MANPOWER _ GENERAL

1995

JANUARY _ MAY.

NEWS

Predicted retrenchments down

Good news on the 1995 labour front

Star 9/1/95

(173)

The decline in redundancies and retrenchments last year is expected to continue this year, a special survey on salary, wage movements and labour trends has revealed.

The survey by management consultants FSA-Contact discovered that of the total 9,5 percent labour turnover during 1994, retrenchments and redundancy accounted for only 16 percent, down from 25 percent in 1993.

A total of 86 public and private sector organisations, representing all spheres of economic activity, ranging in size from small to medium-sized companies which employ fewer than 250 people to large corporates employing over 5 000 people, took part in the survey.

The largest proportion of labour turnover for the year under review was, according to the survey, employee-instigated (47 percent) and just over 22 percent was due to either retirement, death or pregnancy.

Harriet Webster of FSA-Contact said the survey also revealed a more optimistic outlook for 1995 with the percentage of participating organisations predicting a decrease in their total number of employees, dropping from 37 percent in the '93 survey and 51 percent in '92 to 29 percent in the current survey.

"A large number of organisations indicated they expect the size of their workforce to remain constant in 1995," Webster said.

Of those predicting a decrease in workforce, 34 percent cited retrenchment/redundancy as a major reason. However, this was well below the figure of 53 percent quoted in last year's survey.

On the issue of staff availability, 46 percent predicted a scarcity of top management candidates next year and 44 percent believed that there would be a shortage of key specialist staff.

Construction and engineering organisations, in particular, anticipated that they would have to pay premium rates or exceptionally high increases in order to attract or keep specialist personnel. — Staff Reporter.

NEWS

Govt tender system set for change

Star 11/1/95

■ BY JOVIAL RANTAO

Nelspruit — The Government tender and procurement system will be restructured to make it possible for small and medium black contractors to take part in State projects.

Public Works Minister Jeff Radebe revealed this to The Star during a visit yesterday to rural areas near Nelspruit, where he visited sites involved in joint community/government job-creation projects.

Radebe spoke of the need to formulate a single tender board, which would allow for the empowerment of black entrepreneurs in terms of the Reconstruction and Development Programme.

"Government departments will meet on January 24 to formulate a new tender system.

"We need a system which will be user friendly to the majority of our people. It has to take into account that we have to develop small and medium contractors," he said.

"The RDP and the National Public Works Programme emphasise that we have to look at the tendering system ... times are changing."

The Minister was in Nelspruit to observe job-creation projects funded by his department and the Independent Development Trust (IDT).

Radebe said local communities had come together — under the Rolle Development Forum — to approach his ministry and the IDT for help.

"Our role here is that of the interventionist. The communities identify their needs and we make it possible for them to carry out their projects by providing human resources and other back-up."



Hands on . . . P
Minister Jeff Ra
women from th
Development F
Thulamahashe
Nelspruit.
PICTURE: JO

JOBLESS rural women are in the forefront of a model job-creation project, reports Jovial Rantao

Toiling gladly at R7 a day toward a better life for her chi

(173) Star 13/1/95

The structure resembles an ordinary building foundation. Bricks are lined up meticulously and soil is being levelled to create a perfect floor.

The foundation represents the first stage of a labour-intesive project by residents of Thulamahashe, Nelspruit, to build a day care centre for local children.

Under the blazing summer sun, 38-year-old Linah Shabangu toils for hours so that her son, Mankongo (2), can have a decent place to receive day care and pre-school education. "It's tough," she says " but I'm excited that my child and others in the community will be able to attend a creche, giving us mothers an opportunity to find work."

Until two months ago when she started work on the project — which is co-ordinated by the Rolle Development Forum (RDF), funded by the Independent Development Trust (IDT) and the Ministry of Public Works — Shabangu had never worked in her life.

She has always depended on her husband, himself among the thousands without work, to support the family as best he could.

These days, she starts work at 7 am and works until 1 pm for a "compensation fee", not wages, of R7 a day — and she is not complaining. "The money is not enough but we have to sacrifice in order to prepare our children for a life better than ours. It's their future we're concerned about," she said.

Eastern Transvaal MEC for Public Works Luckson Mathebula said the provincial government identified the "poorest of the poor" when recruiting people to work in the RDF projects such as the Thulamahashe venture.

Other ventures include building access roads and stormwater drains, and improving water supply. "We looked for families with out breadwinners and offered them a chance to earn some money," Mathebula said.

When they joined the RDF, Shabangu and over 50 women in Thulamahashe shook off the Shangaan tradition which instructed that they should stay at home to look after children when their husbands went into the urban areas to look for work.

Once the creche, which will initially accommodate about 60 children, has been completed, its management will be taken over by the Department of Education. Later, the RDF intends to build a primary and a high school. At the moment, high school pupils have to walk 14 km to the nearest school.

This week Shabangu and the women of Thulamahashe shared their plight with Public Works Minister Jeff Radebe and IDT chief executive Professor Wiseman Nkuhlu.

Radebe's department has provided R300 000 to fund the project, with the IDT acting as facilitator through its Community Employment Project.

Shabangu walked Radebe and Nkuhlu to a dilapidated wooden shack which is being used as a day care centre until the new structure is ready. "This is terrible," exclaimed Radebe as he entered the shack.

The minister then heaped praises on the community of Thulamahashe for striving for change. "These people have identified their needs, prioritised them and approached us for help. We are providing funding from the larger Reconstruction and Development Programme Fund. Sitting in Pretoria and Cape Town we hear of the plight of communities such as this one — but it's only when coming here and understanding their situation that it sinks in."

Projects such these, Radebe added, would help alleviate the problems faced by rural communities but would not resolve them.

Radebe said the RDF project was part of the National Public Works Programme (NPWP) in rural communities which his ministry has undertaken with IDT assistance.

"The NPWP aims to create jobs, provide infrastructure, develop human resources and empower communities. The State this in a way which creates the number of productive jobs, prov ing and builds the capacity of com manage their own affairs," Radeb

His department expects to spe R70 million from the RDP Fund to projects in all provinces except G department having decided to es first projects in rural areas.

He said it was impossible at th supply accurate estimates of the jobs created by the projects. La were approximately 45 percent of

"These are small beginnings, b Chinese say, a journey of a thou begins with the first step . . ."

YourMoney

Surge in vacancies for staff a sign of economic upswing

All aboard the jobs bandwago

Star 14/1/95 (173)

JOHN SPIRA

DEMAND for people to fill clerical and allied vacancies has rocketed, signalling the beginning of the end of the job drought and a marked upturn in the economy.

Neville Mackay, group managing director of the Kelly Personnel Group, which has 64 branches throughout the country, has noted a 100 percent increase in requests to fill vacancies over the past 12 months.

Particularly encouraging is the recent accelerated upsurge in demand for full-time personnel. This is a clear indication that employers expect the economic recovery to be sustained."

Up until a few months ago, employers tended to opt for temporary employees on the basis that they did not wish to incur permanent overhead costs in an uncertain economic climate.

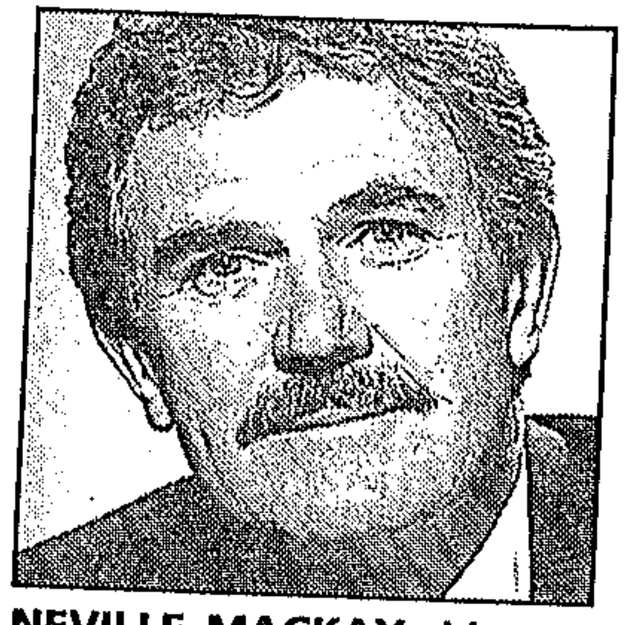
"They now seem to be confident that the recovery will be of resonably long duration and are therefore happy to take on people on a permanent basis."

Mackay has also noted a subtle change in the quality of the demand for staff, with an increasing number of inquiries stressing ability and expertise — irrespective of affirmative action.

Vacancies

"For most of last year there was a strong accent on affirmative action. As much as 60 percent of requests to fill job vacancies received insisted on employing previously disadvantaged people.

"That figure has now fallen to 45 percent, though it is important to note that the 45 percent applies to a much higher total figure."



NEVILLE MACKAY: Managing director of Kelly Personnel.

Mackay believes the Kelly Group places more drivers in jobs than any other organisation. And the demand for drivers has soared.

"This, too, is a manifestation of growing economic buoyancy. When the economy is depressed, a lower volume of goods needs to be moved and trucks stand idle. Most of those trucks are no longer standing idle.Drivers are required to move a higher volume of goods from one point to another as turnovers expand and businesses strive to build up their inventories.

"Inquiries for personnel at Drivers Galore, a Kelly Group associate specialising in this sphere of employment, have more than doubled in the past 12 months.

Mackay believes that personnel placement agencies are among the most sensitive of economic barometers.

"We have offices right across the country. All, without exception, are experiencing substantially enhanced volumes of business, indicating that the economic revival is broadly based and that employers expect it to be sustained well into the foreseeable future," says Mackay.

Kelly Personnel breaks new ground in A

THE debate rages on how each person and company can contribute to the RDP.

Recognising its importance in helping previously disadvantaged people to gain a foothold in the full life and business of the community, the Kelly Personnel Group has taken the initiative, in co-operation with locally based black leaders, to open a full recruitment and training branch in Alexandra.

Through this project, it will be able to extend its expertise and experience to the black community. Kelly will bring its financial resources and training facilities to the project, which will assist the community to take better advantage of the increasing employment opportunities opening up to it.

It will provide easier access to a recruitment office — a community facility which will develop a better understanding of needs and problems. In turn, those corporate clients seeking to meet their affirmative action goals will have a better chance of recruiting the best people.

The first stage of Kelly's Alexsan project began eight months ago and involved meetings with township organisations to assess the viability of providing help and recruitment services in a township. As a result, a partnership with the existing Alexandra Placement Centre was developed.

In November last year Kelly opened a full recruitment and training office in Alexandra — the first major consultancy to do so in a black township.

Because of the extensive area covered, the project is one of the most ambitious in the recruitment industry to date.

Kelly's Alexsan project initially aims at serving Alex itself, but in due course it will include the whole of Gauteng.

A feature of the Alexsan project is that a recruitment service has been taken directly into a township w commitment of sp assigned, full-time

Through these e hopes to erase mis and misunderstanc the recruitment inc black townships. Su agency succeeds o serves both work-s employers — withc to race, sex or creed

Further assistance provided through se be conducted in Ale educate work-seeke to conduct themsel an interview, how t how to prepare a CV

Labour Ministry directorates will oversee employment practices

(173) BD 23/11/95

ERICA JANKOWITZ

SPECIALIST directorates are to be established in the Labour Ministry to oversee the promotion of equal opportunities at the workplace, administering minimum standards, laws and regulations, the employment effects of industrial restructuring and collective bargaining, Labour Minister Tito Mboweni said on Friday.

At an NUM education and training conference at Groblersdal, Mboweni said it was too early to elaborate on the possibility of equal opportunities or affirmative action legislation. But the formation of the directorate indicated the serious light in which the Labour Ministry viewed perpetuation of discrimination in the workplace.

Affirmative action would be pursued only until the wrongs of the past had been rectified. Thereafter, obstacles to employment based on such criteria as race, sex and disability would be the focus of the equal opportunities directorate.

The NUM's proposed "social plan" would form the basis of the industrial restructuring directorate's focus, he said. It would deal with the consequences of restructuring including retaining retrenchees and severance benefits. NUM assistant general secretary Gwede Mantashe was expected to serve on this structure.

The Ministry was appointing a labour market committee to investigate industrial relations practice and gear up for the future. Provincial directorates under the auspices of the Labour Ministry would also be established and new appointments, which would reflect the demographics of SA, would be announced within two weeks.

The redrafted Labour Relations Act — due for public release on February 2 — would cover all workers including public sector, agricultural and domestic workers for whom separate legislation currently existed, Mboweni said.

He indicated the inclusion of public sector workers had caused some delays in the redrafting process. Further delays were due to the Labour Ministry requesting some sections to be reworked by the ministerial team appointed for the task.

The Act would be presented to the National Economic, Development and Labour Council (Nedlac) soon after its inauguration on February 18. It would be debated with a view to its passage through Parliament in June.

Nedlac would consist of appointees from government and its social partners — organised business and labour — and would be instrumental in policy formulation and advancing reconstruction and development goals, Mboweni said.

He reiterated the terms of reference around which the team formulated the Act's draft. These included encouraging greater co-operation between management and workers; granting access to in-

☐ To Page 2

Directorates

☐ From Page 1

formation required for the negotiations process; eliminating discrimination in the workplace; legislating time off for union meetings, training and other related matters; reviewing closed and agency shop arrangements; and establishing a credible conciliation and mediation service to break deadlocks and limit strike action.

Although a form of court adjudication would remain, it would be "a major departure from the way cases were handled in the past," Mboweni said.

On privatisation, he said government would investigate reorganising state assets so as not to lose public control, but to engage private sector activities where necessary such as in introducing new technology. Public Enterprises Minister Stella Sigcau would present findings on an evaluation of current assets and proposals for their future for debate at Nedlac.

● See Page 3

JOB OPPORTUNITIES

Time to improve low earners' lives

Sowetan 24/1/95

By Isaac Moledi

■ MEETING CHALLENGE Projects aimed at the low-income market: (173)

PROPERTY developers have urged financial institutions to rise to the challenge by helping community development schemes that are aimed at low-income groups.

RMS Syfrets says retail and community development have in the past been mainly aimed at A and B income groups, with very little provided for C to F income groups.

The company's director, Mr Peter Gerard, says although financial institutions were reluctant to help low-income groups, there have been a number of success stories in terms of projects aimed at the low-income market.

"More attention has been paid to the failures than the successes and institutional investors have become nervous," he says. He charges that if the institutions do not dig deep and provide facilities required by the communities, they may be forced to do so through some form of proscribed assets.

"It should be remembered that the previous government did just this to ensure the construction of projects such as roads and dams.

"The new government wants housing and other facilities to suit the new voters and the institutions would do better to voluntarily invest in developments such as small shopping centres, to improve the quality of life for the urban black community," says Gerard.

To motivate people and get them behind efforts to rebuild this country, Gerard says, it is vital that the community experience a genuine improvement in lifestyle so that it can see prospects for further improvements.

"There are several financially viable developments and community projects that are waiting for investors.

"Is there a problem with obtaining suitable traders for such projects?" asks Gerard.

He praised most of the national chains and Sanlam for the active role they play in development.

Manuel calls on Belgians to help create employment

(173) BD 1/2/95

JOHN DLUDLU

TRADE and Industry Minister Trevor Manuel yesterday called on visiting Belgian industrialists to make job-creation investments in the country, ministerial spokesman Charl Nel said.

Manuel met the trade delegation and Belgian Foreign Trade Minister Robert Urbain in Cape Town.

Nel said Manuel had stressed to the Belgians that easing the unemployment burden was a top priority, and government would prefer investments with job-creation potential.

"Manuel also told them about the country's strengths and opportunities in the motor, chemicals, steel and manufactured iron industries," he said.

Reuter reports Manuel told the delegation government was in the final stages of formulating an investment policy.

"We have had a short-term difficulty with exchange controls, but we are engaged in a process with the Reserve Bank and the Finance Department ... we are on a fast track so that we can have clarity about what we can offer."

Manuel said government favoured the phased introduction of tariff cuts, varying from sector to sector, but the emphasis would not be only on tariffs. Attention was also being paid to supply-side measures to ensure that companies survived the change and retained jobs.

Government was particularly keen on Belgian firms entering into joint ventures with small- to medium-sized local enterprises and transferring technology to add value to local raw materials.

Mission leader and Belgian Industries Federation chairman George Jacobs said Belgian firms were looking for clarity on investment incentives. "But on the whole we're very impressed with the high level of business confidence ..."

Jacobs said today's signing of the double taxation agreement would be the key to investment decisions.

Sapa-AFP reports Manuel said SA was planning to open an investment centre to ease red tape for foreign investors.

□ AP-DJ reports that Belgian banking group Kredietbank NV said yesterday it had signed an export credit agreement with Absa for Bf250m. Kredietbank had already signed a similar agreement with the Industrial Development Corporation, the bank said.

Exports to SA with a value greater than Bf3m or the equivalent value in German marks, US dollars or European currency units, qualified for government-backed export finance, Kredietbank said.

Public works dept 'cost taxpayers millions'

(173) CT 2/2/95

By ANTHONY JOHNSON
Political Correspondent

THE Department of Public Works is costing taxpayers millions of rands annually because of resources being wasted, inefficient management and poor planning.

This was disclosed in an audit report tabled in Parliament yesterday by the auditor-general, Mr Henri Kluever.

Regarding the use of property, it said lease agreements were not properly inspected and were not necessarily beneficial to the state.

Also, there was no plan to meet performance targets and the maintenance of government properties were not carried out timeously.

Mr Kluever found effective corrective steps were not always taken by the department in line with previous peformance audits.

As an example of "deficient management", he mentioned the Good Shepherd Home in Durban which covers 4,4 ha and has over 5000m² of building space was hired by the SADF for 11 years up to September 30, 1993. It was not used by more than 10 permanent staff members during normal working hours. Altogether R1,29 million was spend on rent over this period.

Altogether R1,34m a year could have been saved if the head and regional offices of the department in Pretoria had used "approved space norms."

Other examples were that the department's budget of R10,76m for the maintenance of hired buildings for 1992/93 was not based on a maintenance plan and the absence of a comprehensive assets register resulted in office space being hired out to different departments simultaneously.

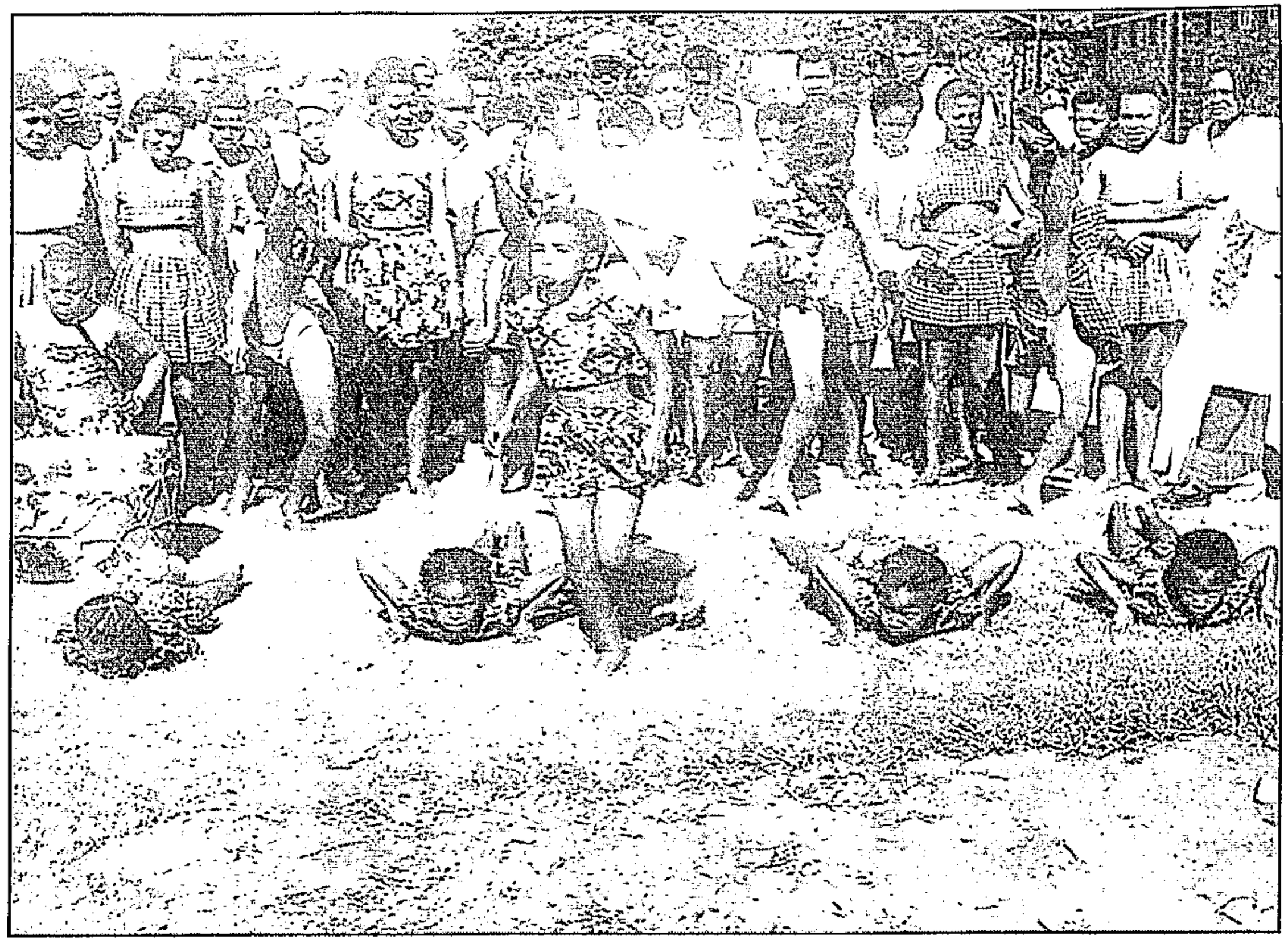
The Mount Collins building in Johannesburg was occupied from July 1, 1986, to July 3, 1991, without a formal agreement, resulting in the department having to pay R549 000 in rental arrears.

NEWS FEATURE *They continue to pursue their goals with single-minded dedication*

Emdeni - a community that won't lose hope

(173) sowetan 14/2/95

■ LOST GENERATION *None of the township's four zones has any facilities for the youth:*



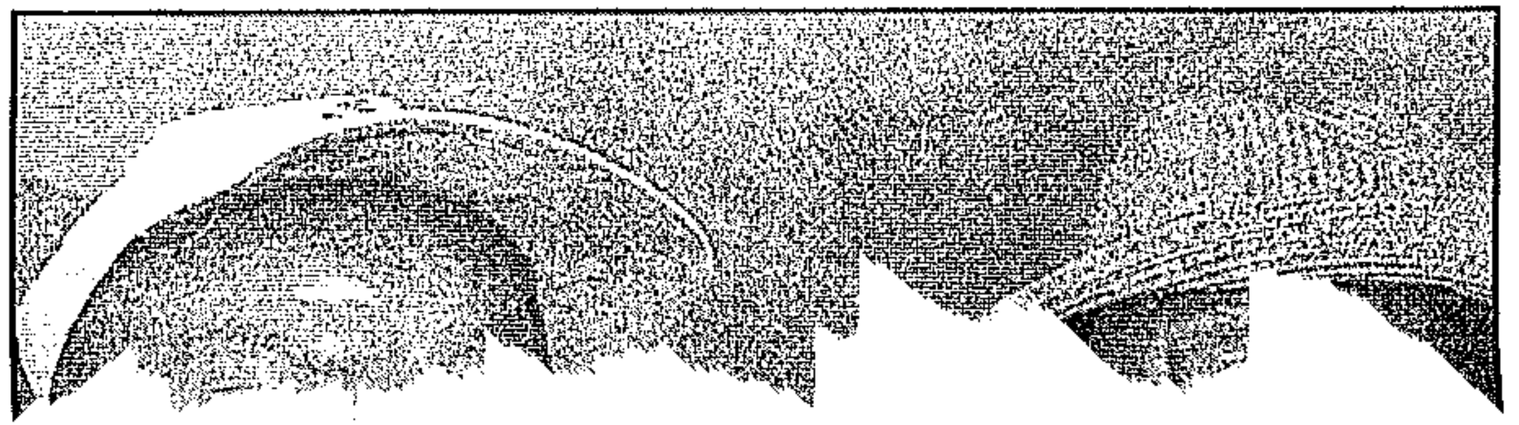
Members of the Tsoelopele Youth Club proudly show their skills. Pics: VELI NHLAPO

By Tyrone August

THE LAWS OF apartheid may no longer exist, but the damage they left in their wake will still take a long time to undo. It just takes a casual visit to any township to be reminded of this.

A disturbing example is Emdeni township, west of Soweto. It is rife

"Proper facilities are the only solution to address the problem. If we are confined to the classroom



a single-minded dedication.

"We are anxiously waiting for the Government to deliver, but there seems to be some problems," says Mbusi. "So we must be part and parcel of development."

This courage and selflessness, which motivated them in 1988 to join the ANC for military training, still guides their

with poverty. But not everyone is sitting back despondently, and waiting for hand-outs from the new Government.

Two former Umkhonto weSizwe soldiers, Ronald Mbusi and Bruce Msibi, got together and formed a youth club and an employment-creation project in the area.

In the forefront

"We were in the forefront of fighting the injustices of the apartheid system," says Mbusi, who received his military training in Angola.

"After returning, we saw most of the local youth doing nothing. We felt it was very destructive, and sat down and assessed the situation.

"We came to the conclusion that the only solution was to have a youth club - with cultural, sports and other activities for all the youth to participate."

They launched their venture in July last year, and called it the Tsoelopele Youth Club. "It is a difficult task," Mbusi admits.

"But we decided to join hands and mobilise some of the people in the community who are also interested. Fortunately, we got a lot of support."

The club now has more than 200 members, including parents. There is no age limit. The only requirement is a membership fee of R2. This, of course, does not in any way ease the club's financial problems. "We are already running short of resources," says Msibi.

Serious problem

"It is our most serious problem, and is hindering the development of the group."

Sometimes they perform for parents to raise funds, and charge them a nominal 50 cents.

Mbusi and Msibi even use their own money sometimes to pay for the children's transport to a theatre in Hillbrow, where the children go on Saturdays for additional training.

But this still does not dampen their enthusiasm. They meet every day after school to sing, dance, act and play various kinds of sport (volleyball, football and table tennis).

"... the kids will lose interest. We need a youth centre"

Msibi writes the scripts of their plays together with Muzi Hlongwane, and is also responsible for the group's choreography and music.

The themes of their plays include topical issues such as teenage pregnancy and drug abuse. But Msibi is very careful not to present this information in a dull and dreary manner.

Try to mix

"We try to mix education and entertainment," he says. "We don't just educate, we entertain at the same time. When we entertain and educate at the same time, the youth like it.

"I see what they like, and I try to write about it. Because if I always tell them what is wrong, they will not like it."

Mbusi adds: "It's a question of the diversity of their interests. That is why it is necessary to combine both, otherwise they will become bored, and we'll end up losing members."

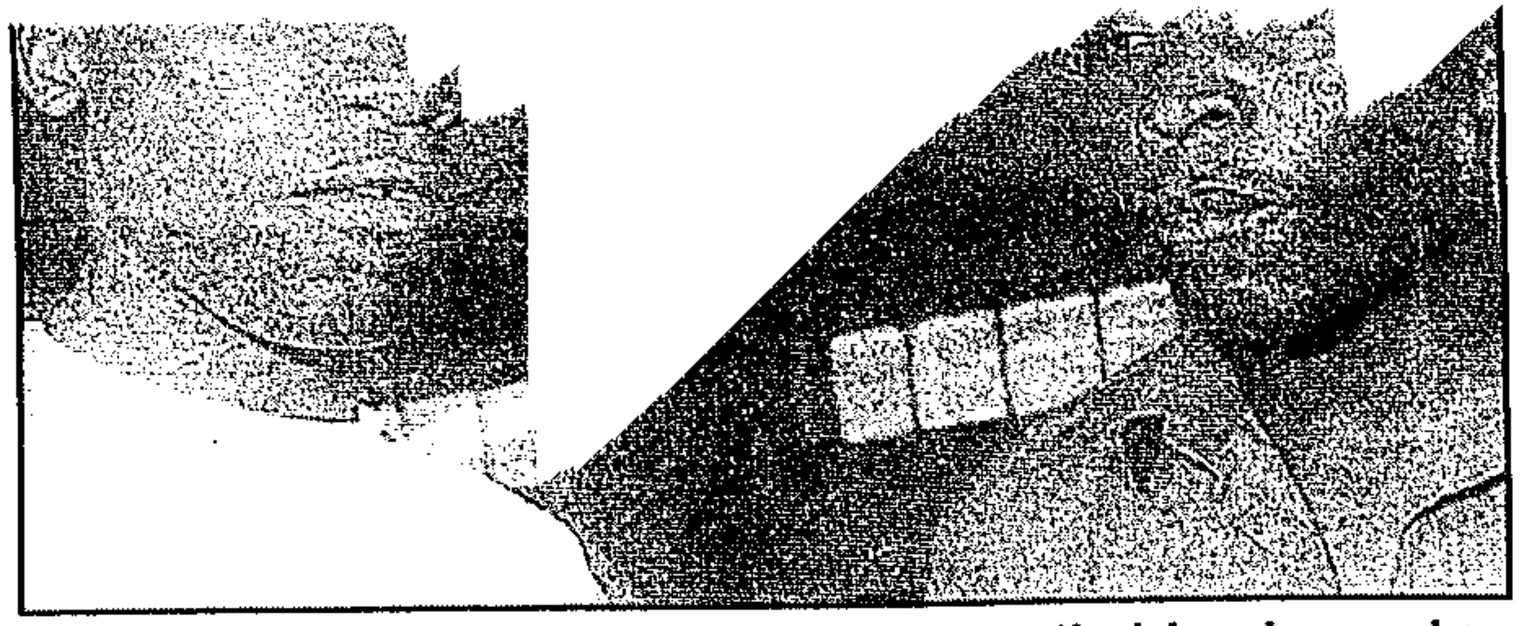
The club also tries to instil discipline in the youth. "We try to be strict," says Msibi, "but in a good way — not to destroy them."

This is where the parents come in too. Says Mbusi: "The parents play a very pivotal role in inculcating discipline."

Valuable role

The club is clearly playing an invaluable role in the community, but desperately needs help. Apart from funds, it most urgently needs facilities.

"It is going to be very difficult to continue the youth club without the necessary facilities," says Mbusi. "The classrooms we are now using are not adequate.



Ronald Mbusi and Bruce Msibi ... they started a youth club and an employment-creation project in Emdeni.

"Proper facilities are the only solution to address the problem. If we are confined to the classroom for a long time, the kids will lose interest. We need a youth centre."

Msibi endorses this wholeheartedly. "There are no facilities for youth in Emdeni," he says. "Our youth don't do anything here.

"Some people call them the lost generation. They are not lost. They just don't have anything to keep them busy constructively."

Four zones

They say none of the township's four zones — which probably house around 500 000 people — have any facilities for the youth. When club members play table tennis, they go to faraway Dube.

There is obviously no easy solution in sight. But Mbusi and Msibi are forging ahead bravely. They are the only hope for these youngsters.

Besides the youth club, Mbusi and Msibi also launched an employment project.

To do something

"We know we arrived in a very depressed economy," says Mbusi, who is mainly responsible for this project. "Rather than just look at each other, we decided to do something.

"We started by selling vegetables and fruit. We raised money to buy some equipment to make furniture (like grinders and chisels), but it is not sufficient."

The project mainly manufactures pelmets at the moment because they are in such demand. "But, because of a lack of funds, we have very limited stock," says Mbusi.

"The only way we have to raise money is to sell vegetables and other things. That is the problem. If we can just get assistance, it will address our problems.

Working in exile

"We intend this project to develop. If we can get accommodation, we can create jobs for other people." Both were trained in carpentry and joinery work in Nigeria during their exile.

Today they still see the African National Congress as their main source of hope, yet cannot hide their disappointment at the organisation's lack of support for their projects.

But they continue to pursue their goals with

Their voluntary work with the youth of Emdeni demonstrates this poignantly, and their attempt to create jobs for themselves and others in the community further indicates this.

But they do need a helping hand. They were brave enough to make a start: they now need a hand to go further.

● Anyone who can assist the Tsoelopele Youth Club or the employment-creation project can contact Ronald Mbusi at (011) 934-6874 and Bruce Msibi at (011) 934-7995.

"I see what they like, and I try to write about it. Because if I always tell them what is wrong, they will not like it."

Share prices on the Johannesburg Stock Exchange

The Johannesburg Stock Exchange

These were prices at the close of the market.
N.B.: The JSE does not operate on public holidays.
Prices courtesy of Frankel, Pollak, Vinderine Inc

Name	Buyer	Seller	Last	H	L
1. Nail	R1,15	R1,30	R1,30	R2,00	R1,30
2. Killmanjaro	R2,90	R3,00	R3,00	R3,50	R3,00
3. African Life	R5,75	R6,00	R5,75	R7,35	R4,60
4. Metropolitan	R33,00	—	R34,00	R37,00	25,75
5. Corp Africa	—	R1,05	R1,05	R1,70	R1,00

Glossary:
Buyer: Price at which the share was bought. **Seller:** Price at which the share was sold. **Last:** Last traded price on the share. **H:** Highest level share reached this year. **L:** Lowest level the share reached this year.

kwaZulu gets R30m job-creation project

(173)

CT 16/2/95

DURBAN. — kwaZulu/Natal Finance and Public Works Minister Mr Senzele Mhlungu yesterday launched a R30-million job-creation scheme aimed at improving living conditions.

"I am pleased to announce that the Department of Public Works is to allocate an initial amount of R30m towards Umsebenzi (the public works programme)," Mr Mhlungu said.

He said Umsebenzi, meaning workers in Zulu, was a community-based development programme that aimed at providing or repairing schools, clinics, nursery schools, water-reticulation systems, and others necessary projects.

He said communities could apply for funds by submitting projects to the provincial department of public works through non-governmental organisations or community-based groups. Additional funds would be obtained from the Reconstruction and Development Programme budget, he added. — Reuter

Labour market probe coming

(151) (152) (173) CT 16/2/95

THE cabinet yesterday approved the appointment of a labour market policy commission headed by UCT academic Mr David Lewis.

"The Minister of Labour was given approval for a commission to develop a comprehensive labour market policy," cabinet secretary Professor Jakes Gerwel said.

Labour ministry official Ms Shareen Singh said the commission would have a wide mandate to investigate all aspects of labour market policy and to draft a white paper that could be published next year.

"Its a broad commission that will look at the consequences of industrial restructuring and globalisation and how they affect labour."

She said the commission was planned in the light of international experience of labour market shifts associated with industrial restructuring and development.

The probe would include training, retraining and job creation and the Trade and Industry Ministry and the RDP would also be involved.

"It's an enormous task they are taking on. We have not set a time frame, but hopefully they will be able to report sometime next year," she said.

Ms Singh said the Labour Ministry would release full details, including the names of the commissioners, today.

She confirmed Mr Lewis, coordinator of the Industrial Strategy Research Project at UCT, would chair the commission. – Reuter

Push for funds to create jobs

Argus 18/2/95

COLIN DOUGLAS (173)
Business Staff

MICRO-LOAN organisation Get Ahead, which claims to create one new job for every R350 loaned, is lobbying for a R6 million cash injection from the government in the wake of Trade and Industry Minister Trevor Manuel's announcement of a shake-up in the small business sector.

The Small Business Development Corporation would be restructured and the bulk of its funds diverted directly into small business projects, which would be allocated a total of R160 million in State funding in the next two years, Mr Manuel said.

Get Ahead chairman Ntatho Motlana and managing director Don MacRobert met Western Cape Premier Hernus Kriel this week in the latest in a series of meetings with government figures, aimed at securing a sizeable chunk of available funds.

Earlier the pair met Mr Manuel and RDP Minister Jay Naidoo.

