royal residence in Ulundi, KwaZulu-Natal, have decided to empower themselves by creating their own jobs through a farm training project.

Usuthu Community Farming Project – initiated by Zulu King Goodwill Zwelithini – specialises in a broiler house, vegetable production, food processing, dairy farming and milling.

Eskom runs a management skills training for members of the KwaNongoma community to enable them to manage their own produce.

A full-time project manager has already been appointed. He will also act as a link between the king and Eskom.

“ThIs project is very important to many people because it contributes peace and this is the same message I take everywhere – that peace can only be achieved when people have jobs and food,” said the king.

Same number

He said the project’s broiler house could house 900 chickens, which puts small-scale farmers in the position to deliver the same number of chickens to the market every seven or eight weeks.

“The aim is to see the people who completed their training at the Usuthu project establishing cooperatives where raw materials bought in bulk in the cities are used to make products to be sold to the community for profit.”

Eskom’s Agreleuk promotions and advertising coordinator Beatrice Mabate said: “We used local people to build the project, in which to date R1.3 millions has been invested.”

“This place had no electricity, but we have since connected a cable.

“We are also in partnership with Afrox, who will supply gas to be used in other instances for power,” she said.

“Our involvement demonstrates Eskom’s commitment to assist small-scale farmers from historically disadvantaged communities.”

The king and Eskom are expected to officially hand over the self-sustainable project to the community on November 28.
depends on all Summit's success, | 1998/10/14

Pic: Master's Mortuary

President's Nation Mandate requires many more for a fryer wagon donated to the Nation.

Weber's*—Your local coordinating director. Please read the Mission statement on Togge, Proposition mandate.

Him the key donor of Togge, Proposition mandate.

Emerson Children's Fund. Maintaining the key donor. A fryer wagon donated to the Mission.

Deprived Nation Mandate requires many more for a fryer wagon donated to the Mission.

By Mubang J. Hope
Govt urged to revise economic policies to create low-wage jobs

Renée Grawitzky

THE creation of relatively low-wage, labour-intensive jobs would require more appropriate macroeconomic and labour market policies and better co-ordination among government, Cape Town university economist Nicoli Nattrass said.

In an article published by the Centre for Development Enterprise ahead of tomorrow's job summit, Nattrass said international experience had shown that labour-demanding growth was best pursued through "side-grown-oriented" macroeconomic policies, a trade regime that encouraged exports and competed on labour.

Nattrass said macroeconomic and labour market policies had been inconsistent, especially during periods of adjustment.

In her article on options for creating more labour-demanding growth, Nattrass found that there were fundamental inconsistencies between the policies pursued by the labour ministry and the vision embedded in the growth employment and redistribution strategy.

Nattrass said the countries looking for rapid labour-demanding growth should liberalise their trade regimes but co-ordinate this with other reforms.

"This could be done by ensuring effective regulation of the financial sector and more efficient use of the state through a shift towards more performance-oriented criteria for state support," Nattrass said.

In addition, she said countries should focus on providing good quality education to create a more literate workforce and ensure more equal access to income-earning opportunities such as jobs and small business development.

Nattrass said structural adjustment programmes should incorporate measures to protect the incomes of the very poor, while labour market institutions and regulations should facilitate labour-demanding growth.

"There may have to be trade-offs between institutions that encourage productivity, growth and measures that ensure greater wage flexibility," she said.

Govt 'short-sighted' over job summit

Stephané Bothma

PRETORIA — The African National Congress (ANC) government's decision not to invite opposition political parties to tomorrow's job summit was short-sighted and counterproductive, Democratic Movement (UDM) deputy president Roelf Meyer said yesterday.

Meyer said that because the UDM welcomed the fact that the summit was taking place, the need for such a summit emphasised the failure of government policies on job creation.

He said that because only government, and therefore the ANC, would attend the summit, it would be one-sided.

Meyer said the reasons for government's failure to create jobs were structural and consequen- tial. On the structural side it must be noted, he said, that the country's manufacturing industry was running at 80% below capacity.

When one considered that the manufacturing industry contributed 25% of GDP, it was said the industry was running 20% below capacity.

Other structural failures included that the monthly motor vehicle sales were at the same level as they were in the middle of 1984 and building plans approved were lower than in the middle of 1984.

Manufacturing was 8% lower in August this year than in the same month last year, while the world figure was 1.5% up for the same period.

"All these points indicate the need for some corrections in the management of interest rates and our currency," Meyer said.

On the consequential side, Meyer said one had to admit that the country had suffered from the global decline in economic activity and as well as from the high number of strikes, which had a particular influence on SA's export production and capacity during July-August this year.

"This resulted in the lowest trade balance figures for SA in August this year," Meyer said.

Meyer said that in June this year, the UDM adopted a policy document which addressed the unemployment problem in the country. The point of departure in the document was that neither government nor big business would be able to provide the job requirements.

"The only solution lies in enterprise development through which all South Africans can be empowered and the gap between those that have and those that do not have can be narrowed," he said.

Practical solutions included the need to make credit facilities and banking services accessible to the 60% or more of the population that did not have access now.

Meyer said formal and informal facilities such as local stock exchanges must be combined. Entrepreneurial and risk skills training should be provided by government to expand people's ability to enter the economy.

He said the latest competitive study report of the Western Economic Forum indicated that SA fired relatively well in the institutional sector and general infrastructure. Of course, though, was that SA was at the bottom of the rating of labour skills and human development.
SA jobs summit could mean a bonanza for unemployed

THABO MABASO

President Mandela calls it the biggest thing to happen in South Africa since the 1994 all-race elections.

The Presidential Jobs Summit, starting in Pretoria tomorrow, has been two years in the making. It has survived a series of setbacks that led many cynics to question whether it would ever get off the ground.

Now, government, business organisations and labour movement negotiation partners may finally sign an accord that could lead to the creation of thousands of jobs and bring some relief for South Africa’s multitude of unemployed.

The accord, if there is agreement tomorrow, will not have been easily attained. Many sleepless nights were spent on negotiations between the partners at the National Economic, Development and Labour Council (Nedlac).

At times it seemed that the long, arduous hours spent thrashing out their differences were all in vain as none of the parties was willing to budge on their respective positions.

On more than one occasion the summit, which was originally scheduled for last October, had to be postponed.

Tomorrow South Africa will learn whether an agreement that will hopefully lead to job creation in the long run has been clinched.

The Labour Market Commission (LMC), a body set up in 1996 by former Minister of Labour Tito Mboweni, was the first to suggest that a high-profile summit such as the summit could lead to a strategy for job creation if rampant unemployment were to be curbed.

Early this month Statistics South Africa issued a shock report that revealed there were 2.29 million unemployed people at the end of last year – 23% of the economically active population.

This figure includes those actively seeking work. The ratio was 20% four years back, when the 1994 democratic elections were held.

The report also revealed that 29% of economically active women were unemployed, while 18% of men were without work.

Black people accounted for 28% of the unemployed, Coloured people 16%, Indians 10% and whites 4%.

Statistics South Africa boss Mark Orkin said unemployment was highest among young people.

"On the official definition, the unemployment rate was 35% among the youngest age group, or those aged between 15 and 30 years, compared to the overall rate," he said.

"By contrast, the unemployment rate is lower than average at 19% among 31- to 45-year-olds, and it is lower still, at 10%, among the 46- to 65-year-olds," he added.

Instead of creating jobs for people, the economy has, in fact, been shedding them. Reserve Bank statistics indicate that since 1986, 108 000 private sector jobs have been lost.

The now-defunct LMC hoped a clearly thought-out strategy would deal a severe blow to this unemployment scourge.

The body had proposed that all labour market stakeholders should be prepared to compromise on their long-held ideological positions if a workable job creation strategy was to be devised.

'The parties are adamant that they will sign a deal to pave the way to job creation in the medium-to-long term'
PRESIDENT TO VISIT NIGERIA

Jobs summit: Mbeki to fill in for Mandela

PRESIDENT Nelson Mandela has indicated he will not open the jobs summit, thereby showing he is not indispensable to the running of the country. ANDRE KOOPMAN reports.

RESIDENTIAL spokesperson Parks Mankahana indicated yesterday that President Nelson Mandela wanted to underline the smooth transition of leadership from himself to Deputy President Thabo Mbeki by bowing out of making the opening address at tomorrow's Presidential Jobs Summit in Gauteng.

Mandela has repeatedly stated that Mbeki is the de facto leader of the nation.

The President, who was scheduled to open the summit — which he has described as one of the most important events since the democratic elections — will instead attend the annual summit of the Economic Community of West African States in Abuja, Nigeria, Mankahana confirmed.

Business analysts said yesterday that Mandela was probably intent on bolstering business confidence in the transition process, particularly at a time when investors are wary of emerging markets.

The rand took a downturn when Mandela became ill a few years ago.

Soon after receiving the Truth and Reconciliation Commission's final report today, Mandela is due to leave for Nigeria and is scheduled to return home tomorrow afternoon.

He will deliver a videotaped address to delegates at the summit.

Mankahana said last night that it was "not new" that the President would "skip an appointment deliberately so that the Deputy President can do it" within the context of the transition process.

More than 600 leaders in business government and labour will meet at the summit to find ways to address the country's crucial problem of unemployment.

According to the national census, released earlier this month, 33% of the nation's economically active population of 13.8 million people are unemployed.

Trade and Industry Minister Alec Erwin said that agreements on a range of job-creation projects would be announced. These included three "major projects which will pull together a range of activities".

Chief government spokesperson Joel Netshitenze said yesterday that while there were urgent and pressing matters which the President had to attend to in West Africa, Mandela wished to make the point that his absence did not constitute a crisis for the initiative.

"Both the country and the initiative are in good hands."

Mandela's absence would not detract from the "overall significance of the summit as well as the agreements which have been reached over the past few weeks."

Mandela was convinced that South Africa had reached a landmark in the process in uniting a broad array of role players to speed up the process of job-creation, Netshitenze said.
Goodwill ‘the key’ to jobs summit

The First Phase of a Longer-Term Process

There is cautious optimism among most parties towards tomorrow’s jobs summit, but analysts warn that there will be no quick fixes for the country’s rising rate of unemployment. Senior Writer IAN FAHER reports.

The generation of business could be the key to success when 600 delegates from government, business and labour gather for the First National Jobs Summit at Sandton tomorrow to address the country’s major stumbling blocks of unemployment and job-creation.

Business analysts caution against having undue expectations of a summit at which such crucial issues will be discussed in the space of just one day.