"Our idea was to get the ministers' confirmation that our work falls firmly within the RDP — we want to make sure we can work in tandem with them," Mr MacRobert said.

"The government has confirmed to us that they cannot complete the RDP alone, and that they need help from non-governmental organisations like ourselves.

"Development is not yet happening out there in the townships, and the government will face problems it is are unable to deliver on its promises."

Get Ahead hoped to boost its total loan capital from R4 million to R10 million in the near future with the support of government departments, he said.

The organisation lends between R200 and R3 000 each to informal businesspeople to help them make their operations viable and self-sustaining.

Get Ahead says it has created thousands of jobs in the past year at a rate more cost-effective than most other agencies.

No collateral is required from borrowers, as group and community pressure is the mechanism for ensuring repayment, Get Ahead spokesman Wendy Richards said.

Repayment rates are more than 90 percent, although they temporarily dipped below 70 percent after last year's election.

"A culture of entitlement was developing — the perception was that as the country was now politically free, money should also be free."

For further information on Get Ahead call ☎ (021) 31 0621.

Govt sets up job creation forum

BY JUSTICE MALALA
LABOUR REPORTER

Labour Minister Tito Mboweni yesterday announced the composition of a commission to investigate proposals for job creation, eradicating unemployment and raising productivity.

The 15-member Labour Market Commission, to be headed by Gencor labour relations manager Moss Ngoasheng and Mboweni's special adviser Dave Lewis, will present a final report of its findings to the Labour Ministry by March next year. The commission's establishment was approved by Cabinet last week.

Restructuring

Lewis said the commission was necessitated by the economic restructuring taking place throughout the world and South Africa's need to form a basis for re-entry into the world economy and also to meet the demands of the Reconstruction and Development Programme.

He said only 13,5 million of South Africa's about 40 million population was economically active. Estimates put the number of unemployed at 5,7 million or 43 percent of the economically active population.

He said only 21 000 jobs were created each year for the 300 000 people entering the job market, meaning that only seven of 100 new entrants to the labour market can find a job in the formal sector.

"South Africa's productivity levels compare poorly with those of countries it has to compete with for international markets," he said.

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New body to help economy

ET 20/2/95 (152) (173)

JOHANNESBURG. — Labour Minister Mr Tito Mboweni yesterday announced the formation of a Labour Market Commission to develop strategy to improve productivity and job creation.

The 17-member commission is headed by economist Mr Dave Lewis, who is also an adviser to Mr Mboweni, and Gencor labour relations chief Mr Moss Ngoasheng.

Outlining the problems to be tackled by the commission, the labour ministry said in a briefing document that at least 43% of South Africa's economically active population of 13,5 million people, was unemployed.

The labour absorption rate had also declined by more than 30% between 1980 and 1992, the ministry said, which resulted in seven out of 10 entrants to the labour market being unable to find work in the formal sector.

The commission, whose formation was approved last week by the cabinet, will finalise its work by March next year and submit a draft White Paper on labour market policy.

The new commision was launched a day after President Nelson Mandela launched a negotiating forum tasked to transform South Africa's economy and labour market, saying it was a milestone in the country's transition from apartheid.

The new National Economic Development and Labour Council (Nedlac) brings the government, labour and business together with community groups to negotiate policy on the economy and social equity.

Mr Mandela said the launch of Nedlac was "of towering significance".

"Opposing camps have transformed themselves into partners, articulating different and often contradictory interests, but are united in pursuit of common goals," he said

Unrealistic

"Today we are building on the foundations of that emerging national consensus to work together for a better life for South Africans ... It is a point of towering significance."

The launch occurred a day after Mr Mandela moved to douse the unrealistic hopes of disadvantaged blacks for rapid prosperity in post-apartheid South Africa in his address to Parliament. — Sapa-Reuter

Policy on labour market 'crucial'

RENEE GRAWITZKY BD 20/2/95

THE formulation of labour market policy consistent with the requirements of productivity enhancement and macroeconomic stability would be crucial in meeting the employment objectives of the reconstruction and development programme, Labour Ministry special adviser David Lewis said yesterday. (173)

Lewis and Gencor group labour relations manager Moss Ngoasheng, were last week appointed to co-chair the Labour Ministry's labour market commission.

The other 15 commission members include former National Union of Metalworkers of SA training specialist Adrienne Bird, Barlows director Andre Lamprecht, Cape Town University economists Jill Natrass and Dave Kaplan, JCI director Nick Segal and NUM assistant general secretary Gwede Mantashe.

Lewis said the terms of reference of the commission provided, first, for the development of a framework for integrating sustainable economic and employment growth with rising living standards.

Second, it would examine the role of a national production policy in determining and enhancing productivity.

Third, it would investigate the role of labour market policies in addressing negative effects of economic and industrial restructuring. Consideration would be given to a Social Plan Act as proposed by the NUM which sought to limit the social effect of mine downscaling.

World warned of employment crisis

(173) ARG 23/2/95

GENEVA. — The International Labour Organisation (ILO) says the world is drifting into an employment crisis and has called on governments to work together to avert a social disaster.

In a major report, World Employment 1995, the United Nations body said about 820 million people, or 30 percent of the global labour force, were without a job or underemployed at the end of 1994.

Worldwide, the situation was the worst since the Great Depression of the early 1930s, and without concerted action the numbers of people out of work would swell rapidly, increasing global social unrest.

"Policies and institutional arrangements at both the national and international levels can should be improved to reverse the drift towards a global employment crisis," said ILO director-general Michele Hansenne in a preface to the report.

The 200-page study, compiled by ILO analysts, said most industrialised countries and former communist transition states were facing double-digit jobless rates. About 35 million were unemployed in the major economies.

Across Eastern Europe and the former Soviet Union, unemployment was climbing, undermining support for political and economic reform, and in sub-Saharan Africa more than 60 percent of the urban labour force was in "informal" jobs, or underemployed.

In Latin America there were high rates of underemployment, or the taking up of part-time, poorly paid jobs without social protection — a growing trend that made it a much more severe problem than total joblessness itself.

Only East and South-East Asia — as well as Japan and a handful of West European countries like Switzerland and Austria — were an exception to the trend, largely because governments in the region had focused on export-led industrial growth.

"The present employment situation is both morally unacceptable and economically irrational," said Ms Hansenne. "It is creating an enormous waste of resources and deepening human suffering."

Key steps to increasing jobs, the report said, included trade liberalisation and global co-operation to stabilise financial markets and protect economies from problems caused by the large increase in speculative currency flows. — Sapa-Reuter.

KwaZulu/Natal to defy central govt

(173)

MDUDUZI KA HARVEY

THE KwaZulu/Natal government is set to defy central government over a R30m public works project in the province with which it plans to go ahead despite the fact that government has put it on ice.

Provincial finance minister Senzele Mhlungu said the programme would go ahead unless there was an order to the contrary from Public Works Minister Jeff Radebe.

However, Radebe said the project would not be financed unless it met criteria for public spending.

The R30m for the project, which aims to improve infrastructure in the province, has been allocated by central government from its R250m public works budget. BD 24/2/95

Although Mhlungu claimed that the Public Works Department was aware of the project, a spokesman for Radebe's office said the department only became aware of the project through the media.

Mhlungu claimed he met Radebe's adviser Sipho Shezi last week to discuss the project launch, where he provided Shezi with a management plan and guidelines of the project.

However, Radebe's spokesman Wiseman Khuzwayo said Mhlungu was told he had not satisfied the conditions for the money to be released.

He added Mhlungu had not consulted stakeholders which included the regional economic forum consisting of labour, community members and business.

"The programme is on ice until Mhlungu satisfies the required conditions," said Khuzwayo.

Revealed

Star 28/2/95 (173)

R3,7m fraud revealed

Public Works Dept paid R261 142 for job not done



■ BY ESTHER WAUGH
POLITICAL CORRESPONDENT

OFFICIALS allegedly forged invoices authorising payment for work that was not done

Cape Town — Public Works Minister Jeff Radebe has uncovered fraud and corruption worth R3,7 million in his department which goes back to the previous government.

He believes the internal investigation he ordered last July has uncovered "only the tip of the iceberg" of frauds committed between 1990 and the end of 1994.

Radebe told The Star yesterday he was considering expanding the investigation. So far, 10 officials in his department have been suspended and the police have been asked to investigate charges of theft and bribery against them.

The 12-page report details cases in which department officials are alleged to have forged invoices authorising payment for work which was never done.

In a case involving Gideon's Plumbers, R60 288 was paid for services which the report says were not rendered; the money was recovered "by way of an offset".

Over-payments of R261 142 were made to Protea Plumbers from March 1990 to July 1992 for work not done or partly done. In this case R228 859 still owed for services that were rendered was being retained by the department to offset its losses.

The report says R251 610 was recovered from Taurus Electrical Services for work the company was paid for but did not do.

The investigation showed that one company, Cold Control, had bought spare parts from suppliers and had then altered the invoices to show a higher price than was paid for them.

"On June 24 1994 it was approved that the existing four contracts be cancelled from that date. He (person in Cold Control) was given written notice of this and the alleged fraud was reported to the South African Police Service, as well as to the Receiver."

Cleaning equipment bought from Lever Columbus by the Pretoria regional office of the department could "not be found".

The report said: "The investigation into the lost equipment has almost been finalised and 22 of the 23 machines that were 'lost' have been found. Attempts are still being made to find the remaining machine."

The department lost R571 681 because "certain officers" neglected to acquire proper quotations and tenders for the supply of cleaning services.

"In those cases where quotations were indeed obtained, these were acquired from several firms that belonged to the same owner. The firms concerned consequently asked exorbitant prices that resulted in the said loss," the report said.

Additional losses were suffered because a former department official, T. van Kruiselbergen who headed the sec

▶ To Page 3

Fraud un

◀ From Page 1

tion which dealt with the administration of cleaning services, falsified various quotations and invoices.

Van Kruiselbergen was found guilty on six counts of fraud on April 8 1991. The State Attorney has been requested to recover R571 681 from him.

Checking

The report said a seven-member team had uncovered several irregularities at the regional of-

Star 28/2/95

covered

fices in Kimberley, Port Elizabeth, Pretoria, Cape Town, Johannesburg and Bloemfontein as well.

Since the uncovering of irregularities several preventative measures have been introduced by the department.

These steps included the checking of all invoices prior to payment and the termination of contracts with companies which have acted irregularly in the past.

Their names have been submitted to the State Tender Board to be noted on a black list.

Former cadres in works projects

Cape Town — Plans are under way to include former guerillas in the Government's national works programmes.

Public Works Minister Jeff Radebe yesterday said two meetings have been held between officials of his department and the National Service Brigade set up earlier this year. National works programmes are aimed at providing employment and training to disadvantaged communities.

The minister said former guerillas, who had played a central role in achieving democracy in the country, would benefit. — Political Correspondent.

(173) Star 28/2/95

Social plan to bring relief on the agenda

(173) ART 4/3/95

ALIDE DASNOIS
Deputy Business Editor

A SOCIAL plan to bring relief to sectors or regions in distress is on the agenda for discussion by the newly appointed Labour Market Commission, according to co-chairman Dave Lewis.

Speaking at a briefing in Cape Town this week, he said economic restructuring, necessary for growth, would inevitably mean employment loss in some sectors or regions.

"We need to find ways to match job losses and job gains."

One possibility was a Social Plan Act, which had already been mooted by the National Union of Mineworkers. The commission would look into this.

"We need to make industrial policy compatible with labour market policy."

Retraining would be one aspect of job-matching, though "it's difficult to turn miners into cocktail waiters", Mr Lewis said.

The commission would also debate the possibility of a national incomes accord and a national productivity accord.

The goal was to develop labour market policies which were compatible both with the employment objectives of the reconstruction and development programme and with the needs of economic growth.

This meant looking into:

- The role of tripartite institutions such as Nedlac in determining income;
- The relationship between income and wage determination;
- Elements of a national incomes policy — which need not imply wage or price restraint;
- Public-sector employment policy and the RDP's employment objectives;
- Wage determination in small and medium businesses.

On productivity, Mr Lewis said the commission would examine the role of institutions like the National Productivity Institute, the link between industrial relations systems and productivity, and barriers to the introduction of new technology.

It would also look at discrimination in the labour market and the effects of affirmative action.

Fighting discrimination should not mean losing productivity, Mr Lewis said: "affirmative action can unleash productive potential".

"Affirmative action doesn't mean employing, in posts for which they're not qualified, people who haven't had a chance to get qualified."

Previous labour market policies aimed at whites and based mostly on European experience, had succeeded in generating full employment for whites and a rising level of skills.

For blacks, labour market policy meant influx control and the pass laws, aimed at keeping unemployment out of the cities. This policy had broken down but had never been replaced.

A comprehensive labour market policy was now needed, not merely the extension of old "white" policies to the whole population.

Traditional policies could not deal with South Africa's unemployment problem and productivity crisis.

"It would be like using aspirin against cancer," Mr Lewis said.

The commission, which is co-chaired by Mr Lewis and Gencor labour relations manager Moss Ngoasheng, includes academics, trade unionists, consultants and business representatives. It is expected to produce a first report to the Minister of Labour within six months and a final report by the end of the year — a tall order for a commission with only one fulltime member.

"Our objective isn't to produce a 1 500-page report spelling out the details, but rather a framework for policy which identifies areas where more work needs to be done," said Mr Lewis.

The commission's work will be complemented by that of a labour market information group led by experts from the International Labour Organisation (ILO), which will produce a "snapshot" of the current state of the labour market in South Africa.

R1bn techno park waits for go-ahead

CT(BR)8/3/95 (E) (173)

By Maggie Rowley

CAPE PROPERTY EDITOR

The R1,1 billion Capricorn industrial and technology research park, which has the potential to create 37 000 jobs, is expected to be given the green light shortly by the transitional metropolitan council.

A 200ha site in Muizenberg, owned by the council, has been earmarked for the development, which is expected to create a total of 19 000 jobs directly and a further 18 000 indirectly.

When completed, the project will consist of low density buildings providing 650 000 sq m of research, industrial, manufacturing educational, commercial and recreational space.

A hotel and residential component is also planned.

Capricorn managing director Nick Harris, who has been seconded from Russell Marriott Boyd Trust to the project for a year to get it up and going, said once the green light was given by the council they would embark on a multi-million rand marketing campaign both locally and overseas to stimulate interest in the project.

"A number of international organisations have expressed interest but told us to come back to them when we have a product.

"However we will only be in a position to take them a product when we have final security of the land from the council."

Harris said they had been in a position to take it to the council as early as November last year.

"However, the shareholders and city officials who have been involved in the planning both felt that due to its magnitude and importance to the Western Cape it should not be a decision left to the twilight previous council.

"All felt it should be dealt with by a more representative council which would have ownership of the decision and thus support it."

Venture partners

In the past year negotiations over the land have taken place between Capricorn and city officials, who support the project in principle.

Rod Young, project co-ordinator for the council said the various options proposed had the support of the officials, but would now have to be considered by the full council.

The initial venture partners in Capricorn are United Kingdom based National Leasing and Finance Company, Norwich Life South Africa and Grinaker Construction which by the end of 1995 would have invested more than R4 million in the project.

"We are also talking to two other groups — one international and one local — both of whom would be highly desirable to bring on board."

Capricorn, he said, is to be developed as a partnership between private enterprise and regional and local government within "the spirit of the RDP".

One of the key components of the park will be the construction of a R50 million academic and training centre, hopefully to be financed by international aid, which will act as an interface between industry and the five higher educational institutions in the Western Cape.

These five institutions are among the constituents of the Capricorn Foundation, a Section 21 company formed to promote technology research, establish international research links, organise training needs of industry and small business, complement education provided by the universities and technikons, educate and train disadvantaged communities and develop courses for local business.

The foundation, whose constituents also include four United States universities and two in the United Kingdom, will also be responsible for managing the academy and running outreach programmes to schools to stimulate interest in the technology industry.

Its first full-time co-ordinator is expected to be appointed within three months.

Initial financing

Although currently being funded by shareholders, the foundation will eventually be self-sufficient.

"Regional government will help source the initial financing of the running costs of the academy although US and local companies have indicated a willingness to contribute."

The first structures are expected to be built in early 1997.

Sacob forecasts more jobs in manufacturing

CT(BR)13/3/95 (173)

BY AUDREY D'ANGELO

CAPE BUSINESS EDITOR

More jobs should become available in the manufacturing industry in the next few months, the latest SA Chamber of Business (Sacob) manufacturing confidence survey shows.

The survey, which was undertaken last month and covered both skilled and unskilled workers, found Western Cape manufacturers were the most optimistic and those in Gauteng the least.

Sacob economist Keith Lockwood says a very high proportion of respondents expect market conditions to improve over the next year.

"However, in response to developments in the past month, the proportion of industrialists who expect a rise in sales has fallen to 85 percent from 88 percent in the previous survey.

"It is not clear to what extent this drop is a response to the rise in interest rates, or concern over what the Budget has in store for both the business sector and consumers.

"The predominantly positive picture does, however, support a general view that the economic recovery will continue for some time and across most sectors."

Lockwood says that despite the slight deterioration in the outlook for sales, there has been an increase in the number of respondents expecting to use more of their productive capacity over the next 12 months.

Overall, the proportion of manufacturers expecting to employ more unskilled workers has risen from 56 percent in January to 59 percent.

And the proportion expecting to employ more skilled workers has risen from 61 percent to 62 percent.

"With the exception of the East London area, which expects no change, the majority of subjects polled in all parts of the country expects to employ more skilled workers in the coming year," says Lockwood.

BUSINESS New shopping complex



Construction of the Daveyton shopping mall is back on track.

Building of mall starts

Sowetan 16/3/95 (173)

■ **JOB CREATION** 250 people will be employed on opening of shopping mall:

By Isaac Moledi

THE R44 million construction of the mammoth shopping mall in Daveyton on the East Rand is well underway following its suspension last month.

The building of the Daveyton Shopping Centre on 17 000 square metres of land was halted after the Daveyton Local Development Forum and the local business people complained that they were not consulted.

The forum said the Property Management Development and Combrink construction company had undermined them by starting construction without their permission.

Matters are compounded by simmering tension and dissatisfaction among local business owners who feel that the centre will be a threat to their "already diminishing businesses".

However, DLDF chairman Mr Sydney Zwane said: "We allayed these fears by explaining that there would be more job opportunities available once the mall is completed.

"At least communication now exists at its best through a coordinating committee and Sanlam/Combrink. The committee is involved in all key decisions and gives feedback regularly on the process."

Sanlam, the funder of the project, said at the launch this week that the construction was continuing after obstacles had been removed.

Initial building began two months ago with completion expected in September.

Sanlam Properties managing director Banus van der Walt said the success of a similar project in Dobsonville, Soweto, precipitated the one in Daveyton.

However, steps would be taken to ensure that chaos that marred the Dobsonville mall's opening — when thousands of jobseekers invaded the mall — did not occur.

"We will ensure that there are people appointed to look at the employment procedures," Van der Walt.

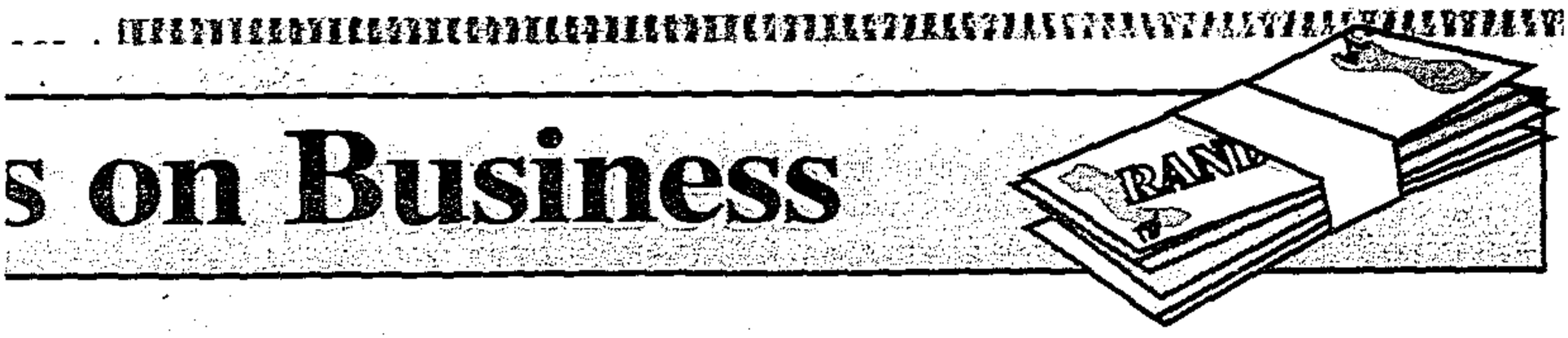
"In our effort to serve this emerging market, we have learnt valuable lessons."

At least 250 permanent jobs will be created when 60 of the country's top retailers and food outlets open their doors.

The complex, situated on the existing Lionel Kent Community Centre opposite the council offices, will house three cinemas, offices, banking, recreational, taxi and hawking facilities.

About 700 people will be employed during the construction and local constructors will be sub-contracted.

Computer skills



Top group to create more jobs

By Isaac Moledi

THE Tongaat-Hulett Group has allocated more than R2 billion for the major expansion of its projects in KwaZulu-Natal and Gauteng — creating more jobs in the two areas.

Group managing director Cedric Savage says R1,75 billion will be spent on the expansion of Hulett Aluminium Rolled Products in Maritzburg and R580 million on the expansion of African Products' starch and glucose production factory in Gauteng. "The approval for the aluminium project, of which the group holds 50 percent, is subject to certain conditions being met, but we are optimistic that the final decision will be possible in the near future," says Savage (173) sowetan 16/3/95

The Hulett Aluminium project, according to Savage, will provide Tongaat-Hulett shareholders with a substantial growth opportunity and has been subject of a major feasibility study. "If the outstanding issues can be cleared to the satisfaction of the Board within the next few months, commissioning of the major project at the Pietermaritzburg will take place during 1997 and 1998," he says.

Manufacturing jobs static: The upturn in the economy has not yet led to increased employment in the manufacturing sector. Since the end of the recession the number of people employed in the industry has risen by about 1 percent to 270 000, says Michael McDonald, head of the economic division of the Steel and Engineering Industries Federation (Seifsa), which employs about 75 percent of them. This is a far cry from the boom days of 1981, when the industry had a labour force of 450 000.

CT(BR)23/3/95

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National Public Works Programme for provinces

(173)

POLITICAL STAFF

CT 17/3/95

ONE large-scale programme using the National Public Works Programme (NPWP) approach, should be planned and implemented in every province by the end of March next year.

The programmes will be undertaken with the co-operation of Departments of Transport, Water Affairs, Forestry and Housing.

Finance Minister Mr Chris Liebenberg also said yesterday that by the same date all construction, upgrading and maintenance of roads and water supply systems, would use the NPWP approach.

He said the NPWP had been started last year to reduce unemployment by creating jobs, providing training and empowering communities. R250 million had been allocated to the NPWP programme.

Government loses grip

(173)

JOB creation should be the overriding priority of government's economic policy. Everything else, ranging from tariff reform in the textile industry to a minimum wage policy, needs to be subsidiary to this aim.

However, recently government has simply not been showing enough leadership in sorting out the details of labour, economic, trade and industrial policy that form the framework of employment-generating growth.

Individual ministers have notched up some successes, mostly through innovation and leadership, but sadly — given the pressing need for economic reform — the overall position is that government is failing because it is trying to lead from the rear.

While the economy's current inability to create jobs — despite the best growth performance in years — has its roots in the disastrous economic policies of the past, the new government is not doing enough to address these problems.

COMMENT

In its latest report on South Africa — released this week — the IMF puts the blame squarely on inflexible labour policies. "As long as unit labour costs are high and the environment of industrial relations is not perceived to be sufficiently conducive to labour-intensive investment, rapid employment growth is likely to be impeded."

The IMF calls for a social pact combining wage restraint in return for business-funded training.

While the IMF's view is one-sided, the need to reform labour policies has been recognised by the government and the draft Labour Act was a solid attempt at addressing some of the deficiencies.

We should hope that a report — that Cosatu intends opposing key reforms — turns out to be incorrect.

Indeed, government's proposed reforms would bring much more flexibility to an inflexible labour market. As with labour, however, the government appears to be letting early successes in industrial and trade reform slip away. The unemployment lines are bound to get longer.

Sven Lünsche

ST (BT) 2/4/95

Bid to create 300 000 jobs a year

Plan to treble govt project wage bill

(173)

BD 4/4/95

TIM COHEN

CAPE TOWN — Government is planning to treble expenditure on the labour component of public sector infrastructure projects to meet the reconstruction and development programme (RDP) goal of creating 300 000 jobs a year.

In a presentation to Cabinet, the Public Works Department reported that while current wage expenditure on roads and dams was between 5% and 20% of total cost, this could be increased to 80%.

The national public works programme would be implemented by means of community-based schemes and the transformation of public sector infrastructural provision, the department said. It intended to reach the RDP target of 300 000 job opportunities a year within six years, but for the 1995/96 financial year the target was a modest 30 000 jobs. About 68 000 jobs were planned for the following year.

The document before Cabinet makes it clear that the major increase in jobs will take place through transformation of public sector infrastructure spending and suggests that by using labour-intensive methods 70 000 instead of 15 000 jobs could be created for every R1bn spent on roads.

Similar figures for water provision show that conventional methods would create 15 000 jobs for every R1bn spent; while 40 000 could be provided by reducing mechanisation.

Another area identified as being amenable to labour-intensive methods was construction of houses, service infrastructure and community facilities.

However, major increases in the level of expenditure on labour could not be achieved in spending on railways, forestry, electricity and small-scale agriculture, the report showed.

In a report-back on current community-based public works schemes, the presentation noted that progress was slow because of "lack of capacity", but said problems were being addressed.

A total of R51m of the RDP fund's R70m for a community empowerment programme had been allocated to 368 projects, but only 84 had received funding and only R3,1m had been spent, creating 5 700 jobs. Once all 368 projects were on stream, 25 000 people would have jobs, with the bulk of the funds spent on roads, water provision and community halls.

In another document presented to Cabinet earlier this year, the department said its programme of action for this year would include a new framework to ensure that all infrastructural progammes were carried out according to the principles of the national public works programme.

It was hoped that by March 31 a single large-scale programme, using the public works approach, would be put in place, planned and implemented by the Transport, Water Affairs and Housing Departments and each provincial government.

The Public Works Department intended to create — with the Labour Department — a national framework to set wages and labour standards for job creation initiatives by the end of this year.

■ VALHALLA PARK

ARG 3/4/95 (173)

Library building plan boosts jobless

Staff Reporter

IN a breakthrough in social responsibility and public building development, the new Valhalla Park library will be built ,with the help of unemployed labour from the area.

Plans for the library are going to tender this week as a result of a joint effort by the Valhalla Park library working group, consisting of city council officials and representatives of various community organisations.

A feature of the tender will be the emphasis on local labour content and the working group is drawing up a list of available unemployed skilled and unskilled labour.

White civil servants annoy ANC

CT 5/4/95 (173)

THE ANC'S frustration over the inability of many white public servants to adjust to the new government boiled over in a parliamentary committee yesterday.

Stony-faced public servants listened as advisers to Public Works Minister Mr Jeff Radebe told how they had been frustrated by white officials and Mr Radebe said he had reluctantly decided to call in independent consultants to restructure his ministry, which is responsible for the national public works programme in the RDP.

He told the joint standing committee on public works that he had wanted his top white officials to adjust to the new order themselves rather than force them to do so.

"I wanted the present team to play a central role and not feel undermined ... but unfortunately they have not responded to the challenge," Mr Radebe said.

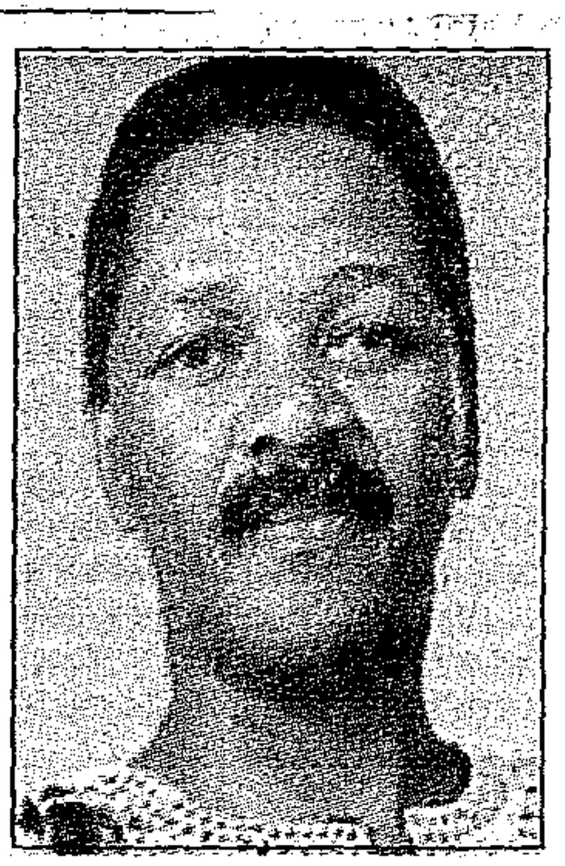
Mr Radebe was speaking after a long and sometimes bitter debate in the committee over the alleged racism of ministry staff and their unwillingness to adapt to change.

Ministerial adviser Mr Sipho Shezi told the standing committee that consultants were still appointed on the basis of criteria that benefited mainly white professionals.

Acting Director-General Mr Theo van Robbroeck, who attended the hearing, responded to the accusations by saying it would not be "appropriate or dignified" to become involved in a public debate on the issues raised.

Instead, he started reading out a list of awards granted to him as a civil engineer before protests by both MPs and senators forced him to stop.

Mr Van Robbroeck then said he would reply in writing to some of the allegations. — Reuter



FRUSTRATED: Minister of Public Works Jeff Radebe is restructuring his ministry.

IMF praises ANC's 'change in thinking'

(173)

CT(BR) 7/4/95

The government has done much to dispel fears over its economic policies — but needs to act fast on creating jobs

BY BRUCE CAMERON
ASSISTANT EDITOR

A senior official of the International Monetary Fund has approved of changes in economic thinking in South Africa, but has warned that unemployment remains the Achilles' heel of the economy.

In a recent IMF publication, James Gordon of the IMF's African department says the ANC's economic ideas were initially perceived as socialist, but since coming to power it has proved to be a "study of moderation".

"Prudent fiscal pronouncements and a central bank exercising independence have done much to calm fears about government profligacy," he writes.

"A commitment to trade liberalisation, together with a dramatic switch to favouring less, rather than more, public ownership, has buttressed the government's free market credentials."

Gordon also expresses approval of the reconstruction and development programme, and the way it is being handled. He says a measure of its success is the successful $750 million global bond issue, at a favourable price.

But, he adds, the government has to overcome significant problems, the most serious of which is endemic unemployment.

He points out that the new government "has inherited an economy that has not created a new job in the non-agricultural sector since the 1980s.

"This has pushed unemployment to record levels, with 45 percent of the labour force without formal sector employment and 30 percent without any employment at all."

The challenge in the years ahead will be to generate rapid employment growth, thereby giving all South Africans a stake in the market economy.

Gordon warns that as long as unit labour costs remain high and industrial relations inimical to labour-intensive investment, employment growth was likely to be impeded.

"Most observers see GDP growth averaging 3 percent over the medium term; with unchanged factor prices, and allowing for some growth in factor productivity, this rate of growth will be insufficient to prevent unemployment from rising further.

> *'The challenge is to give all South Africans a stake in the market economy'*

"South Africa faces the challenge of showing that this gloomy prognosis for unemployment is not inevitable.

"This will probably require bold action in the labour market — perhaps through a social pact developed in the newly established National Economic Development and Labour Council (Nedlac)."

Gordon suggests that such a pact might combine wage restraint in exchange for training programmes delivered by business, and RDP benefits delivered by the government.

"A major asset in this process will be South Africa's increasingly evident expertise in consensus-building."

He praises the government for doing much to calm fears that populist economic policies would be pursued to the detriment of macro-economic stability. "The economic upswing has been successfully nurtured, and has been investment-led."

According to Gordon, the cost of recovery has been the elimination of the surplus on the external current account.

This has been matched by commensurate capital inflows, but foreign reserves, which have improved significantly since the election, are still far from a comfortable level.

The recent Budget, with its commitment to reduce the deficit before borrowing, has helped to allay fears that the RDP would either be incompatible with fiscal discipline, or that its financing would require outright redistributive measures such as wealth taxation.

Instead, the "guiding principle" behind the RDP was that it would be financed by means of savings elsewhere in the budget as well as donor funds, with privatisation seen as a means to reduce public debt.

The resultant savings in interest will be channelled into the programme.

Not so gloomy for the unskilled — probe

(173) Sowetan 7/4/95

By Mzimkulu Malunga

MANUFACTURERS are now planning to employ more unskilled workers than they did in the past, according to the South African Chamber of Business. Addressing a media briefing in Johannesburg yesterday, Sacob's chief economist Mr Keith Lockwood said 65 percent of producers were not hesitant to employing unskilled people.

However, a Sacob survey had found that 62 percent of manufacturers preferred skilled people. It also found that producers in Gauteng were the most optimistic when it came to employment. The Sacob survey revealed that business confidence had jumped 1,2 percentage points to 109,2 last month.

The decline in unemployment, the unification of the rand and the fall in the number of people going bankrupt were among some of the factors which had pushed confidence levels. However, crime and political instability remained a major concern.

Public Works calls in consultants

CAPE TOWN — Consultants have been called in to the Public Works Ministry to assist in formulating a rationalisation programme aimed at removing recalcitrant senior managers, it was confirmed at the weekend. (173) BD 7/4/95

The move follows a showdown last week between Public Works Minister Jeff Radebe and his director-general, Theo van Robbroeck, over the inability or unwillingness of top level public servants to carry out the policies and adhere to the priorities of the new government.

The problem had manifested itself in Cape Town, with difficulties being experienced in providing accommodation for MPs. It had been discovered that some

ADRIAN HADLAND

retired MPs from the previous government were still occupying official accommodation 10 months after the election, parliamentary public works committee chairman Moss Chikane said yesterday.

"This is unacceptable as some of the new MPs are living in flats and pre-fabricated housing."

No information or co-operation could be garnered from the department, he said.

It therefore was not surprising to find that similar difficulties were being encountered at a higher level, Chikane said.

"We want to make the Public Works

☐ To Page 2

Public Works (173) BD 7/4/95

☐ From Page 1

Department user-friendly and efficient. If members of the old regime can adapt and take up the team spirit, there is a place for them. If they can't, they must move on.

"This has nothing to do with vindictiveness or colour. We just want to see that the resources falling under the department are properly administered and that projects are delivered."

Chikane said work had already begun on the rationalisation programme which would be finalised and implemented "almost immediately".

Top managers would not necessarily be retrenched but could be shifted to use their skills in other areas, such as the former homelands and self-governing territories.

Top ANC representatives confirmed at the weekend the interim constitution guaranteed fair labour procedures for those to be retrenched or "rationalised" but did not guarantee specific jobs.

Problems had been brewing for sometime between senior administrators and political office-bearers in the public works arena, Chikane said.

This was the case even before the dispute between the Minister and his director-general became common knowledge.

Parliamentarians had been frequently frustrated by uncooperative officials who had failed to provide information or assistance when asked for it.

Chikane had asked that the embassy of the former Ciskei in Pretoria be used as a regional office for MPs. Despite offering market-related rentals for the disused embassy, "there was absolutely no movement. They were reluctant to do it".

Public Works tiff erupts

Star 8/4/95 - (173)

ESTHER WAUGH
POLITICAL CORRESPONDENT

CAPE TOWN — In an unprecedented move this week, the acting director-general of the Department of Public Works, Dr Theo van Robbroeck, was given a public dressing-down by his minister and two parliamentary committees.