The very idea has the potential to deliver — but only if its great deal of goodwill is displayed by the three major participants.

The summit is not an isolated event, they said, but rather as the beginning of a process.

The summit participants have the mandate to tackle the climbing unemployment level, estimated at 30% and rising.

While the government’s priority — business and labour — are well enunciated and are manifesting their case at the summit, there have been concerns over whether the interests of the fourth component of the National Economic Development and Labour Council (Nedlac), the community constituency, will be able to have its concerns addressed effectively in the presence of the “big guns” at the forum.

The community constituency represents the youth, women, multi-dwelling and the disabled and participates in Nedlac through organisations and consultation.

The International Labour Forum, the SA Youth Congress, the National Women’s Coalition, the SA National Civic Organisation and Disabled People of SA.

Commenting on the significance of the summit, Frank Horwitz, acting director and professor of human resources management at DCTC’s Graduate School of Business, said that if the summit did not prove to be a one-off event, it had the potential to be “hugely important”.

He said the business sector seemed to realize that the main priority could be high unemployment was bad for business and that side-effects such as the high crime rate did not create the business confidence necessary for domestic and foreign investment.

“Business will not be so naive as to think that in one day the future socio-economic course of South Africa is going to be charted. Business is pragmatic enough to accept that the current climate of instability owing to high unemployment, lack of job-creation and high crime is just not good for business.

“It’s not in the interest of business for that situation to persist and many of the proposals that have been put forward by that sector are a genuine attempt to try to address the issue. I think we will see progress.”

In the long run, however, an “aligned framework for economic development and the labour laws of the country” was needed to create employment.

CO-ORDINATOR: Trade and Industry Minister Alec Erwin has helped organise the summit.

 "%economic policies augmented by appropriate labour policies are what are really going to create jobs and sustainable employment."

“This is the other factor whether there is a serious attempt on the part of government to address the crime issue.”

“There is no doubt that business and large feels the labour market has become over-regulated and inflexible. The unions take a different view, as does government — certainly the Department of Labour.

“However, progress in this area was not likely before the upcoming elections.

Horwitz said it was fortunate that structures such as Nedlac existed because these would be able to support whatever momentum was generated by the summit.

“We do already have the institutions which can help to facilitate a momentum for any agreements reached."

“It is hoped that these can bring the three major parties together on a much more regular basis.”

It was important that this momentum was carried forward and not just limited to the day of the quiet, Horwitz said.

The business sector’s approach to the summit has elicited guarded and qualified support from the labour sector.

“People don’t think business has gone as far as government and labour have,” said Constan Weisberg, general secretary of the National Business Council.

“We have not made any specific commitments, but we have made some specific commitment. We have committed ourselves to the R6-billion plan for investment in public works programmes, a lot of which will go into education, which is a positive contribution from that side.”

Weisberg said, however, that business was a new jobs and on the other side funding and saving the jobs that we have, “explains Erwin.

He is confident that unions considerable will be addressed effectively within the structure of the jobs summit.

“There has been a lot of agreement already especially around issues affecting the youth and the things public housing programmes.

“The income grants proposal is also something that the government is very interested in, so there is a lot of common ground on the kind of ‘motherhood and apple pie’ issues that we all agree are essential for the rebuilding of South Africa.

However, a major concern for the labour movement is the issue of funding. Erwin explained that if the government will, “then the question of finances is going to be crucial as to how they achieve that.”

Labour is proposing that one day’s output of the economy must be contributed towards a substantial Trust, a presidential fund tasked with eradicating poverty and funding a range of various social projects.

The one-day output proposal is in respect of sales taxes that wares used are consumed and also in respect of the profits resulting from products produced on that day.

Erwin explained that the government’s re-examination of its multi-bandgap Gerst strategy bears well for the summit agenda.

“We are not saying that the government should be focused on knick-knack gear but that it should be focused on making sure that the different measures put in place at a macro-economic level actually achieve the broader social objec-

The summit will be viewed as the first phase of a longer-term process, says Erwin.

Key labour proposals include:

- The establishment of a National Public Housing Programme, in terms of which a substantial body of 150 000 to 200 000 houses. The advantage, says labour, is that no multiplier or spin-off effects in the economy, both with regard to the materials that are used and the employment it would provide.

- The creation of a “job bridge” or national youth service programme, which would give the youth some work experience, without which they would remain in the unemployment pool. It would provide an allowance as support to a wage, and teach them skills that prevent them from becoming trapped in a cycle of unemployment, poverty and accompanying social and economic costs.

- Restructuring the public sector so that it is not driven by budget constraints and does not result in job losses but provides service delivery and the reskilling of service to areas that have previously been excluded. The state has some of the biggest employers who should not be shedding jobs but should focus as much as possible on maintaining or increasing the levels of employment.

- Income grants for the unemployed, who are largely excluded from government’s unemployment benefits. The promotion of domestic investment as opposed to emigration across the continent.

- "Pay back" campaign to ensure that locally manufactured goods are designated and are promoted for purchase, since the substantial number of jobs are lost due to imported goods being sourced abroad where manufacturing takes place.

A review of the tariff structure arrangement, where tariffs have led to job losses and proposals should be made to give affected industries sufficient time to re-establish themselves in the market.
The document called for the Government to take steps to reduce the deficit by creating jobs and ensuring economic growth. It stated that the Government must focus on creating a stable environment for business, which would lead to job creation. The document also highlighted the need for better education and training programs to prepare the workforce for the future. The Government was advised to reduce the budget deficit, increase spending on infrastructure, and promote foreign investment. The document concluded with a call for the Government to work closely with businesses and other stakeholders to achieve these goals.
The business of jobs

Black business’s agenda for social transformation has often been ignored. Mzwakhe Hlangani spoke to Transnet chief Saki Macozoma on the issue

Without most people knowing, black business, guided by its transformation agenda, has been highly influential in setting the agenda for job creation initiatives.

Transnet managing director Saki Macozoma says in the background to the current initiatives taking place is a network of people committed to seeing business playing a pivotal role in the transformation of South African society.

The upcoming Presidential Job Summit will play a facilitating role in this although it cannot create tens of thousands of jobs in the next week, it is going to put in motion processes that would have taken three to five years to happen.

“The transformation of society, entrenchment of democracy, greater participation in the economy and stability are the issues we felt we had to deal with as black business before proceeding with the business of business,” said Macozoma.

The concept of the network was pioneered by black business leaders and seasoned constitutional negotiators like Macozoma himself, New Africa Investments Limited deputy executive chairman Cyril Ramaphosa, Industrial Development Corporation chief executive officer Khaya Ngqula and others.

“To stop shouting at one another across the chasm, we felt it imperative to engage white business in order to consolidate purely business interests of the country,” Macozoma said.

Among the leaders of the white business delegation were Anglo American Corporation chief executive Leslie Boyd and Conrad Strauss of Standard Bank.

Taking the social agenda seriously means advancing its objectives through engaging white business and Government in robust debate and creating an understanding of better participation in the transformation of society, said Macozoma.

This requires a deliberate policy of involvement and engagement – to justify peoples’ empowerment and to ensure that many people benefit.

“If empowerment policies are not followed appropriately, what can only be described as chronic capitalism will develop, with no visible transformation of the society.

“It will be a situation where the Government chooses a few and empowers them, and, of course, that would involve kickbacks,” he explained.

He said leaders of black and white business committed to democracy and the future with a non-official outlook looked at issues which confront the economy.

Macozoma said the submission by white business to the Truth and Reconciliation Commission, which was regarded as inadequate, added impetus to these debates.

Meanwhile, other factions of business had already started to speak about the need for a reparation fund by white business.

At the beginning of this year the idea received the attention of the office of Deputy President Thabo Mbeki.

The theme of job creation was picked up at the discussions with Mbeki on how businesses would be able to demonstrate their commitment to a democratic future and a crime-free and stable society.

Macozoma said it came out that “black and white business sectors misunderstood each other”.

“We did not believe they (white business) were committed to the transformation of society and yet they were. All their past efforts, like the funding of the Joint Education Trust, proved their commitment and yet this was not recognised by the Government and society,”

Macozoma emphasised a dynamic and working relationship between the state and the business community was essential for stability to prevail.

A joint effort by the Government and business in a job creation trust was the culmination of the lengthy discussions, which gave effect to a national business initiative.

A schooling system to prepare youth for work and tourism was chosen as the two projects that could deliver immediate results.

The schooling initiative was an investment in the future while tourism would boost immediate job creation.

The tourism initiative was embraced because it has the potential to provide 450 000 direct job opportunities and reap immediate benefits.

“Even small black entrepreneurs and previously disadvantaged people, given training and access to credit resources, will gain real access to the tourism boom, as opposed to the costly high technology route,” Macozoma added.

The education system trust will focus on human resource development and building skills and capacity. The major focus in the education system is to improve numeracy and language skills.

The high failure rate and repetition of grades is the main reason it takes 18 to 20 years to educate a matriculant through the normal school system, when it should take only 12 years to complete.

It is hoped that the culture of reading, especially in the disadvantaged township schools, will improve.

The high school system should produce people who are properly numerate to stand a better chance of creating jobs, said Macozoma.

He was quick to point out that there is no substitute for the National Economic Development and Labour Council (Nedlac), saying it is a vital negotiations forum.

“Nedlac has a future, though business and Government issues cannot be determined only at Nedlac. Bilaterals should aim at putting the level of consensus beyond what is possible at Nedlac, where you have a negotiating stance.”
The long-awaited Presidential Job Summit got off to a cracking start today with labour, business and government representatives about to sign a ground-breaking agreement that commits millions of rands towards employment-creation projects.

The agreement includes a Buy South Africa project to encourage South Africans to buy locally produced goods and services of high quality.

The three parties also identified the promotion of small, medium and micro enterprises (SMMEs) as pivotal to job creation. A national mentorship scheme aimed at strengthening SMMEs will be established. The scheme will cost about R5-million a year and will run for three years.

Tourism, which has great growth potential, will get special attention. The Government and business will team up to promote South Africa as a destination. A non-profit company with a budget of R180 million will be launched to promote the country.

The youth, who form about 35% of unemployed South Africans, will be targeted through a youth brigade programme to facilitate their progress into the job market, giving them accredited education and training, and an allowance.

Women are also to get special attention through a special employment programme.

These programmes will be financed from funds raised by the Government, organised labour and business. The Congress of SA Trade Unions has already committed itself to calling on its members to contribute "one day's economic output towards job creation".

The declaration which contains the agreements will be signed later today. The agreements were negotiated over two years at the National Economic, Development and Labour Council by the Government, business and labour unions.

Despite these agreements President Mandela, who delivered a recorded address to the summit, warned that jobs were not going to be created overnight. "The Government has had no illusion about the massive problems that our new democracy has to deal with. We know too keenly that the Government alone cannot address these problems."

About 23% of the population - about 3 million economically active people - were jobless at the end of last year.
that should have taken place didn’t, the adaptations that may have been made weren’t, and the jobs that would have been created weren’t.

SA was not the only country to cling to import replacement policies. University of Cape Town economist Nicoli Nattrass describes the experience of Latin America, where a policy of import substitution initially created rapid growth in the post-war period. "Vested industrial and labour interests associated with import substitution were well entrenched by the Fifties. A powerful synergy arose between protective labour market policies and tariff protection. The former raised wages and inhibited employment flexibility, while the latter enabled firms to pass increased labour costs on to consumers."

Reports in The Economist in the late Eighties reveal the consequences. That decade brought a world recession (1980–1982), high interest rates, a shortage of external finance and declining commodity prices. The countries of Latin America were particularly vulnerable because of the inefficiencies their governments had entrenched in the system.

In 1985 Peru had annual inflation of 250%, while Bolivia had monthly inflation of 60%. Three years later Argentina had annual inflation of over 200% and Brazil had monthly inflation of 25%.

This triggered balance of payments and political crises which forced most Latin American countries to reform their economic structure completely.

SA, of course, had similar problems, compounded by apartheid and sanctions.

Eventually, policy direction changed as the political dispensation changed and because of the need to become a signatory to the General Agreement on Tariffs & Trade. As the props were pulled out from under them, companies which weren’t viable started to crumble. Some went into bankruptcy and others restructured, releasing thousands of people into the ranks of the unemployed.

Don’t let history repeat itself. There are always unintended consequences to government intervention. The world changes constantly and protected industries and companies don’t adapt in time.

Sustainable jobs are created by a healthy economy. And an economy isn’t healthy unless prices reflect the relative

Johannesburg, unemployed people, young and old, flock in daily to describe their plight. On average the office handles more than 100 cases a day. It gives counselling workshops three times a week, helping the unemployed cope with the stress of joblessness.

When discussing the unions, Masetjie becomes passionate. "The status quo of the economy is fundamentally flawed," he says. "Our labour markets are highly inflexible; there is continued organised labour intervention in the economy, there is a highly militant trade union sector."

For the summit, Malamulele is calling on government to create an economy based firmly on free enterprise, allow flexibility in the labour market and combat crime to restore investor confidence; help create a favourable environment for economic growth; and make concerted efforts to eliminate poverty. It calls on business to invest in "Entrepreneurial Processing Zones"; use the "flexible labour" whose "measurable outcome of a better standard of living is not less than R7 000/year"; pay due taxes and work closely with the unemployed to explore strategies for economic growth.

Cosatu spokesman Nqwenu Mpati accuses Malamulele of being out of touch with the current debate on macro-economic strategy. While government itself is reviewing GEAR targets, Malamulele continues to support the programme unquestioningly, he says.

Malamulele’s message will be well received in other quarters. The question is whether it has sufficient political acumen to make an impact. Salo Nebela
Jobs Summit cements the alliance

Scabha ka'Nkosisi

Pressure by the Congress of South African Trade Unions (Cosatu) has led to a decision by the African National Congress to smooth out differences with its communist and worker allies before the much-awaited Jobs Summit this week.

The ANC took a strategic dive on macro-economic fundamentals and showed willingness to refocus its transformation approach towards social upliftment and poverty relief programmes.

In return, the left — largely represented by Cosatu and the South African Communist Party — undertook to desist from making any public attacks on the government’s growth, employment and redistribution strategy (Gears).

The new relationship has been underpinned by the ANC’s commitment to a more socialist approach on transformation, resulting in agreements on a basic income grant for the unemployed and a massive housing pilot programme.

The grant seeks to give the unemployed a minimum of R100 a month, while the government-sponsored pilot project aims to build at least 150,000 houses by the end of 2001. There is also an indication that the government will review its tariff reduction targets and civil service budget.

More crucially for labour, the ANC has hinted that the government may negotiate on retrenchment procedures, as set out in the new Labour Relations Act. This move aims to deal with criticisms of inflexibility in the labour market by organised business.

Also mentioned was a massive public works programme that would provide on-the-job training and temporary employment for unemployed youths.

"We are not necessarily saying that the government needs to review Gears, but a declaration on macro-economic reform is enough to satisfy our members that the government is serious about addressing their concerns," says senior Cosatu official Mbuyi Ngwenda.

While the summit will, in all probability, be something of a public relations gesture, it is likely to signal the first public healing of differences between the ANC and its allies.

The biggest score for both Cosatu and the SACP would be a government declaration that all parties would work together in formulating an acceptable macro-economic framework.

The declaration would bind the government to fundamental economic policy changes, moving from a focus on fiscal discipline and industrial policy to a new approach on tariff reduction and redirecting the economy.

The shift was first mooted at the party’s national executive committee, held at Gallagher Estate three weeks ago. Just minutes after the meeting, the breakthrough agreement was achieved at a high-level meeting attended by the top brass of the alliance leadership.

Led by ANC secretary general Kgalema Motlanthe, in the absence of party president Thabo Mbeki and his deputy, Jacob Zuma, it included John Gonono of Cosatu’s central committee and the SACP’s politburo, headed by SACP chair Charles Nqakula and SACP general secretary Blade Nzimande.

Says a senior SACP official: "The parties have realised that it no longer matters whose position is what on Gear — what is important is that we move together as a unit in the transformation programme."

Interestingly, the process towards the normalisation of relations between the tripartite alliance has left business — an influential player in macro-economics — on the sidelines.

Organised business downplayed the impact of the recent agreements between the ANC, SACP and Cosatu, arguing that they are not binding on its constituency.

South African Chamber of Business representative Gerrit Bezuidenhout told the Mail & Guardian that as far as it is concerned, everything is still going according to plan.

"We go along with the idea that what will come out of the Jobs Summit is a number of deliverables that would be practical in the short term," said Bezuidenhout.

Over a Barrel, PAGE 27
The road to a changing economy

The disappearing economy

Fourty-four Main Street is the headquarters of the Anglo American Corporation, where an imposing bronze door greets visitors. Tupperware in executive blue shirts run up the stairs of the building that fills an entire city block. At the end of March, Anglo announced a headline earnings loss of R15.5 billion. With a market capitalisation of R233.5 billion, the corporation is still serving the South African economy with its mining, financial service and diamond interests. But Anglo and other companies in the financial district of Main Street are crumbling under the capital flight. South Africa’s mining industry has lost its image as the world’s most productive and safe place to work. The Anglo executive is not giving away the informal parking attendant on Main Street who waves at the cars passing by. The doorman is not giving away the ’little man’ who waits outside the restaurant. But down Main Street the changing economy has claimed the Carlton Hotel. The grand dame has been mothballed and its salons and bar are now barely visible through the steel doors erected to keep the hordes of beggars away.

Economy of crime

The Johannesburg Magistrate’s Court stands sentinel over Main Street, one of Johannesburg’s oldest thoroughfares, where the new South Africa’s launchpad has been a visible stamp on the court’s post-apartheid elegance.

Outside Court 1, Boro is a buzz where the trial of 10 police officers will take place. All members of the South African Police Service have been charged with drug dealing. The officers are nastily dressed in Pierre Cardin slacks and new wrap-around Ray Ban sunglasses.

The fragrantly looking procurer in front is well dressed with silver bracelets on every arm, a gold ring on every finger. He is a well-kept man, a widower, and a proud father of two children. He lives in a small flat in Parktown and travels to work every day. He is a member of theANC and supports President Mandela. His wife works at the hospital and he is looking forward to the day when she can retire and he can take over the business.

The prosecutor, Mr. Smith, a well-known lawyer, is sitting at the back of the court. He is dressed in a gray suit and looks very relaxed. He is a man of few words and his voice is calm and measured. He is listening to the testimony of the police officer and his face shows no emotion.

Milton Matthews, a 35-year-old security guard, is sitting on the front row of the court. He is a man of few words and his voice is calm and measured. He is listening to the testimony of the police officer and his face shows no emotion. He is wearing a black suit and a white shirt. His hair is neatly combed and his face is clean-shaven. He is a member of the ANC and supports President Mandela. His wife works at the hospital and he is looking forward to the day when she can retire and he can take over the business.

The future economy

Outside Boro, the post-office, Grace Matthews sits outside and sells them to loyal customers who drop by ever morning. In the afternoon she helps her fruit and vegetable stall. Her 8-month-old son, Gadi, is a natural salesman whose charming greetings and frequent first steps make pedestrians stop to buy. Matthews says business is good; she makes R90 on an average day, though the end of the month is always better. There are the "extra-mile" people, says Shaba Ntshoko of the Alliance of Micro-Enterprise Development Practitioners, which retains, finances and mentors entrepreneurs like Matthews. In Latin America it is this sector that is creating the most jobs. The alliance says that while half a million jobs have been lost in the formal economy, about two million of these "extra-mile" people earn a living from small and micro-enterprises. The empty buildings that line Main Street could easily accommodate the services which this sector desperately needs to expand and replace the jobs lost in yesterday’s economy. "While it is difficult they are here to stay, their contribution remains relatively unrecognised in the mainstream," says Ntshoko. Does she maintain, they will be the mainstream.

If Ntshoko thinks small, then John Spiegel is the keeper of the big picture. He is a project manager of a Department of Trade and Industry plan to make Gauteng the primary node in a new manufacturing and service economy which will replace the focus in mining and manufacturing so apparent on Main Street. On his drawing board are plans for an inland port near Kearsney and an "innovation highway" of new information technology, media and service companies stretching from Milnerton to the north of the city just near the coast.

Over a Barrel, PAGE 27

Jobs Summit cements the alliance, PAGE 14
Depressed areas win at Jobs Summit

Proposals. The need for committed economic boosters is within Government's means

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Parties reach agreement.
Jobs summit off in top gear

Frank Nxumalo (Labour Editor)

Johannesburg — Special employment programmes, including community-based public works programmes, the land care campaign, working for water and the clean and green living campaign, would be implemented immediately after today's presidential jobs summit, Jeff Radebe, the minister of public works, said yesterday.