The showdown took place on Tuesday at an emergency meeting called by Public Works Minister Jeff Radebe with the National Assembly and Senate portfolio committees, Van Robbroeck, and the task team responsible for the National Public Works Programme The NPWP's role has changed drastically since the election, from being a lesser important one acting primarily as the State's estate agent to an important department with the task of creating jobs and infrastructure through the NPWP.

And it was precisely this transformation — or rather the lack thereof — within the department which led to the conflict between Radebe and Van Robbroeck and which came to a head on Tuesday. The minister told the committee that since he had assumed responsibility for the portfolio last year, he had received weekly reports on events in the department, which he had discussed with Van Robbroeck.

Radebe said he wanted the department's present management team to play a key role in transforming the department as he did not want the team to feel it was being "undermined". He had given the present team an opportunity to "transform the department from within". His concerns had been echoed in the auditor-general's performance report.

Van Robbroeck, the minister said, had received the report in February 1994 and took five months to respond to the auditor-general. "At no stage have I been appraised by the director-general of the report," Radebe said. Furthermore, there have been no improvements since the auditor-general's report in 1989."

He had now come to the realisation that his "pragmatic stance" on transformation was unsuccessful because the department was "either not willing or does not have the capacity" to participate in such a process.

Radebe's statements were preceded and input by his advisers, Sipho Shezi and Sivi Gounden.

When the meeting, marked by bitter exchanges, came to discussing the relationship between the ministry, the department and the NPWP, Shezi said no one was to be found in the department after 3.30pm. Shezi added that the department was "frustrated by some members of the task team" in their work. The department did not have the capacity to implement the NPWP. "We need a director-general who is willing to co-operate, be flexible and innovative."

At this point, Von Robbroeck told the committee that as a civil servant he did not believe it was "appropriate or dignified to become involved in a public debate with the minister over differences which all centre on my accountability of public money".

His competence had been questioned and he had been "forced to blow my own trumphet". He listed various professional achievements but was stopped by the chairman, ANC MP Moss Chikane, and asked to respond to the allegations.

Von Robbroeck said he rejected a slur that he was racist.

ANC MP Titus Mafolo remarked that the director-general had not disputed the input given by the advisers.

"They should stop people holding the country to ransom because of a misunderstanding about the constitution," Mafolo said.

Commenting on Van Robbroeck's statement that he would not be drawn into a public debate, ANC MP Ben Martins told the meeting that the parliamentary committees had the right to listen to the director-general, the advisers as well as the minister.

Van Robbroeck later said he was "not averse" to reporting to the public works committee. However, when he finally did so, MPs said they "can't follow his report".

Mafolo said there seemed to be a "problem of communication. We ask a simple question and we are not getting an answer."

The committee then decided to call another meeting, with the auditor-general present, to discuss the report with Van Robbroeck.

Jobs galore — PWD

(173)

Weekend Argus Correspondent

PRETORIA. — The Public Works Department hopes to create 25 000 jobs from new projects due to begin in August.

That's the good news from Public Works Minister Jeff Radebe following a meeting here yesterday to discuss the auditor-general's damning indictment of the department's management system. ARG 8/4/95

Mr Radebe said consultants would be appointed to look into the report and help produce a proper management plan.

He said the department had, through partnership with the Independent Development Trust, paved the way for the creation of 25 000 jobs.

Public Works head under fire

ARGS 8/4/95

Minister points to lack of change in department

■ Political circles were abuzz this week about a major confrontation between a cabinet minister and a top civil servant.

ESTHER WAUGH
Weekend Argus Political Staff

IN an unprecedented move the acting-director-general of the Department of Public Works, Theo van Robbroeck, has been given a public dressing-down by his minister as well as two parliamentary committees.

The showdown took place at an emergency meeting called by Public Works Minister Jeff Radebe with the national assembly and senate portfolio committees, Dr Van Robbroeck, and the task team responsible for the national public works programme (NPWP).

The department's role has changed vastly since the election. Once of little importance, acting primarily as the state's estate agent, it now has the task of creating jobs and infrastructure through the NPWP.

It was precisely this transformation, or rather lack of it, *in the department which led to* the conflict between Mr Radebe and Dr Van Robbroeck.

The minister told the committee that since he had assumed responsibility for the portfolio last year, he had received weekly reports on events in the department which he had discussed with Dr Van Robbroeck.

He wanted the present management team to play a key role in transforming the department, as he did not want the team to feel it was being "undermined".

He had therefore given the present team an opportunity to "transform the department from within" but his concerns about the department had been echoed in the auditor-general's audit performance report.

Dr Van Robbroeck, the Minister said, received the report in February 1994 and took five months to respond to the auditor-general.

Furthermore, there have been no improvements in the department since the auditor-general's report in 1989.

"I have requested, on several occasions, land audits. What has been submitted has not been satisfactory," he said.

Mr Radebe said crockery from warehouses controlled by his department was being "dumped" at ministerial homes without proper mechanisms to ensure accountability.

In November 1994 his ministry had prepared a discussion document on transforming the department, but the department "has not yet grasped this initiative".

He now realised his "pragmatic stance" on transformation was unsuccessful as the department was "either not willing or does not have the capacity" to participate in such a process.

Mr Radebe also accused his department of not consulting him or his special advisers and "pretending to support me" while "sabotaging" him.

He has therefore decided to review the department's structure, management, branches, staffing and budget.

A proper management plan is to be developed, including rationalisation of functions and a new mission statement. Mr Radebe said private management consultants would be hired for this task.

He had briefed President Nelson Mandela, Deputy President Thabo Mbeki and Public Service Minister Zola Skweyiya on this initiative and they had voiced their support, he said.

Mr Radebe's advisers, Sipho Shezi and Sivi Gounden, also provided input.

Discussing the relationship between the ministry, the department and the NPWP, Mr Shezi said no one was to be found in the department after 3.30pm.

He told the committee that Dr Van Robbroeck had telephoned the dean of one of Natal University's faculties, where one of the NPWP task team's African part-time members worked, to inquire if she was entitled to do consultancy work. Mr Shezi asked if the director-general had done the same with white part-time members of the task team, who also worked at universities.

Mr Shezi said he had "tried to work with the director-general on some problems", especially the lack of money available to the task team, but Dr Van Robbroeck reportedly replied: "There is nothing I can do about it. Talk to the minister."

However, Mr Radebe advised him to find a solution to the problems with the director-general.

Mr Shezi added that the department was "frustrated by some members of the task team" in their work.

He also said he had travelled with Mr Radebe and Dr Van Robbroeck to the US in September and met the World Bank and the International Monetary Fund officials, but the director-general could not contribute to the talks and was "out of his depth".

Mr Shezi said the department did not have the capacity to implement the NPWP.

"We need a director-general who is willing to co-operate, be flexible and needs to be innovative," he said.

Mr Gounden told the committee this was a classic case of a government department seeing its role as merely implementing guidelines.

The problems outlined by Mr Shezi were not confined to the NPWP. Responses received from the department had not been "supportive", he said.

At this point, Dr Van Robbroeck told the committee as a civil servant, he did not believe it was "appropriate or dignified to become involved in a public debate with the Minister over differences which all centre around my accountability of public money".

He said he would submit a written document to the committee on these differences.

After Mr Radebe made his statement, Dr Van Robbroeck added that his competence had been questioned and he was "forced to blow my own trumphet".

He listed various professional achievements but was stopped by the committee chairman, ANC MP Moss Chikane, and asked to respond to the allegations.

Dr Van Robbroeck said he rejected a slur that he was racist and would table a report to the committee.

ANC MP Titus Mafolo said the director-general had not disputed the input given by the advisers and it was a problem of transformation which needed political intervention.

He noted that the interim constitution protected jobs and not posts, and people should *not hold "the country to ran*som because of a misunderstanding about the Constitution".

Commenting on Dr Van Robbroeck's statement that he would not be drawn into a public debate, ANC MP Ben Martins said the parliamentary committees had the right to listen to the director-general, the advisers and the minister.

It was not the function of the committee to take sides but to ensure the interests of the public were served, he said.

The meeting also discussed the damning performance audits by the Auditor-General on the department last year.

When Dr Van Robbroeck was called to report his views on the auditor-general's report to the committee, he said he had "not come prepared to answer in detail" and he "normally replied to the public accounts committee" on such reports.

Dr Van Robbroeck later said he was "not averse" to reporting to the public works committee. But when he finally did report on the matter, MPs said they "can't follow his report".

Mr Mafola said it was a "problem of communication. We ask a simple question and we are not getting an answer."

The committee then decided to call another meeting with the auditor-general to discuss the report with Dr Van Robbroeck.

Initiative 'not grasped'

A SPANNER IN THE PUBLIC WORKS

Public Works Minister Jeff Radebe this week signalled a brutal vote of no confidence in his department's senior management. The unprecedented public row captured the tensions between the old guard in the civil service and the ANC over attempts to transform the country. EDYTH BULBRING reports

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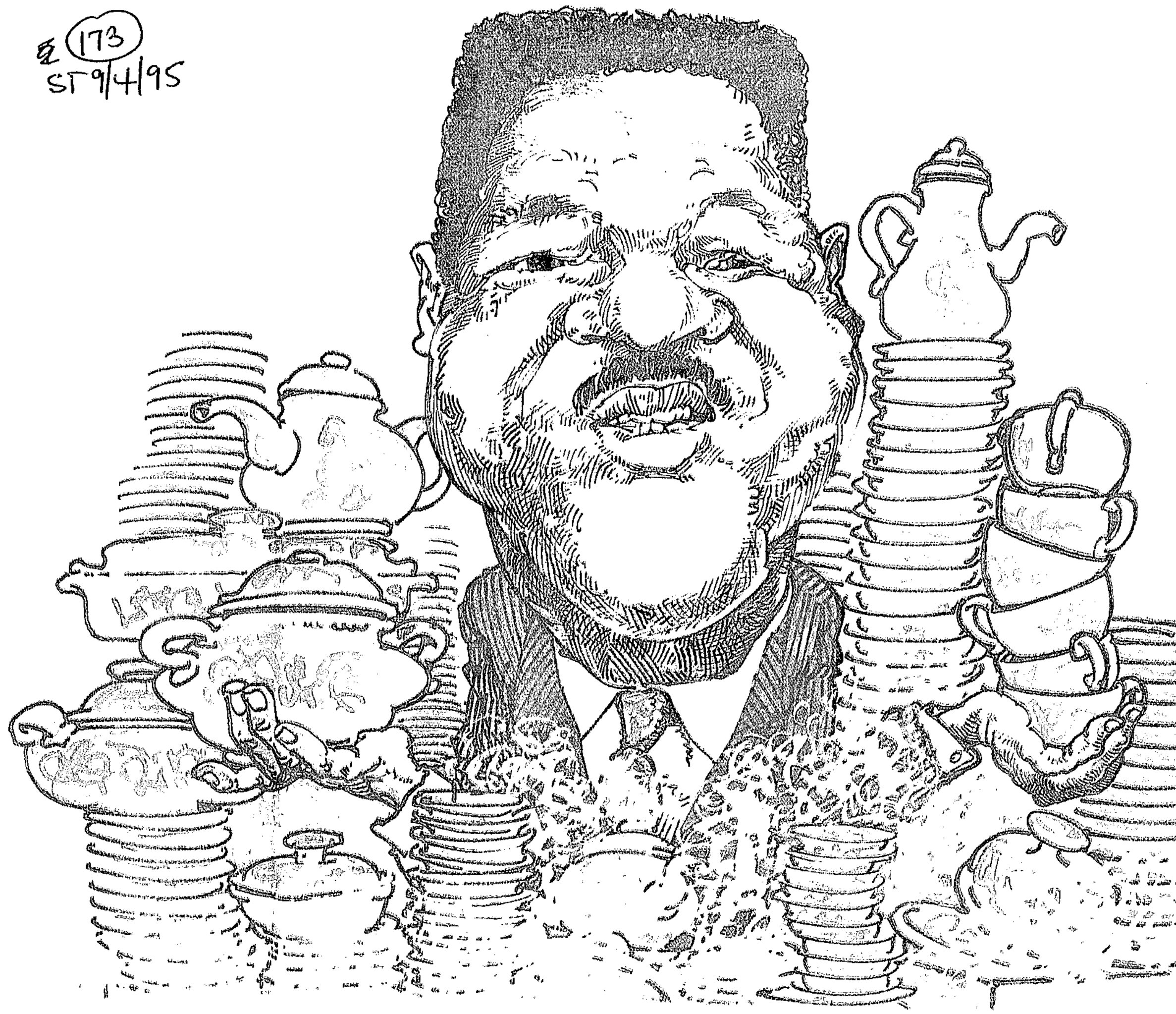


LAST year, Public Works Minister Jeff Radebe arrived home to find that boxes of crockery had been dumped at his Walmer Estate residence.

His housekeeper had not been asked to sign for the boxes and there was no inventory of the contents.

The next day he was on the phone to Theo van Robbroeck, the acting director-general of Public Works, to find out how such apparent sloppiness could be allowed and then personally inspected the Cape Town warehouse.

"How do I know that some glasses had not been stolen between the warehouse and my home," Mr Radebe said in an interview this week.

It was a funny thing for a minister to become obsessed about. But that inquiry led to others into tender practices, leasing agreements and land audits. And Mr Radebe became more dissatisfied.

This week, Mr Radebe and his two special advisers appeared before the parliamentary joint Public Works committee and brutally trashed his director-general and the department's senior management.

As Mr van Robbroeck stared stonily ahead, members questioned his competence, his willingness to cooperate, his commitment to non-racialism and his ability to serve the new government.

Mr Radebe said he had no alternative but to bring in a new management team with members of the private sector to restructure the department as the old management team had proved "unwilling or unable to do so".

The unprecedented public vote of no confidence in a department's senior management on Tuesday this week was not a spontaneous outpouring of frustration.

seeking their support.

So adamant has Mr Radebe become that Mr van Robbroeck will not be reconfirmed as his director-general that he readvertised the job last month, signalling to applicants who responded to an advert placed last year, of which Mr van Robbroeck was one, that none were acceptable.

Some of the reasons for the fallout are petty and stem from the clash of cultures — a nit-picking bureaucratic elite determined to play by old rules and a minister in a hurry who feels the old rules block transformation.

But underlying these is Mr Radebe's deep frustration and suspicion that the lack of action by his senior management hides an attempt to perpetuate a self-serving white old boys' club.

IN HIS evidence to the committee, in the memo and in an interview this week, Mr Radebe put his case.

The two main complaints are Mr van Roebbroeck's apparent tardiness in responding to an auditor-general's report on the poor management in the department and his inability to restructure the department to accommodate new priorities — like job creation schemes.

Mr Radebe told the committee of his concerns with the performance audit of the first six months of last year, which concentrated on the effectiveness of steps taken following a previous 1989 audit.

The new audit report makes some damning comments on the department's management style and concludes that "effective corrective steps, arising from the previous performance audit, were not implemented throughout and reflect deficient management arrangements ..."

en the large-scale nature of the work; and the under utilisation of government property did not compare unfavourably with the private sector.

The explanations did not convince the committee, as they had not convinced Mr Radebe, who had heard them some months ago.

In an interview, Mr Radebe said he had come to the conclusion management holes were being left intentionally to protect certain interests.

Another major problem was the senior management's attitude towards new priorities and the changes this entailed.

The mission statement of the department under National Party rule emphasised the servicing of central government infrastructure. The department's new mission statement emphasises servicing wider society.

The department of over 9 000 people, according to the 1993 annual report, services 74 000 state buildings. Highlights in the report included the provision of a shooting range in Atlantis.

One of the changes Mr Radebe initiated when he took office was the transformation of the procurement system for professional consultants, which has historically favoured large white Afrikaans companies.

Mr Radebe said he had struggled to get Mr van Robbroeck to agree to the study. After the battle was won and the report finalised, Mr van Robbroeck said he wanted it to be referred to a statutory council.

THE "emergency meeting", as it was billed by a ministerial press release, had been well publicised days before and ANC members on the parliamentary committee had been primed for battle.

So enthusiastic was one ANC committee member to support the minister that he leapt in prematurely with: "I would suggest that the minister uses his big stick to clean up his department, to appoint a director-general who will do so," during an agenda item concerning the alleged intransigence of the Public Service Commission.

Last month, Mr van Robbroeck wrote to Mr Radebe complaining that he had "washed the department's dirty linen in public" by exposing the corruption in the department.

Mr Radebe responded by sending a memorandum to President Nelson Mandela and Deputy President Thabo Mbeki spelling out his problems with the department, outlining his solution and

The key complaints concern the inefficient and uneconomical use of accommodation; the unreliable and insufficient management information system; badly managed lease agreements; and untimeous maintenance and upkeep of state property.

An example of the consequences of bad management is the payment of R3,12-million rent for a building that was unoccupied for nine months. Another example was the hiring of a Durban building for the defence force for 11 years at a cost of R1,29-million — the building comprised more than 5 000 sq m, but for the 11 years it was not used by more than 10 permanent staff members during normal working hours.

On Tuesday, Mr van Robbroeck was asked by the parliamentary committee to outline the steps he had taken to redress these criticisms.

He responded by attempting to put the auditor-general's report in "proper perspective" — the investigation had been random; administrative errors could be expected giv-

SPECIAL adviser Sivi Gounden told the parliamentary committee "responses from the department impede and delay progress".

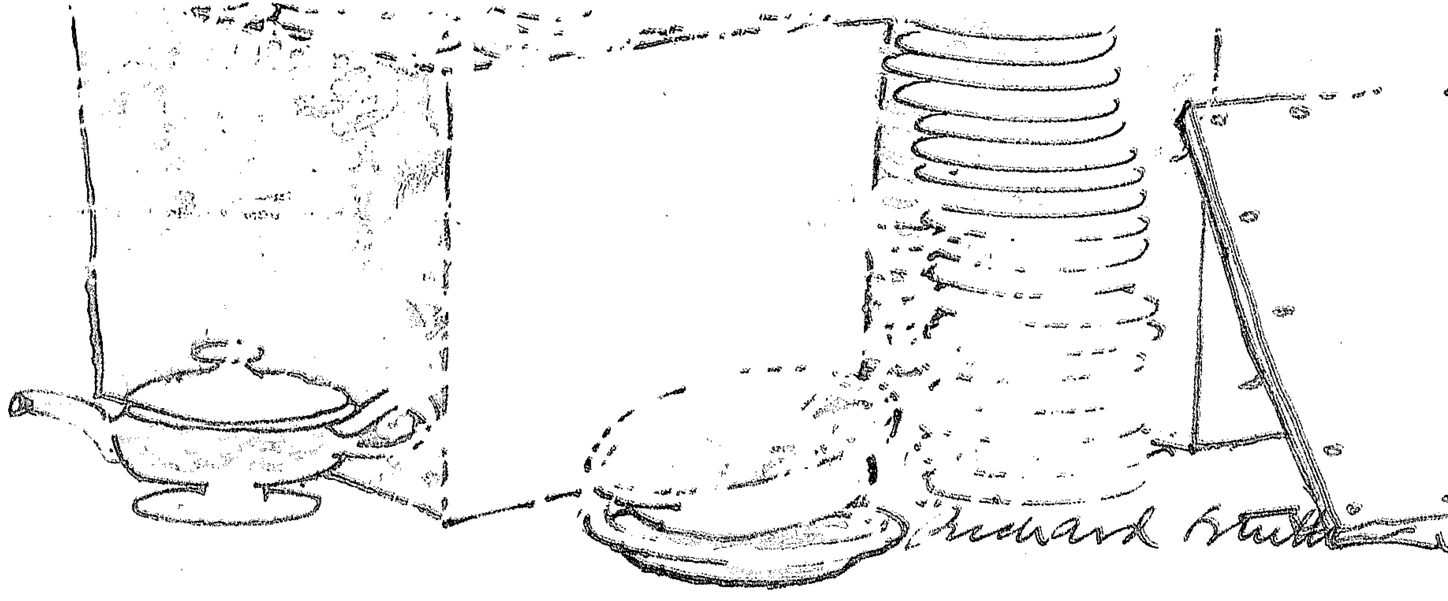
Mr Radebe has struggled to get the 14-member task team charged with overseeing the national public works programme integrated into the department.

Special adviser Sipho Shezi told the committee: "The department does not have the expertise to deliver the Pubic Works programme.

"It has become convenient for the director-general to say that the rules of the game do not accommodate it. What is needed is a director-general who is willing to co-operate. Someone flexible, realising the need to be innovative."

He also questioned Mr van Robbroeck's treatment of a black consultant. "It would be interesting to know whether he would have done the same to the two other consultants, who are white."

The committee members also had their say. Comments ranged from a call for political intervention to stop people from holding the country to ransom to accusations that the department was protect-



ing a status quo of white Afrikaans male privileges.

As the insults flew, Mr van Robbroeck declined to defend himself. He said he did not think it was "appropriate or dignified" to debate the differences with Mr Radebe in public. He called it "distasteful".

After further inputs, he said he was "forced to blow his own trumpet" as his "competence had been brought into question".

His attempts to list his professional awards were cut short by an ANC committee member, who remarked "this is self praise which we don't need at this time".

Mr van Robbroeck, realising he had already been tried and found guilty by a self-appointed court of parliamentarians, declined to "cross swords with my minister here". He said he would account for his actions in writing before the committee, but added "I am male and white, but I am not Afrikaans and I am not racist".

Mr van Robbroeck's description of the proceedings as distasteful was perhaps accurate. But for a department which spent R2,4-silverware for six p homes last year an lion to buy two flo parking bays for S ca's diplomatic r Greece in 1993, the was perhaps overd avoidable.

Public works man hits back

(2E) (173)



Picture: ROY WIGLEY, The Argus.

DELIGHTED: Petula Samuels shows off her winning entry form which landed her R5 000 in The Argus Win a Home competition.

'I play by the rules and Radebe didn't set up the probe'

ARG 10/4/95

CLIVE SAWYER
Political Correspondent

ACTING Director-General of Public Works Theo van Robbroeck has hit out at Minister Jeff Radebe in a series of documents tabled at a parliamentary committee meeting.

Mr Radebe last week accused Mr van Robbroeck of inefficient management and announced a departmental shake-up in which the acting director-general could lose his job.

An auditor-general's report revealed mismanagement and corruption in the department.

Documents tabled by Mr Van Robbroeck at a meeting of the parliamentary committees on public works reveal how an initially harmonious relationship turned sour.

Among the most recent incidents was the announcement by Mr Radebe that he had appointed an investigation into the department. This led Mr Van Robbroeck to protest that the investigation had been underway since 1989 — long before Mr Radebe's appointment.

Mr Radebe was quoted in a Sunday newspaper as saying Mr Van Robbroeck had blocked changes.

To Page 5, col 1.

Public works man hits back

From Page 1.

In a memorandum to the parliamentary committees, Mr Van Robbroeck said: "It is clear that the accusations by the minister and his advisers that the management of the department refuses to co-operate in the required transformation, and that the progress of the national public works programme is hampered, are all the result of my refusal to throw away the rule book and do whatever I am told.

"I have repeatedly informed the minister and his advisers that I am bound to abide by the existing rules and laws until the government of national unity has changed these.

"As accounting officer, I am personally held responsible to parliament for obeying these rules when it comes to state money."

Mr Van Robbroeck said the management of the department, under difficult circumstances and severe staff shortages, had loyally served the government of the day and would continue to do so as long as they kept their positions.

Incidents which had led to tension included:

- Mr Radebe appointing a task team to "drive" the national public works progamme without consulting Mr Van Robbroeck.
- A report by a newly-appointed adviser that the roster system for appointing consultants was "widely perceived to be unfair and biased".
- A lack of reporting to Mr Van Robbroeck on the national public works programme.

I'll fight clean – Public Works director-general

■ PRETORIA CORRESPONDENT

Public Works acting director-general Theo van Robbroeck says he will fight for his survival but won't be using the "street-fighter tactics" of his minister.

He was reacting to a scathing and public attack on him last week by Minister Jeff Radebe, who also sent a memorandum to President Mandela accusing Van Robbroeck of inefficient management and of letting the department "fall into a mess".

The Public Works minister announced a radical shake-up of the department which could include the removal of Van Robbroeck and the entire senior management of the department in the wake of a damning auditor-general's performance audit which revealed corruption and mismanagement.

But in an interview from his Pretoria home yesterday Van Robbroeck said his innocence would be proved in a document handed to the joint parliamentary committee last week.

He accused Radebe of setting him up.

He said he was not prepared to stoop to the same low level as the minister.

"I'm not a street-fighter. I will not lower myself to reply to this attack and get into a slanging match with him in the media.

"The minister will find out the truth from the dossier I handed to the parliamentary committee," he said.

"All I will say now is: ask the auditor-general for his opinion of me. He considers me — and he said I could quote him — one of the best managers in the public service."

Auditor-General Henri Kluever's report made some damning comments on the department's management style.

Star 10/4/95 (173)

Old guard blocking changes — Radebe

CT10/4/95 (173)

PUBLIC WORKS Minister Mr Jeff Radebe has claimed that obstructionism by old-style bureaucrats is threatening to collapse key initiatives by his department and torpedo the RDP.

He has appointed a special task team to break the logjam created by what is perceived to be old-guard civil servants with a limited commitment to introducing the changes needed in the new SA.

But the Public Service Commission is unwilling to give the new structure the status or teeth it needs to cut through red tape and get the job done.

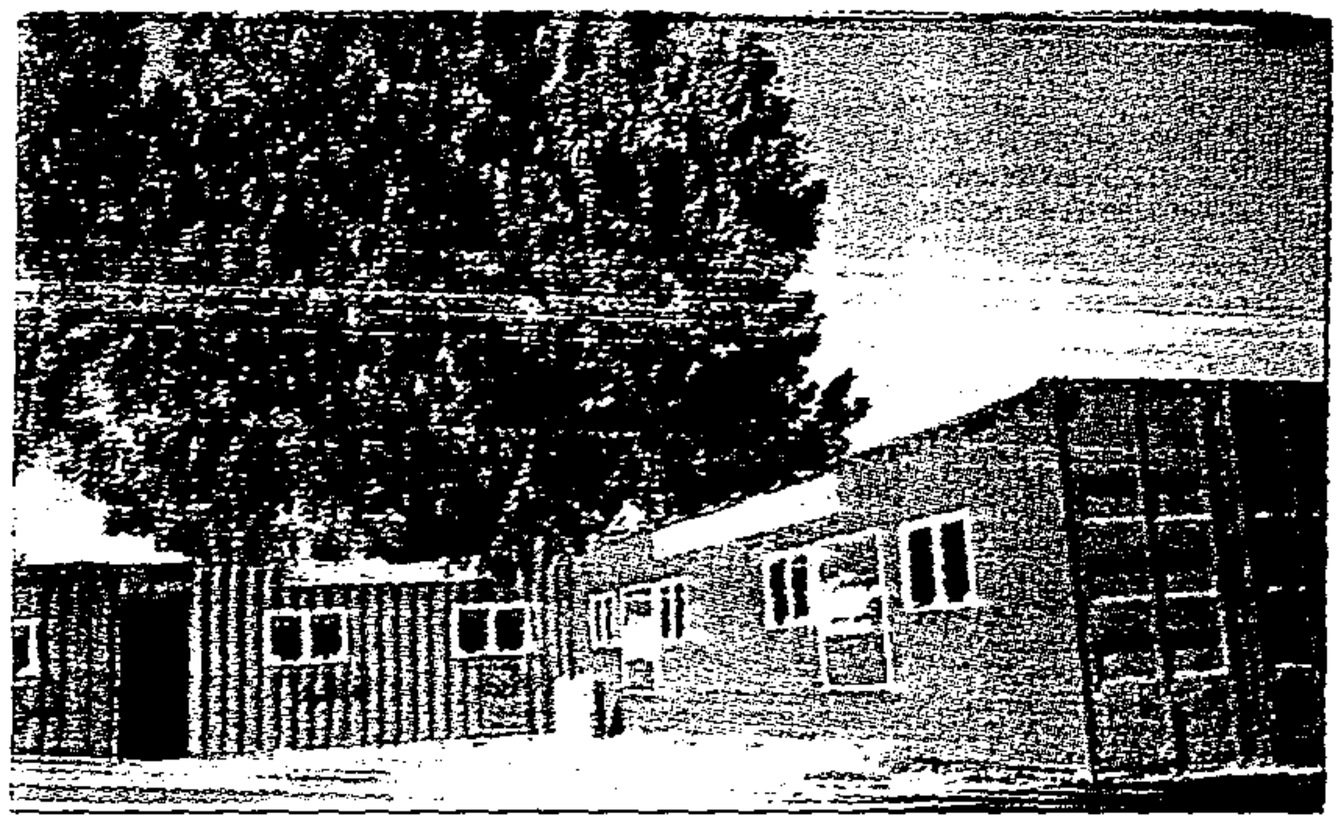
After months of departmental infighting, the minister accused his acting director-general, Dr Theo van Robbroeck, and his senior management staff of being unwilling to implement the policies of the new government and allowing wastage and fraud to flourish because of slack management.

But in an interview from his Pretoria home yesterday Dr Van Robbroeck said his innocence would be proven in a document handed to the joint parliamentary committee last week.

He accused Mr Radebe of setting him up and attacking him in the press. He said he was not prepared to stoop to the same low level as him (Radebe) and get into a slanging match with him in the media.

"The minister will find out the truth from the dossier I handed to the parliamentary committee," he said.

His version of the problems within the Public Works department was very different from the minister's, he said. — Political Staff, Special Correspondent and Reuter



SOMETHING FROM NOTHING *Redundant freight containers transformed into offices and workshops for small business initiatives*

'Hive' to aid self-employment

BY THABO LESHILO
STAFF WRITER

Coca-Cola Southern Africa and Highveld Bottling have launched a micro-enterprise hive in Witbank in an effort to promote self-employment in the Eastern Transvaal.

The project involved converting redundant freight containers into offices and workshops.

Situated in the Witbank CBD, the hive houses business activities such as sewing, carpentry, electrical repairs, spray painting and welding. The Unemployed Workers' Congress has been contracted to renovate the containers over the next six months.

Andre van den Berg, general manager at Highveld Bottling, says the company has placed orders to buy T-shirts and overalls from the hive as well as having its coolers repaired and its billboards made there. "In addition to providing the town and outlying areas with a venue for quality, handcrafted wares, the village has inspired a spirit of enterprise throughout the region," says Van den Berg.

He says there are plans to extend the initiative to the township areas of Siyabuswa, in the old KwaNdebele, and Jane Furse in Lebowa.

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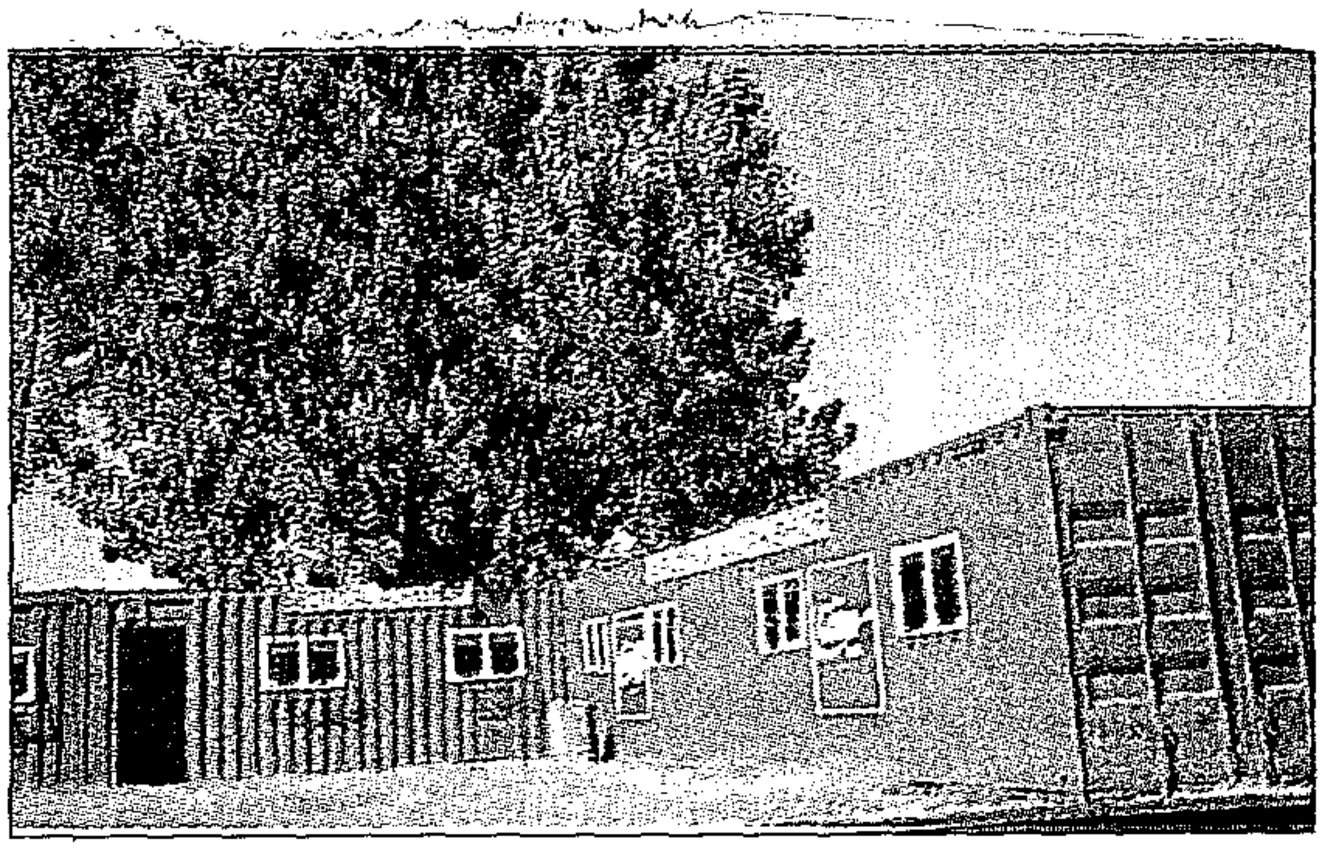

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He says there are plans to extend the initiative to the township areas of Siyabuswa, in the old KwaNdebele, and Jane Furse in Lebowa.

(182) (173) CT(BR)11/4/95

Community projects take off in E Cape

(173) CT (BR) 11/4/95

By Roy Cokayne

PRETORIA BUSINESS EDITOR

A community-built waterworks in Naqamakwe, near Butterworth in the Eastern Cape, is to be opened today by the Eastern Cape MEC for public works, Thobile Mhlahlo.

The waterworks is one of a number of the community support projects funded by the Development Bank of Southern Africa (DBSA) in the former Transkei.

Mhlahlo, who is also the minister in charge of co-ordination of the RDP in the province, will turn on the tap and draw the first glass of water.

The works is one of 250 rural water supply schemes completed under the auspices of a community support programme.

A DBSA spokesman said about R22 million in loans had been donated by the bank to build up rural infrastructure and to develop small entrepreneurial development schemes.

The projects focused primarily on creating job opportunities and were aimed at providing skills and creating assets at a community level, the spokesman said.

In each case, the local community was given the responsibility for the implementation of the projects, he added.

Attention was given to community ownership of the projects and in this way skills were transferred to members of the communities, the spokesman explained.

After opening the waterworks, Mhlahlo plans to visit a nearby village where he will open a livestock dipping tank — one of 138 dipping tanks spread across the province from Bizana to Umtata to Cofimvaba.

The spokesman said that in the pilot dipping tank programmes, community services had proved to be as much as R100 000 cheaper than the cost of formal contractors.

This, he added, highlighted the effectiveness and cost-efficiency of RDP-inspired projects.

The projects were typically labour intensive to maximise local employment opportunities.

Other RDP-driven projects included:

- ☐ stock and small watering dams in 33 villages;
- ☐ nine rural access roads; and
- ☐ soil conservation and reclamation projects.