Radebe, one of the lead ministers on employment-creation clusters, said the immediate implementation of the programmes was aimed at showing how serious the government was about tackling unemployment.

"We have reached a stage where we are speaking with one voice," Radebe said. He said details of these projects for the targeted job market, selection criteria, registration of applicants and the funding mechanisms would be announced today.

Oswin Bowii, a labour analyst, said it was "quite possible" the government would be able to implement these programmes using large amounts of funds left over from the Reconstruction and Development Programme.

Les Kettledas, the deputy director-general in the department of labour, said that, after President Nelson Mandela's televised keynote address tomorrow, Alec Erwin, the minister of trade and industry, would present a report on the commitments, agreements and statements of intent of the processes leading to the jobs summit.

There will be five commissions in addition to the one on special employment programmes, with representatives from the government, business, the community labour and the religious community.

The realising human potential commission will be a package of agreements on women, youth, the disabled, welfare and social services, skilling, social security, education, learnerships and training.

The commission on infrastructure includes agreements on housing, municipal infrastructure programmes, water supply and sanitation, transport and electricity.

The integrated lead projects will cover the greater St Lucia, Wild Coast and Greater Algoa Bay.

The trade and industry commission will detail agreement on trade and industry policy, the small business sector, productivity and the labour market.

The tourism vision will be outlined in a tourism commission.

Neil Coleman, the parliamentary officer for Cosatu, said an agreement was being finalised on retrenchments following organized labour's request for a moratorium to allow jobs summit programmes to take off.
Major boosts for creation of

By Bronwen Roebert

Plans include the launch of a Buy South Africa campaign and a labour intensive housing programme
Jobs Summit upshot will be investment in tourism, housing

By ZOLILE NOAYI

RESULTS of months of negotiations leading up to this week's Presidential Jobs Summit - and deliberations on the day - are captured in a 55-page document which details new job-creation programmes.

The Declaration of the Presidential Jobs Summit is a collective commitment by government, labour and business in a number of areas to address the high levels of unemployment by increasing the number of jobs created.

Summit co-ordinator and Minister of Trade and Industry Alec Erwin warned that although there was agreement on the framework to transform processes in key socio-economic areas, it was "the performance of the economy and its ability to generate employment" that underpinned "improvement in the quality of life".

Stakeholders agreed that a post-summit process, and summits in various sectors of the economy, should be entrusted with ensuring that decisions taken at the Jobs Summit are implemented.

Investment in tourism, a "Buy South African" campaign, tariff adjustments, the promotion of small and medium enterprises, easy access to finance for entrepreneurs and the adjustment of the country's macro-economic policy are some of the areas earmarked for creating employment and saving existing jobs.

A multi-billion rand housing project, funded jointly by government and business, is one of the most significant areas identified for the creation of employment.

At the same time the housing project will also be addressing the backlog in affordable housing throughout the country.

The project envisages the building of between 50,000 and 150,000 low-income housing units in two years' time.

This project will be undertaken in two phases. During the experimental initial phase, 50,000 housing units will be built at a cost of about R2.5 billion.

These will be constructed in areas where housing is needed most and where the community will be encouraged to participate fully.

The document envisages, among other things, the creation of jobs through labour-intensive construction, a tendering system that gives priority to small and emerging contractors and employing the poor and marginalised.

"Employment of workers will be targeted at the most needy within beneficiary communities, with women, the disabled and youth forming a proportion appropriate to the nature of the project and the community. Targets will be set for the use of Youth and Housing Brigades in the projects."

"The units will be occupied under two tenure options. Despite local councils' apparent inability or difficulty in collecting rentals, 75 percent will be permanently of a rental nature, while the rest will be earmarked for outright purchase."

"Having regard to the issue of affordability, the government will subsidise the units appropriately and will make approximately R500 million available through its 1988/1989 and 1999/2000 budgetary processes," the document states.

Business has committed itself to providing R600 million to finance private owners and another contribution of R1.3 billion to finance the rental stock.

With the intention of accommodating the marginalised, at least 10 percent of the housing units will be designed to meet the needs of physically disabled occupants.

Meanwhile, business, labour and government expressed optimism that they may still resolve some of their key differences.

One of these relates to the labour movement's call for a moratorium to be placed on retrenchments.

President Nelson Mandela, in his pre-recorded keynote address, acknowledged the existence of such a difference, but said: "Our purpose in convening this summit is not to eliminate these in one fell swoop. Rather we should work to resolve the necessary mechanisms to resolve them."
SA go-getters
get top marks
for job creation

IT IS conventional wisdom that entrepreneurship is the key to the promotion of jobs and economic growth. But it is a message yet to be taken seriously in SA.

The Department of Trade and Industry's promotion of small and medium enterprises has been plagued by inefficiency and corruption while the Department of Labour has extended its job-creating policies to the sector. And while foreign entrepreneurs experience no shortage of financiers to back their ventures, SA's banking institutions remain extremely risk averse.

But despite an environment laden with obstacles and red tape, entrepreneurs continue to flourish in SA.

SA's first annual survey of entrepreneurs, by accounting and auditing firm Ernst & Young, shows how entrepreneurial companies outpace their more established and staid corporate rivals in terms of revenue and profit growth.

Crucially, the survey finds entrepreneurs are creating jobs when the rest of the formal sector is shedding them by the thousands.

Ernst & Young conducts its survey of entrepreneurs in a number of countries and decided to launch it locally after having been involved in the Best Entrepreneur competition for the past two years.

This year's competition was co-sponsored by Absa Bank and Business Times. The winner was Adrian Gore of Discovery Health (previously Momentum Health).

The survey was drawn from a questionnaire sent to entrants in the Best Entrepreneur competition. Its focus was companies with an annual turnover of more than R1-million.

More than half of the respondents were either family or management-owned, with only 16% publicly owned. Almost three-quarters of respondents employed between 15 and 200 staff, with 10% owned by women and 20% by blacks. Both E&Y and Absa have been criticised for focusing on relatively established businesses — the average age of the businesses surveyed is around five years and turnover averages between R10-million and R20-million as the basis for their study, thus shedding little light on the needs of the smaller enterprises.

Nevertheless, the study is essential in understanding job creation as the bulk of new jobs globally are created by entrepreneurial companies.

Over the past 12 months the economy shed an estimated 160,000 jobs, while all but 7% of the companies surveyed either increased or maintained their staff levels over the same period and the average increase was between 10% and 20%.

The companies are even more buoyant in their outlook for the 12 months ahead. More than half expect to increase their staff numbers by up to 30%, with only 3% predicting job cuts.

The entrepreneurs' optimism on the job numbers is based on bullish forecasts about their companies' financial performances. Almost half of the respondents expect their revenues to increase by between 10% and 30% over the next year and a further 38% expect growth of more than 30%.

While Ernst & Young describes these growth expectations "as rather low", they are high enough to ensure that no company predicts a loss in the year ahead — the majority (51%) forecast earnings growth of between 10% and 40%.

This against an economic backdrop in which the majority of respondents describe as "rather bleak". Only 15% of the respondents expect the economy to improve in the next 12 months, 45% expect it to remain the same and 36% anticipate a deterioration in conditions.

Just over half of the companies surveyed intend to raise capital over the next year, primarily to move into new domestic markets or launch new products. Ironically, while most companies expect SA's relative strength in the global economy to improve over the next five years, the strategy of expanding into overseas markets gets the least favoured. At present 61% of respondents are doing business abroad, but this accounts on average for less than 10% of turnover. The noticeable exceptions to offshore expansion are exports to Africa and almost 80% of entrepreneurs planning a move beyond SA borders have Africa in their sights.

Expansion plans by local entrepreneurs, however, are being curtailed by expensive financing costs. Whereas US and UK entrepreneurs find willing backers in private equity and venture capital funds, these industries have yet to gain a meaningful transformation in SA.

Instead, the majority of companies have already experienced tightened criteria for loans and even more (75%) expect it to be harder to borrow from lending institutions over the next year.

Apart from the high cost of money, the inflexible labour market regime is another deterrent to job-intensive growth strategies. Instead, entrepreneurs are investing heavily in technology, which has become an essential element of successful companies," says Ernst & Young. In line with global trends, 70% of businesses use the Internet, although e-commerce has yet to feature in any meaningful way. Marketing and research are the primary reasons for Internet usage.

Transformation and affirmative action have impacted on entrepreneurial companies. Comments Ernst & Young:

Increasing market pressures, legislative changes, and employment Equity Bill, as well as underlying intent, is requiring businesses to consider their transformation policies.

Of the businesses surveyed, almost half have a transformation policy in place and about a third have more than 20% black ownership, while 28% of businesses have more than 20% female control.
Job creation the focus in budget plan

Eyes will be on government to see whether it has earmarked funding for work creation

Reneé Grawitzky

PLANS by government to introduce a wide range of economic and social programmes to create jobs will come under scrutiny today when Finance Minister Trevor Manuel unveils his adjustment budget in Parliament.

The budget outlines the state's medium-term expenditure framework: Business, trade unions and other participants in the National Economic, Development and Labour council (Nedlac) will be watching to see if government has provided funding for the job creation projects proposed at Friday's jobs summit without changing the structural objectives of the growth, employment and redistribution strategy (Gear).

Trade and Industry Minister Alec Erwin, who co-ordinated the summit, said on Friday he was comfortable with the ability of government to finance the various programmes agreed to at the summit. "We have not put into the declaration anything we are not capable of funding," Erwin said. Earlier, Erwin said an additional R600m had been allocated from this year's budget to kick-start some of the projects.

Manuel is expected to provide further details in his adjustment budget. He also will present the preliminary deficit target for next year's budget.

Nedlac business convenor Raymond Parsons said the feasibility of some summit proposals depended "to a large extent on the revised fiscal and deficit targets". It emerged during the summit that government and labour were at odds over the summit’s declaration on macroeconomic strategy. Government stood its ground and labour agreed to sign the declaration, but only subject to a statement outlining its opposition. A source said labour backed down following intervention by Deputy President Thabo Mbeki.

The programmes adopted by the summit included the introduction of youth brigades to promote youth employment; refocusing special employment programmes to target marginalised communities; proposals on housing which included new financial mechanisms to finance low-cost housing and provincial lead projects to create thousands of jobs.

The proposals also focused on a tourism initiative proposed by business, and measures to address skills development. Attention was also given to promoting small, medium and micro-enterprises.

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Comment: Page 13
A Foundation for Job Creation
Govt launches pioneering home plan

Robyn Chalmers 20/11/98

GOVERNMENT has launched a new home finance scheme whose centrepiece will be a scale of loan securitisation never before seen in SA.

The initiative, known as Gateway and supported by big banks, was unveiled at Friday's Jobs Summit. It aims to provide housing finance of between R20 000 and R50 000 per home to employed people who are unable to access conventional credit. It is designed to fill the large gap between the poor who qualify for housing subsidies and those earning enough to pay off bonds held by commercial banks.

Government has been struggling to find a way around reluctance by banks to take on the risk and costs associated with the lower end of the market. After more than a year of investigation, the National Housing Finance Corporation (NHFC) has devised a form of securitisation adapted to local conditions.

The new scheme will be administered by Gateway, a company to be formed under the NHFC. NHFC acting CEO David Porteous said last week that about 2 million households earned between R1 500 and R4 000 a month, severely limiting their access to finance.

Gateway will start with a standardised loan originated by a lender such as a bank, which will sell it on to a secondary market institution. The institution may then package the loans purchased and sell the packages to investors in a process known as securitisation.

In terms of the Gateway initiative, primary market lenders — large and small banks and retail or non-bank lenders — will originate and underwrite loans. Gateway will then buy the loans and fund them on the capital market.

Porteous said the initial Gateway loan product would have an eight-year term with a fixed monthly repayment. The interest rate on loans was likely to be variable initially, although it would be capped and the rate fixed in future. The product would also be used to "gear up" government's housing subsidy. "We will certainly be offering other products as the market develops," he said.

Gateway was linked at the jobs summit to the promotion of low-cost housing projects totalling between 50 000 and 150 000 units, but Porteous said it would not be limited to these projects. Securitisation would succeed only if the Gateway project could generate large loan volumes, and the company gained a suitable credit rating. Suitable partners to kick-start the process were being identified, although several large banks were already on board, he said.

Technical advisory services for the Gateway project are being provided by Fannie Mae, the largest source of home mortgage funds in the US.
Social plan will intervene with layoffs

FRANK NXUMALO

Johannesburg — Companies contemplating retrenchments in excess of 500 people or 10 percent of their labour force within any 12-month period — whichever is the greater figure — would have to notify the minister of labour timeously, it was agreed at the presidential jobs summit on Friday.

This is the national social plan approach modelled on the highly successful Gold Summit Accord in February between the National Union of Mineworkers and the Chamber of Mines, which was aimed at alleviating social consequences of large-scale retrenchments in the gold mining industry.

"It is agreed that the social partners accept that the burden of employment decline should not be borne by the affected individuals and regions alone," the summit declared.

"Rather, a social plan approach should be adopted which helps to reintegrate retrenched people into the economy and which helps to revitalise affected local economies."

Participants agreed on a tripartite social plan and productivity advisory council (SPPAC), tasked with prioritising "troubled" sectors or industries for social plan services.

It was agreed that to be defined as a troubled sector or industry, "both representative unions and employers should jointly apply to the SPPAC", which would then carry out an in-depth study of the underlying reasons for the threat and recommend solutions.

Upon notification of an intent to retrench at least 10 percent of the labour force, the department would set up a re-trenchment response team (RRT) "competent in employment services, human resources development and the unemployment insurance fund."

The RRT would determine the type of standard and additional services to be provided to those retrenched. A job advice centre would be opened on close to the premises of an affected enterprise.

The government has also allocated R27.5 million to assist with sectional jobs summits.
Bold plan to kick off special job programmes

JOHANNESBURG: The results of the Presidential Job Summit will see almost all sectors of SA society involved in special programmes and initiatives to overcome unemployment. Ryan Cresswell reports.

Nearly everybody who has some money will be asked to contribute to job creation for the unemployed following the Presidential Job Summit on Friday.

Labour, government, business, non-governmental organisations and even religious organisations have come together and reached consensus, or at least agreed to disagree. Programmes, initiatives and projects have been set out and promises have been made to certain disadvantaged groups.

But from now on one of the most serious issues surrounding the job summit will be a smooth financial flow to allow change to happen.

Organised labour plans to call on all South Africans to participate in a "one day's output for jobs programme" where people will donate a day's wages to the employment cause. The money will be used to help women, youth and rural unemployed and to finance health and literacy education.

Cosatu general secretary Mbhazima Shilwana said March 3 would be set aside for this purpose. He called on workers and especially chief executive officers, "earning very obscene wages", to contribute.

Government has earmarked R750 million and business R1.8 billion for an initial 50 000 houses for low income earners to be built over the next few years. Another 100 000 are planned for the future.

Government has earmarked more than R734m to strengthen Customs and Excise capacity at borders nationally. This will fall under a Customs Transformation Programme.

Twenty eight new support service centres costing about R30m will be set up within the next few months. Government, donors and the private sector will bear the costs. Many millions more will go into the expansion of the Special Employment Programmes project, already funded to the tune of about R8bn.

Government will carry the brunt of a R270m tourism drive while Khula Enterprise Finance, a wholesale finance institution, will help with several lending schemes.

Khula also plans to develop loans for fairly big investments, and the Department of Land Affairs' Land Reform Credit Facility aims to establish a facility from which financial institutions can borrow for land reform enterprises.

Business proposes a Business Trust which will seek to raise an initial R1bn to finance school improvement and tourism promotion programmes.

With money from the demunicipalisation process, government hopes to establish the Umshobomvu Trust for training and youth employment programmes.

The Land Bank plans to expand its initiatives to include a reward for employers with special training programmes, a subdivision scheme to make farm land easier to purchase, endowment policies for farm workers and bridging finance for those wanting to buy land for agri-villages.

The Industrial Development Corporation (IDC) has even more schemes to aid job creation. They will facilitate take-overs and acquisitions, a low interest rate empowerment scheme to enhance production, and a fishing harvesting scheme to assist disadvantaged fishermen, among others.

The IDC also plans to support projects like Working for Water, the Clean and Green Living campaign and the establishment of a flax and linen industry.

A Buy SA campaign encouraging local sales and tightening excise and customs will also try to raise employment. Southern African Development Community products will be given some preference in this regard.

A special project aimed at tourism, forestry and agriculture on the Wild Coast will cost well over R100m. Similar projects aimed at the hinterland of Port Elizabeth and the St Lucia area of KwaZulu-Natal will also cost millions.

Labour has asked that a task force look into the reduction of the level of pre-funding of the government employees' pensions fund. The post-summit supervisory committee will also look at the establishment of a training levy.

According to Trade and Industry Minister Alec Erwin, all the proposals in the 95-page declaration were covered financially. "We have not put in anything we are not capable of funding within existing resources," he said.
Jobs trail behind foreign investment

WASHINGTON CORRESPONDENT

Washington, DC—South Africa had been making significant gains in attracting foreign direct investment (FDI), pulling in more than $7.7 billion last year alone, but rises in sales and assets were not matched by growth in employment, a survey said last week.

The Investor Responsibility Research Centre (IRRC) said in its survey of multinational business activity in South Africa that the country enjoyed a 14 percent increase in FDI over the 1995 level.

"However, in 1997, the level of foreign firms' re-investing earnings in South Africa, by far the largest component of South Africa's total FDI, fell for the first time since the country's... elections in 1994," said Peter DeSimone, the IRRC's labour analyst.

"This shortfall was more than compensated in 1997 by a $2.76 billion surge in new inward investments," he said of the survey of 981 firms based in South Africa, conducted between April and August this year.

"But more than half of that can be attributed to a single megadeal, the $1.26 billion US-Malaysian bid for the partial privatisation of Telkom.

"Foreign firms, on average, saw their sales rise 8 percent and their assets 5 percent in 1997."

However, he said: "The increases in overall investment, sales and assets were not matched by growth in employment.

"Most foreign firms shed workers from their ranks last year, and the total number of employees at foreign firms in South Africa increased only slightly more than 1 percent."

Manufacturing firms were among the most over-represented and distribution companies the most under-represented by sector. Respondents from the UK and US were among the most over-represented by nationality and German firms the most under-represented.

The largest asset growth occurred in the manufacturing, communications and transportation sectors.

The largest shift occurred in the communications and transportation sectors: those firms hold 31 percent of all assets owned by foreign firms in South Africa, compared with 19 percent in 1996. Assets held by foreign manufacturing firms rose to 55 percent of the aggregate total in 1997 compared with 49 percent in 1996.

Foreign mining firms held only 7 percent of the total assets owned by multinational firms in South Africa, down significantly from 24 percent in 1996. — Independent Foreign Service
Jobs plan up and running

By Mzwakhe Hlangan
Labour Reporter

Government, business and labour have set aside their differences and committed themselves to creating a multi-billion rand project that will address several issues including joblessness, poverty, housing and social security in South Africa.

The weekend presidential job summit saw social partners, including community and religious constituencies, conclude and sign a 95-page declaration which summed up protracted talks on fixing the current unemployment crisis, at Gallagher Estate, Midrand, last Friday.

Continue to discuss

The labour-intensive mass housing delivery project – estimated at a cost of about R2.5 billion – is one of the major presidential job projects. It will provide up to 150 000 housing units and it is hoped will realise its full job creation potential.

Minister of Labour Shepherd Mishandana admitted there were areas of discontent about the Government’s macro-economic policy and labour’s call for a moratorium on retrenchments is something stakeholders will continue to discuss in the aftermath of the summit.

“I am optimistic about the outcome since we know the areas of disagreements and differences.”

“We will continue to talk to each other in a bid to resolve differences after the job summit as we implement this programme of action agreed upon here,” said Mishandana.

Minister of Trade and Industry Alec Erwin announced three major integrated lead projects geared towards reviving the most economically depressed areas of St Lucia in KwaZulu Natal, Wild Coast at Eshowe and the greater Algoa region in the Eastern Cape.

Of particular significance is the

Ministers Trevor Manuel and Jai Hoiloo conferring during the Presidential Job Summit at Gallagher Estate last Friday. PIC: CLEMSON LEKANHLE

engagement between the Government and Business Initiative on job creation and training, enterprise development and these projects through a network of labour centres.

The summit agreements also relate to areas of industrial policy measures and programmes to directly address unemployment and increased investment in special employment programmes, training, resource development and the form of training, education and targeted programmes for youth, women and the disabled.

It was also agreed that in some sectors with the potential to create or shed jobs, sector strategic processes should be launched with a view to avoiding retrenchments while improving productivity.