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PUBLIC WORKS DEPUTY DIRECTORS-GENERAL TO RETIRE EARLY

More top officials to quit

CT. 11/4/95

(173)(250)

SENIOR officials, fearing a purge in the Public Works Department after the row between the acting director-general of the department and the minister, have applied for early retirement. Our **SPECIAL CORRESPONDENT** reports.

APPARENTLY fearing a purge of top public servants in the Department of Public Works by Minister Mr Jeff Radebe, two deputy directors-general have applied for early retirement.

Ministry spokesman Mr Wiseman Khuzwayo said yesterday that deputy directors-general Mr Syd Burke and Mr Leon Claasen, both close to retirement, would leave in three months.

Their applications follow a public row between Mr Radebe and acting Public Works director-general Mr Theo van Robbroeck, 64, who is to lose his position before the end of the month.

Former IMF and World Bank official Mr Sipho Shezi now a ministerial adviser, is tipped to take over as director-general of the department. Applications for the position have closed.

Government sources said yesterday there was no possibility of Mr Van Robbroeck staying on.

Mr Khuzwayo said that while it was not clear why Mr Claasen, 63, wanted early retirement, Mr Burke, who is in charge of building services, had made it clear he was unhappy with the proposed changes regarding the appointment of consultants.

Mr Radebe had said the appointment by the department of private consultants had favoured large firms and was to be changed to accommodate small firms, particularly those from disadvantaged communities.

'Biased'

Mr Van Robbroeck said the new roster system to appoint consultants was "widely perceived to be unfair and biased".

Yesterday, the acting director-general alleged that Mr Radebe had tried to make him break the rules.

His allegations were carried in a memorandum to the parliamentary committees, in which he said:

"It is clear that the accusations by the minister and his advisers that the management of the department refuses to co-operate in the required transformation, and that the progress of the National Public Works Programme is hampered, are all the result of my refusal to throw away the rule book and do whatever I'm told.

"I have repeatedly informed the minister and his advisers that I am bound to abide by the existing rules and laws until the government has changed these."

Mr Van Robbroeck said the final straw was a case where Mr Radebe wanted to pay a 22-year-old with only a matric over R100 000 a year.

"I refused to consider it because the regulations do not provide for that. If I had allowed this, I would have had to explain why to the taxpayer. I can't allow exorbitant salaries," he said.

Mr Khuzwayo dismissed the allegations as blatant nonsense.

Mr Van Robbroeck said it became clear he was no longer wanted in the department when the post of director-general was advertised for the second time.

"It was very clear to me the minister wanted to get rid of me. I had applied for the job when it was first advertised but the second advert clearly said no suitable people had applied. It said those who had applied need not re-apply. It left little doubt in my mind they didn't want me," he said.

Mr Khuzwayo said the public row between Mr Radebe and Mr Van Robbroeck was a culmination of months of behind-the-scene clashes between a new minister eager for change and an old public servant resisting change. — Special Correspondent, Political Staff

'Old guard' scrambles to quit Public Works Dept

Star 11/4/95

173

BY JOVIAL RANTAO and OWN CORRESPONDENT

Two deputy directors-general in the Department of Public Works have applied for early retirement, apparently fearing a purge by the Minister, Jeff Radebe.

Major differences on how the white "old guard" ran the department became public last week when Radebe briefed a parliamentary committee.

The minister expressed serious dissatisfaction with his acting director-general, Theo van Robbroeck, who has since threatened to fight back, but without using the minister's "street-fighter tactics".

Public Works Ministry spokesman Wiseman Khuzwayo said the two deputy directors-general who want early retirement are Syd Burke and Leon Claasen.

Both are close to retirement and could leave in three months. Their acting chief, Theo van Robbroeck, is 64 and is expected to retire next year.

Khuzwayo says Burke, who is in charge of building services, has made it clear to the minister that he wants to retire because he is unhappy with the Public Works Department's system of appointing private consultants.



Theo van Robbroeck . . . refused to break regulations.

And Van Robbroeck said the new roster system of appointing consultants was "perceived to be unfair and biased".

Yesterday Van Robbroeck alleged Radebe had tried to make him break regulations. His allegations were stated in a memorandum to the parliamentary committees, saying:

"It is clear the accusations by the minister and his advisers that the management of the department refuses to co-operate in the required transformation, and that progress of the national public works programme is hampered, are the result of my refusal to throw away the rule book and do whatever I'm told.

"I have repeatedly informed the minister and his advisers that I am bound to abide by the existing rules and laws until the Government of National Unity has changed these. As accounting officer, I am personally held responsible to Parliament for obeying these rules when it comes to State money."

Van Robbroeck said the last straw was a case where Radebe wanted to pay a 22-year-old with only a matric more than R100 000 a year.

Khuzwayo dismissed the allegations as "blatantly nonsensical".

Van Robbroeck said it became clear he was no longer wanted in the department when the post of D-G was advertised for the second time recently. "It was very clear to me the minister wanted to get rid of me."

THE CAPE

Cape's unemployed get chance to make a pile

Municipal Reporter

MOUNTAINS of rubbish are to be moved from roadsides in a bid to boost the morale of people living in some of the Western Cape's more deprived areas.

Part of the finance for the R8-million project will come from the province's reconstruction and development funds.

Operation Clean Up is a scheme which has been devised by the Ministry of Roads, Transport and Public Works under Minister Leonard Ramatlakane and aims to provide work for the poor in line with the RDP.

The Cape Metropolitan Council has been asked to give the first phase of the plan, namely to clean up urban roads, its approval.

This it will do subject to the Provincial Administration of the Western Cape paying out R409 000 towards the first phase of the project. The CMC would match this amount on a rand-for-rand basis.

In a letter sent to Western Cape premier Hernus Kriel, Mr Ramatlakane said Operation Clean-up was aimed at bringing "a spirit of upliftment" to the province.

"It is endeavoured that through this project a contribution to the development of a clean and acceptable environment would be made," the letter said, adding that this in turn would contribute towards the province's tourist industry.

The campaign will include the removal of debris, alien vegetation, tree planting and greening in particular areas of the Western Cape.

Local authorities are being asked to match contributions from provincial government on a rand-for-rand basis to ensure compliance with the requirements of the Reconstruction and Development Fund.

Where local authorities don't have money, they are asked to consider giving equipment and human resources.

The campaign is also to be accompanied by a concerted educational campaign.

Stage one will consist of removing debris from major transport arteries, in and outside the road verges, within the metropolitan area starting on May 2.

The second phase consists of the removal of debris and alien vegetation, slope stabilisation, greening and landscaping.

Other plans are to provide more recycling depots and environmental education for residents in specified areas.

The total cost of the second phase is an estimated R7 060 421.

(173) ARG 11/4/95



Theo van Robbroeck

Gloves off — minister accused of 'bending' rules

ARG 11/4/95 (359) (173)

The Argus Correspondent

PRETORIA. — "I was just following regulations. It was the minister who wanted to bend the rules."

That's the claim by embattled acting director-general of public works Theo van Robbroeck in the face of a personal attack on him by Minister Jeff Radebe.

Mr Van Robbroeck yesterday took off the gloves and reiterated his side of the story as contained in a series of documents tabled at a joint parliamentary committee — and included a claim that Mr Radebe had wanted to pay an exorbitant salary to a 22-year-old man with only a matric.

Mr Van Robbroeck revealed in the documents how the initially harmonious relationship between him and Mr Radebe had turned sour.

"It is clear that the accusations by the minister and his advisers that the management of the department refuses to co-operate in the required transformation, and that the progress of the national public works programme is hampered, are all the result of my refusal to throw away the rule book and do what I am told," he said in the memorandum.

"I have repeatedly informed the minister and his advisers that I am bound to abide by the existing rules and laws until the government of national unity has changed these.

"As accounting officer, I am personally held responsible to parliament for obeying these rules when it comes to state money."

Expanding on the memorandum yesterday, Mr Van Robbroeck said Mr Radebe had tried to get him to break the rules.

"He (Radebe) wanted to do things not within the regulations.

"I resisted because I am the one finally accountable. I told him the only way he could do the things he wanted was to override me in writing.

"This only happened once. But that's not the way to do things."

Mr Van Robbroeck said the final straw in the relationship had been a case where Mr Radebe wanted to pay a 22-year-old with only a matric more than R100 000 a year.

"I refused to consider it because the regulations do not provide for that.

"If I had allowed it, I would have been responsible and I would have to explain why to the taxpayer," he said.

"I can't allow exorbitant salaries."

He said this incident highlighted the problem between the two men.

"That was the crux of the matter. He wanted us to do all these things beyond our bounds and I thought it was scandalous."

Mr Van Robbroeck said it became clear he was no longer wanted in the department when the post of director-general was advertised for the second time recently.

"I had applied for the job when it was first advertised, but the second advert clearly implied that no suitable people had applied, that those who had applied need not re-apply.

"It left little doubt in my mind they didn't want me."

A long transformation of tension to open hostility

CLIVE SAWYER
Political Correspondent

☐ *At first a healthy relationship . . .*

THE transformation from tension to open hostility was a long process between the minister eager to change his department — and the top public servant determined to play everything by the rules.

Theo van Robbroeck, director-general of the department of public works under the previous dispensation, became its acting head when the government of national unity took office last year.

Appointed minister was Jeff Radebe.

At first the relationship was healthy, even notable for mutual confidence.

When the public service commission told Mr Radebe that Mr Van Robbroeck's post would have to be advertised, the minister was firm he wanted the incumbent retained.

But then the rows began — and this week culminated in a war of words, with Mr Radebe accusing Mr Van Robbroeck of opposing transformation and hinting the acting director-general could lose his job.

The tale of strife between the newcomer minister and the veteran bureaucrat is told in documents handed by Mr Van Robbroeck to the parliamentary committee on public works.

An attempt was made to appoint a young matriculant, Sifiso Zulu, as an assistant administrative officer, a post which carries an R8 500 monthly salary. Public service rules require at least a three-year university degree for such an appointment.

In a letter to Mr Radebe, dated March 28, Mr Van Robbroeck said the highest post to which Mr Zulu could be appointed was a senior administrative clerk, paid R22 806 a year.

In earlier correspondence, Mr Van Robbroeck queried two other appointments.

To enable them to be employed by the national public works programme task team, but at higher salaries than public service rules allowed, two people were appointed to another body and seconded to the team.

Both in their early twenties, one with a bachelor's degree and the other with Standard 10, they rejected the standard salaries of R29 646 and R22 806 respectively.

They were appointed to the National Youth Development Forum and seconded to the team.

"I found this absolutely exorbitant, even if the state tender board had agreed to that appointment, and brought that to the attention of the minister."

Mr Radebe said he had been under the impression that all members working for other organisations had been seconded to the department of public works free of charge.

"At his request, I submitted a report on the actual situation of all the task team members to him.

"I did not get a reaction to my report or the earlier letter."

Mr Van Robbroeck said the most serious difficulty between him and the minister arose from a report he handed Mr Radebe about investigations into irregularities in the department.

These investigations had been started in 1989 by Mr Van Robbroeck's predecessor.

"I took over in June 1991 and submitted regular reports to the various ministers I served under, ministers (George) Bartlett, Jacob de Villiers, (Leon) Wessels, (Gene) Louw and (Louis) Shill.

"These reports, as did the one to Mr Radebe, mentioned all the investigations and their results, right from the start of these investigations."

Mr Van Robbroeck said Mr Radebe had passed a report he had handed to him to the Press.

Reading claims that Mr Radebe had ordered the investigation, "I was upset when I learned from the reporter that the minister had indeed stated that, especially in view of the fact that I had applied so much pressure to speed up the investigations."

The newspaper reports gave the impression Mr Van Robbroeck had failed to act about the allegations.

He wrote to Mr Radebe, protesting against his action, and sent a copy to President Mandela.

At a hearing by the parliamentary committee on public works, Mr Van Robbroeck was accused of racism by Mr Radebe's ministerial adviser because he had queried the amount of time a member of the task team had been given to work as a consultant to a university.

In other clashes:

- Mr Radebe overruled Mr Van Robbroeck when the acting director-general insisted that quotes be solicited before a management consultant was appointed.
- Mr Radebe appointed a task team to steer the national public works programme without consulting Mr Van Robbroeck, who by law was accountable for what became of state funds.
- An adviser to Mr Radebe said the roster system for appointing consultants used by the department was "widely perceived to be unfair and biased".
- There was a lack of reporting to Mr Van Robbroeck on the national public works programme.

In his report to the committee, Mr Van Robbroeck noted that until Mr Radebe had appointed his two advisers, relations between him and the minister had been "excellent".

"When the public service commission wanted to advertise the director-general's post, the minister objected, and said in no uncertain terms he wanted to retain the incumbent."

Top official out of order, says Radebe

ST 16/4/95

(173) 277 (354)

PUBLIC works Minister Jeff Radebe has accused the acting director-general of his department of misleading the public and trying to create the impression that he was guilty of nepotism and patronage.

Theo van Robbroeck, whose job is on the line following accusations that he opposed transformation, told a parliamentary committee on public works in a letter that relations between Mr Radebe and himself had soured when he opposed one of the minister's appointments.

He said Mr Radebe had tried to appoint a young matriculant to an R8 500-a-month post which, according to public service rules, required at least a three-year university degree.

Responding this week, Mr Radebe said in an open letter thatMr van Robbroeck had "deliberately omitted" to mention that the appointee's competence had been endorsed by a chief director of the department who sat on the National Public Works Programme task team responsible for his selection.

He said the individual was "more than qualified" for his job as a consultant to the National Public Works Programme.

The dispute that has raged between the minister and his top civil service officials culminated last week in an announcement that the entire senior management of the Department of Public Works would be replaced.

By CHRIS BARRON

In an interview with the Sunday Times last week, Mr Radebe said Mr van Robbroeck had allowed his department to fall into a "mess" with fraud and wastage flourishing because of inefficient management.

He also said the acting director-general and senior management had shown unwillingness to carry out the policies of the new government.

In his turn, Mr van Robbroeck suggested, in documents he handed to the parliamentary committee on public works, that Mr Radebe had tried to bend the rules.

Mr Radebe said in the letter that this was "misleading".

He said the real problem was the "conservative interpretation of the existing rules" by the department's senior management and "their ability to extrapolate these rules to maintain the status quo".

Where existing rules conflicted with the new government's policies, these should have been brought to his notice by Mr van Robbroeck so they could have been changed.

Instead these rules had been rigidly adhered to in a way which impeded change.

Mr Radebe said his "frustration" on this issue was shared by "several innovative and highly competent middle managers within the department".

Van Robbroeck to be moved (173)

Sowetan 12/4/95 B

By Vuyo Bavuma
Political Reporter

THEO van Robbroeck, acting director-general of public works, accused by his minister of inefficiency and deliberately frustrating progress within the ministry, is set to be moved from his position "within weeks".

In another related move two deputy directors-general, Mr Syd Burke and Mr Leon Claasen, indicated they would leave the department in three months.

These developments come a week after Public Works Minister Jeff Radebe lambasted his senior managers, including Van Robbroeck, for frustrating progress and being inefficient.

Addressing a public works parliamentary committee, Radebe said Van Robbroeck had obstructed change.

Van Robbroeck has denied the charges, saying he had abided by existing rules and laws of government.

Retire early

The clash fuels speculation of a purge of the old guard within the department to adjust it to the demands of the reconstruction and development programme.

Public works spokesman Wiseman Khuzwayo confirmed yesterday that Van Robbroeck would not be reappointed.

"We understand he is staying until May, but we won't re-appoint him."

Khuzwayo said Claassen had wanted to retire early, and Burke, who was in charge of building services, was unhappy about the proposed changes to the appointment of private consultants.

Khuzwayo said what had happened in the past was that the consultants usually favoured certain big Afrikaner firms.

The small black businessmen were overwhelmed by the set-up knowing they had no hope of competing.

Director-general to go next week, says Radebe

PRETORIA. — Public Works Minister Jeff Radebe today confirmed that his acting director-general, Theo van Robbroeck, is to lose his job.

The Minister told Radio Zulu that Mr Van Robbroeck, who he claimed had been implicated in the Auditor-General's report on mismanagement and maladministration in the department, would be leaving next week and a new director-general would be appointed "soon". 173

Mr Van Robbroeck, who is at a conference in Port Elizabeth, declined to comment on Mr Radebe's announcement except to say he was aware of what the minister had said. — Sapa.

ARG 12/4/95

Public Works Minister hits back at claims of 'nepotism'

CT 17/4/95

OWN CORRESPONDENT

DURBAN: Public Works Minister Mr Jeff Radebe has hit out at the acting director-general of his department, Mr Theo von Robbroek, for publicly criticising one of the minister's appointments.

Mr Radebe said the official's remarks were "intended to create a perception of nepotism and patronage" on the minister's part.

Mr Von Robbroek had told a parliamentary committee that Mr Radebe tried to appoint a 23-year-old person to an R8 500 a month post, which required a three-year university degree.

Mr Radebe said the employee concerned was "more than qualified" to do the job because of his previous experience in development issues. His competence was endorsed by a chief director of the department, the minister said.

He adding that Mr Von Robbroek had demonstrated "the inability of some top officials to grasp the new development ethos of SA today" (173)

Private sector growth expected

Employment levels set to rise this year

BD 18/4/95 (173)

GRETA STEYN

EMPLOYMENT is expected to increase this year, bringing to an end five years of uninterrupted job losses. The upswing began in 1993, but this is the first indication that employment levels are set to rise.

Central Statistical Service figures suggest the huge job losses that characterised the early 1990s ended last year, but economists expect that there was still a small decline in overall employment last year. CSS figures are available only up to October last year.

Bureau for Economic Research director Ockie Stuart said he expected total employment to have declined 0,5% last year to 7,41-million formal sector jobs. "Our surveys suggest that the decline should be arrested this year and an increase of 1,3% seems possible."

An economist noted the increase translated into less than 100 000 new jobs — a tiny fraction of CSS's estimate of 4,7-million unemployed people in SA.

Stuart expected further employment growth of about 2% next year to take the total number of formal sector jobs to about 7,6-million.

Another economist noted that the 1995/96 Budget had assumed overall employment growth of 1,5% for its projections on personal income tax.

It is understood that Finance Department economists assumed no growth in public sector employment, which meant they were expecting the private sector to show robust growth.

Industrial Development Corporation estimates indicate that manufacturing employment stabilised at about 1,4-million jobs after a dramatic fall from the peak of the previous upswing reached in the first quarter of 1990.

Employment has shrunk by more than 8% since 1990 as the recession took its toll and sluggish economic growth at the start of the upswing failed to generate new employment. The 1990 high was still well below the peaks reached in the early 1980s.

Steel and Engineering Industries Federation of SA (Seifsa) economist Kit Wostenholm said projections showed metal industry employment had fallen last year for the fourth successive year.

In 1990, 385 844 people were employed in the industry. This was projected to have fallen to about 270 000 last year. A small increase to 275 000 was expected this year — 40% fewer jobs than in 1981.

"The fall in employment between 1990 and 1994 was due to the recession, sanctions and rising wages. But with business conditions improving, the economy opening up internationally and spending on the reconstruction and development programme (RDP) picking up, employment should increase," Wostenholm said.

Development Bank economist David Viljoen said SA's unemployment rate of 32,6% did not take into account people in the "marginal" sector, which included subsistence agriculture, housewives and students. When employment opportunities started increasing as the upswing gained momentum, more of these "marginal" people would compete with the unemployed for formal sector jobs.

☐ To Page 2

Employment (173) BD 18/4/95

☐ From Page 1

"The unemployment rate will not come down," he predicted.

CSS figures show that manufacturing sector employment rose to 1,43-million in October last year from 1,41-million in September (the latest available figures). At the end of 1993, 1,37-million people were employed in the manufacturing sector.

CSS said job losses occurred between September and October in mining and quarrying, construction and electricity.

Employment in the construction industry — expected to be one of the major beneficiaries of the RDP — fell to 367 069 in October last year from 368 924 in September and 379 644 in September 1993.

Immigrants to seek gaming jobs

CT 19/4/95 (8) (173)

SPECIAL CORRESPONDENT

LONDON: — Despite high unemployment in South Africa, prospective immigrants are being told to look to gambling and the air-conditioning and refrigeration industries for jobs.

According to the fortnightly Overseas Jobs Express (OJE), South Africa's gaming industry will be looking to fill hundreds of jobs with imported croupiers and casino administrators, as gambling becomes legal.

"Now, with Parliament certain to lift the ban this year, the Lotteries and Gaming Board is anticipating an avalanche of applications for licences to bet on anything from frog-jumping to flea-hopping," it says.

A legalised gambling industry is expected to have a turnover of £4 billion (about R23,4bn) a year, and create 100 000 jobs by 1997.

A letter to OJE suggests qualified technicians and engineers in the air-conditioning and refrigeration industry are likely to be in demand in South Africa soon.

Mr Colin Martin, of Cramerview personnel consultants, says applicants should be prepared to settle permanently in SA and be between 25 and 40.

Star 13/11/95

Van Robbroeck to be removed

BY JOVIAL RANTAO

Theo van Robbroeck, the acting director-general of the Department of Public Works who has been involved in a public row with Public Works Minister Jeff Radebe, is to be removed from his position and redeployed elsewhere.

Public Works spokesman Wiseman Khuzwayo said Van Robbroeck would "definitely" be moved as soon as a new director-general had been appointed.

"He will be redeployed but no decision has been taken as to where he would be moved to until he retires next year," he said. The position of the director-general has been advertised twice and Van Robbroeck, who applied the first time, was not given the post.

He did not apply when the post was advertised for the second time.

Khuzwayo said all application were being processed by the Public Service Commission which is expected to send a shortlist to Radebe as early as next week.

He said the positions of Van Robbroeck's two assistants, Syd Burke and Leon Claasen, who have both applied for and were granted early retirement, had not been advertised.

Job creation 'task force' being set up for Western Cape

ARG 2021/4/95 (173)

Political Correspondent

A Job Creation Task Force is being set up in the Western Cape to buttress other initiatives to boost the regional economy, says economic affairs minister Chris Nissen.

Speaking in debate on the economic affairs budget in the provincial legislature, he said the task force would work with the private sector to encourage "mega-projects" and in setting up manufacturing plants.

This went hand in hand with other initiatives, which included:

● Helping to establish a technology institute to broaden the base of technology in the province and link technikons, universities and the research departments of private corporations;

● Setting up support services for small, medium and micro enterprises;

● Establishing a Western Cape development corporation or bank; a new rural development agency; and

● Using the restructured Wesgro and Small Business Development Corporation to boost investment, trade and export promotion, and empower the small, medium and micro business sector.

Mr Nissen pointed out that the Western Cape would have to create 50 000 jobs a year to "progressively reduce" unemployment and meet the needs of the growing population, and that sustaining reconstruction and development projects would require a provincial growth rate of between four and seven percent over the next five years.

FRIDAY
APRIL 21, 1995

FORMER 'CINDERELLA' HAS KEY RDP ROLE

Public Works aims at 300 000 jobs a year

(173) ET 21/4/95

PUBLIC WORKS, formerly a 'Cinderella' department, is to play a pivotal role in achieving the aims of the RPD, says its minister, Mr Jeff Radebe. **ANTHONY JOHNSON** reports.

THE National Public Works Programme (NPWP) would create 300 000 jobs each year by the turn of the century, Public Works Minister Mr Jeff Radebe predicted last night.

The minister told UCT's Graduate School of Business that there had been "a major paradigm shift" in his department, which had been a Cinderella department under the apartheid regime.

"The old apartheid ways of doing things resulted in the neglect of Public Works as a whole," he said. Public Works had emerged for the first time as a department in its own right.

The chief function of the revamped department was to plan and implement the NPWP, which would play a pivotal role in achieving the aims of the RDP — meeting basic needs, building the economy and creating jobs.

Mr Radebe said R250 million had been allocated from the RDP fund for the community-based Public Works Programme, of which R70m had been allocated to the Independent Development Trust, which had already granted R14m to more than 400 communities in rural areas.

Negotiations were under way to develop the National Youth Service Initiative Programme.

The minister said experience throughout the world had shown that the success of public works programmes rested on their ability to proceed only as fast as technical development and training proceeded.

"To proceed too rapidly would lead to the creation of unsustainable assets and thus discredit the programme for years to come.

"We will thus be focusing on building these capacities in 1995 and then begin to initiate medium- to large-scale labour intensive programmes with infrastructural sectors such as roads and water provision," he said.

By March 31 next year, all construction, upgrading and maintenance of all gravel roads, minor urban roads and water supply and reticulation systems should take place through the NPWP approach.

Mr Radebe said his department, together with the Department of Labour, intended to develop a framework for setting wages for labour standards for job creation initiatives by the end of this year.

He said it was critical that a partnership be developed between the NPWP and the business sector.

ARG 25/4/95

Job creation training for 200 (~~150~~ ~~250~~ 173)

Staff Reporter

MORE than 200 jobless and penniless people in the Western Cape are to be trained by the Triple Trust Organisation to become self-employed.

The participants will complete an eight-week job creation training course during May and June in subjects like sewing, leather work and business training, said TTO financial director Paul Bradnum.

Trainees could rely on assistance from volunteers in the formal sector and they could apply for a loan from the TTO to start their own businesses.

Sanlam donated R14 000 to the project at a ceremony at the organisation's offices in Mowbray yesterday to give six unemployed people the opportunity to become financially self-sufficient.

Sanlam's regional general manager Johnnie Roelofse said the programme enabled many underprivileged people to start and maintain some form of legitimate economic activity.

...percent each.

CT(BR) 26/4/95 (173)

Jobs rise in retail sector: The number of jobs available in the retail sector has risen for the first time since the third quarter of 1991, according to the latest consumer and retail survey from the Stellenbosch Bureau for Economic Research. See next page

More jobs in retail sector

(173)

BY AUDREY D'ANGELO
CAPE BUSINESS EDITOR

The number of jobs available in the retail sector has risen for the first time since the third quarter of 1991, according to the latest consumer and retail survey carried out by the Stellenbosch Bureau for Economic Research (BER).

It shows that retailers' confidence was high in the Western Cape, North West, Eastern Cape, Gauteng and Northern Cape when the survey was carried out in the last two weeks of March.

The volume of retail sales was higher in all provinces except the Eastern and Northern Transvaal, with the biggest increases in the North West, Free State and Western Cape.

The volume of sales in the wholesale sector increased in every province except the Free State.

Despite this, the business confidence of wholesalers was low in the Western Cape and in the Eastern and Northern Transvaal. Retailers and wholesalers all expected inflation to accelerate in the current quarter.

The survey shows that business confidence remained high in the motor trade in the first quarter, with more than 80 percent of dealers in new vehicles and spare parts rating business as satisfactory.

Confidence was less high among dealers in used vehicles, but BER economists say lower sales were due mainly to a shortage of stock.

The BER survey of consumers included blacks in cities, towns and villages throughout South Africa. Previous surveys had included those in the major metropolitan areas only.

The composite consumer confidence index declined marginally from 111 points to 109. This was the second consecutive quarter showing a slight fall, but the BER report says such a small drop is statistically insignificant.

CT(BR) 26/4/95

Employment up in retail sector

EDWARD WEST

CAPE TOWN — Continuing high levels of business confidence among retailers in the first quarter of 1995 have been reflected in the first increase in employment in the sector since 1991.

The Stellenbosch-based Bureau of Economic Research (BER) said in its latest survey of the consumer and trading sectors that previously expected increases in retail and wholesale sales were realised in the first quarter of 1995, even though the increase was smaller than in the fourth quarter of 1994.

Nearly all the survey respondents expected prices to increase in the second quarter and the large majority of wholesalers and retailers expected an acceleration in the rate of increase.

Business confidence among retailers and new vehicle and spare parts dealers remained at the same high levels compared with the fourth quarter, but the confidence index declined by an average of about a quarter in the case of wholesalers and used vehicle dealers.

Retailers placed the same volume of orders in the first quarter compared with the fourth quarter of 1994, while wholesalers placed fewer orders. Fewer used vehicles were sold in the first quarter while the increase in new vehicles sold in the first three months of 1995 remained the same as in the fourth quarter.

Seventy percent of retailers reported increased sales in the fourth quarter compared with 65% in the first quarter of 1995. Retailers also placed the same volume of orders in the first quarter compared with 1994's last quarter.

While the increase in sales of semi-durable and non-durable goods was larger than in the fourth quarter, the increase in durable sales was significantly smaller.

Furniture and household appliances and electronic equipment sales did not fare well.

The consumer survey showed that the majority of black respondents rated the time right to buy durable goods, but all other groups disagreed with this rating.

Fewer respondents expected the economy and their financial position to improve over the next 12 months than in the previous survey by the BER, but more rated the present time suitable for purchasing durable goods, the BER said.

(173)

PUBLIC WORKS FM 28/4/95

Rights and wrongs

An announcement on the future of Theo van Robbroeck, acting director-general of the Department of Public Works (PWD), will be made "during the week," according to spokesman Wiseman Khuswayo.

Van Robbroeck and some of his colleagues have been accused publicly by Public Works Minister Jeff Radebe (ANC) of using stalling tactics and effectively sabotaging public policy.

Van Robbroeck refuses to comment on the issue and refers the media to his report to the parliamentary committees on public works, which the *FM* was unable to obtain by the time of going to press.

But other sources say Radebe's fight with Van Robbroeck concerns the acting DG's alleged delaying tactics in refusing to allow small and medium enterprise (SME) consultants to be given public sector contracts. According to these sources, accounting firm Ernst & Young had drawn up a report for Radebe in which it suggested that SME consultants be given greater access to State contracts. The PWD's annual budget amounts to about R2,5bn.

When asked (by Radebe) to comment on the Ernst & Young report, Van Robbroeck apparently gave his approval, subject to the proposals being submitted to the provinces as well as to the various relevant professions (engineering, quantity surveying and architectural) for their comment.

This "stalling tactic" evidently infuriated Radebe, as it meant the proposals could not be put into effect immediately.

A similar difference of opinion apparently occurred when Radebe asked Van Robbroeck to sanction the appointment of a 22-year-old matriculant at an annual salary of over R100 000 — an appointment not provided for by present regulations.

Van Robbroeck refused. The result was a special Cape Town meeting of the joint Parliamentary Committee on Public Works called by Radebe on April 4, to which the media were invited and at which Van Robbroeck was instructed to be present.

This meeting apparently became an inquisition when Van Robbroeck was accused of bad management.

Van Robbroeck refused to defend himself at the inquiry or to become embroiled in a public argument with his Minister and instead said he would submit a report to committee members stating his case, which he did that week.

Van Robbroeck, an engineer and former Department of Water Affairs official, was recently appointed president of the International Commission on Large Dams. Last December, he received an honorary doctorate from Stellenbosch University.

Any attempt to "fire" Van Robbroeck might well be an exercise in futility — he has never been appointed DG in the new PWD. But he does have a five-year contract for a DG position, expiring in June 1996.

Neither Radebe nor Khuswayo could be reached on Monday for further comment on the issue.

The PWD may soon have two DGs. If so, taxpayers will as usual be asked to foot the bill. ■

W Cape jobs bonanza

CT 26/4/95

173

CHRIS BATEMAN
POLITICAL STAFF

A UNIQUE R2 million Peninsula "clean-up" of main transport routes kicks off in preparation for the World Cup Rugby tournament next month. It forms part of a broader R8 million "Clean and Green" campaign aimed at creating 8 613 jobs and improving township environment.

Western Cape Transport and Public Works minister Mr Leonard Ramatlakane said the first stage, beginning on May 3, would focus on removing debris from major transport arteries, creating 500 jobs with local authorities and matching the RDP funding on a rand-for-rand basis.

The second stage included debris and alien vegetation removal, slope stabilisation and the greening of suburbs and townships through tree planting.

Awareness

This stage would also involve providing recycling depots, mounting public awareness campaigns and civic education with 25 identified communities and non-governmental-driven projects.

Many of the Peninsula's squatter areas are either on old rubbish dumps or are surrounded by dumped builders' rubble and non-collected refuse.

One project's aim is to generate environmental pride, helping to promote a culture of payment for services in the townships.

Mr Ramatlakane appealed to the private sector to "get involved" by helping prevent indiscriminate dumping of rubble and contacting his office to see where they could help.

Although job-creation would only last for $4\frac{1}{2}$ months, it was hoped emerging local authorities would absorb workers on a more permanent basis.

"A clean and healthy environment will help our tourist industry, especially in the context of the upcoming World Cup Rugby tournament," Mr Ramatlakane said.

Deliver jobs now says Ramaphosa

Sowetan 2/5/95 (173)

By Abdul Milazi
Labour Reporter

THE ANC-led Government of National Unity should begin delivering on it's promise to create jobs for the millions of unemployed people in South Africa, says ANC general secretary Mr Cyril Ramaphosa.

Ramaphosa was addressing a disappointingly small crowd at a Workers Day rally organised by Cosatu at the Rand Stadium in Johannesburg yesterday.

The message

"The time for talking is over, (State President Nelson) Mandela should know that people want jobs and they want them now. That is the message this May Day rally should send to the Government," said Ramaphosa.

Ramaphosa said he was confident that the Government of National Unity would deliver. He said the ANC was the only party under which South Africa would become a country all citizens could be proud of.

The country's economy

Other speakers at the rally were Gauteng premier Mr Tokyo Sexwale and Cosatu national treasurer Mr Ronald Mofokeng.

Sexwale called for cooperation between labour, Government and business for the country's economy to succeed.



Cyril Ramphosa — lashed out at the Government of National Unity.

He said workers should ensure that their voices were heard by contributing towards the writing of the Constitution.

May Day celebrations held around the country were peaceful except at Umlazi Stadium near Durban, where shots were fired while President Nelson Mandela was speaking.

A young man was shot in the head.

It is not known whether he died and it was not established who had fired the shots.

In his May Day message, Cosatu general secretary Mr Sam Shilowa accused South African business of merely paying lip service to change and of not being willing to create sustainable jobs.

Shilowa said employers saw the role of the new Government as creating a safe haven for them to exploit workers.

Shilowa also voiced Cosatu's concern about the Reconstruction and Development Programme projects, which he said were inconsistent.

Continuing deadlock

Shilowa expressed concern over the continuing deadlock in the public sector, which he said created the impression that the Government had different approaches to resolving labour problems in various sectors.

He fired a broadside at the World Trade Organisation and International Monetary Fund, accusing them of "undermining the sovereignty of South Africa by attempting to impose policies which directly contradict the RDP".

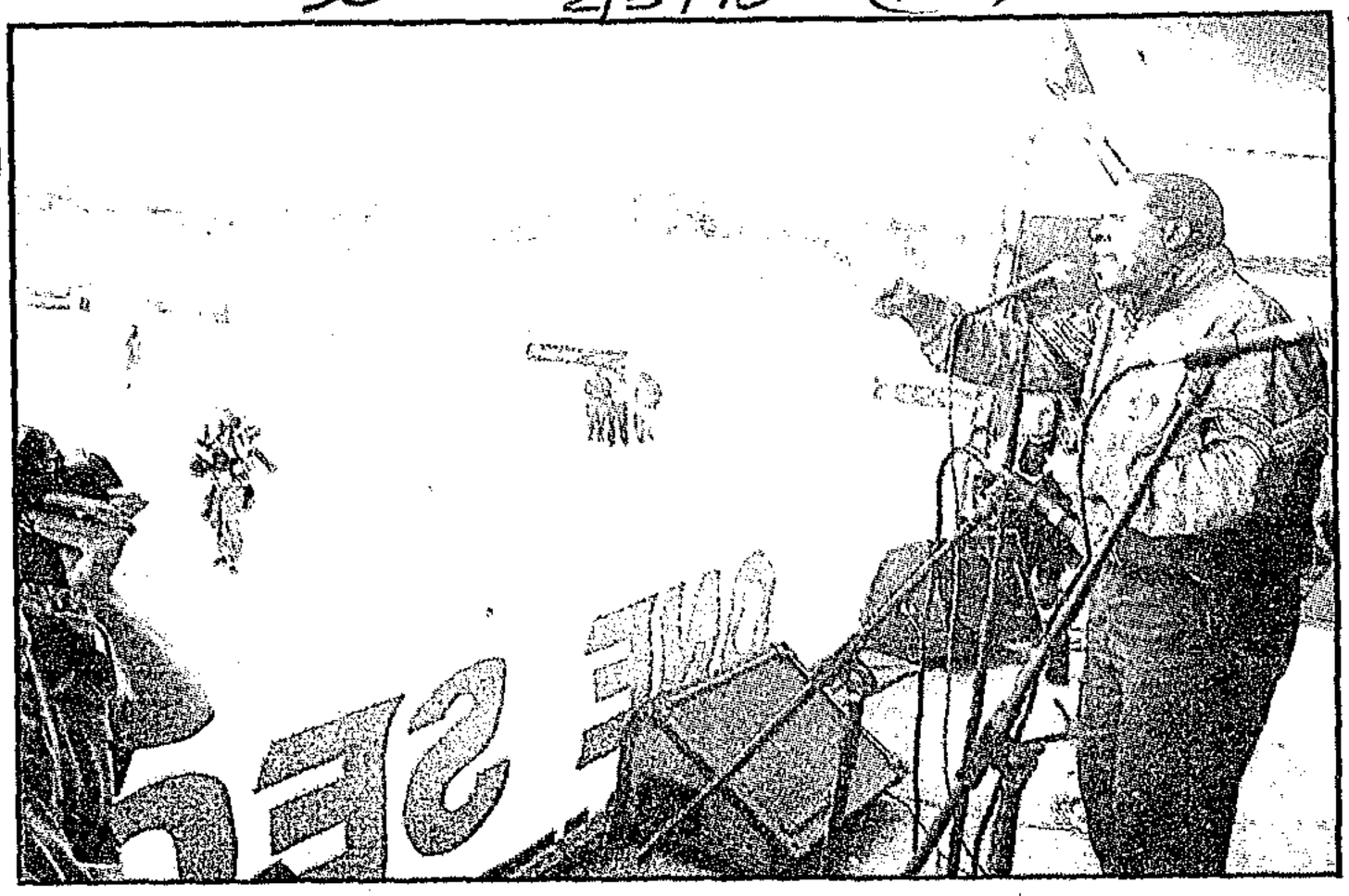
"We must ensure that the upswing in economic activity benefits the people of this country and is not confined to an orgy of speculation and profiteering without meaningful productive investment, as we have seen recently," said Shilowa.

Speaking in Cape Town, South African Communist Party assistant general secretary Mr Jeremy Cronin said that unions were bracing for a battle to prevent the privatisation of Eskom, Telkom and Iscor.

Free market system

He said there was no possibility of rural areas getting electricity in a free market system.

"The free market will take electricity to where there's a profit," Cronin said.



I talk to the trees

Gauteng premier Mr Tokyo Sexwale addressing a virtually empty Rand Stadium at a May Day rally in Johannesburg yesterday. Less than 2 000 people attended the rally.

PIC: LEN KHUMALO

Jobs boost in casino plans

(173)
Sowetan 2/5/95

By Joshua Raboroko

TWO European hotel barons and local business have formed a consortium to boost tourism and to create jobs in South Africa.

Casino Austria International and Radisson Hospitality Group have formed the Casino Austrian Consortium which plans to establish many casinos and hotels.

The South African players are: FirstCorp Merchant Bank, Innovate Resorts and Murray and Roberts Construction.

Internationally acclaimed Casino Austria's president Dr Leopold Wallner told *Sowetan* in Johannesburg during his seven-day visit that they intended building casinos in all nine provinces.

His company runs one of the largest casino operations in the world, having more than 100 casinos.

The company was established, he said, to ensure that it's foreign business was handled in a professional manner and to allow for further expansion.

"It is with this in mind that we have considered South Africa for various casino rights throughout the country. We are therefore seeking licences in all nine regions," he said.

They will also negotiate joint ventures with black business as part of an empowerment process.

Wallner says his company believes in affirmative action programmes that will empower blacks: "We are committed to promoting entrepreneurial skills in the black community."

Chief Executive Officer of Radisson Hospitality Group Mr Bartels say they will build more hotels in South Africa to promote tourism.

The two business deals are likely to lead to millions of rands being in invested in the country, sources say.

Mboweni unveils jobs boost plan

BD 3/5/95 (173)

ADRIAN HADLAND

CAPE TOWN — Labour Minister Tito Mboweni unveiled a five-year programme yesterday aimed at boosting job creation and the establishment of an economic and legislative climate conducive to investment and social justice.

Included in the programme is a radical overhaul of the Unemployment Insurance Fund, the development of comprehensive labour market and vocational guidance policies, the strengthening of civil society structures and a greater role for SA in international labour affairs.

Mboweni told a Press conference yesterday that while some aspects of the plan had already been put into operation, including the establishment of the National Economic Development Labour Council and the Comprehensive Labour Market Commission, the plan would clarify the role of the Labour Ministry and department over the next few years. A number of laws would be amended or introduced during the period.

The Labour Relations Bill would be finalised this year, even if this meant the Cabinet had to make rulings on undecided issues.

Processes setting up the Labour Court and the commission for conciliation, mediation and arbitration were under way.

Labour legislation to be amended included the Basic Conditions of Employment Act, the Unemployment Insurance Act, the Occupational Health and Safety Act, the Manpower Training Act, the Wage Act and the Integration of Labour Laws Act.

New legislation to be introduced included an Insolvency Amendment Bill, a Pensions Amendment Bill and employment equity legislation.

Mboweni said the Comprehensive Labour Market Commission, chaired by ministerial special adviser David Lewis and Gencor Human Resources manager Moss Ngoasheng, would produce its first report by the end of the year and would finalise a White Paper on labour market policy by next year. BD 3/5/95

A discussion paper detailing proposals on affirmative action in the workplace would be completed by mid-year. The National Training Board would be restructured.

A national policy on vocational guidance would be developed to address perceptual and social barriers to the full participation of all in the labour market.

The "serious shortcomings" of the unemployment insurance fund would be dealt with. "This should include mechanisms to interlink training, retraining, career and placement services to the fund".

The plan also included provision for a much higher international labour profile, through the appointment of labour attaches and the ratification of International Labour Organisation conventions, as well as the framing of a national policy on occupational health and safety.

Sapa reports that Mboweni said at the news conference that SA would not back countries with primitive labour policies that produced goods under conditions like "slavery".

It would react against countries that had primitive policies on health and safety, among others, he said.

NEWS Labour Ministry to rectify ra-

Plans afoot for financial growth

(173) Sowetan 3/5/93

■ TRAINING SCHEMES Creation

of jobs envisaged in the short-term:

By Vuyo Bavuma
Political Reporter

THE MINISTRY OF Labour yesterday unveiled a radical five-year programme that is aimed at boosting the country's economic growth and further democratising the labour sector in line with the current political environment.

Officials from the ministry yesterday also announced plans to create employment through elaborate short-term programmes and strengthening and refocusing vocational counselling projects in the government and the non-governmental sector.

Addressing a Press conference in Cape Town, they also said they would mandate a comprehensive labour market commission to examine the role of the national policy and institutions in the determination of wages and incomes of the workers.

The ministry was committed to rectifying the racial and gender imbalances and promoting equity at levels in the workplace.

It would also create a national training and human resources development policy which had been recommended by the National Training Strategy Initiative.

This policy included restructuring the Industry Training Boards and National Training Board and developing a National Qualifications Framework and South African Qualifications Authority in conjunction with the national Department of Education.

Regarding a new vocational counselling policy, the ministry was considering recommendations from the National Training Initiative.

These included establishing highly visible career guidance placement centres to develop their own databases reflecting employment vacancies, education and training courses.

Van Robbroeck ousted

(250) (173)

Political Staff

WHEN former Director-general of Public Works Theo van Robbroeck next goes to work there will be someone else sitting in his leather chair — Sipho Shezi.

Mr Shezi, a former official in the African National Congress's Washington office, was named yesterday as the new director-general of the department.

A spokesman in the minister's office said Mr Shezi's appointment would be official after the Public Service Commission ratified the decision.

Mr Shezi is expected to move into the D-G's office by next week. But, it still will contain Mr Van Robbroeck's office items as he is overseas until May 20.

Speaking from his home last night before flying to Poland and France, Mr Van Robbroeck said he was unaware of the appointment of a new D-G, but found the choice of Mr Shezi quite interesting.



Theo van Robbroeck

"He was one of the consultants who attacked me at the opening of parliament. This shows he had a fairly good motive."

ARG 4/5/95

He said his own future at the department was still under discussion by the Public Service Commission. He would be overseas for three weeks.

"It was still my office when I went there this morning. Maybe it won't be when I get back," he said.

Mr Van Robbroeck has been involved in a slanging match with Minister Jeff Radebe.

The minister attacked him in a report, repeatedly accusing Mr Van Robbroeck of misleading members of the national parliament with factually incorrect claims.

Mr Radebe said Mr Van Robbroeck was trying "to create a perception of inefficiency, nepotism and patronage on the part of myself and my two advisers".

Mr Van Robbroeck has denied he is responsible for problems within the department, saying animosity developed because he was not willing to bend the rules to accommodate the new minister's wishes.

NEWS

Public Works to open up contracting

173

Star 3/5/95

■ BY JOVIAL RANTAO

A new roster system, through which consultancy firms from disadvantaged communities will be given access to lucrative state contracts, is to be instituted by the Department of Public Works this week.

The new system was recommended by management consultants Ernst & Young, who were commissioned by Public Works Minister Jeff Radebe to review and redesign the State's principles and procedures in the appointment of private consultants.

An investigation by Ernst & Young unearthed a "high degree of unfairness" in the awarding of state contracts. The probe found that in the past four years, 10 established consultancy firms had monopolised contracts with the department.

Firms which had handled state contracts before — and therefore were deemed to have the experience and skills required — were awarded most contracts.

Ernst & Young recommended that marginalised consultants be integrated and empowered in a transparent and acceptable way.

This exercise will be the first part of a two-phase programme to restructure the system in accordance with the objectives and principles of the Reconstruction and Development Programme.

To implement the pilot project, certain projects will be identified for the exercise and small private firms will be invited to participate.

In the second phase, a dual roster, for large and small firms, will be established. All registered consultants will be invited to reregister in order to be classified and qualify for consideration for government contracts.

The eligibility criteria for state contracts are competency, a human resources development programme which is intent on developing disadvantaged people, sound social contribution, and black equity holdings of at least 30%.

When companies apply for state contracts, the appointments committee will use these criteria to rate them.

Workplace 'effects productivity'

AMANDA VERMEULEN

COSTS related to employees in an office building could reach 90% of the overall costs of a structure with a 40-year lifespan, stressing the effect of an office environment on productivity. 60 4/5/95

Dashing Office Furniture MD Don Bethell said that although an office building was often seen as one of a company's largest investments, the office environment also had a major effect on productivity which affected financial performance.

"Many factors, which are changing with shifts in business needs and new technology, contribute to the quality of the working environment."

Dashing conducted research into the SA office environment, the first study of its kind in the country. Some of the issues investigated included business attitudes to health policies and staff welfare, computerisation of workstations and changes in office layout concepts. (173)

The study also looked into the provision of gym and creche facilities, quality, safety and selection standards for office equipment, ventilation and expertise in the design and layout of decor.

Bethell said the results had shown management's concern for and understanding of the impact of the working environment on productivity levels, staff motivation and both internal and external perceptions about an organisation.

The research covered small, medium and large companies in the major centres, and would be freely available to other companies in the office furniture and related industries, said Bethell.

Boost for Nicro's employment scheme

CT(BR)5/5/95 (173)

BY FRANCOISE BOTHA

STAFF WRITER

A micro-business venture aimed at tackling the high rate of unemployment in the Western Cape has received a welcome boost.

The country's largest mail order company, Mas Holdings, is donating R100 000 worth of merchandise to a National Institute of Crime Prevention and Rehabilitation of Offenders (Nicro) programme started 18 months ago, in which women earn an income by selling clothes.

Charles Velkes, a Mas Holdings subsidiary, will supply clothing packs which will be distributed by Nicro to the entrepreneurs, mainly women, whom they have trained to become hawkers or retailers.

Gladys Sibeko of Nicro said: "Since starting our programme we have seen some micro-business incomes grow from R200 to R4 000 a month. There has also been a real increase in the level of confidence."

Marco van Embden, managing director of Mas Holdings said:

"We believe this initiative promotes the win-win attitude needed for the successful implementation of the RDP.

"Nicro has the people and the training infrastructure to empower individuals to earn by becoming traders. In keeping their network supplied with saleable merchandise, we are establishing closer links to our broad customer base."

Kamy Chetty of the Western Cape RDP team commented: "The contract is an example of the benefits which can accrue when the private sector and NGOs work together."

BRIEFS

Belgian aid for job creation

173

THE Belgian government has pledged R890 000 to the Triple Trust Organisation (TTO) for the creation of job opportunities for 360 unemployed people in the greater Cape Town area.

Belgian Minister of Foreign Affairs and Development Relations Mr Erick Derycke signed an agreement with the TTO in Cape Town yesterday. CT 10/5/95

TTO operates 25 training centres where the unemployed can acquire skills, business training and access to capital equipment through mini-loans.

Job market 'must grow'

(173) BD 17/5/95

Adrian Hadland

CAPE TOWN — It was imperative the economy's capacity to absorb labour was improved and that the regulation of the labour market was made less rigid, according to submissions to Parliament by a number of business organisations.

Invited to comment on the Labour Department's R804m budget vote for 1995/96, the Chamber of Mines, Business SA and the SA Chamber of Business rued the lack of more detailed information.

The Chamber of Mines said its efforts to secure relevant information had "not been successful" and only general comments on policy could be made. Business SA said that due to "the limited time available and the lack of appropriate and readily accessible information" it was not prepared to take part in the May 30 public hearings.

All three, however, welcomed the opportunity to participate in budget discussions and submitted documents outlining general problems facing the economy and Labour Minister Tito Mboweni.

The one key aspect of overall economic reform that was still outstanding was the operation of the labour markets, Sacob said.

With close to 50% of the potential labour force operating outside the formal economy and an official unemployment rate of 32%, "it is clear that SA needs to give urgent attention to the ability of the economy to absorb the unemployed".

An important element of this was the elimination of as many as possible of the rigidities that existed within the labour market.

"Labour costs are a key price in the economy and they need to reflect the surplus that currently exists."

Addressing the Senate yesterday, Mboweni said a commission of inquiry had been established to develop a comprehensive labour market policy.

The commission, which was expected to issue a report by March next year, would look at productivity enhancement, income determination, labour market discrimination and migratory labour.

Holiday fiasco faces employers

CT(BR)9/5/95 (173)

The new Public Holidays Act could mean that workers are entitled to 14 paid public holidays this year

BY JOHN SPIRA
GAUTENG BUSINESS EDITOR

The furore over the excessive number of public holidays on the South African calendar has assumed a new dimension.

Attorneys Webber Wentzel Bowens point out that in terms of the new Public Holidays Act of 1994 and the recent amendment to the Basic Conditions of Employment Act of 1983, all employees are entitled to 12 paid public holidays.

Naturally employees would only be entitled to be paid for a public holiday if it fell on what would be a working day for them. Thus, for employees who work Monday to Friday, a public holiday falling on a Saturday or Sunday would not ordinarily be a paid public holiday.

As the Public Holidays Act provides that when any public holiday falls on a Sunday the following Monday shall be a public holiday, it is arguable, says Webber Wentzel Bowens, that employees who work both on the Sunday (being the actual public holiday) and on the Monday (which then becomes a public holiday) are entitled to be paid at public holiday rates for both days.

The legal firm notes that two public holidays fall on Sundays in 1995 — January 1 and September 24. "It could therefore be that some employees, namely those required to work on both the public holidays (that is, Sundays) and on the following Mondays, are entitled to 14 paid public holidays."

Webber Wentzel Bowens says certain employers have been reluctant to accept this interpretation, specifically because of the cost implications.

It adds: "It is possible that the courts would regard the issue as an absurdity and would not require employers to pay holiday rates for both days.

"Employers should approach their employer associations and request them to make immediate representations on this matter to Nedlac and the minister of labour."

NEWS FEATURE Many offer lip-service to the RDP ● OJA's projects bear fruit



Unemployment is one of the country's grave problems. One of the projects that OJA funds is candle making.

OJA projects help empower people

LABOUR-INTENSIVE Lottery creates jobs, boosts Natal's economy:

By Musa Zondi

THERE is a lot of talk about what various companies are doing for the Reconstruction and Development Programme but most of it remains just that — talk.

On the other hand there are initiatives that can be seen as embodying the letter and spirit of the RDP — but without much fanfare.

One of these initiatives is the Operation Jumpstart Association which manages and operates Natal Lotto.

The OJA started in May 1992 and its primary objective was to raise funds to finance labour intensive job creation projects throughout KwaZulu-Natal in order to jump-start the regional economy.

The OJA, in partnership with the Totalisator Agency Board, offers a lottery based on numbers and pool-driven prizes and the proceeds from the Lotto are used for job creation and economic development in the region.

The three examples are the Zanini Pre-School in KwaMashu, the Tree project in Briardene and the Nhlosokuhle Training Centre.

● *The Zanini pre-school was originally housed in a small four-roomed house in the Durban township with about 150 toddlers. OJA provided R120 000 for the construction of a new building for Zanini on land donated for that purpose by the KwaZulu government. A local contractor is used and the labourers are from the community.*

● The Tree project was established in 1985 as a non-formal educare training agency to provide for the needs of those working with young children in the region. In Durban, this project is located near the Briardene Informal settlement.

Tree is constructing an educare centre for 90 children in this area at the cost of R580 000. More than half of the money — R371 000 — has been provided by the Joint Services Board and OJA has provided the rest of the money — R209 000.

The building is being undertaken by Sunflower Projects which ensures a strong training component with the construction. Residents of the nearby settlements were employed in the construction.

When completed, the facility will provide a crèche for the residents of Briardene, permanent employment for the educare workers and first-hand experience of a model centre for all Tree training courses participants.

● *The Nhlosokuhle project is also based at M-section in KwaMashu. The crèche is managed by the founder and principal, assisted by the Parents Committee.*

The committee initiated a garden project in order to supplement the children's diet and also to feed their families. A sewing club was also started to help those who are unemployed with some form of income.

The crèche was also struggling for accommodation and the principal's house was used to house the pupils. Later they were housed at a nearby school in a four-room cottage. However, the cottage was soon taken over by the school caretaker and the principal raised money for two cargo containers to be used by the children.

The sewing club used the same containers over weekends.

OJA was approached by the Parents Committee to assist with the construction of a training centre which will also be used as a creche. OJA funded the initiative to the tune of R108 521. Eleven community members are currently employed, thus reducing the unemployment level.

A total of R13 million has been raised for these projects and at the moment, 75 projects are either underway or have been completed with the help of the Lotto.

While job creation is the main concern of the OJA, the result is of benefit to the whole community's infrastructure. Projects have provided schools, classrooms, crèches, toilets, community gardens and playing fields. It has also undertaken to do things like clear storm water canals and build a water reticulation scheme.

For a project to receive this funding, the following criteria should be met:

● *The project should be labour-intensive and create employment;*

● The project should be initiated by the community itself and provide additional infrastructure; and

● The community must have an established committee that will coordinate the project.

The community approaches the OJA and a meeting is arranged to look into needs and advise on what the organisation requires for the application to be successful. Quotations, an overall cost estimate, details of any other funding or sponsorships, plans, employment and training needs are all the factors that are looked at first. Then after all these factors have been taken into consideration, the application is then sent to the OJA Board for consideration.



Going to school? Young children like these need schools. The Government alone cannot provide everything.

R250m funds 'not enough'

Nicola Jenvey 173 BD 23/5/95

DURBAN — Public Works director-general Sipho Shezi will request the reconstruction and development programme's (RDP) R250m allocation for community-based public works' programmes be doubled in the next financial year.

Shezi said yesterday the programme had initially moved slowly because of a lack of capacity and development experience at provincial level. This was being rectified through institutional reform and project management training and would be overcome by mid-year.

The R500m would be necessary next year to ensure funding was "increasingly targeted at vulnerable communities where alternative sources were unavailable".

Provincial programme task teams had been established and were identifying projects. Shezi said the Eastern Cape was the most advanced in this regard.

"Due to public sector restructuring problems, most provinces have been unable to provide full-time employment to provincial task teams and provide them with office space, transport and other resources to get the programme moving as speedily as initially hoped," he said.

Of this year's RDP fund allocation R150m went to the provinces — according to poverty, unemployment and illiteracy indicators and infrastructural needs; R70m to the Independent Development Trust community employment programme; and R30m to other non-government organisations.

By February R50,7m had been allocated to 368 projects and 150 communities had signed contracts to receive funding.

Most of the funding had been allocated for the construction of access roads, water provision and community halls.

"This means if everyone was employed every working day, 5 700 people already have jobs and 25 000 people would have jobs by August this year," Shezi said.

It was expected that the programme would create 30 000 jobs during the 1996 financial year and another 68 000 during 1997. Currently 15 000 jobs were created for every R1bn expenditure on roads, which Shezi said could be increased to 70 000 jobs per R1bn.

In the water and sanitation sector, excluding dams, jobs could increase from 15 000 to 40 000 per R1bn expenditure.

Experience counts for a lot, so why do SA employers discriminate against the over-40s, asks ***Themba Sono***

Jobs and the old, old story

(173) Star 25/5/95

South Africa is now less race-conscious, but more age-conscious in employment practices than it was in the past.

The constitution outlaws discrimination on the basis of age. Corporate SA, however, seems to be infected with gerontic aversion. Our business cmpanies have yet to read, and understand, Section 3(2) of the Constitution, which proscribes age discrimination among others.

It may be true that the private sector has heard of the illegality of unfair discrimination on the basis of political beliefs or party affiliation or non-affiliation. I am not certain. Nor am I confident that they fully understand the meaning of age as a protected class.

Age is an important factor in our economy, not only with regard to crime, but in employment practice as well. The business sector seems to appreciate this well, but apparently in a wrong direction. Despite the fact that we have laws mandating equal treatment and opportunity, the job-market restricts the opportunities of the over-40s.

Individual merits and qualities tend to be glossed over, if not nullified, by demanding that employees, to be hired, should fall within a certain age bracket.

Recruitment and selection policies and practices in the workforce (private and public sectors) should be traceable to the Constitution. Equal opportunity means the right to succeed — or to fail — in life. It is not a guarantee of success. Nor is it a foreclosure of the path of success, let alone by an arbitrary demarcation age line.

Yet, not all is well. Take, for instance, the managerial positions (and these include GMs and MDs) advertised in a Sunday newspaper of May 14. Even a perfunctory glance of the advertisement pages will reveal a disturbing trend with regard to the age requirements/preferences specifications: bias in favour of the under 40s:

Age Specification	Number of Ads
Late 20s/Early 30s	10
30-40	5
30-45	2
35-45	3
40-50	1

Regardless of the fact that these figures have not been scientifically computed, only conventionally extracted; they yet tell a tall tale, namely, that the private sector appears to be anti-over-40s even when it does not warrant it, in the recruitment and sclection preferences, the constitution notwithstanding.

Indicting the private sector does not, of course, imply that the public sector has a clean-hands policy or equitable practices. There does not, nonetheless, appear to be one single public sector advertisement that specifies age restriction that I have come across.

One needs, however, to do a study of the age statistics of the director-level hirees in both the GNU and provincial bureaucracies since May 10 1994.

Indeed, if one takes a glance at the advertisements by the Public Service Commission (including the provincial governments), as well as those of the universities, technikons, nursing institutions, etc., there is no mention of age preferences or restrictions.

Of course, public announcements/policies may not necessarily keep up with actual practices. However, recently, one has noticed a spate of young directors appointed at senior level positions in provincial and national governments.

I am not, of course, suggesting that age restriction is, in all cases, bad. Nor am I suggesting that young ones should be by-passed. In the same Sunday edition, the SA Navy advertised for combat officers with the upper age limit of 23 years. This is for obvious reasons: combat is a rigorous job demanding excellent physical fitness and strength — qualities that abundantly repose in youth.

But for senior managerial or directorial level positions, in both the private and public sectors, what is needed is not simply credentials, it is experience also. And this comes with age.

South Africa, moreover, is part of the African continent whose cultures display — or used to display — a reverence for age, not for esoteric reasons, but because age connotes experience and wisdom. In our country today, however, higher age seems to denote a lower status. It rhymes with obsolescence and uselessness.

Workers aged 25-40, then, will continue to increase in the work force. Contributing to this growth will not only be the expansion of the working age population, but also because if insidious discriminatory age employment practices.

There is nothing wrong in giving opportunities to the 30-40 years age-group. It should not be done at the expense of another age group, especially when its limitation seems to its greater experience and old birth dates.

South Africa has an economic active populaton — 15 years a above — of slightly more than 14-m lion, with nearly 8-million of th being male. Yet changes in the structure of the labour force do mirror changes in the age struct of the population. The labour fo age structure is being clearly ma pulated.

A potential employee should judged by his/her qualifactions a experience, not by whether she above or below 40 years of age. If a automatically suggests decrepitu why are some of our best politicia age 50 years and above? Infatuati with age is the prerogative of who er. It should not, however, be e ployed in a discriminatory fashion the employment stakes.

The National Assembly shou promptly draft the Age Discrimin tion Bill, but in tandem with the Ch dren's Right and Protection Bi while their minds are still focused age.

■ *Professor Sono is executive d rector of the Centre of Developme Analysis.*

Thousands of new jobs coming up

By Josias Charle

26/5/95

THE North-West government is planning to create about 200 000 jobs in the next five years as part of the national public works programme.

This was announced yesterday by public works minister Mr Jeff Radebe, during a tour of projects in the North West province. (173) ~~200~~

Radebe said it was expected that 30 000 jobs would be created in the next fiscal year. Sowetan

"We have established that already 5 700 people should be having jobs under the programme and another 25 000 will be covered by August this year.

"Our projection is that by the year 2000 between 150 000 and 200 000 more people could be employed on infrastructural projects," Radebe said.

He said the programme aimed at ensuring short-term delivery to communities. He also announced that R250 million was being spent by the department on the programme.

North-West will get R6 million for distribution among 57 projects.

Public Works to create more jobs

By SIPHO KHUMALO

(173) CP 28/5/95

THE newly-appointed director-general of Public Works, Sipho Shezi, this week unveiled an ambitious plan to reduce unemployment by creating jobs and opportunities for local contractors using labour intensive construction methods.

Shezi said the National Public Works Programme would provide education and training to unemployed people – especially women and youths – to increase their chances of becoming self-employed.

Announcing the programme in Durban this week, Shezi said the number of jobs created would relate to the amount of expenditure on infrastructure.

"By the year 2000, between 150 000 and 200 000 more people could be employed on infrastructural projects if labour intensive methods become widely used.

"The community based Public Works Programme will create 30 000 jobs during the 1996 financial year and 68 000 during the 1997 financial year," said Shezi.

He said currently, in the road sector, about 15 000 jobs were created per R1 billion expenditure – but by applying a labour intensive approach, the same expenditure (R1 billion) could create up to 70 000 jobs.

Shezi said the programme's key principle was that communities needed to make decisions about their own lives. This would lead to community empowerment.

"The programme stresses that the communities need to be involved in the planning, designing, implementing and management of infrastructural projects."

Shezi said R50 749 589 had already been allocated to 368 projects.

Suffer the children

30 000 jobs in next year — Radebe

(173)

SPECIAL CORRESPONDENT CT 26/5/95

JOHANNESBURG: The Department of Public Works, through its National Public Works Programme (NPWP), expects to create 30 000 jobs in the next financial year, Public Works Minister Mr Jeff Radebe said here yesterday.

Addressing members of rural communities and senior North-West government officials in Mmabatho, Mr Radebe said 25 000 of the jobs would be created in the next three months.

He said his department's projection was that by the year 2000 between 150 000 and 200 000 more people would be employed in infrastructural projects.

The projects are part of the NPWP, which employ labour-intensive methods to reduce unemployment and create jobs and opportunities for local contractors.

"We're pursuing strategies that will not only ensure the government changes the way it provides infrastructure, but will contribute to overall government restructuring and reorganisation."

Mr Radebe said that through the NPWP unemployed people had received training and education and so increased their chances of self-employment.

Public Works programme to be labour-intensive

Thousands of jobs promised in months

(173 Star 26/5/95)

■ BY JOVIAL RANTAO
POLITICAL REPORTER

Mmabatho — The Ministry of Public Works, through its National Public Works Programme, expects to create 30 000 jobs in the next fiscal year, with 25 000 of them coming in the next three months, Public Works Minister Jeff Radebe said yesterday.

In his address to members of rural communities and senior North West government officials in Mmabatho, Radebe said his department's projection was that by the year 2000 between 150 000 and 200 000 more people would be employed in infrastructural projects.

The projects are part of the National Public Works Programme which employs labour-intensive methods with the intention of reducing unemployment and creating jobs and opportunities for local contractors.

"We aim to create physical assets which will improve the quality of life of poor communities as well as promote broader economic activity," Radebe said.

He explained that through the programme, his ministry has been able to provide education and training to unemployed people, especially women, youth and rural dwellers.

This would increase their chances of becoming self-employed or entering the formal economy, he said.

"We're also providing a channel to empower communities through building their capacity to manage their own affairs. This will contribute to building and strengthening local government and other local institutions."

Radebe said his department insisted that there should be an entitlement for education and training for all workers on programme projects. The entitlement would not be restricted to learning construction skills, but should include adult basic education and life skills.

Radebe conceded that community-based Public Works programmes have moved slowly due to lack of capacity and development experience at provincial level.

"But through institutional reform and project-management training, most of these problems have been succesfully addressed and overcome," he said.

MANPOWER — GENERAL

1995

JUNE — DEC.

THURSDAY
★ JUNE 1, 1995

BRIEFS

Public works projects begin

BARRYDALE: Three Public Works Department projects here worth R150 000 were an indication of the government's determination to fight poverty and unemployment, Minister of Public Works Mr Jeff Radebe said yesterday.

The projects, to construct recreational facilities and provide infrastructure, offered some relief to the South Cape community, where most people had lost their jobs after the Cape Provincial Administration's road construction unit terminated its projects in 1993.

CT 1/6/95

Shock failure to create jobs

(173)

POLITICAL STAFF

CT 9/6/95

SHOCK figures detailing South Africa's failure to create jobs for its burgeoning population were tabled in Parliament yesterday.

The final report of the National Manpower Commission, which is being replaced by the National Economic, Development and Labour Council, said South Africa's economically active population rose from 8,4 million in 1980 to 12,6m last year.

The increase of about four million in the size of the potential workforce was not nearly matched by the increase in non-agricultural jobs available, a mere 168 162.

Of the new job opportunities created, the majority were in the public sector.

"Total employment in the non-agricultural formal sectors of the economy declined uninterrupted from 1990 up to the fourth quarter of 1993," the report notes.

Population soars but new job creation is far behind

Star 9/6/95 (292) (173)

■ BY PATRICK BULGER
POLITICAL CORRESPONDENT

Cape Town — Shock figures detailing South Africa's failure to create jobs for its burgeoning population were tabled in Parliament yesterday.

The final report of the National Manpower Commission which is being replaced by the National Economic, Development and Labour Council said SA's adult population increased from 8,4-million in 1980 to 12,6-million last year.

The increase of about 4-million in the size of the potential workforce was not nearly matched by the increase in the number of non-agricultural jobs available, a mere 168 162.

Of the new job opportunities created, most were in the public sector (370 727). The financial and insurance sectors showed some gains in the period but the number of jobs in the mining and quarrying sector fell by 147 387.

"Total employment in the non-agricultural formal sectors of the economy declined uninterruptedly from 1990 up to the fourth quarter of 1993," the report notes.

While manufacturing continued to provide the largest number of jobs at 1,4-million, the public sector remained a close second with 1,31-million. But private sector job creation lagged behind that in the public sector.

Since 1990 there has been a decrease in employment in the private sector and job creation there has lagged behind job creation in the public sector.

R1-m Ivory Park project created jobs for locals

(173) Star 15/6/95

■ BY MANDLA MTHEMBU

Bad roads and the flooding of homes will soon be a thing of the past in Ivory Park, Midrand, thanks to a R1-million project involving the construction of a 4,5km concrete-lined stormwater drain and road system.

The project, started in February and due for completion by the end of the month, created jobs for about 100 locals. It was sponsored by the Pretoria Regional Services Council.

Consulting engineer Nico Swart said community representives had identified areas where stormwater canals needed to be built. The whole project, including excavation, mixing of concrete and the placing of concrete, was then done by hand.

Since most of the workers had no experience of construction, training was conducted on site.

Construction manager Bryan Westcott said he was confident of the quality of work. He said the community had insisted that the finished product be of the highest standard.

"We provided training which has already introduced labourers to the civil engineering industry," he said.

Community liaison officer Joseph Mloresi said potholes and dongas, which had made driving in the settlement increasingly difficult, were being eliminated.

Firms warned on hiring techniques

BD 15/6/95 (173)

Business Day Reporter

EMPLOYERS and recruitment agencies should closely examine their advertising and interviewing techniques so as not to fall foul of planned employment equality legislation, including the redrafted Labour Relations Act, says Anglo American legal adviser Andre van Niekerk.

Writing in the latest Contemporary Labour Law, Van Niekerk warns employers of a clause in schedule 3 of the Labour Relations Bill which prohibits discrimination against job applicants.

"Should this section of the Bill survive the negotiations and political processes unamended, applicants for employment thus far excluded from the ambit of the Act and therefore from the unfair labour practice jurisdiction, will enjoy protection against both direct and indirect discrimination."

He notes that this provision is termed transitional pending the introduction of more comprehensive equal opportunity legislation, but government's stated intention of outlawing all forms of unfair discrimination would, in all likelihood cover job applicants.

Overseas anti-discrimination laws gave pointers on how to avoid pre-employment discriminatory practices which included advertising vacancies, screening and testing applicants as well as selecting the successful candidate.

Van Niekerk says employers should avoid advertising posts in publications whose readership will reduce the possibility of a particular racial group responding to the advertisement.

Terminology should be carefully chosen to avoid discriminatory terms and advertisers should make it clear that all race groups would be considered.

English practice codes went further and advised employers not to confine recruitment to agencies, schools or job centres which catered mainly for a particular race group. Even head-hunting was perceived as potentially discriminatory as only employed people were targetted.

However, it is during the face-to-face interview stage that most discrimination is likely to occur, Van Niekerk says. Interviews' content, the manner in which they were conducted and the nature of questions should be closely scrutinised to ensure their neutrality.

He says overseas anti-discrimination legislation did not revolve around proving an intention to discriminate to establish that a claim was valid. Motive and intention were seen as irrelevant with only the alleged perpetrator's conduct taken into account in deciding a claim.

Van Niekerk warns employers against unnecessary testing of applicants or probing a certain race group more vigorously than another.

"Where tests are not relevant solely to the individual applicant's ability to do the job or to the requirements of the effective performance of the job, it is likely that indirect discrimination is present."

NEWS IN BRIEF

Rural jobs created

(173)

APPROXIMATELY 33 600 short-term jobs were being created in rural areas countrywide by the public works department and the Independent Development Trust, IDT spokesman Jolyon Nuttall said yesterday.

The programme was being funded with R70m of the R250m allocated to the public works department from the RDP fund and with R20m from the IDT.

Nearly all the 700 projects were under way and some were already complete. Gardens, roadworks, creches and irrigation systems were among favoured projects, Nuttall said.

BD 22/6/95

IDT creates 28 000 jobs

Sowetan 22/6/95

By Vuyo Bavuma (173)
Political Reporter

THE Independent Development Trust is implementing 489 rural community projects which have created 28 117 jobs in eight provinces.

The projects include 109 pre-schools, five clinics, 105 classrooms and 64 water projects. National director of the public works programme Ms Lulu Gwagwa said yesterday that it was important that the projects were driven by the communities which would benefit from them.