The Government will also make available R27.5 million financial support in the form of a sector partnership fund to ensure sectoral strategic processes succeed.

Job creation potential

Another R734 million will be released over five years to improve job creation potential at the country’s 17 ports of entry.

On community-based public works

programme, Minister of Public Works Jeff Radebe announced a budget allocation of R270 million by his department towards creation of 60 000 jobs.

The programme seeks to empower communities through training skills transfer during a one-year period to help them identify further income generation opportunities.

Other projects decided on at the job summit include a R180 million tourism promotion scheme; a “Buy South Africa Campaign”; youth brigades and land care and water provision.

Congress of South African Trade Unions president Phumzile Gomomo expressed disappointment on behalf of the labour constituency at the inability to reach agreement on job security measures, pointing out that it would be their “most urgent priority after the summit.”

Business South Africa chairman Keith Wharton said the country needed a sound macro-economic policy that provided certainty and stability, and increased fixed investment, both local and foreign.

Wharton said that the Government’s macro-economic programme was the correct policy for the country, saying the revision of the policy’s targeted outcomes may be necessary, but should not be at the expense of its structural requirements.

The main points addressed at the summit included:

- Job creation – Strengthening customs and excise; tariff policy reform; small business promotion.
- Housing – Affordable mass housing in urban and rural areas, work in progress and a draft policy paper.
- Youth – Young people involvement in youth and community service.
- Integrated provincial projects focusing on areas of high social need like St Lucia, Eshowe and Algoa Bay.
Call to donate for job creation

Labour movement to ask a day's wages from public to help the unemployed

BY RYAN CRESSWELL

The public will be asked to contribute to job creation in the wake of the Presidential Job Summit on Friday. Organised labour plans to call on all South Africans to participate in a "one-day output for jobs programme" when the public will be able to donate a day's wages to the cause.

The money will be used to help women, the youth and rural unemployed, and to finance health and literacy education.

Cosatu general-secretary Mshazima Shilowa said March 3 would be set aside for this purpose. He called on CEOs to contribute, as well as workers.

Government has pledged R520-million and business R1.8-billion for an initial 50,000 houses for low-income earners, to be built over the next few years. Another 100,000 are planned.

Government has earmarked more than R734-million to strengthen customs and excise capacity at borders.

A set of 23 support-service centres will be set up within the next few months at a cost of R30-million. Government, donors and the private sector will carry the costs.

Many millions more will go into the expansion of the special employment programmes project which is already funded to the tune of about R5-billion.

There will be a R270-million tourism drive with the Government carrying most of the cost. Khula Enterprise Finance, a wholesale finance institution, will help with several funding schemes and plans to develop loans for fairly big investments.

The Department of Land Affairs' land reform credit facility aims to establish a facility from which banks and other financial institutions can borrow for land reform.

Business proposes a Business Trust which will try to raise an initial R1-billion for improving schooling and promoting tourism.

Government will establish the Umshobomvu Trust with money from the demutualisation process. Money from this trust will finance training and youth employment.

The Land Bank plans to expand its initiatives to include a reward for employers with special training programmes, a sub-division scheme to make farm land easier to obtain, endowment policies for farm workers, and bridging finance for buyers of land in agrivi-villages.

The Industrial Development Corporation will facilitate takeovers and acquisitions, a low interest-rate empowerment scheme to enhance production, and a fish harvesting scheme for disadvantaged fishermen.

The IDC plans support projects like Working for Water and the Clean and Green Living campaign. A Buy SA campaign will try to raise employment levels.

Trade and industry Minister Alec Erwin said: "We have not put in anything (in the 95-page declaration) we cannot fund within the existing resources."
Real power is economic

Projects to speed up job creation

By Shadrack Mashalaba

The weekend’s Presidential Job Summit has set in motion a process that could speed up job creation through Spatial Development Initiatives (SDI’s).

The projects, which form part of the integrated provincial initiative, include in particular Greater St Lucia in northern KwaZulu-Natal, the Wild Coast-Esomnti and Greater Algoa region in the eastern and western parts of Eastern Cape.

Wild Coast SDI project manager Vuyo Mahlahla said the success of these development initiatives requires coordination between departments and tiers of the Government for rapid delivery.

The three integrated provincial initiative projects, said Mahlahla, will serve as a pilot and form part of the development project nominated for Job Summit.

Mahlahla said the areas were selected because despite the potential that existed, a legacy of poverty and neglect was still prevalent.

But the Government has identified them as areas for economic development approach and creating synergies between various Government departments and stakeholders in the economy.

Mahlahla said capital costs for various projects in the current phase total some R4,5 billion with employment in the construction phase estimated at 12,000.

“To achieve this goal the Government – in partnership with business, labour and the communities – seeks to apply synergies in the delivery of infrastructure and services that will stimulate economic development,” she said.

**Broad programme**

Unveiling a broad programme aimed at soothing the country’s chronic levels of unemployment, Trade and Industry Minister Alec Erwin said South Africa had succeeded in developing a real and substantial collective response to the need to create jobs.

“We have laid bare the fact that we are not utilising the full potential of all the human capital and intellect of our people. The primary objective of economic policy is to create jobs and sustain employment for our people, Erwin said.”

Transnet managing director and also co-chairman of the National Business Initiative on job creation, Saki Macozoma, said about 100 companies had committed themselves to making a contribution to the initiative.

Agreements, commitments and statements of intent signed by labour, business, the Government and community representatives include:

- Agreement on industrial policy measures and programmes to directly address unemployment and increased investment;
- Development of human capital through deliberate programmes directed at youth, women and the disabled;
- Agreements in regard to the operation of labour market;
- The Central Government has set out the Special Employment Programmes that are being implemented and the new programmes that are proposed; and
- Improvement of the customs functions through allocation of R734.7 million for the customs transformation programme.
Deals, disagreements emerge at jobs summit

Black and white business were at loggerheads at the summit, writes Renée Grawitzky

There are still divisions between black and white business and it would be naive to think these would disappear in the aftermath of last week's presidential jobs summit, said Steve Skosana, the president of the National African Federated Chamber of Commerce (Nafcoc).

Skosana's comments came in the wake of a dispute at the summit between Nafcoc and the mostly white Business SA (BSA) over who should speak on behalf of SA's business community.

The dispute was finally resolved after both parties compromised on the matter, allowing BSA chairman Dorian Wharton-Hood to speak first.

Skosana said it would be a mistake to assume the summit would lead to the elimination of the differences between the two organisations.

However, he said the Black Business Council was engaged in talks aimed at resolving the differences and there were also initiatives taking place to move towards a single employer organisation.

Meanwhile, the summit emerged with agreements, declarations and statements of intent on issues related to trade and industry, labour and special employment programmes which would feed into provincial job-creation projects.

Agreements on trade and industry-related issues focused on the strengthening of the customs and excise service through a transformation programme which was allocated about R70m over five years.

There was also an undertaking by government to consult with the National Economic Development and Labour Council on a trade programme ahead of the next round of negotiations with the World Trade Organisation. Specific attention would be given to job creation in those sectors affected by tariff reform.

Agreement was also reached on a "buy SA" campaign to encourage demand for SA-made goods and services which achieved standards of "good and responsible manufacturing practice". An aspect of the campaign would be to establish a new label for goods and services produced by companies complying with minimum standards on working conditions and the environment.

There were also agreements related to the labour market and human resource development, including an increased focus on education and training and the promotion of training schemes as proposed in the Skills Development Act.

Business agreed to train 5 000 new apprentices over three years in travel and tourism. The parties also committed themselves to implementing a comprehensive social security system.
Trust fund to be set up for job creation

Pearl Sebolao

THE Congress of SA Trade Unions (Cosatu) announced yesterday it had set in motion plans for the creation of a trust fund by the employed to finance job creation projects.

Speaking at a briefing in Johannesburg, Cosatu secretary general Mthizimila Shilowa said the federation's legal team was already working on setting up a "transparent and legal mechanism" to oversee the collection of funds after Cosatu's call for workers to give up a day's pay on March 3 next year.

The call was made at the jobs summit last Friday and forms part of Cosatu's commitment to help finance job creation schemes.

Shilowa said Cosatu would ensure that there was transparency and accountability. The fund would also be audited regularly to ensure the money reached its intended target, especially projects agreed to at the summit.

He rejected as "cheap politics" suggestions by the National Party (NP) that workers should not contribute to programmes intended to finance job creation as they were lowly paid. He said NP policies had resulted in poor wages.

Cosatu remained committed to mobilising resources for employment creation and would go through with the fund, especially since most people, including politicians and nonunionised workers, had expressed enthusiasm for the idea.

Shilowa said the summit had been a success on a number of levels, because agreements had gone "well beyond mere statements of intent or principle". They were serious interventions whose implementation would help the unemployed.
Business, government and labour sealed a fragile truce on macro-economic issues at the presidential jobs summit last Friday. They re-prioritised expenditure and itemised a range of job creation projects.

There were no surprises.

This will enable the ANC-led government to present a plan to the electorate on how it intends to create "jobs for all". Further, the agreements reached at the summit seem to have breathed new life into the tripartite alliance between the ANC, the SA Communist Party and Cosatu — at least until next year's general election. Thereafter, critical issues such as labour market reform and faster privatisation, which were sidestepped, will have to be tackled head-on — as key figures in government realise.

A 94-page declaration signed by labour, government and business pulls together the programmes that will kickstart job creation.

It is not clear just how many jobs will be created. In some cases the proposals state the jobs are not sustainable. Other projects are already in existence in terms of the Reconstruction & Development Programme (RDP), and some will only start after the election.

Though the alliance partners skilfully avoided any public display of differences over Gear, Cosatu president John Gomomo said the federation's opposition to the policy was unshaken. "The problem we have is the notion of keeping Gear's basic infrastructure in place. We think that in the face of the acknowledgment of its failure, as well as international crises, we need to move beyond mere adjustments, to real changes that include the structure and framework," said Gomomo.

But Nedlac business convenor Raymond Parsons was impressed by the agreements. "We came out smarter about job creation and we are more focused," Parsons said.

Other business leaders also sounded optimistic — especially about the low-cost mass housing programme.

They took comfort from the fact that the Gear policy is to be retained, but warned that issues such as labour market flexibility and privatisation would have to be confronted after the elections.

The summit accepted a surprising number of labour's proposals including those on project funding mechanisms involving the Industrial Development Corporation; a "social plan" aimed at avoiding job losses; a social security system for the poor and unemployed, focusing on youth brigades, women and the disabled through special employment programmes; and a review of tariff reform in industries where jobs are threatened by trade liberalisation.