Addressing a parliamentary public works portfolio committee, Gwagwa said the programmes would serve as catalysts for the entire Government policy.

In the Eastern Cape there were 88 projects including construction of community resource centres, schools and water supply dams. The total cost of the projects was R14,5 million. The Eastern Transvaal has 48 projects, including upgrading of roads and building of creches and schools.

About R5 million would be spent in the Free State on 22 projects which include the building of dams in Thulong and multi-purpose community centre at Khanye.

The highest number of projects are in KwaZulu-Natal where 126 schemes worth R19,5 million are underway, while 76 costing R8,3 million are being undertaken in North West.

Mzimela slams Public Works

CT 28/6/95 (173)

POLITICAL STAFF

MILLIONS of rand was being wasted building unsuitable prisons, Correctional Services Minister Dr Sipho Mzimela said yesterday.

He had already closed three "useless" prisons and was busy closing at fourth at Empangeni in kwaZulu/Natal, Dr Mzimela told a media briefing.

In an extraordinary attack on the Department of Public Works which designs and contracts out to the private sector the construction of prisons, Dr Mzimela alleged that the officials were "totally incompetent, indolent and in judgment just plain stupid".

"I don't think they are real engineers or architects. They were put there by the National Party because they were supporters. If this was the private sector they would all be fired by now."

The minister said he intended releasing up to 40% (about 40 000) of the prison population over the next five years. The department would not release people "on to the street" but would make sure that the correctional supervision system was enlarged to cope with the extra numbers.

Dr Mzimela said he recently came across 45 women in prison who had been jailed for selling woven baskets without a permit.

Prisons had been designed for the apartheid era using manuals from 1935. They were inappropriate in the new era.

In one instance, he said, a prison being built for awaiting-trial prisoners was designed to have 21 libraries and 21 barber shops.

"Not even the University of Cape Town has 21 libraries."

The cabinet had decided to take prison building away from the Department of Public Works.

He would cut out the department and employ his own architects and engineers who would work with the private sector to design appropriate institutions.

Globalisation key to upliftment

(173) ✱CT(MA) 30/6/95

BY DEREK TOMMEY

The World Bank is offering new hope of better conditions to hundreds of millions of unemployed and deprived people around the world, including sub-Saharan Africa, which in World Bank terminology includes South Africa.

In fact, in its 1995 development report titled "Workers in an integrating World", the bank's vision has a major bearing on conditions in this country.

"Burgeoning labour force growth heavily biased towards the poorer regions makes the task of raising living standards of the world's poor seem daunting — even impossible," the bank said

"Yet the evidence of recent decades does not support prophecies of gloom and doom — of overpopulation, mass unemployment and deepening poverty.

"Despite unprecedented increases in labour supply, the world's median worker is better off today than 30 years ago," it said.

And the reason for this has been two developments — termed systemic shifts by the World Bank — that have had a substantial impact on the world's economies and improved the outlook for labour.

The first was the changing role of the state, mainly in response to past failures by government to improve welfare through state action, said Arup Banerji, one of the authors of the report, at a press briefing in Johannesburg.

This shift is seen most clearly in the demise of Soviet-style socialism, but government activism has come under scrutiny in almost every country in the world.

The second is that markets have become steadily more integrated, both within and between nations.

THE WORLD BANK

This globalising trend has been driven by breakthroughs in transportation, communications, and industrial technology, and above all by the opening of national markets to international trade.

Globalisation is bringing new opportunities to workers and the resultant increase in trade is unambiguously good for workers, said Banerji.

The countries that have achieved the greatest gains for their workers are those that decided early on to take advantage of international opportunities and to rely increasingly on market forces rather than the state in allocating resources.

As a result of the globalisation trend, capital is increasingly flowing to poorer countries and helping to create more jobs.

"Capital is a friend of labour," Banerji said. But he warned capital could fly away when domestic policies failed.

He said globalisation was not the primary cause for employment crises in developed countries. It was the result of their domestic policies. Economic growth is good for workers.

In east Asia real wages grew by 170 percent between 1970 and 1990 and employment grew by 400 percent. This growth led to unemployed and low paid workers being "dragged in" to better paid jobs.

It is the labour demand that makes the difference. He said there was a high correlation between a high economic growth rate and high wages.

However, there was also a need for good labour policies. Much of the labour policies in countries with large unemployment had been misguided.

They were aimed at protecting all workers but often only succeeded in protecting the small group of formal sector workers. The most vulnerable were often the least protected. These were the people in the informal and rural sectors.

Labour policies also failed when governments applied regulations at inappropriate levels in relation to the country's development, Banerji said.

"If we are to get a sound labour policy that will benefit all the people of a country we have to tackle the problems of the rural and formal sector workers separately. Direct public action has worked in many countries to protect those most vulnerable to unemployment.

"Unions can protect workers in the formal sector through collective bargaining. But this can be done only where there is a competitive labour market so that gains by the unions for their members are not at the expense of other workers."

Banerji said if the world economy was to continue to grow and wages to converge, rich countries needed to undertake policies over the next 15 years or so that would ensure open trading.

They had to control their fiscal deficits because those deficits had the potential to suck up all the capital so badly needed by the developing world.

The rich countries also had to try and deliver high and stable growth. But domestic policies in developing countries matter even more. It is important that the poorer economies reap the benefits of globalisation by following policies that promote economic growth in their own countries.

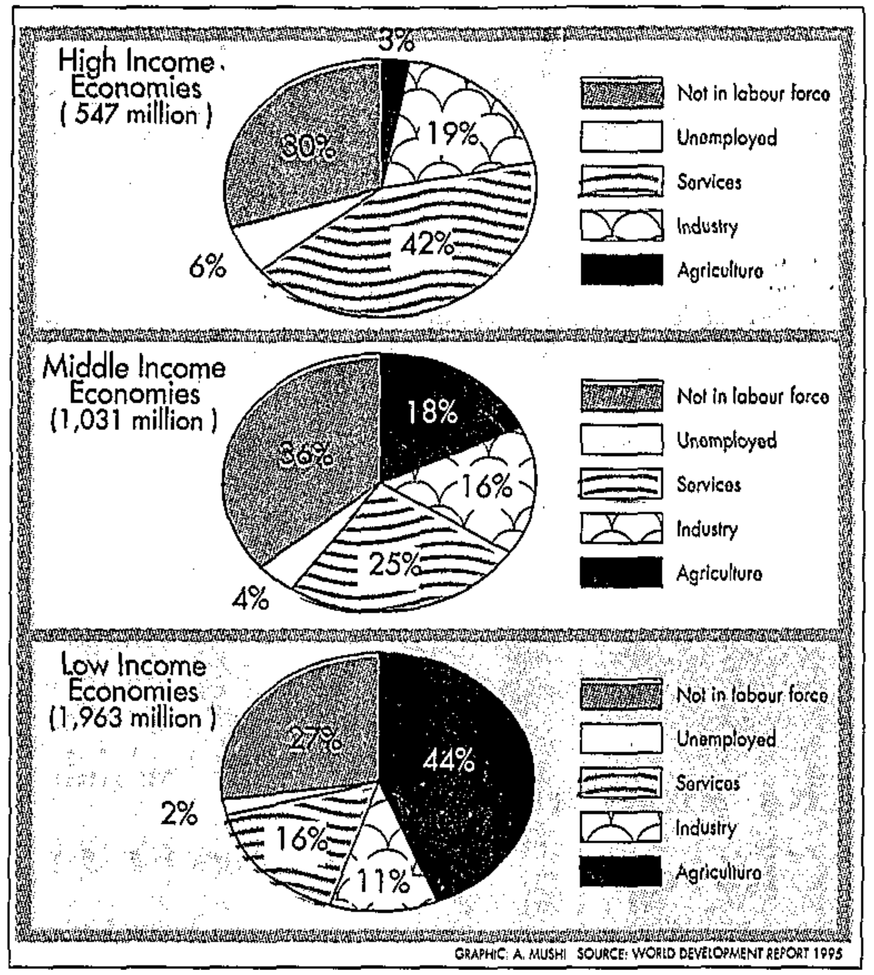
They have to invest in capital and skills. They have to keep up the trend of opening their economies and follow sound labour policies so that the benefits of growth are shared among all the workers, Banerji said.

If the promises of globalisation are realised, it will produce gains in every sector in every area of the world and these can be immense, even in sub-Saharan Africa.

Wages for all skilled and unskilled workers can increase by half as much again, Banerji said.

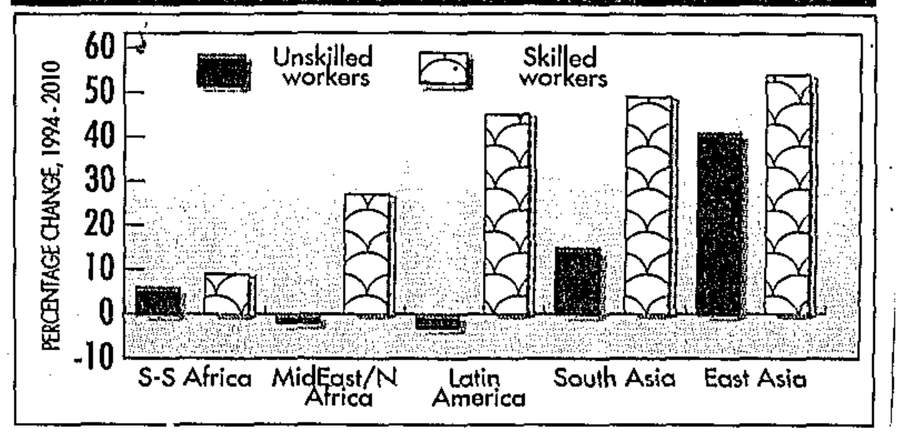
Wages in south and east Asia can increase by 80 percent in real terms in the next 15 years, and percentage gains for unskilled workers could actually exceed those for skilled workers.

The size and distribution of the working-age population differ with countries' income



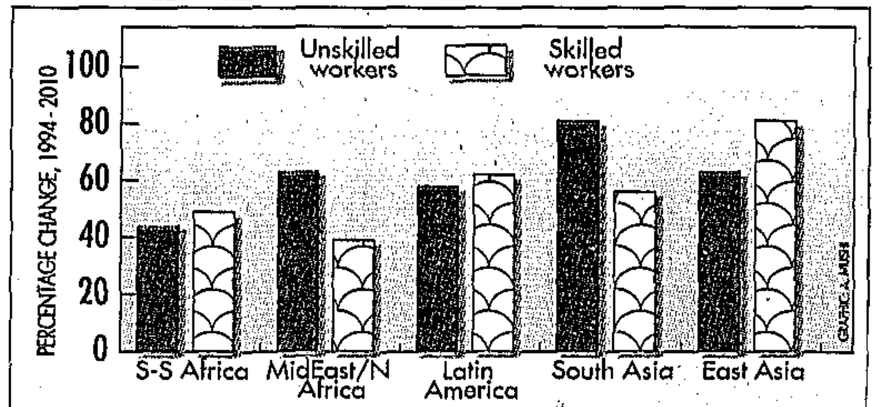
GRAPHIC: A. MUSHI SOURCE: WORLD DEVELOPMENT REPORT 1995

Wage gains until 2010, divergent scenario



The World Bank has two scenarios for labour over the next 15 years. The chart above shows how little real wages are likely to grow in this period if countries follow a divergent scenario, fail to open their economies to world trade and continue with restrictive labour and economic policies. The chart below shows the potentially huge growth in wages, even in sub-Saharan Africa, if these countries follow policies aimed at taking full advantage of the globalisation of world trade

Wage gains until 2010, convergent scenario



After communism's fall a revolution for labour

(173) ST(BT) 2/7/95

A World Bank study argues that new opportunities have been brought to billions of people in the post-communist era through the development of market-based economies. **KEVIN DAVIE** reports.

IN 1978 about a third of the world's workforce lived in centrally planned economies. By the year 2000 fewer than 10% are likely to be living in such economies.

"These are revolutionary times in the global economy," says the World Bank in its latest World Development Report, *Workers in an Integrating World.*

"The embrace of market-based development by many developing and formerly centrally planned economies, the opening of international markets, and great advances in the ease with which capital and ideas flow around the world are bringing new opportunities as well as risks, to billions of people."

The bank concludes from its review of international experience in both the developing and developed world that successful labour policies are those that work in harmony with the market and avoid providing special protections and privileges to particular labour groups at the expense of the poorest.

James Wolfensohn, the bank's president, says in his foreword that "labour policies in many countries have been misguided in favouring those in good jobs at the expense of workers in the rural and informal sectors and the unemployed.

"Governments have a distinct role in setting the legal and regulatory frameworks within which trade unions and firms can operate and in ensuring that those frameworks encourage their positive contributions to development."

Mr Wolfensohn says governments need to define minimum standards and prevent exploitation and discrimination.

"Workers eventually benefit from economic reform as states move from central planning to market systems and from protectionism to openness. This change can, however, be wrenching as employment and wages often decline temporarily and as workers move from old to new jobs."

The report stresses the benefits of education and training in promoting sound labour market policy, but finds that education is not sufficient in itself to promote job creation.

Neither does investment in physical capital stock automatically translate into higher growth and more better-paid jobs.

Fast-growing economies invest more, but investment alone does not necessarily deliver faster growth — the link between investment and growth in productivity is far from automatic.

The report says that policies of industrialisation through import-substitution, such as practised in South Africa, were eventually bad for industrial employment, agricultural growth and overall economic performance.

"Protection of industry failed to produce dynamic growth in industrial payrolls. It also introduced biases against labour within industry: studies show that in low- and middle-income countries export industries are usually more labour-intensive than import-substituting ones.

The report says that often capital is implicitly subsidised by lower protection for imported capital goods and by overvalued currencies, further biasing industrialisation against labour.

"In contrast, the successful East Asian economies emphasised exporting and had relatively moderate biases in favour of industry.

"They have seen wage employment far exceeding population growth, and significant growth in manufacturing wages."

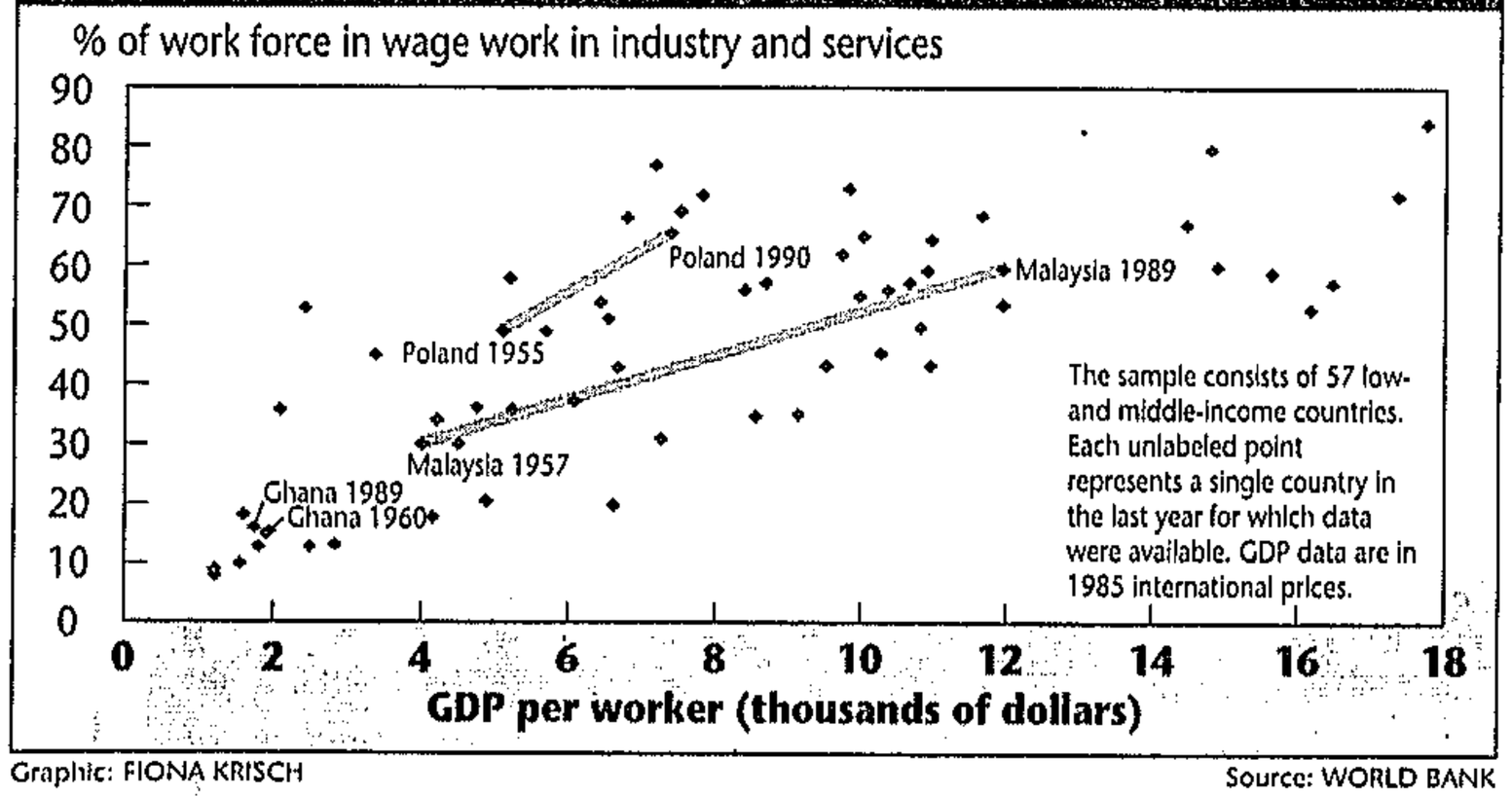
The report finds a strong correlation between export and wage growth and sees a role for governments in protecting the vulnerable, such as children in labour markets.

But it argues that while minimum wage legislation may be appropriate for developed economies it is difficult to justify in low- and middle-income countries.

"If international conditions are favourable and governments do their part to create the right environment, workers will be able to make the right choices, negotiate the conditions of work, and make the schooling decisions for their children which will improve the welfare of all groups of workers.

"That could begin to reverse the long-run trend of widening international inequality between workers that has been so marked a feature of the past century."

GDP GROWTH SPURS WAGE EMPLOYMENT



Graphic: FIONA KRISCH

Source: WORLD BANK

Comment on labour policy

Renee Grawitzky

THE Labour Market Commission appointed by Labour Minister Tito Mboweni to formulate a comprehensive labour market policy has called for written submissions by August 31 on aspects of the terms of reference.

The commission, established this year, consists of 17 members and is co-chaired by ministerial special adviser Dave Lewis and Gencor human resources manager Moss Ngoasheng.

The terms of reference "attempt to address the RDP's employment-related objectives through the integration of labour market policy with macroeconomic and industrial policy".

The terms of reference cover issues relating to employment creation, wage policy, productivity enhancement, the social implications of economic restructuring, eliminating labour market discrimination, the access of non-SA nationals to the SA labour market and the migrant labour system.

Chainstore bread pledge

■ BY NIKKI WHITFIELD
CONSUMER REPORTER

Major supermarkets have pledged to keep the price of bread down, despite the announcement by bakeries that they are to up the bread price by 7c a loaf from today.

For the time being, supermarkets will carry the increase, giving consumers — reeling after a week of increases — a bit of relief.

"Labour and packaging costs have gone up, but why do all bakeries have to increase their prices at the same time?," asked Ray Murray, Pick 'n Pay's general manager of perishables.

"Shoprite/Checkers will likewise carry the increase," said Adele Gouws, communications director.

Bakeries have listed wage increases of over 9% as the main reason for the hike.

Star 3/7/95

Micaela probe

■ TAMSEN DE BEER

Child Protection Unit detectives said they would continue investigations into the alleged involvement of a Johannesburg woman in the kidnapping of baby Micaela Hunter from the Marymount Nursing Home last year.

The case against the woman was provisionally withdrawn at the Johannesburg Magistrate's Court on Friday.

She was not named in court,

Works plan ready to go

■ BY JO-ANNE COLLINGE

The Gauteng community-based public works programme is poised to take off on its initial, modest budget allocation of R16-million. (173)

Its major goal will be to reduce unemployment by creating jobs in the construction industry through the repair and expansion of infrastructure and community facilities, says Steve Topham, technical manager for the programme.

At a recent media briefing, Topham stressed the detail of the programme would depend on the pattern of demand voiced by communities themselves.

Generally, projects to "bring dilapidated infrastructure (and buildings) back into use" were regarded as top priority. This was because the returns on such use of funds were relatively quick. Star 3/7/95

Training — ranging from basic bricklaying to business skills — was an important aspect of the programme.

New hand takes over Health Department helm

Star 3/7/95

■ MEDICAL CORRESPONDENT

Today is the first in office for the formidably qualified Dr Olive Shisana, the new Director-General of the Department of Health.

She takes over from Dr Coen Slabber, the former Dean of the University of the Free State's Faculty of Medicine, who retired as director-general on Friday after more than seven years in the position.

Shisana, until now special adviser to the Minister of Health, and with Dr Jonathan Broomberg architect of the proposed new national health insurance system, had been earmarked for the position for months.

Her appointment was rubberstamped by Minister Dr Nkosazama Zulu on Friday, and she is now perfectly placed to spearhead the implementation of the new proposals.

Shisana has earned a reputation as being "hard-headed" and knowing what she wants, but department staff welcomed her appointment.

"We're very grateful," said one. "She's a lovely choice, the best for the position."

Shisana matriculated in 1970 from the Lemana High School in Louis Trichardt, and obtained her first degree, a BA in Psychology and Social Work, from the University of the North.

She later moved to the United States, where she completed two post-graduate degrees; and obtained a doctorate in science, specialising in social epidemiology, from the School of Hygiene and Public Health, Johns Hopkins University (USA).

She joined the Cape Town-based Medical Research Council as a specialist scientist in community health in July 1991, and was later seconded to develop the MRC's Western Cape School of Public Health — the first in South Africa.

She speaks six languages, has published or co-published more than 30 reports, and received several awards.

Public works plan under way soon

Nicola Jenvey (173) BD 5/7/95

DURBAN — At least 50% or R18m of the budgeted R36,3m for KwaZulu-Natal's public works programme would be allocated within 60 days and a provincial task team would be in place to ensure schemes got under way, provincial public works programme acting-director Barlow Govender said yesterday.

Govender said the provincial programme had been slowed down temporarily. Recommendations for task team members had been made two months ago, but the positions had not been filled.

Public works director-general Sipho Shezi was in Durban yesterday to discuss with KwaZulu-Natal finance and public works MEC Senzele Mhlungu the appointment of task teams.

Mhlungu said applicants had been short-listed and interviews would be conducted next week.

He said the process had taken longer than expected because "the ministry is aware that to go forward without a properly developed business plan is not in the best interests of the communities we serve".

More than 12 000 community submissions for programmes have been received, and two pilot programmes approved at national level. These included a R5,2m project to build schools at Indaleni, Richmond and a R2m labour-intensive programme to build a road at Hlabisa.

Criticised for lagging behind other provinces, Mhlungu said the KwaZulu-Natal public works department had "a very good working relationship" with the national office.

"We were the first province to have its pilot projects approved," he said.

However, the R18m allocation would serve only 20-25 projects scattered between the seven regions — Ulundi, Mtubatuba, Nongoma, Port Shepstone, Durban, Maritzburg and Ladysmith.

Since geographical spread would also be taken into consideration, this allowed for 3 to 4 projects a region. Diversity would also be taken into account so that an area did not receive only schools or clinics.

The public works technical committee would evaluate and recommend projects for funding. These would be ratified at national level within seven days.

Radebe moves to shine up his embattled department's image

Star 8/7/95
2(1)3

By ESTHER WAUGH
POLITICAL CORRESPONDENT

After persistent public attacks on his department, Public Works Minister Jeff Radebe is to jack up its image.

The latest attack came from Correctional Services Minister Dr Sipo Mzimela, who called its officials "incompetent", "ignorant" and "plain stupid".

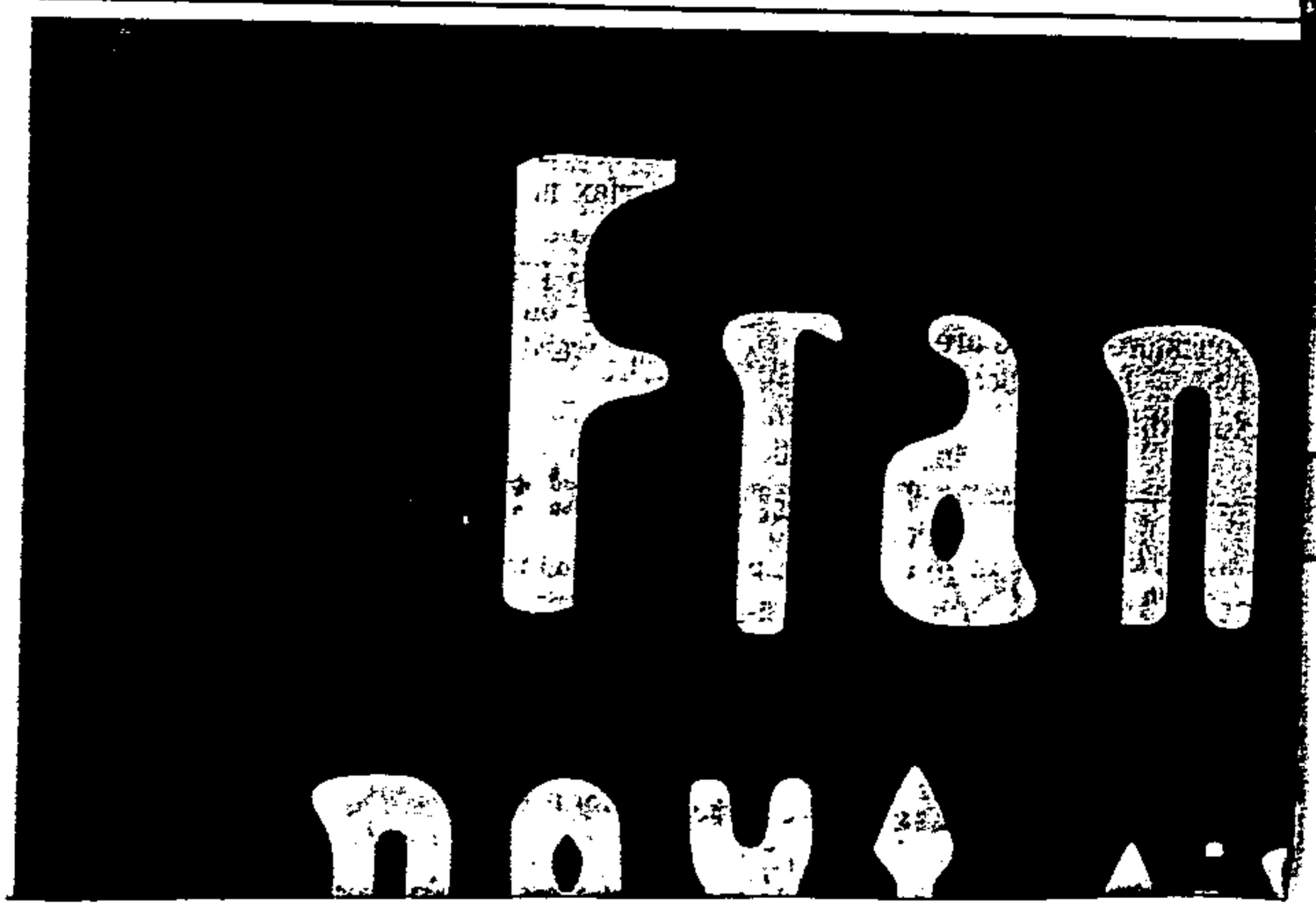
Radebe himself has criticised the department's performance since he became its political head in May last year. But this week he told the Saturday Star that his problem with the department "has been a question of management". He charged that Mzimela's problem concerned the department's professionalism.

"He presumed my problem was with the entire department. There are men and women who are highly professional and energetic but were being hamstrung by the (lack of) effectiveness of the top management," Radebe said.

In an attempt to improve the department's top management, Radebe earlier this year appointed private consultants, who have been devising new management systems in conjunction with the department's own transformation team.

The minister is about to go a step further. He believes that the department needs exposure "so that the public knows what it does".

The transformation process in the department, therefore, included its communication strategy, he said.



Making living what it ought to be again

(173) Star 8/7/98

THE MAUREEN ISAACSON INTERVIEW



Public Works Minister Jeff Radebe is a self-confessed workaholic who loves his job, but what he really wants to do is get back into the flow of life

Cruising along in the back of Minister Jeff Radebe's silver Merc, him up front with driver Peet van der Merwe, life is good. At 42 the minister is doing what he sees his country getting down to after all this time — starting to live again.

At some point, en route to the Dobsonville shopping centre, where we are to attend the opening of Soweto's first book store, Imfundo-Thutho, he admits to feeling deprived of just this. Ordinary living.

Which goes to show that ministerial privilege hardly competes with life that is enjoyed to the full; life without tension.

Foot reflexology, walks in Cape Town, the music of Sankomoto and Pavarotti, the novels of Ayn Rand and Agatha Christie, relax him. But what made him feel really alive was the birthday party he threw for his three-year-old daughter Mandisa three weeks ago.

Money doesn't mean much to him, he says. Not that Radebe has forgotten that R1 500 a month was what he earned when he worked at Nadel, (National Association of Democratic Lawyers) and only double that at the ANC.

Flexible and adaptable is how he describes himself. Thus the man who walked away from Robben Island with only the clothes in which he was arrested now dresses like a man of rank and power.

But it is not all checked jackets and shiny Italian shirts either. Radebe is also one to be seen at functions in traditional skins, spear and all. This is how he turned up for the president's Sonke Sonke festival in October 1993 and for the ANC's Durban rally on April 24 1994.

His state residence he describes as "a rather nice place", saying such residences, with the exception of those of the president and his deputies, will soon be a thing of the past.

For Radebe, it has been an uphill journey all the way and he is not looking back. Which is why he has not revisited Nancefield, Soweto, where his arrest for ANC membership and military training landed him on Robben Island for four-and-a-half years.

But this looking to the future does not dull the persistence of memory. The lessons of the island are still alive in him. The work ethic instilled there, the emphasis placed on the simple task — the making of the bed, for instance, which he does to this day — remains.

Radebe headed the political department on the island and the broad tactics and strategies laid out in a special political scenario document are still used as a resource today.

He struggles to describe what he felt on his release in June 1990: "I don't know what it is like for a woman, but it felt to me the way it feels when a man makes love."

His return for the reunion on the island earlier this year was healing, he says.

At lunch, earlier, with the Saturday Star and Sunday Independent political correspondent Esther Waugh at Kapitan's in Johannesburg's Kort Street, I found him private, hidden, almost shy. But as we ride along I realise that the carefully considered answers are designed to reveal rather than conceal.

In fact a great deal of the man emerged between his mutton breyani and mango and ice cream. These he relished; they remind him of home, for he is a Mkhumbane (Cato Manor) boy who grew up in KwaMashu and Durban. And Indian food is what he craves.

And right up there on his agenda of passions are women. "I respect them," is how he puts it.

In between titbits about his life, admissions that his "unique loyalty" lies with the president, whom he accompanied when he voted at Inanda, out come the character traits he believes are his.



PROGRESSIVE: Workaholic Public Works Minister Jeff Radebe has been described as an exception in the Government

PHOTOGRAPH: JOHN HOGG

He is, he says, kind, considerate and not one to bear grudges.

"I respect people but I am tolerant and patient. The moment it gets too much I fight. I am a formidable fighter." Such a statement coming from a Lenin International School-trained strategist is hardly to be taken lightly.

Especially when he recounts his dealings with a former senior official in his department.

"If I believe in a programme I go for it. I gave him (the official) a lot of latitude despite the tension from my colleagues. But when I realise this guy is taking me for granted I get very decisive. I fight back. I choose my battleground and then I do a lot of strategic thinking."

Turning strategy to tactic was one of the lessons of his underground experience. "Some of the operatives of Operation Vula were recruited by me," he says.

Then he relives the triumph of not having exposed the network he was heading from Lesotho when he was arrested in Johannesburg in April 1986.

He says he graduated from Leipzig university with a masters degree in international law, in addition to the B Juris with which he graduated from the University of Zululand. But now that he realises we have taken a wrong turning, talk is cut short about the nine years spent in Lesotho, Tanzania, Zambia, Mozambique and Germany.

Now he is watching the road. He was so excited by my invitation to attend the store opening that he has postponed appointments. Now on the right road, he relaxes again.

"Progressive" is the word he uses to describe his politics. A concept which has been appreciated at business summits where top dogs like Don Mkhwanazi have pointed out that Radebe is the exception in the Government, who who has shown that he means what he says about black economic empowerment.

When I ask him if he is an Africanist he says: "I believe in opening our society for everybody, black and white, which is why I joined the ANC. The Black Consciousness movement was my first political home. In '74 I realised black consciousness did not have a strategy for transformation in our country. But I still regard it as one of the tributaries within a river led by the ANC."

A loyal member of the SACP, he was one of the few ministers who attended this year's SACP congress, where he was elected to the central committee.

Now he admits to paying, from his R340 000 per annum salary, the requisite R1 000 to the SACP and R2 000 a month to the ANC. His family, including 20-year-old video technology student son Vukani, are his beneficiaries.

When we reach our destination, a group of Ithembalihle Higher Primary School girls rejoice receiving his generous donation to their school. At Imfundo-Thuto, once they've called up Willie van der Schyf, Northwest Metropolitan mayor, and lightweight boxer Baby Jakes Matlala, and everyone else has had their say, store owner Solomon Sikakane spies Radebe in the background.

Next thing, the minister is up there in front of the cameras, bestowing the blessing of his department on the bookstore. Then he is opening the bookstore, people are clapping and he is buying books for Mandisa. Now this is life.

Radebe, a man yearning for simplicity . .

MAUREEN ISAACSON
Own Correspondent

CRUISING along in the back of Minister Jeff Radebe's silver Mercedes — with him up front with driver Peet van der Merwe — means life is good.

At 42 the minister is doing what he sees his country getting down to after all this time — starting to live again.

At some point, en route to the Dobsonville shopping centre, where we were set to attend the opening of Soweto's first book store, Imfundo-Thutho, he admited to feeling deprived of simple, ordinary living.

This went to show that ministerial privilege hardly competed with life enjoyed to the full — life without tension.

Foot reflexology, walks in Cape Town, the music of Sankomoto and Pavarotti, the novels of Ayn Rand, Agatha Christie, books like *The Seven Secrets Of Success* and their advocation of "paradigm shifts", helped him relax.

But, what made him feel alive was the birthday party he threw for his three-year-old daughter Mandisa three weeks ago.

Money, he said, didn't mean much to him.

Not that Radebe had forgotten that R1 500 a month was what he earned when he worked at Nadel, (National Association of Democratic Lawyers) and he earned only double that when he worked for the African National Congress.

Flexible and adaptable was how he described himself. The man who walked away from Robben Island dressed only in the corduroy trousers he was arrested in, the sweater on his back, the shoes on his feet, now dressed like a man of rank and power.

But, it was not all checked jackets and shiny shirts with Italian labels either.

Mr Radebe was also one to be seen at functions in traditional skins, spear and all.

This was how he was donned for President Nelson Mandela's Sonke Sonke festival in October 1993, how he appeared at ANC's Durban rally on April 24 1994.

For Mr Radebe, it was an uphill journey all the way and he was not looking back.

He had not revisited Nancefield, Soweto, where his arrest for his ANC membership and military training had him sent to Robben Island for four and a half years.

But, this looking to the future did not dull the persistence of memory.

The lessons of the island still were alive in him.

The work ethic instilled there remained.

There the emphasis was placed on the simple task, the making of the bed, and other seemingly banal and repetitive chores.