Trade & Industry Minister Alec Erwin, the summit convenor, admitted that many of the proposals were similar to the RDP's.

"At the outset of our new democracy the challenges that faced the SA economy were well understood and the enormity of the task of bringing about a socio-economic transformation was not underestimated. The fundamental approach to addressing this challenge was and is the RDP," Erwin said.

Sello Mabola
JOHN YELD
ENVIRONMENT REPORTER

Initiatives to create 6 000 jobs for farm workers and self-employed farmers, based on new irrigation schemes using water from the Orange River, have been announced by Water Affairs and Forestry Minister Kader Asmal.

He also said his department’s community water supply and sanitation programme was back on track after the Cabinet confirmed additional funding of R250 million.

Dr Asmal said the programme’s overall target was to provide basic water supply and sanitation for 4.9 million people, and that a “big party” – sponsored by an overseas agency – would be held soon to celebrate reaching the 3 million mark.

He also said his department’s Working for Water programme had been awarded R120 million from the Government’s poverty relief programme, bringing its total allocation for the year to R250.22 million (the balance is from water users).

“This programme will now be able to employ more than 40 000 people – 23 000 of them full-time – every year in its efforts to rid the country of invading alien plants,” he said.

Preliminary findings of a reassessment of the volume of water in the Orange indicated that up to 4 000 ha of new irrigation land could be created along the lower reaches.

“If the high-income, high-quality and labour-intensive crops suited to the area are produced, these developments could create at least 3 000 direct job opportunities, for farm workers as well as self-employed farmers.”

Similar opportunities – which would create 3 000 jobs – existed in the Great Fish and Sundays River basins in the Eastern Cape, based on water piped from the Orange River. Nearly all the land earmarked for the development was already owned by the Government.
Fish River development creates 500 jobs in EC

The Fish River spatial development initiative (SDI) has inspired nine new commercial operations which have created 500 new jobs in the job-starved Eastern Cape.

This was said this week by SDI manager Stephen Keet, who added that the gains had been made despite many negative economic influences since last year.

He said the new firms had invested R195 million in the province.

He said six of the new concerns were in operation and three were under construction.

Keet said a further 500 jobs would be created by the SDI in the next two years.

Of six operating concerns, three were in agriculture and three were in the clothing and textile sector.

A pineapple farm was operating near Peddie, a farm was in production near Alexandria, and a Synkos flower harvesting operation at Tisiskamma.

The operating clothing and textile firms were the HiTex factory in Port Elizabeth, and a hosiery factory near Graafport and a Suntex expansion in Butterworth.

The businesses under construction were an abalone farm at Colabora, a clothing factory in Port Elizabeth, and a hotel development in East London.

He said impetus has been added to the SDI when the iShayi-Algoa and iMintyi-Wild Coast regions were identified at last week's Job Summit as "provincial lead projects."

He said one of the SDI programmes, the Port Elizabeth-based regional automotive cluster, would make the area's vital automotive sector better able to compete internationally.

He said this cluster initiative had identified three major areas for intervention.

"These were the introduction of strategic investments in infrastructure and raw material manufacturing, human resource development and domestic and international logistics."

Keet said the cluster enabled automotive assemblers and component suppliers, provincial and national government and labour to work together on issues where collaboration would reap benefits for the entire sector.

The cluster process is funded by the business and government in terms of a Sector Partnership Fund run by the Department of Trade and Industry (DTI).

Keet said where more than five companies got together in sector clusters to improve competitiveness, the DTT encouraged them by making funds available.

Businesses first spend the money and then claim it back according to specific objectives.

The funding limit is R1.5 million per sector cluster.

Keet said the automotive cluster fell within the greater Fish River SDI plan.

He said that although attracting new investments was the main focus of the SDI, the revitalisation and globalisation of existing trade sectors was regarded as essential.

He said recent export contracts and significant investments announced by Volkswagen, Delta and Samcor all added to the attractiveness of the region to investors.

Two industrial development zones (IDZs) based on specialised infrastructure had been identified for the region at East London and Coega.

He said government was "working hard" to accommodate Billiton's R3.7 billion zinc refinery at Coega and other "major investments" were expected to flow from counter-trade defence agreements.

Keet said two tourism projects had also reached an advanced stage.

Prospectus documents for the Big Wildlife Great Fish River Reserve and the fly fishing-nature trail Pique Forest project would be finalised in November to be handed to investors.

A senior nature conservator at the Great Fish River Complex said the reserve was being marketed as the Big Wildlife Great Fish River Reserve, but the name had not yet changed.

Keet said when the SDI had kicked off a year ago there had been 130 projects identified. Projects are packaged and marketed by the Centre for Investment and Marketing of the Eastern Cape (Cimac).

- ECN Weekend Service
Jobs and funding in pipeline

By Melanie Ann Feni
Environment Reporter

Thousands of jobs for the unemployed — including women, the youth and the disabled — are in the pipeline as additional funding for water, sanitation and irrigation projects allows money to be channelled into poverty relief efforts around the country.

Minister of Water Affairs and Forestry, Kader Asmal, announced there would be additional funding for his Community Water Supply and Sanitation (CWSS) Programme and the Working for Water Programme.

He also announced additional allocations for new water and irrigation developments in the Northern and Eastern Cape.

According to Asmal, he had been allocated an additional R260-million for infrastructure development and poverty relief as well as an additional R253.92-million for the Working for Water Programme.

Latest statistics show that the Working for Water Programme, aimed at eradicating invasive alien plants, employed more than 42,000 people in the 1997/98 financial year alone.

Asmal said: “The (Working for Water) programme will now be able to employ more than 40,000 people every year in its efforts to rid the country of invading alien plants.

“When we talk about jobs through the programme, we focus on the poorest of the poor. We aim to employ 60% women, 23% youth between the ages of 18 to 25 years and 1% disabled people.”

Asmal said attention would be paid to job creation through the department's projects.
Water scheme may create jobs

By Isaac Moledi

At least 3 000 direct job opportunities could be created for farmworkers and self-employed farmers if new irrigation could be developed along the lower Orange River in the Northern Cape, Water Affairs and Forestry Minister Professor Kader Asmal said.

Asmal was addressing the 1998 Shell Livewire national programme for creating and nurturing young entrepreneurs in Johannesburg on Wednesday.

As a culmination of a year-long Shell national effort to instil business skills among unemployed and budding entrepreneurs, Cape-Town entrepreneur Mervyn Flowers scooped the R15 000 first prize for his company which distributes and markets waterproofing products in South Africa.

This is in addition to R3 000 for winning the provincial medal announced earlier this year.

Flowers, who was retrenched from his job he held for 11 years, has recently won a R22 000 contract in Namibia.

Asmal, whose ministry had reviewed the most beneficial use of available water in the lower Orange River, said preliminary funding of the area indicated that up to 40 000 hectares of new irrigation could be developed.

If high-income crops suited for the area are produced, these developments could create at least 3 000 direct job opportunities for farmworkers as well as self-employed farmers.

He said further irrigation using Orange River water could lead to agricultural production being significantly increased, resulting into a further 10 000 jobs.

The Department of Trade and Industry has indicated it would be willing to support a special economic zone along the lower Orange River to facilitate the process.

"The national Department of Agriculture has also expressed a keen interest in supporting a high-value agro-industrial initiative in the area," Asmal said.

Asmal said the government's commitment was based on job creation and human resource development because the Washington-based investor responsibility research centre survey had indicated that foreign investment was not translating into new employment in South Africa.

"The fact is that foreign companies sales rose by eight percent last year, and the value of their assets by five percent, but their contribution to job creation grew by only one percent," Asmal said.

"What is abundantly clear is that South Africa cannot only rely on foreign investment to create jobs, but we as Africans must play a much more active role," he added.

Elated Mervyn Flowers, the 1998 Shell Livewire best entrepreneur.

PIC: CLEMENT LEKANYANE.
MAIN DAYS LOST TO STRIKE ACTION

MISCELLANEOUS

AN anonymous tipster sent us this picture of the strike action. The photo shows a group of workers gathered outside a factory, holding signs and picketing. The strike is being organized by the United Auto Workers (UAW) and has been ongoing for several weeks. Workers are demanding better wages and working conditions, and are refusing to return to their jobs until their demands are met.

This strike is just one of many that have taken place in recent months, as workers across the country fight for improved wages and working conditions. The UAW has been at the forefront of many of these struggles, and has a long history of fighting for workers' rights.

BUT WHAT ABOUT THE ECONOMY?

The strike action is having a significant impact on the local economy. Many of the workers involved in the strike are essential to the operation of the factory, and their absence has caused production to grind to a halt. This has led to increased wait times for customers and a drop in profits for the company.

However, some argue that the strike is actually beneficial for the economy in the long run. By demanding better wages and working conditions, workers are investing in their own future and the future of the company. This will help to create a more sustainable and productive workforce, which will benefit everyone involved.
TODAY'S WEATHER

New body will advise port

The Joint Dublin

The prevailing economic conditions affect the results of the joint marketing board.

Responsive to job initiative
IBM will create IT jobs for 5,000

An empowerment initiative will teach them skills

Reports by
Lesley Stones

IBM SA has launched a black empowerment initiative aimed at creating information technology careers for more than 5,000 people.

The Marang Voyage 5,000 programme will recruit high-calibre entrants from previously disadvantaged backgrounds and teach them skills which will virtually guarantee them a challenging and rewarding career, said IBM SA business development executive Chris Mamabolo. The courses have been adapted from material used worldwide by IBM and other educational institutions.

A desktop computing option covers the use of office automation suites, database, the Internet, intranets and business applications. An application development curriculum will teach programming, application development, systems design and systems analyst.

The graduates will be equipped to find jobs with many of IBM's customers or to launch entrepreneurial initiatives of their own, said MD Dennis Hearon. "We regard Marang Voyage 5,000 as IBM's premier job creation programme. The alumni will be able to contribute enormously over the coming years to the development of the country's economy through the injection of new potential specialists, entrepreneurs and taxpayers into the formal system."

Ironically, the huge shortage of skilled IT workers coincided with SA having a glut of unemployable people from disadvantaged backgrounds, said Mamabolo. "These people have little or no education or (one) inappropriate for working in an information-driven economy."