Today he still made his own bed, he said, despite his now-elevated position. He headed the political department on the island and laid out the broad tactics and strategies to be used in Natal.

These documents were still being used by the ANC today.

"I respect people, but I am tolerant and patient.

"The moment it gets too much I fight.

"I am a formidable fighter."

Such a statement coming from a Lenin International School-trained strategist is hardly to be taken lightly.

He relived the triumph of not having exposed the network — he was heading from Lesotho — when he was arrested in Johannesburg in April 1986.

He graduated from the famed University of Leipzig with a masters degree in international law, in addition to the B Juris with which he graduated from the University of Zululand.

Besides his peiod of study in the erstwhile German Democratic Republic, or East Germany, he also spent some time during his nine-year period in exile in Mozambique, Tanzania, Zambia and Lesotho.

"Progressive" is the word he used to describe his politics.

This concept was appreciated at business summits where top dogs like Don Mkhwanazi pointed out that Mr Radebe was the exception in the government, the one who had shown that he meant what he said about black economic empowerment.

When I asked him if he was an Africanist he said:

"I believe in opening our society for everybody, black and white, which is why I joined the ANC.

"The Black Consciousness Movement was my first political home in my student days.

"In 1974 I realised that black consciousness did not have a strategy for transformation in our country.

"This doesn't mean I don't recognise its importance here — I regard it as one of the tributaries within a river led by the ANC."

A loyal member of the SA Communist Party, he was one of the only ministers who attended this year's SACP congress where he was elected to the central committee.

He admitted to paying, from his R340 000 annual salary, the requisite R1 000 to the SACP and R2 000 a month to the ANC.



Minister of Public Works Jeff Radebe

Image revamp on the cards for Public Works

ESTHER WAUGH
Political Staff

ARG 8/7/95

AFTER persistent public attacks on his department, Public Works Minister Jeff Radebe is to jack up the image of his battered department.

The latest attack came from Correctional Service Minister Dr Sipho Mzimela, who called its officials "incompetent, ignorant and plain stupid".

Mr Radebe has criticised his own department's performance since he became its political head in May last year.

But, Mr Radebe said this week his problem with his department had been "a question of management". He charged that Mr Mzimela's problem with the Department of Public Works concerned its professionalism.

"He presumed my problem was with the entire department. That is not so. There are men and women who are highly professional and energetic, but who were being hamstrung by the ineffectiveness of the top management," Mr Radebe said. The department, which previously served as the state's "estate agency", came under a blistering attack in parliament during the past session after a damning report by Auditor-General Henry Kluever.

In an attempt to improve the department's top management, Mr Radebe appointed private consultants, who were devising new management systems. He believed the department needed exposure "so that the public knows what it does".

The transformation process in the department therefore included its communication strategy; he said.

"We will be revamping the communications strategy in order to unpack all the department's programmes, including the national public works programme," Mr Radebe said.

Faster RDP delivery

Sowetan 11/7/95

(173)

By Isaac Moledi

THE Public Works Ministry has designed a programme to reduce levels of unemployment and speed up the delivery of projects related to Reconstruction and Development Programmes.

The ministry's four-pronged programme, called the National Public Works Programme, will use labour-intensive approaches to solve unemployment problems. The programme is also aimed at educating and training communities involved in the ministry's projects, thereby empowering them economically.

In his submission to the RDP White Paper conference at the weekend, Public Works Minister Mr Jeff Radebe said his ministry took the reduction of unemployment levels seriously, adding that this will speed up the delivery of the RDP projects.

The minister admitted, however, that NPWP was not "a pie in the sky" that would totally do away with unemployment problems, but part of a larger programme to rebuild South Africa.

He said unemployment levels necessitated that skills that had been largely lost due to the replacement of people by machines needed to be "relearned".



Public Works Minister Jeff Radebe.

"The relearning of these skills will require training and capacity building," he explained.

Radebe argued that labour-intensiveness did not mean having a few more labourers on site, while machines were still doing the work. "Instead, it involves changing the design of infrastructure so that labour is used instead of machines wherever economically and technical feasible," he emphasised.

Where the necessary technical knowledge about labour intensive methods did not yet exist. Radebe suggested it should be built up through technical research and development.

"The National Public Works Programme is working closely with the Department of National Education, the Department of Labour and other relevant bodies to ensure that education and training programmes for the NPWP are integrated into a national system," he said.

National RDP office chief director Mr Frank Meintjies said the government would set up a date in September as the deadline for allocations of the RDP fund. As a way to speed up the delivery of RDP projects, the Government is also considering other methods of removing and rerouting funds not being spent fast in the various provinces and departments.

This, according to Meintjies, will ensure that the rolling over of large percentages of funds from last year to this year's financial year does not happen.

More than R1,7 billion of the R2,5 billion allocated to the 1994-95 RDP fund was rolled over to this year's financial year. The RDP budget for 1995-96 is R5 billion and this is expected to increase as more money from this year's RDP budget is expected to be rolled-over to next year.

(173) Star 15/7/95

'Let's get labour intensive'



Public Works Minister Jeff Radebe (right) committed his department yesterday to a continuing programme of labour-intensive projects to provide as many jobs as possible. At the official opening of a new road project in Chuenespoort, near Pietersburg in Northern Province, Radebe said it made economic sense to move towards a more labour-intensive national public works programme. This approach was used in Malaysia, where unemployment was no longer a big problem. -- Sapa

JOBS

Namibia's EPZ project sets a working example

ST(BT) 16/7/95

(173)

Trevor Manuel, South Africa's Trade and Industry Minister, and Hidipo Hamutenya, his Namibian counterpart, both want to create jobs. **KEVIN DAVIE** looks at two vastly different approaches.

BOTH South Africa and Namibia have an unemployment problem. Both need to earn foreign exchange. Both need investment. Both offer tax breaks to investors.

And both are currently backing major projects on the west coast. The state-owned Industrial Development Corporation is putting up R750-million for a 50% stake in Saldanha Steel, its joint venture with Iscor at Saldanha Bay.

Saldanha Steel qualifies for the Section 37 E tax allowance, estimated to amount to a R1-billion interest-free loan for the developers.

Further up the coast Namibia offers tax concessions in the form of an export processing zone, or EPZ, at Walvis Bay. There, investors will pay no tax, no import duty, get duty-free access to the European Union through the Lomé Convention and have 75% of training costs paid for by the government.

Hidipo Hamutenya, Namibia's Industry Minister, speaks of a $40-million loan from the World Bank to pay for the training costs. Based on the success of EPZs elsewhere — and the number of companies which have committed themselves to setting up in Walvis Bay — Mr Hamutenya says he expects to create 50 000 jobs within the next five years.

Here the two proposed developments part company: Saldanha Steel, with its peak funding requirement of R4,7-billion, will create 600 jobs.

The state's R750-million investment in Saldanha Steel will produce jobs at R6-million each. Mr Hamutenya, in contrast, expects to train workers at at about R5 000 each.

Anthony Ginsberg, of Los Angeles-based Ginsglobe Communications, who has been advising Namibia and is a specialist on EPZs, says the comparison "hits the nail on the head" as to why South Africa cannot create jobs.

"The government is not providing incentives to employ people. Its incentives favour capital-intensive investment which employs hardly any labour."

SA-born Mr Ginsberg suggests that if the government put the R750-million it intends investing in Saldanha Steel into paying training costs in EPZs, 150 000 workers could get training.

While the tariff reforms initiated by Trevor Manuel, South Africa's Trade and Industry Minister, are desirable, this will not in itself turn SA industry into a competitive player internationally.

Mr Ginsberg says the SA market is too small to attract world-class players aimed at penetrating the domestic market. Rather, companies such as Reebok could set up, employing say 3 000 workers, to export 90% of its product to foreign markets. The remaining 10% will be for the domestic market and subject to all duties.

He says that if the government "thinks the unemployment problem is going to be solved by organised business and labour in Nedlac, then it better wake up."

While EPZs typically offer zero corporate tax to compete for capital against 150 EPZs worldwide, the government still scores from personal taxes and VAT and from higher economic growth which in time can be used to lower corporate taxes in the domestic economy.

A number of East Asian countries have used EPZs for this purpose, in time restructuring entire economies from inward and protected to outward and competitive.

Mr Ginsberg says he was surprised to note a complacency among business and political leaders in South Africa.

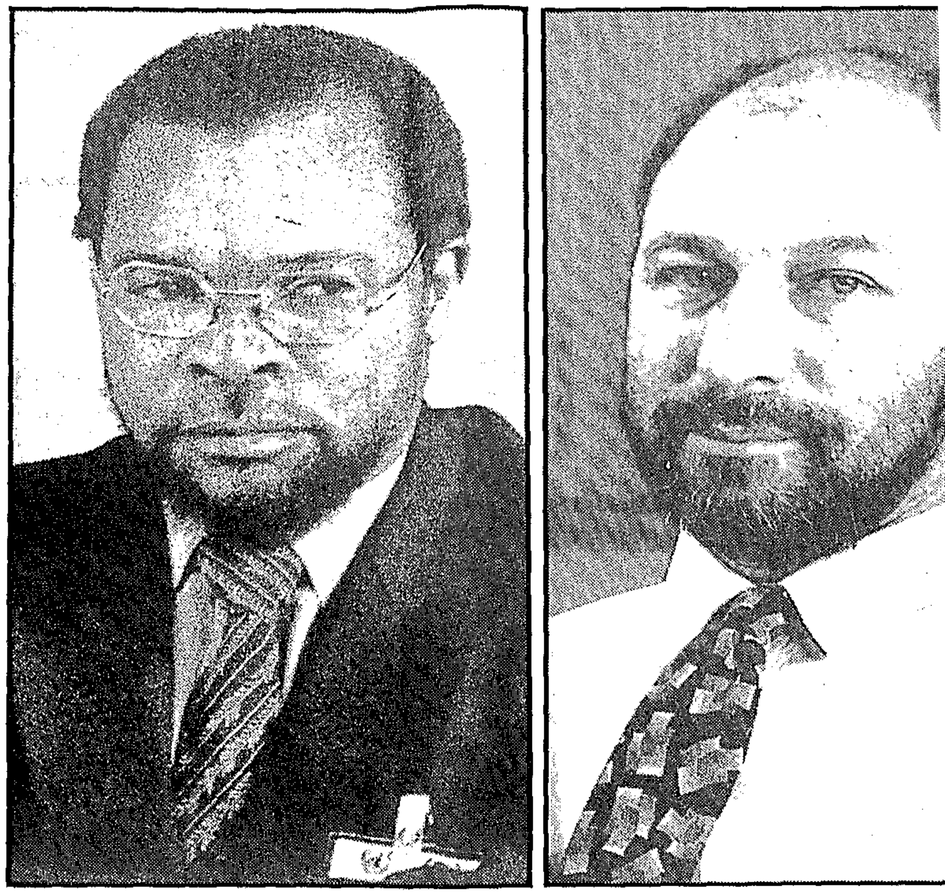
"They're happy for the economy to grow at 3%, but this growth will not cut unemployment. The government and business should be actively targeting at least 5% to 6% annual growth.

"Unions think that EPZs are a synonym for sweat shops. But if you look at EPZs in countries such as Singapore and Mauritius, in many cases they are better regulated than outside the EPZ."

□ The IDC's Carel van der Merwe says capital intensive and labour intensive go together.

The IDC established Alusaf in Richard's Bay in 1970. "Three other plants followed in the next four years. The four plants employed less than 7 000 people. Richards Bay had a population of 8 000 people. Today it is a flourishing metropolis with 170 000 people. Saldanha will show a similar development."

Mr van der Merwe says "to have industrial developments you have to create wealth. Labour-intensive industry and services follow."



ONE GOAL, TWO MINDS . . . Namibia's Industry Minister Hidipo Hamutenya and South Africa's Tre

Work on motorway example of RDP at work — minister

ARG 17/7/95

(173)

PIETER MALAN
Staff Reporter

CONSTRUCTION of the new M12 double motorway from the Cape Flats to Stellenbosch means much more for residents of Belhar and Delft than merely getting home more quickly after work.

Forty-eight residents from these areas are earning about R45 a day due to a "labour intensive" clause in the contract, stipulating that part of the work be sub-contracted to locals. This was specified in the tender.

Western Cape Transport Minister Leonard Ramatlakane, who visited the construction site and spoke to workers last week, described the new contract format as an example of reconstruction and development at work.

Construction contractor Haw Inglis's representative Francis Chemaly said R1,5 million of the R31,3 million contract was set aside for the labour intensitive programme.

"We identified construction tasks that could be made more labour intensive and then sub-contracted those tasks to the community," he said.

R300 000 was also set aside for skills training.

Each worker was given training to equip him for the job. At the end he got a certificate which would help him look for a job in future.

Mr Chemaly said the 48 workers were organised in 10 teams, and each team operated as "small contractor" on its own.

Each team supervisor also completed a basic management course, teaching him the basic operation of a big construction company and how he and his team fitted into the bigger operation.

A supervisor was paid for each task his team completed and he was responsible for paying each worker in his team.

Supervisor Michael Smit from Belhar said his team was responsible for building manholes for the road's stormwater drains.

They were paid R144 for each completed manhole and were able to complete two in about 1 ½ days, depending on size and ground conditions.

Mr Smit said before he started on the project he had no bricklaying skills and soon after they started he seriously considered giving up.

"I was afraid my team would suffer because of my inability to work very fast."

But he soon mastered the skill, and today he is happy to have stayed on.

Mr Chemaly said the project got off to a slow start as about 60 percent of those who started the programme opted out.

"After that the workforce stabilised and now we are extremely happy with how things are going."

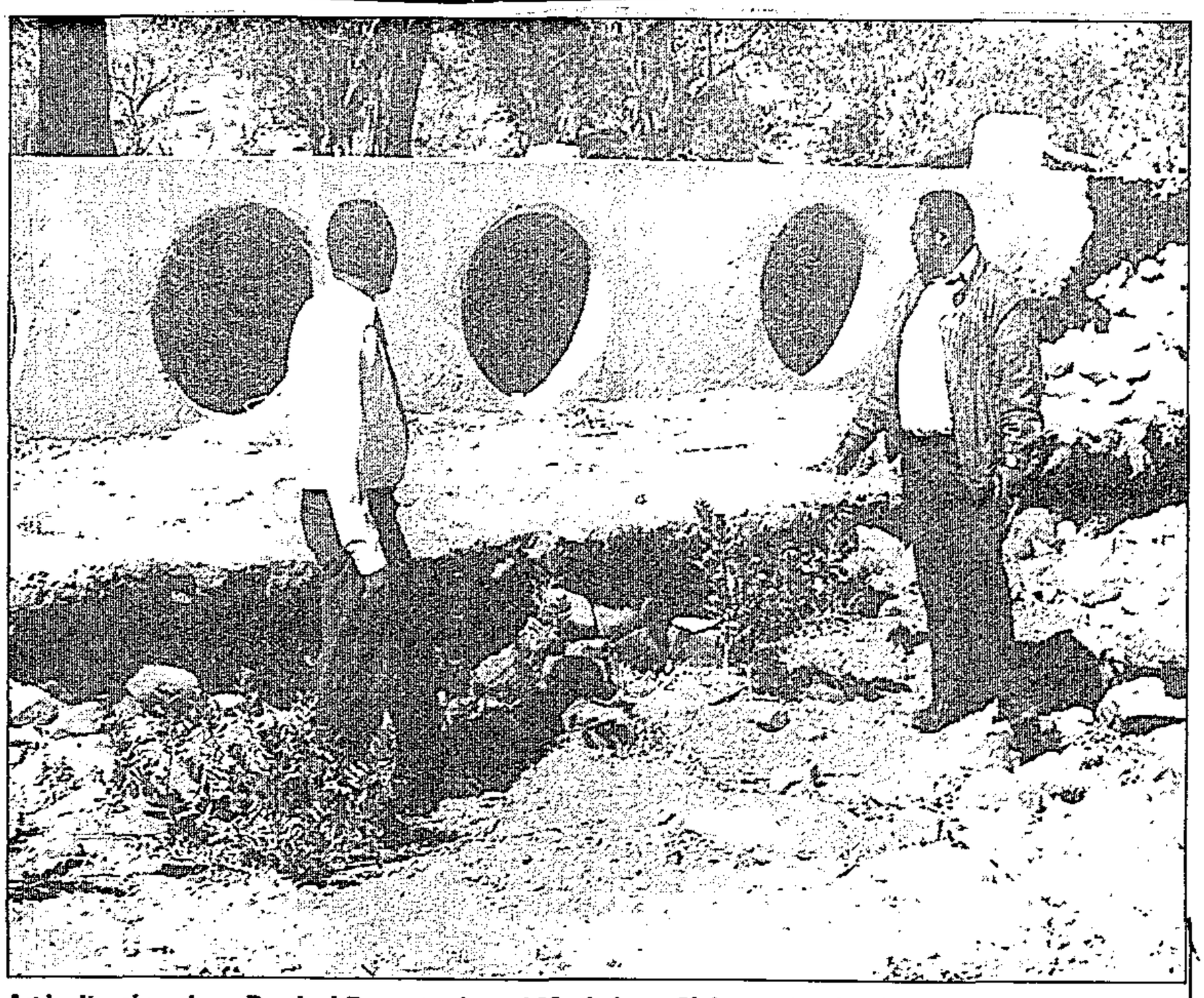
All work not directly related to building the road — such as excavating trenches for stormwater drains and laying pipes and kerbstones — were contracted out to labour-intensive teams.

Speaking after his visit, Mr Ramatlakane said the project was a good example of the reconstruction and development programme at work, a process in which everybody involved benefitted.

The construction company had a stable and productive workforce "that does not go out on strike", the workers — some of whom hadn't worked for years — had jobs, and the community benefited as more money flowed into depressed areas.

He said two other contracts in the Western Cape, the Okavango Interchange on the N1 and the Lwandle extension near Somerset West, had also been undertaken on a labour intensive basis.

Eight more major construction projects would be announced in September, on the same basis.



Agricultural workers Rendani Ramugondo and Muvhulawa Siphugu at a dry river. PIC: MOFFAT ZUNGU

A lottery for jobs in N Province

By Khathu Mamaila

People are starving and desperate for work

MORE THAN 100 VILLAGERS – mainly women – queue eagerly before a table from which each of them will carefully pick up a small piece of paper.

There are over a hundred pieces of paper on the table. But only 60 are marked to distinguish them from the rest. Anyone who picks up a marked paper square will be assured of a job.

This process of selection means that sheer luck determines the fate of destitute people ravaged by three years of drought.

This is Mufongodi, the village worst affected by the drought in the Northern Province, according to regional officials of the Department of Agriculture and Forestry.

Like other villages in the former Venda homeland, Mufongodi is surrounded by a ring of mountains. Mufongodi River is not large, but, for local villagers it is what the Vaal River is to the people of Gauteng.

Subsistence farming

It has supplied the village community with water for household use and subsistence farming for decades, but is now dry, having stopped flowing three years ago.

A borehole, sunk to replace the river as a source of water, has been over-used, causing the pumping equipment to break down. It has not been repaired.

Realising the effects of the three year drought on the people of Mufongodi, the provincial government declared the village a disaster area.

A drought relief scheme has begun in a bid to help the villagers combat their most dreaded enemy – hunger.

A senior agricultural officer charged with setting up the scheme, Mr Mashudu Radamba, says the drought relief scheme only employs 60 people because of a lack of funds.

He said virtually the entire village wants to work on the scheme and the only way of selecting workers is by means of the draw.

People are desperate

"All these people are desperate. Most of them are sole breadwinners. They used to depend on farming but their only source of water was rain and the river. These sources are now non-existent and these people have been reduced to beggars," says Radamba.

He says the lucky draw is transparent and fair. The lucky 60 will be absorbed into the scheme and get R10 a day to erect a fence in the area. Their contract will expire after six months.

A mother of five, Mrs Tshiwela Khunwana (34), says she is happy if she draws a piece of paper that gives her a job.

"R10 a day is very little, but under the circumstances I could kill to get that job. My husband is unemployed and when I tell you there is no food at home, it is not an idiom but a statement of fact," said Khunwana.

"We are too young to qualify for old-age pension and we face hunger on a daily basis. Before the drought, we used to plough successfully and although life was not a bed of roses, we survived." Her family stopped farming three years ago.

Another villager, Mrs Rebecca Ramulige (25), says she wants a job to support her three children. Her husband is unemployed.

She says since the drought crippled them, her family has depended on the 25kg of maize meal supplied by the Welfare Department. However, this supply has been cut since March.

Another villager who wants to work on the drought relief scheme is Mrs Florah Vhulahani Nekuvule (46). The mother of four stays with her unemployed husband, who has a second wife with five children.

"I am just praying that I should get the correct paper so I will be on the scheme," said Nekuvule.

Father of four Mr Tshoteli Ramathavha (58) says while the drought relief scheme is not ideal, it will make a huge difference to him if it enables him to work.

Self-help projects needed

The chairman of the local civic association, Mr Avhaathu Jerry Phaswana (33), says although he is prepared to work under the scheme, he feels the Government should use the money to establish projects that will be able to sustain themselves.

"If the drought relief money was used to set up self-help projects, we would soon become self-sufficient. Even if I can get the six-month contract to do fencing around the village, what will become of me after that six months? I will still be a penniless beggar," says Phaswana. The father of two says he cannot even make a garden because the little water pumped from the ground by the government engine is strictly for household use.

The drought has affected more than 5 000 commercial farmers in the province as well. A spokesman for the Northern Transvaal Farmer Cooperation Mr Burger van Eck says crops and livestock worth millions have been destroyed.

"The drought has had a severe effect on our crops. This has resulted in cash-flow problems. Most farmers cannot afford to pay their workers and are forced to retrench them," said Van Eck.

He says most farmers will be out of business if it does not rain within the next few months.

Nevertheless, while white farmers in various parts of the Northern Province are worried about losing their farms because of the drought, black subsistence farmers are facing starvation.

Tourism 'needs to create more jobs'

(173)

(178)

ARG 19/7/95,

Staff Reporter

TOURISM is a rapidly growing industry in South Africa, but the industry still lags behind the rest of the world when it comes to creating employment opportunities for its citizens, said Mavuso Msimang, the South African Tourism Board's chief executive officer.

Mr Msimang, speaking at the Southern African Museum Association's national conference at the University of Cape Town, said tourism was currently the country's fourth largest foreign exchange earner, employing about 450 000 people.

This meant that one in every 25 people was currently employed in the tourism industry, compared to America where tourism provided jobs for every 16th person.

"Good development of the tourism industry will provide productive employment. Tourism could become the driving force of the country's economy.

Ways should be set to contribute to the Reconstruction and Development Programme and a service culture needs to be created," said Mr Msimang.

Mr Msimang said that museums were a vital part of the tourism industry, although he said South Africa was not a museum-going nation at present.

He blamed lack of interest for people's reluctance to go to museums. To rectify this, museums should try to entertain people with imaginative packages rather than only trying to educate them.

Mr Msimang said that, like tourism, museums were about people and meeting the needs of visitors, and that the tourism industry was looking forward to joining hands with the museum sector to satisfy people in this respect.

Satour felt that the country's rich cultural heritage would play an important role in the tourism market and it intended using this to entice visitors to South Africa.

Satour's focus for 1996 is ecotourism and for 1997 it will focus on cultural experiences.

THE CAPE

Job creation is top priority — Sunter

ARG 27/7/95 (173)

ANDREA WEISS
Municipal Reporter

SOUTH Africa had to focus its Reconstruction and Development Programme efforts on job creation rather than housing, or the country would be building houses no-one could afford.

This is the view of Anglo American future trends expert Clem Sunter who added that South Africa should also take more seriously long-term threats to the economy, notable among them Aids which could cripple society in five to 10 years.

In a talk at the 33rd conference of the Institute of Town Clerks of Southern Africa in Cape Town yesterday, Mr Sunter said South Africa should be focusing its efforts on encouraging entrepreneurship to achieve the five percent growth rate it needed if the transition to democracy was to be successful.

If it did not achieve this kind of growth it would not draw the masses into the economy and society would start cracking along the "old fault lines".



Jobs first: Clem Sunter

"If we do not target five percent, we simply will not make it through the transition," he said.

He described South Africa as being like the QE 2 ocean liner, top heavy with structures, but driven by a manufacturing base the size of a lawnmower engine.

To turn this around, the country would have to encourage seriously entrepreneurship which should be the "life and soul" of the economy.

His view of the RDP was completely different from the prevailing view, he said.

The country needed to throw its efforts behind educating and training the masses to start their own businesses, he argued.

Local authorities should be less concerned about maintaining clean streets and order, than about creating an entrepreneurial society.

Unless such attitudes were changed, there would be an ordered society inside a fence "but you will have masses and masses of people against the fence".

'Rent space to hawkers'

Municipal Reporter (1539)

COUNCILS should consider leasing sidewalks to hawkers rather than moving them off the high streets.

This is what Anglo American scenario planner Clem Sunter told town clerks at their annual congress in Cape Town.

Mr Sunter said councils should encourage entrepreneurship positively to get South Africa's economy going.

He did not believe shops and hawkers needed necessarily to be in conflict, because shops got a lot of business from hawkers.

They hawked their wares in the main streets because that was where the pedestrians were and their businesses would not be viable if they were moved.

Commenting on the proposed hawking bylaw, he said he was against too much regulation and preferred the idea of renting the pavement because one of the chief grievances of shop owners was that they could not compete against people who paid no rent. ARG 27/7/95

Squatter settlement has own employment agency

BY LORNA ZOKUFA
CITY REPORTER

Residents of Zandspruit squatter camp have discovered new opportunities through a local employment agency which focuses on their individual needs and experience.

Sebenza Employment is about 100m from the camp and finds jobs for the Zandspruit community, ranging from domestic workers to computer staffers.

Although there is a R6 couvert charge for those seeking employment, most do not mind paying this fee.

Patricia Mogoerane, a resident in the camp for just over a year; found a job as a domestic worker in a nearby video shop through Sebenza earlier this year.

"I am really happy about my job and I am encouraging more people in the camp to register with Sebenza," she said.

"They found a place for me where I can go to work with my two-year-old daughter, and whenever I have complaints about the way things are going at work I inform them and they deal with it ," she added.

Mogoerane said that although she was earning R30 a day, she could now afford to buy more things for her daughter.

"Rebecca now has at least 10 pairs of shoes and a variety of clothes," she said.

Sebenza has not only placed 443 of its members in jobs, but has also found scholarships for 28 children at two different schools.

Cedarwood College in Randburg has accepted 13 children from the squatter camp and has awarded scholarships to them — this pays for their educational expenses and school fees of R350 per month.

(173)

Transport

"We are happy to have these children here and this experience will really make a difference to their lives," said Cedarwood's principal Helia Knox.

"They are coping very well, but many have problems with transport money because they have to travel from the camp every day," she said.

Roseleigh High in Observatory has taken in 15 girls from the camp. Star 31/7/95

Co-founder Michelle Von Moricz said that she hoped that more children could be helped through their agency.

"The RDP has too much on its plate and we feel that this is our contribution towards this needy society," she said.

Community works plan launched in Tamboville

(173) Star 2/8/95

BY JO-ANNE COLLINGE

The East Rand community of Tamboville, where land invaders have transformed themselves into housing pioneers, has been chosen by the Gauteng government for the launch of its R16-million community-based public works programme.

Development, Planning, Works and Environment MEC Sicelo Shiceka yesterday knocked in the pegs marking out the site for a new creche, which will form part of a R1,5-million community centre for Tamboville.

About 40 other projects to create or upgrade community assets, and to create jobs and training, will fall under the public works programme.

"Our focus will be sectors and communities most in need. Jobs and training will be targeted, and unemployed or single-headed households, with special attention given to women and youth," Shiceka told residents.

The other component of the Tamboville centre will be a health clinic.

In all, the nine-month building project will create training and jobs for about 50 people.

About half the funding will be provided by government, the rest by Anglo American's Chairman's Fund.

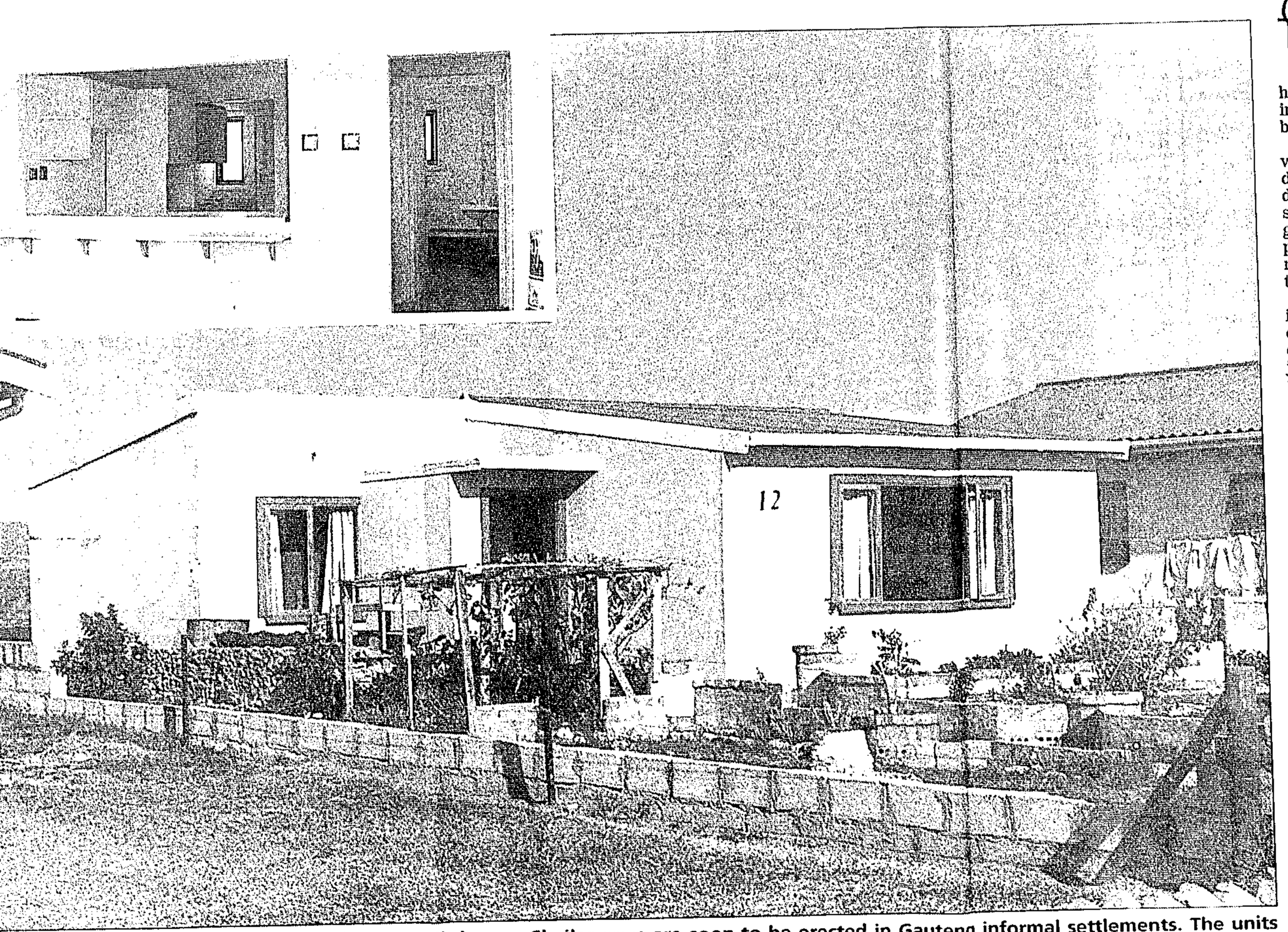
The Wattville Concerned Residents Committee (WCRC), which functions as the "civic" for Tamboville, will be responsible for the project.

The WCRC previously established the Wattville housing association which, with foreign donor funding, built 83 low-cost housing units tailored to the needs and the pockets of the people.

It is now poised to take on the much larger home scheme of 1 128 units.

Thousands of unemployed people may benefit if a plan to establish small, low-tech, low-budget industries at informal settlements is approved, writes **Winnie Graham**

ndustries for squatters



r R17 000 ... that's the price of this factory-built house. Similar ones are soon to be erected in Gauteng informal settlements. The units ooth bathroom and kitchen. Inset: the interior.

(173) Star 2/8/95

Unemployed people will be given the opportunity of running their own factories near their homes if a plan to industrialise informal settlements is approved by Government.

The concept – mooted by Greville Wood, a former automobile design engineer – has been designed to create jobs for thousands of unemployed people. The government is studying the proposal and has promised to respond "soon" – after consultations with community leaders.

A group of businessmen, including financial directors and consulting engineers, have indicated that they support the project, which is seen to have "enormous potential."

The initial development cost is estimated at R250 000 and the Foundation for Research Development has indicated that it is prepared to supply some funding.

The construction of low-cost industrialised housing units is just one of the projects under consideration. If acceptable to the community, such a project could impact dramatically on the enormous housing shortage.

Other on-site industries at informal settlements would, in time, include the manufacture of a wide array of goods from wood, steel, plastic and cement.

Wood, who was involved when the concept was first mooted in Port Elizabeth ten years ago, is on standby to develop a pilot plant where unemployed men and women will be trained to run the factories themselves.

He said this week that mass training would be provided through a central control office and training school. Once the trainees start their factories, a small, specifically trained staff would keep in touch through an information services control centre, communicating directly with the production line and factory though a visual/sound system.

This system, and the highly trained supervisors – members of the community – will enable factories to be placed virtually anywhere.

Wood said the proposed factories would be small, low-tech and low-budget.

"They could not afford to employ costly managers and engineers," he said. "A system giving management access to problems as and when they occur is therefore vital. We believe a relatively inexpensive system, providing effective control, could be achieved fairly easily. Visual/data transmission could be by radio, satellite or digital telephone as in Telkom's ISTN system."

Quality

The envisaged housing modules which, in time, could be produced in factories around the country, will come off the assembly line complete. Most of the components, including doors, window frames, wall and ceiling cladding, plumbing modules, floors, foundations, toilets, baths and basins, could be manufactured by the factories.

Wood said: "The public utilities production will comply with all the relevant SABS quality control specifications and the national building regulations."

A two-bedroomed house of about 55sq/m, complete with kitchen and bathroom, fully plumbed, electrified and thermally insulated, will sell at about R17 000.

The houses could be erected by unskilled labour and be ready for occupation "within hours." Each factory will be able to produce two or three houses per shift.

"Initially, the pilot plant will demonstrate products and houses which we have designed," Wood said. "Once in place, the private sector will be encouraged to submit ideas and products. Sustainable job provision, marketability and competitiveness will be the acceptable criteria. We believe that through market analysis and product planning, this product pool will be continually increased and new markets developed."

The concept for the scheme, Wood said, was born in Port Elizabeth in the mid-'80s when multinationals were disinvesting and leaving South Africa.

Businessmen wanted to lessen the impact of unemployment caused by disinvestment. One of the first initiatives which resulted from this consultation was the Small Business Development Corporation's "Hives of Industries".

Another group worked with the remaining multi-nationals to evolve a strategy to develop low-cost factories at squatter level but the scheme never got off the ground.

"We believe the mass training of newly urbanised people is possible with modern technology," Wood added. "By industrialising informal settlements, the so-called 'squatter camps', not only the unemployment problem but the housing shortage will be addressed. It could have a major impact on the South African economy."

The establishment of production and financial management systems will be undertaken by ex-automobile assembly plant directors. Management and technology will be provided as and when necessary to the factories and training schools through franchises.

A multi-disciplinary firm of consulting engineers and project managers has been appointed to administer the funds for the development of the pilot plant.

FORUM

Labour institutions need to be rebuilt

ET(BR)4/8/95 (173) (1

SHOP FLOOR



New labour commission will weigh dilemma of union rights versus job creation

BY KARL VON HOLDT



JOBS FOR SOME *When will the economy deliver? Unemployed workers wait in line outside ABI's Germiston factory hoping for a job*

PHOTO WILLIAM MADIA

What policy options are available for promoting rapid, job-creating growth and at the same time protecting workers' rights, ensuring decent pay and conditions of work? This is the core question being faced by the labour market commission established earlier this year by Tito Mboweni, the minister of labour.