IBM had carried out many initiatives over the years to build technology skills. "IBM has come to accept that a large proportion of the IT sector has been and will continue to be trained and developed by IBM," said Mamabolo. The programme will run for five years beginning in January, and follows a pilot training project for 54 students this year. Project manager Wandile Zulu said the pioneer students were among the most dedicated teams he has worked with.

They have also demonstrated a natural flair for exploring entrepreneurial opportunities, he said. "Some are exploring the possibility of forming a black economic empowerment company focused on personnel placement in the IT industry. They are looking to establish a business that will work with the IBM Marang Voyage 5,000 programme and other IT training institutions to place graduates in the job market. It's a concept of enormous potential that will help us fulfil the vision of the programme," said Zulu.
Branding of gold could create jobs

By Shadrack Mashalaba

SOUTH Africa has a huge potential to develop its gold industry through the branding of the product.

This, says international marketing guru Sarah Da Vanzo, will create opportunities for the country in jobs and tourism.

The well-travelled Da Vanzo, currently employed by Consolidated Bullion as managing director, believes that despite years of isolation the South African gold industry still has an opportunity to brand the product.

She says there is a need to go beyond "just" the sale of the product.

"The product should, for instance, be hallmarkmed (stamped) to give it a South African flavour and attachment."

The American citizen says the branding of gold will go a long way to boost, among other things, the tourism industry, which she says will help visitors leaving the country to have something they can associate with the country.

Da Vanzo says she is busy developing a branding concept that she hopes the gold industry in South Africa will buy into.

Further details of her strategy will be released in the near future.

What is worrying, however, laments Da Vanzo, is the fact that the industry seems to be drifting away towards fragmentation not only locally but globally.

"The gold should be for the industry to work together towards a common goal to the benefit, not only of South Africa, but the African continent as a whole," she says.

"Currently, believe it or not, most tourists think South Africa is about diamonds and not gold."

"What an opportunity if this culture can be cultivated."

Adding value to industry

Consolidated Bullion is an independent, specialised gold marketing company, focusing on adding value to the South African gold industry.

The division, one of its kind in the industry, was formed after the recent merger of Consolidated African Mines group and JCI.

The head of the division, Da Vanzo will be responsible for the creation of a sustainable demand for gold, generate additional revenue, increase premiums and maintain and create jobs. Added to that is the provision of support to jewellery manufacturers.

Her particular specialty is marketing and branding commodities and ingredients.

She has been involved in the marketing field for more than 12 years in 12 countries including Asia.

Amid the African renaissance beat, Da Vanzo says: "I intend to develop a concept to protect the local industry and do that by capturing it in a strong African flair and culture."

She says that gold as a product used in jewellery is facing a threat from platinum which, she says, is taking the Far East by storm.

"If we do not implement an aggressive branding strategy soon, jobs and the industry as a whole are facing a threat of collapse."

Da Vanzo says one of the obstacles she has to deal with is also the pervasive conservatism that is still persistent in the industry.

"There is this perception that because we have been involved in the industry for years, even during the days of isolation, we will continue to survive for years to come."

South Africa, through the Rand Refinery, she says, is fortunate in that the organisation acts as some form of a central selling point and this puts it in a position to market itself better.

She advises the industry to change by looking at production of gold as a theme.

Da Vanzo has been in South Africa for the past two years. She served as a director of Randgold for two years before joining Consolidated Bullion.
Job creation, education are causes for concern

The rate of social and political violence, especially among young people, in some areas, is of concern. There is a sense of uncertainty and fear, particularly in urban areas. Education and job opportunities are key concerns.

Education

The government has announced various initiatives to improve education, including increasing funding and expanding access to schools. However, challenges remain, such as infrastructure and teacher shortages.

Job Creation

The government has implemented policies to stimulate job creation, including support for small and medium enterprises and investment in infrastructure. However, unemployment remains a significant issue, especially for young people.

Challenges

Economic challenges, including inflation and currency devaluation, continue to impact the country. External shocks, such as fluctuations in oil prices, further complicate the situation.
80 young people gain handy work experience

39 firms create internships for jobless

“OUR programme is growing and the idea of helping people to find jobs through experience in the workplace is gaining ground.

“We do not say the Starfish 2000 project is the solution to unemployment, but we are certain we can make a difference to individuals.”

The project’s goal is to provide at least 2,000 internships. Eventually it is hoped to make the project a national one.

Cape Argus, Good Hope FM and community centres are helping to market the project.

The first interns were placed on September 14. The next phase starts in February.

Interns are visited at their host companies twice in a three-month period and three times in a six-month period.

Interns are given a stipend of about R500 a month to cover their transport and meal costs.

JOYFUL MLAMU MANELI
STAFF REPORTER

Eighth young people have been given a fresh start through the Starfish 2000 Internship programme, the second phase of which begins in the new year.

So far 38 companies have joined the programme in providing workplace experience for young people to prepare them for the job market.

Starfish 2000 provides internships of between three and six months to unemployed young people between the ages of 18 and 30.

They are monitored throughout the process.

The Cape Argus-sponsored project – supported by the business sector, non-government organisations and the Government – is run by the Careers Research and Information Centre in Athlone (Cric).

Beatrice Koopman of Cric said:
The Government has identified the arts and entertainment industry as the next growth point for employment and investment, writes Sharon Chetty.

Deputy Minister Brigitte Mabandla says that arts and culture can make a big difference to the economy.

example would be the development of materials for the crafts industry.

Now that the study has been launched, there will be a parallel process of ensuring the industries carry out some of the recommendations and Government is expected to play a supportive role.

"This will be an ongoing process ... in a few years we'll be able to review and modify our plans."

The industries have been evaluated and their strengths outweigh their weaknesses, she says.

Already existing infrastructure is definitely an advantage. There is also "substantial natural talent" in this country that needs to be nurtured and supported, she says.

Another plus factor is that the international drive towards harnessing the cultural industry for development has just started, which means that South Africa can use this to its advantage.

On the downside, South Africa would have to improve on its productions to be able to compete globally.

The Government also needs to do more to ensure an environment conducive to creativity. Certain impediments, like the fact that there is no legal framework for the protection of musicians as creators, need to be removed, says Mabandla.

Training facilities will also be looked at and among the plans is a state-sponsored film school that will provide international standard tuition.

"Government has to create the environment that lets talent grow. We will have to put in the seed money in projects and let them develop into something more."

However, there will have to be a "concerted effort" in several areas of Government and the private sector in order for the plan to work, she admits.

As a start the education curriculum will have to be more sensitive towards the arts and culture, and nurture young talent. The tourism industry would "naturally" have to work more closely with the different sectors as it would provide the international exposure.

"Like there are design schools for people to learn certain skills, we will have to have the facilities that will encourage the development of other creative talents."

Mabandla uses an example from nature to emphasise her point. "In agriculture there is no endless supply of water, but we need it to survive. The technicians have to dig deep and look far to find the water."

"Similarly, there is a lot of natural talent that is vital for our nation. We have to be able to use that as best we can," she says.

Arts and culture has always been the "stepping stone" of the Government and is seldom seen as very important, she says.

Finally, "people are waking up to the fact that it is a vital area and far more important to the economy".
IT CERTAINLY has been an eventful year for new Labour Minister Mampintsha Mdladlana, with a marked upturn in industrial action dogged by damage, ancalculable loss of production and high levels of retrenchment.

This meant the prolific teacher-turned-politician had to be perceptive about labour market policies and, informed by a clear statement from the Government on labour policy, come up with unique answers on how to achieve economic growth targets, promote productivity and improve labour-employer relations as a matter of urgency.

And, six months into his reign over the troubled department, he had to change perceptions that "the department has no vision, is associated with strikes and problems around joblessness ... and that he himself was a caretaker minister with no vision".

The minister is quick to dispel these "fallacious notions" by his announcement of a programme of action for the new year which includes launching a campaign aimed at promoting productivity. This will be based on his document, to be released soon, on labour market policy and productivity.

"South Africa needs labour market policies that encourage skills training, acceptable employment standards and equity. Workers’ rights should be respected to ensure sound relations in the workplace," Mdladlana says, adding that his department is committed to economic growth, encouraging foreign investments and job creation.

Also high on the list of the minister’s programme are the daunting tasks of ensuring job summit decisions are implemented and addressing massive retrenchments.

"The role I am playing is one of ensuring the profile of the department of labour is seen to be consistent with the aims of the country’s economic growth programme and is linked to what the departments of finance, trade and industry are doing," says Mdladlana.

He says the department was pushed into formulating a number of laws including the Employment Equity Act and the Skills Development Act to tackle the contentious issues of the labour market and those revolving around poverty; a lack of skills, inadequate protection of domestic and farm workers, race and gender discrimination.

Mdladlana is committed to implementing the five-year programme initiated by his predecessor, now Reserve Bank Governor in waiting Tito Mboweni.

Other pressing matters include the rampant workplace violence against workers with HIV and Aids and sexual orientation issues. These are highlighted by the Constitution and need to be labour relations would improve significantly in the new year.

Mdladlana described the current trend towards mass retrenchments as a direct contradiction of the job summit decisions.

This goes against the adopted social plan, which requires an employer who is forced to retrench more than 500 employees to first consult with the department.

Two weeks after the job summit, Mdladlana says, some employers started making retrenchments plans as if there were no agreements involving organised business, labour and government.

Mdladlana also warned he would take the social plan to the concerned employers in the course of the year to discuss ways to ensure the sustaining of jobs.

The department was tasked over the past year to form a rapid response team and this team participated in structures like the Gold Crisis Committee which discussed the retrenchment crisis in the mining industry.

"Employees are required to notify these structures about their rightsizing intentions and the numbers of employees to be retrenched," says Mdladlana.

"In many instances, instead of discussing the issues the mines notify us about retrenchment plans, forgetting that socio-economic issues must be attached to the subsidies given to the mines to sustain jobs."

Turning to foreign investors, the minister was upbeat about his achievements in changing the attitude of a number of foreign investors.

United States ambassador to South Africa James Joseph said it all when he testified that at least six US companies invest in South Africa every month, with their assets now totalling more than R61 billion.

Mdladlana said a number of ambassadors, consul generals and labour attaches met recently in Geneva were very positive about South Africa’s new labour laws, pointing out that the difficulties he had encountered were mostly from South African businessmen who preached about inflexible labour laws overseas.

"The International Labour Organisation has informed us that our labour law is the most flexible, and (what) we need to look at now are the problematic areas around small businesses. The Economic Conditions Commission is presently looking at these problem areas."