South Africa has an extremely fragmented labour market. At one pole are the relatively skilled, higher paid permanent workers engaged in the formal sector, mostly with trade union and collective bargaining rights. Then there are vast numbers of permanently unemployed people.

In between there is every kind of permutation of the more or less employed worker: contract, temporary, casual and sub-contracted workers, small business employees, informal sector workers and the self-employed.

Far too many South Africans eke out an existence on insecure, transient jobs and informal activities. They are citizens in the formal political sense — but they are excluded from the rights of economic or social citizenship.

Job creation is therefore the most urgent priority for our newly democratic society. But how to create those jobs?

Many business and free market economists argue that a powerful trade union movement with strong union rights is a fetter on the potential to create jobs. They argue that the Asian tigers built their economies through low-wage, low-skill, export-orientated, mass-manufacturing industries. That is the way to attract job-creating investment in South Africa, they say.

Model

Quite apart from the important economic question as to whether low wages and the lack of union rights are in fact the decisive factors in this growth, this argument fails to explain how such a model of industrial development is to be implanted in a country where democracy has been won after a long struggle, and where trade unions played an important role in the struggle.

Cosatu, on the other hand, tends to argue that the challenge of international competition should be met with a high-skill, high-productivity, high-wage strategy, rather than seeking competitive advantage on the basis of cheap labour.

However, while this strategy may be appropriate for the most advanced sectors of our economy, it is labour-reducing rather than labour-absorbing, and cannot help solve the unemployment problem.

The issues are more complex and the differences more nuanced than I have presented them here. Nonetheless, it is clear that the debate involves sharp differences and conflicting interests.

It is this set of dilemmas that the labour market commission, co-chaired by Moss Ngoasheng and David Lewis, has to try to resolve. As Lewis said: "Are growth and equity incompatible goals, in that the more you have of one, the less you have of the other? Or are they compatible, or complementary?"

The challenge is how to put together a framework that can produce labour-absorbing growth and protect minimum standards and collective bargaining, he said.

The commission has been given a wide-ranging mandate to investigate a range of questions:

- Wage policy, including whether it is desirable to introduce a national minimum wage and other minimum conditions of employment, particularly in unregulated sectors.
- The commission is also investigating whether wage levels and bargaining arrangements are an impediment to small and medium enterprises, and if so, how this problem should be dealt with?
- Redressing discrimination in the labour market, in particular through a framework for affirmative action.
- The need for a policy framework for dealing with access to South African jobs by non-South African nationals.

Distinct

Apartheid labour market policy created distinct labour markets — with the black labour market differentiated between coloured, Indian, urban African and migrant African segments.

For whites there were training institutions and social benefits such as unemployment funds and workman's compensation. For blacks there were restrictions on movement and employment, distinct housing, land and education policies, and at the core, the machinery of the pass laws.

By the mid-1980s the black labour market policy had come apart, and white labour market policy had ceased being capable of serving either white interests or the economy's needs.

The result, said Lewis, was that when Mboweni took office, he was faced with discriminatory but collapsing labour market institutions, and a legacy of desperate unemployment and skill shortages.

The commission aims to provide a broad framework for new labour market policies. This is a complex but urgent task, given the impact of a labour market crisis on people's lives and on the economy.

The commission's final report is expected by the middle of next year. It is likely to generate intense debate on what are among the most critical and controversial issues for democracy and development in South Africa.

Karl von Holdt is consulting editor of the SA Labour Bulletin

Container set to provide jobs

(173) CT 4/8/95

A MODIFIED freight container, which will serve as a formal labour exchange office, was yesterday set up at Killarney outspan, in an effort to reduce crime and increase job opportunities in the Table View area.

The job creation venture was made possible by Eskom, which donated and modified the container, and the efforts of local resident Mr Graham Lindsay and Table View policeman Captain Jakkie van Litsenborgh. — Staff Reporter

Tamboville project is airborne

Star 5/8/95 (173)

By TROYE LUND

Reconstruction and development became tangible in Gauteng this week among a community of land invaders who have gained recognition as South Africa's housing pioneers.

The first Provincial Public Works Project was launched in the East Rand's Tamboville community by Gauteng's provincial government on Tuesday. The R16-million venture will fund 40 projects across the province. They are all are geared to reconstruct communities at the same time as empowering them with jobs and skills.

"This is not a handout. Tamboville residents will receive more than just R1,5-million to begin a community centre – R800 000 from the Government, the rest from Anglo American. The community will control the project and acquire skills through the planned training programmes.

"People's living conditions will improve and they will have control to develop and maintain these standards," Development Planning, Environment and Works MEC, Sicelo Shiceka, told Tamboville residents at Tuesday's opening ceremony. He is adamant communities are responsible for identifying their specific needs, for approaching and working with local and provincial governments to implement plans.

Two Tamboville contractors will manage the first phase of the Community Centre – a clinic and créche for 150 children. These contractors as well as four teams of construction workers, 40 men and women who live in the community, will attend extensive building and management skills courses.

Tamboville was chosen as an ideal place to begin this RDP venture because Watville Concerned Residents Committee (WCRC) has established itself as South Africa's housing pioneer. With funds from the French government the community built 83 affordable homes. Residents bought the homes and the money was pooled to begin further developments.

"Credible and established community organisations are essential for these projects to work and for the skills and assets acquired to be sustained and developed. Once this project is complete, the 1 128 houses this community stands to gain from the Provincial Housing Scheme will be ready to build. We will have a solid and skilled labour force in the community to do this building. This will generate economic activity in the township, train and provide job opportunities for other residents and, at the same time, meet Tamboville's needs," said Project Manager for the new clinic and créche, Xola Nzo. He is also a member of the non-government organisation, Planact.

Shiceka said the 40 projects had been chosen on condition they targeted the poorest of the poor.

"Affirmative action. The unemployed and singlehanded households have to benefit first. We also have to guide projects towards our abundance of unskilled labour. Men and women have to earn a living at the same time as uplifting their community," said Shiceka.

The eight weeks it took for Tamboville's project to be approved, Shiceka guaranteed, would set a precedent for "the momentum of future RDP delivery". He was confident the partnership between civic organisations and government would ensure reconstruction in Gauteng was sustained.



ASK AND YOU SHALL RECEIVE: Bongani Mahanjane (5), from Ithemba Labantwana Education Centre, reads the bible for MEC Sicelo Shiceka at Tuesday's opening ceremony. PHOTOGRAPH:THEMBA HADEBE

RDP billboards to keep public up on progress

By KURT SWART

All reconstruction and development projects will be required to erect billboards indicating they are part of the Government's social development programme, the RDP office announced yesterday.

Spokesman Frank Meintjies said the RDP office would billboard all RDP projects from the beginning of next month.

This would not only cover the 90 projects that form part of the Presidential Lead Projects, but "all future RDP projects".

"They will be required as part of their business plan to erect boards which inform the public that they are part of the GNU's social development programme," Meintjies said.

The move is in response to a Cabinet directive.

School nutrition and free health care at clinics would need a small-sized plaque, while capital projects and work on major infrastructure would require larger billboards.

The boards would reflect the project name the amount b spent and the name of a cor person.

"We are asking the pri sector to come forward to s sor billboards," Meintjies sai

Billboards were needed communicate areas of delivery and to make it easie the public and communities "get involved" in monito progress.

"We plan to put up ab 25 000 mini signs and over 1 larger boards. This num takes into account that in eac almost all nine provinces, RDP is present through health care, school feeding, p lic works programmes, cult of learning, clinic building the availability of thousands housing subsidies. In addit there are land restitution water projects as well as spe urban renewal projects un way in different parts of country," said Meintjies.

Although millions gain from RDP programmes, everyone received immedi direct material benefit.

ANC MP challenges business sector to create jobs

Star 11/8/95 (173)

BY THABO LESHILO
STAFF WRITER

Saki Macozoma, an ANC MP, this week challenged the business community to help bring the 50 percent of South Africa's population left outside the market economy back into the formal sector.

"In practical terms, this means job creation in all parts of the country, the rendering of service to all South Africans, the provision of educational facilities to all our people and enabling entrepreneurs to get loan finance and advice they need to start their own businesses," he said.

Macozoma, the chairman of the parliamentary standing committee on information and telecommunications, spoke on the role of business in a new democracy at the launch of the Centre for Development and Enterprise.

The centre is a new public policy research and advocacy body funded by business and based on the legacy of the now defunct Urban Foundation. He said the most important role of business was to create wealth while preserving the environment for future generations.

"It is an often-quoted statistic that South Africans have been becoming poorer since the 1970s. Wealth creation must take place in a manner that will provide jobs to as many South Africans as possible."

He urged businesses to commit themselves to training not only their employees but as many people as their capacities allowed.

Companies should invest in new departments that will work with the government on national issues, including bringing the country into the global information initiative.

Nicky Oppenheimer, deputy chairman of Anglo American and De Beers, said South Africa needed a vigorous growth strategy, based on the lifting of exchange controls and restructuring of state assets. The goal of such a strategy would in part be to empower blacks and in part to raise revenues for the RDP and lower the excessive domestic debt burden.

The centre will, during the next 12 months, research and publish its findings on new demographic and income statistics, international experience of illegal immigration, how public/private partnerships can improve productivity and the implications of the country's reentry into the global economy.

New approach to employment practice

Amanda Vermeulen

(173)

BD 17/8/95

A NEW emphasis on competencies — defined as the skills, knowledge and behaviour which contribute to organisational success — is likely to create friction with traditional job grading systems, says Ernst & Young Durban partner Paul Davey.

In the new approach to employment practices, competencies are weighted, given measurement criteria and applied within a framework.

Davey said the change would put SA in line with organisations in the US and Europe, where the use and acceptance of competencies was a growing trend.

"Prominent employers such as Spoornet and Eskom are investigating the competency route, which is likely to make other employers sit up and take note." But initially, implementing the system was expected to create tension within companies which had followed traditional grading systems.

Internationally, competency initiatives were being introduced by the blue-chip corporations such as ICI, British Telecom, Natwest Bank, Mobile, Unisys and Safeway.

Applications of competencies included drawing up recruitment profiles and developing matrices to determine which competencies were required at each level within the organisation.

Davey said the use of competencies could also assist companies in appraising staff performances, and contribute to establishing the correct remuneration for workers judged against a more defined grading system.

He said research was showing that there were certain competencies common to all organisations and to certain industries.

While many organisations had chosen to follow the competency structure, few had introduced the remuneration because of concerns about the accuracy of measurement and the possibility of a higher salary bill, he said.

Skills shortage benefits temps

CT(BR) 18/8/95 (173)

BY JOHN SPIRA

GAUTENG BUSINESS EDITOR

In the face of historically high unemployment levels, South Africa is experiencing a severe skills shortage.

Ladragh Cozens, the chairman of the Cozens Group, says her firm has experienced an 89 percent rise in job vacancies in the past year, especially in the temporary category.

"My belief is that the temp orders are increasing because of the market's inability to supply sufficient skilled black candidates in line with companies' affirmative action programmes. We are seeing fewer and fewer placeable candidates."



Ladragh Cozens, the chairman of the Cozens Group

PHOTO: JOHN WOODROOF

She expects the trend to continue in the short term, "hopefully diminishing when trainees commence reaching their full potential".

Cozens, vice-president of the Association of Personnel Service Organisations of South Africa, is responsible for bringing to the country Ellen Haynes, an internationally acclaimed speaker, to give the keynote address at their annual conference on August 25 and 26.

Haynes, who is managing director of Corporate Connections in Hong Kong, notes that in sharp contrast to South Africa, Hong Kong's unemployment rate is a mere 3 percent — which provides a whole set of different challenges for personnel placement firms.

in time, our cotton farmers are in a fortunate position because there is a bit of a run on cotton prices, but we recognised that it was the kind of industry artificially introduced in South Africa which cannot be sustained against all odds. We are in constant contact with representatives of cotton farmers in South Africa.

Competitiveness of SA industries: monitor study

*4. Sen Dr G MARAIS asked the Minister of Trade and Industry: Hansard 17/8/95

(1) Whether a monitor study has been undertaken in regard to the competitiveness of South African industries; if so, what are the relevant details;

(2) whether his Department intends taking any action in this regard; if not, why not; if so, what action;

(3) whether the (a) National Economic, Development and Labour Council (NEDLAC) and (b) Industrial Development Investment Centre in the Department of Trade and Industry is to play any role in this regard; if not, what is the position in this regard; if so, what role?

S266E

The MINISTER OF TRADE AND INDUSTRY: Mr President, clearly Senator Marais is working. I wonder whether he worked as hard when he held the portfolio in Trade and Industry. [Interjections.]

(1) There was no monitor study, as suggested by the question. What was done was a study by an international consultancy, the Monitor Group—it is a different thing, I do not know of a monitor study—which assessed the country's strengths and weaknesses using Michael Porter's Cluster Model. The study revealed that the existing structure of the South African economy was consistent with that of a country with relatively high levels of tariff protection—we will not say whose fault that is—and one that had been adversely affected by international sanctions, both of which restricted access to international markets. In other words the market in South Africa had been hindered by a number of exogenous factors.

These factors created an industrial sector characterised by broad production ranges in companies and relatively shallow industrial clusters with relatively small production runs. These findings suggested that in order to attain full international competitiveness, one of the objectives of the Reconstruction and Development Programme, there was a need for substantial restructuring of industry in South Africa. The report highlights a number of factors that are useful and that can be considered for future economic policy formulation. A number of initiatives which address some of the basic economic deficiencies have already been implemented (though not necessarily as a result of the Monitor report, which in certain instances confirmed other analyses of the economy). Examples are the relaxation of exchange control, the down-phasing of import duties and the further dismantling of import and export control to strengthen market forces operating in the economy.

(2) Yes. The Monitor study examined the South African economy at the end of the sanctions era and identified a number of distortions and structural deficiencies. The current actions of the Department of Trade and Industry and other Departments are aimed at addressing these issues, principally by the development of a range of supply-side support measures for new industry establishment, industry restructuring, and small business development, among others. The purpose of these measures is to improve the internal and external competitiveness of industry in South Africa and to raise the employment potential of the economy as a whole. It is expected that the envisaged new measures will be funded by internal reallocations of the Department of Trade and Industry budget, while there will also be greater responsibility placed on business to improve their own performance.

(3) (a) and (b) Yes. The envisaged supply-side measures are being developed in conjunction with NEDLAC. The Industrial Development and Investment Centre of the Department of Trade and Industry as well as a number of other Directorates in the Department of Trade and Industry on a continuous basis develop and administer

industry development and support programmes. Indeed the Department of Trade and Industry in its entirety is devoted to supporting healthy business development as a key element in attaining the goals of the RDP. The creation of a business-development friendly environment and providing support for business development is the business of the DTI. The changed circumstances brought about by the reintegration of South Africa into the international business community both permits and necessitates the development of support measures that are in keeping with the changed circumstances South African business has to operate in. As stated, proposed measures are being developed in consultation with NEDLAC as well as other role-players, taking into account the findings contained in the Monitor report on the competitiveness of South African industry as well as other inputs.

Proposed steel plant at Saldanha: retrenchment of workers

*5. Sen Dr G W KOORNHOF asked the Minister of Trade and Industry:†

(1) Whether an investigation has been done to determine whether the development of the proposed Iscor steel plant at Saldanha may result in the retrenchment of workers at Iscor's steelworks at Vanderbijlpark; if not, why not; if so,

(2) whether his Department has consulted with Iscor in this respect; if not, why not; if so, what are the relevant details?

Hansard 17/8/95 S267E

The MINISTER OF TRADE AND INDUSTRY:

(1) No. Iscor is currently upgrading the Vanderbijlpark plant with the latest technology and as a result of this upgrading process, which will increase Iscor's international competitiveness, a number of jobs will be lost, sad as it may be. The Saldanha plant will create new employment opportunities in an area which desperately needs job creation and an injection of economic activity.

(2) No. As part of the re-integration of South Africa into the international business community, many South African companies are in the process of repositioning themselves to take advantage of new opportunities in international markets and to secure their positions in the local market in the face of increased competition from foreign suppliers re-entering or entering our markets. The adjustments as well as the necessary introduction of new technologies will in certain cases lead to retrenchments in particular areas of industry.

These processes are an inevitable part of the restructuring of the South African economy in the post-apartheid era if we are to survive and attain full international competitiveness. The decisions surrounding the restructuring of companies are essentially matters that fall within the domain of company managements and their boards who do not necessarily consult with Government on such matters, nor does Government as a general principle intervene in such company decisions. I should point out that we do take account of broader society needs, as I have indicated in my response to the question on the textile and clothing sector. We certain try and ensure that such companies are pressurised to retrain workers for rapid re-absorption elsewhere. Nevertheless, ongoing contact is maintained with our principal steel producer, Iscor, with a view to converting more of our iron ore to steel before export and to the creation of downstream jobs in the steel fabrication industry.

Jobs created under National Public Works Programme

*10. Sen W F MNISI asked the Minister of Public Works:

Whether any jobs have been created under the National Public Works Programme; if not, why not; if so, (a) how many, (b) what jobs, (c) how many more jobs does his Office intend creating under this programme, (d) what kinds of jobs will be created and (e) what process will be used to select persons for these jobs?

S272E

(173) Hansard 17/8/95

The MINISTER FOR PUBLIC ENTERPRISES (for the Minister of Public Works):

Yes. (a) 14 394 jobs have been created under the National Public Works Programme up to June 1995; (b) The kinds of jobs that are created are linked very closely to the kinds of assets that are provided, for example, the building of roads and community facilities, the provision of water and sanitation, soil-erosion protection and brickmaking. Some project management jobs are created as well; (c) on the basis of projections of the expected expenditure on infrastructure by the Government, the National Public Works Programme is targeting to create between 150 000 and 200 000 jobs by the year 2000. The Community Based Public Works Programme will create 30 000 jobs during the 1996/7 financial year and 65 000 jobs during the 1997/8 financial year; (d) the same kind of jobs mentioned in reply to question (b) will be created; and (e) the communities play the key role in identifying potential workers for the Community Based Public Works Programme. They develop their own criteria for selecting people, but relate this to the broader National Public Works Programme target group, which includes the youth, women and women-headed households. Only professionnal engineers and facilitators are drawn from outside beneficiary communities at this stage.

Administration of laws assigned to Province of KwaZulu-Natal

*15. Sen Dr R RABINOWITZ asked the Minister for the Public Service and Administration:

(1) Whether the Premier of the Province of KwaZulu-Natal has requested the administration of any laws to be assigned to this province in terms of section 235 of the Constitution; if so,

(2) whether the administration of any laws or sections thereof in respect of which such a request was made, was not so assigned; if so, (a) which laws or sections thereof, (b) why in each case and (c) by whom was the decision made not to assign the administration of each such law;

(3) whether the reasons for not assigning the administration of such laws have been conveyed to the said premier; if not, why not; if so, what are the relevant details?

S297E

The MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION:

(1) Yes;

(2) and (3) I am not in a position to answer the questions as posed in 2(a), (b), (c) and 3. The assignment of laws is a massive process which commenced on 17 June 1994 and is still continuing. Altogether 56 proclamations have already been issued. In the case of KwaZulu-Natal alone, 219 regional laws and 44 RSA parliamentary laws have been assigned. In view of the volume of the work involved, it has not been possible to build up a record which would make it possible to answer the questions as posed.

However, I would like to give the assurance that the matter concerning laws which have not yet been assigned, is receiving continued attention. In this regard the Intergovernmental Forum on 12 August 1994 resolved that, *inter alia*, political functionaries at the national and provincial level entrusted with matters referred to in Schedule 6 of the Constitution, should establish joint technical committees to propose an appropriate distribution of powers and responsibilities in terms of section 126 of the Constitution. As a consequence ministerial forums and technical committees were instituted for the major line functions. Provincial administrations are fully involved in the functioning of these forums and committees and the KwaZulu-Natal authorities are expected to promote their interests at these forums.

A great deal of progress has been made with the assignment of laws. The time has, however, arrived to determine as accurately as possible what still remains to be done. To oversee the completion of the assignment process properly, I requested the Premier of KwaZulu-Natal and other Premiers in writing on 19 May 1995, to furnish me with particulars of laws, the administration of which they consider should be assigned to the provincial government and which have not yet been so assigned. The laws thus identified will be brought to the attention of the relevant national line function departments for further consideration in consultation with the

State Law Advisers. To date I have received no reply from the Premier of KwaZulu-Natal.

Hansard 17/8/95

Regulation of informal street trade/markets

*16. Sen Dr G MARAIS asked the Minister of Trade and Industry:†

(1) Whether his Department is investigating the possible regulation of the informal street trade and markets; if not, what is the position in this regard; if so, (a) when did the investigation commence and (b) when will the findings and recommendations arising from this investigation be made known;

(2) whether his Department intends taking any steps with the view to regulating the informal sector in South Africa in the future; if not, what is the position in this regard; if so, what steps?

S298E

The MINISTER OF TRADE AND INDUSTRY: Mr President, I think this is a strange question to be asked by someone in the NP, because we are often accused of keeping too much at the centre. If the Senator had followed proceedings here he would have known the answer.

(1) No. Informal street trade and markets are regulated by local authorities in terms of bylaws adopted by such authorities in terms of the Businesses Act, 1991 (Act No 71 of 1991). The Businesses Act was assigned to the Provinces on 9 March 1993 (*Gazette* No 16302 of 9 March 1993) and is, therefore, a competency of the provinces and local authorities.

(a) Not applicable.

(b) Not applicable.

(2) Yes. The Department of Trade and Industry has formulated model bylaws and interacted with local authorities as part of an awareness-raising exercise. The Department will continue with educational activities so as to streamline regulations across municipalities and inform local authorities of the best practice with respect to regulation.

Sports teams representing SA: racial quota introduced

*20. Sen E K MOORCROFT asked the Minister of Sport and Recreation:

Whether his Department is planning to introduce racial quota requirements for sports teams representing South Africa; if not, why not; if so, (a) what will be the (i) nature and (ii) extent of these requirements, (b) when will such requirements be introduced and (c) to whom will they be applicable?

S302E

The MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION (for the Minister of Sport and Recreation):

No. As I explained fully during my budget vote speech in the Senate on 24 May 1995, selection of national teams on merit remains the norm. Otherwise, we will be tempted to gravitate towards a situation in which we select the national sides artificially. That would mean departing from the ideal of non-racialism, which is the basis of unity in sport, and reverting to multiracialism or even tokenism.

The responsibility of team selection is best handled by national sport federations and the role of the Department is to ensure that all South African sportspeople, including those from disadvantaged communities, have an equal opportunity to represent their country at the highest level of competition.

Questions originally put on Question Paper for reply on 29 June 1995—no sitting of Senate:

Australian development aid to SA: agreement signed

*1. Sen Dr G MARAIS asked the Minister without Portfolio:†

(1) Whether he recently signed any agreement with a certain person, whose name has been furnished to his Office for the purpose of his reply, in respect of Australian development aid to South Africa; if so, (a) what are the details of this agreement and (b) for what kind of development is this aid to be utilised;

(2) whether such aid is being granted by means of an unconditional donation; if so, what are the relevant details; if not,

Homeless youths put roofs over heads

■ BY BONGIWE MLANGENI
HOUSING REPORTER

Some of Johannesburg's homeless youths and rehabilitated criminals have paved their way into the construction industry, building the first low-cost, inner-city homes in three decades.

The two-bedroom homes in Bertrams, with fitted bathroom and carpets, are aimed at low-income earners who qualify for a government housing subsidy.

The houses form part of a renewal strategy which was initiated by the Foundation for Education with Production (Fep) and the National Youth Service Initiative.

Fep project manager Ahmed Moonda said their aim was to rebuild the area and develop the community.

Moonda said they would also be improving a park in the neighbourhood.

About R600 000 received from the Greater Johannesburg Council has been set aside for the park at Ascot Road and about R1,2-million has been spent upgrading Lidle Road and Lang Street.



Building a community . . . Thami Mndaweni. PICTURE: NATASHA PINCUS

Moonda said that to kick-start the project, about 72 youths were recruited from rehabilitation centres and shelters for the homeless. The group was taken through a self-assessment workshop and offered training at the Johannesburg Technical College.

After completing the six-month building course, participants were required to implement their skills.

"This is how the building of the Bertrams houses began.

"We chose the area because of its overcrowding."

About 30 of the trainees have re-entered formal education and are attending night classes at the Johannesburg Technincal College.

Training included bricklaying, plastering, plumbing, foundation laying, tiling, carpentry, roofing, painting and electrical installation.

Moonda said they were in a process of starting another building project in Jeppestown and more people would be recruited.

Star 21/8/95

I'm in control of my destiny again, says Sowetan

■ BY BONGIWE MLANGENI

If Thami Mndaweni had to relive his life, he would lay a firm foundation and build his life carefully and perfectly — just like the six houses he has built in Bertrams.

Life has been a bumpy road for Mndaweni since 1986 when he left school.

This coincided with his father being retrenched and his mother's health deteriorating. He turned to crime — a move he deeply regrets.

"I lost control then. It seemed like the right thing to do at that time, there was not much schooling and there was no need for us to stay around the premises," he says shyly.

Today, the 26-year-old Sowetan cannot believe he has changed his image from thug to a productive citizen.

He is now one of the many builders who are taking part in the low-cost housing programme.

Mndaweni — too embarrassed to reveal the crimes he committed — is one of 72 youths who were chosen from rehabilitation centres and shelters for the homeless.

With a wage of about R300 fortnightly, Mndaweni is happy to live a crime-free life.

What matters now is to be in control.

"Now I know I can do something valuable and my aim is to train others in my community.

"In this way I know I will be building not just houses but a community."

MARKET

Now we have female bricklayers

(257) (173) (125)

Women take courses aimed at helping the RDP housing programme

Sowetan 22/8/95

By Isaac Moledi

FOR CENTURIES BUILDING has been a male-dominated terrain. But 18-year-old Miss Buhle Sibeko wants once and for all to put an end to this culture.

When she enrolled for an artisans' building course at Crown Mines' No 17 shaft three months ago, Sibeko, who hails from Soweto, found herself the only woman among 20 men who were taking the course.

At first, she says, she felt somewhat intimidated as her male colleagues could not understand what she was doing in a "men-only" job.

Colleagues changed

But the attitude of her colleagues changed as other women joined the course.

Today Sibeko is a proud person. She and 31 other young people were awarded certificates after undergoing a 13-week basic course in bricklaying, blocklaying, plastering and tiling as well as a numeracy and literacy programme. The students were also given building tools worth more than R600 each.

"I wanted to be an interior designer but after completing my matric last year, I could not get a bursary. So, I took this course.

"After 13 weeks of training, I realised how relevant the course is to what I want to do," says Sibeko.

The course Sibeko took is given at No 17 shaft, which is situated between mine dumps at the end of an isolated and winding road at Crown Mines.

The area around the shaft has become a vibrant business and community training centre providing valuable skills to enable aspiring entrepreneurs and scores of unemployed youths to contribute to the RDP's housing development programme.

The designers of the course, Enter Education, say the aim of the course is to help those who graduate to find or create their own jobs.

The British funded project is expected to continue for the next 12 months and a new intake began their training at the centre this morning.

Course coordinator Mr Mahlomola Kekana says the "earn-while-you-learn" project has been designed to address the issue of "marginalised" youths and involve them in RDP projects.Sibeko says she is happy that she and other trainees will be able to subcontract to big construction companies to exercise their skills.

Coordinator of the community RDP forum at Protea Glen Mr Tenki Sekonya says the forum has already identified Stocks and Stocks and Home Grow as companies that are prepared to subcontract their various projects to those who have completed the course.

Awarded diplomas

The trainees will then be awarded Building Industries Training Board diplomas if they satisfy the board's requirements during their internship as subcontractors.

Sekonya says his forum has identified various RDP projects at Protea Glen and the trainees will be helped by various stakeholders.

Radebe: 14 000 jobs created

CT 23/8/95 (173)

SPECIAL CORRESPONDENT

JOHANNESBURG: The labour-intensive National Public Works Programme (NPWP) to fight unemployment and empower poor communities had created 14 000 short-term jobs in the past year, Public Works Minister Mr Jeff Radebe said yesterday.

Addressing a press conference in Pretoria, Mr Radebe said the jobs were created through the Community Employment Programme of the Independent Development Trust (IDT), one of the non-government organisations used by the Department of Public Works to implement the NPWP.

Through the IDT, his department had disbursed R31 million to about 315 communities, he said.

"Ultimately, more than 570 assets, ranging from creches to basic water and sanitation, will be created and an estimated 28 000 people will be employed for an average period of six months, when the total R70m (allocated to the IDT) has been spent."

Mr Radebe said his ministry sought to influence other ministries involved in providing infrastructure to reorient their mechanisms to create the most jobs.

For instance, he said, for every billion rands the Ministry of Transport spent to build roads, it created 15 000 jobs. If labour-intensive methods were to introduced, 60 000 more jobs could be created at the same expense.

The NPWP was firmly on course, Mr Radebe said.

Labour intensive scheme is ready

(173) Sowetan 23/8/95

ABOUT 300 000 new jobs could flow from the Department of Public Works programme, according to its coordinator Ms Lulu Gwagwa.

But, she told a media briefing in Pretoria, this figure depended on how much money the Government allocated for projects aimed at improving the country's infrastructure.

The Ministry of Public Works had budgeted R250 million to this end.

"The axis around which this programme revolves is the concept of labour intensiveness," Public Works Minister Jeff Radebe added.

He said that for every R1 billion spent on road construction by the Department of Transport, 15 000 new jobs were created. However, 60 000 jobs could be created with a labour-intensive approach.

Radebe said the programme had between January 1 and June 30 allocated a total amount of R70 294 to public works projects countrywide.

At least 489 projects would benefit from this resource.

The programme's first sub-programme, the Independent Development Trust, had allocated R31 million towards the creation of about 14 000 jobs. About R39 million was still available in the trust.

"Ultimately, more than 570 assets ranging from creches to basic water and sanitation will be created, and an estimated 28 000 people will be employed," Radebe said.

The public works programme would grant R8,9 million to the National Youth Service Initiative for the construction of a school, a centre for vagrant children and tourism centres in the Eastern Cape and Eastern Transvaal, Radebe said. – *Sapa.*

Mixed reply to contracts points system

STAFF REPORTER

A ROSTER system envisaged by the Department of Public Works that would reward building firms for affirmative action and channel work to marginalised firms has had a mixed reaction from the Association of South African Quantity Surveyors (ASAQS).

The pilot dual roster system is to govern the allocation of government contracts worth R300 million a year to the country's 7 000 quantity surveyors, engineers and architects.

The ASAQS said yesterday that although it supported the system's attempts to redress imbalances, it discriminated against smaller firms, some of which could be forced to close. It said the roster would have to be transparent, benefit the disadvantaged consultant and ensure a fair allocation of work.

(173) CT 30/8/95

Pay packets bulge as skills hunt picks up

BD 31/8/95 (173) (189) ~~55~~

Reports by Amanda Vermeulen

DEMAND for skilled manpower in the engineering and construction sectors is spilling over into related professions and putting salary packages under pressure, says recruitment company Tower Technical GM Mike Seager.

The company is a division of the JSE-listed Technihire, which is owned by French personnel group Ecco — the second largest manpower organisation in the world.

Seager said standards could be under threat in the medium term as demand outstripped supply. "Employers should be aware of the changing market, and plan ahead for their manpower needs, making rapid decisions on available candidates."

Seager said the country had not yet reached the stage of critical shortages of skilled manpower, but the company was strengthening its candidate base in anticipation.

"It is clear that the economic growth and brain drain have depleted the reserves of skilled manpower. This combination of factors has had a strong impact on demand."

The construction industry was facing stiff competition for skilled people from other sectors, and the upturn in demand was forcing companies to review salaries to bring them more into line with those in other professions.

"Inevitably, related sectors will follow suit, and inflationary pressures on salaries have already begun to take effect. This has been reinforced by affirmative action programmes as demand pushes salaries up for suitable affirmative action appointees, and existing staff on the same levels."

Until recently, demand had been very focused on technical and supervisory personnel. However, there was now a shift towards even more senior levels of management.

Some people had established themselves in their own businesses after being retrenched.

"Drawing them back into the formal sector will require considerable inducement, which is adding impetus to increases in pay."

Seager said the new direction in the market was forcing firms to recruit highly qualified foreign workers.

"While there is a vast pool of highly skilled people in the UK and Europe, there are still lingering doubts about SA's security situation."

For SA companies, a problem was the high cost of recruiting staff who were accustomed to being paid in hard currency, he said.

There was also the question of government opposition to overseas recruitment unless it could be proved similar skills were not available in SA.

KwaZulu told to get on with projects

(173)

Farouk Chothia

BD 1/9/95

DURBAN — Central government has told the KwaZulu-Natal government to initiate a R36,3m national public works programme by September 15 or have its role in the programme drastically reduced.

A central government source said the public works department had written to KwaZulu-Natal public works MEC Senzele Mhlungu setting him the September 15 deadline for the appointment of a task team to implement the programme.

Mhlungu's spokesman, Shaun Emslie, said central government was being "dictatorial" and "unfair".

Task teams, needed to assess applications and establish infrastructure, had been set up in all other provinces, the source said.

KwaZulu-Natal had received about 15 000 applications for funds from community-based organisations. The programme had failed to get off the ground as the province "lacked the capacity".

The KwaZulu-Natal task team was expected to be formed in March, but this had not happened. The province had later indicated the team would be formed in July. It again failed to do so.

He said Mhlungu had been warned that if the team was not appointed by September 15, other steps would be taken to ensure the R36,3m allocation was used. One option

Continued on Page 2

Public works

Continued from Page 1

was to bypass Mhlungu's department by setting up a team drawn from non-government organisations and the private sector that would report directly to the programme's head office. Another possibility was to second private sector representatives to the provincial department, while keeping Mhlungu as overall administrator.

Emslie said a director for the task team had been decided on, but the appointment had yet to be approved by the provincial public service commission. Interviews for task team co-ordinators and members would be conducted early next week.

The process was taking longer in KwaZulu-Natal as it had been "transparent". Unlike other provinces where appointments were simply made, KwaZulu-Natal had advertised jobs. Hundreds of applications had been received, he said.

Labour-intensive projects could employ 150 000 people

(173) ARG 7/9/95

Political Staff

BETWEEN 150 000 and 200 000 more people could be employed by 2000 on infrastructural projects if labour-intensive methods were to be widely used.

This projection by the department of public works was submitted to parliamentarians yesterday at a briefing on the National Public Works Programme.

The programme's national co-ordinator, Lulu Gwagwa, said the Community-Based Public Works Programme — which is part of the national programme — would create 30 000 jobs during the next financial year and 68 000 the following year.

In the roads sector, about 15 000 jobs were created for every R1 billion spent. This could increase to 70 000 jobs for every R1 billion spent if labour-intensive building methods were to be used.

Earlier in the briefing, Public Works Minister Jeff Radebe warned the programme, which had been allocated R250 million in the national budget, should not be regarded as a cure-all for the economic ills facing the country at present.

It was one of many strategies the government would have to embark upon.

He said the main aim of the programme was to ensure that when the state provided infrastructure, it did so in a way that would create the highest possible number of jobs.

This had to be accompanied by education and training that would give people skills they could use once the specific projects were completed.

Mr Radebe said the government, labour movement and civil engineering industry were currently putting the final touches to an agreement that would ensure that, where it was economically feasible, all forms of construction would conform to the dictates of the national public works programme.

THE STAR / THURSDAY SEPTEMBER 7 1995

Aim to break monopolies on State contracts

Disadvantaged to gain in new roster system

Star 7/9/95

(~~3044~~ 173)

■ BY JOVIAL RANTAO
POLITICAL REPORTER

Public Works Minister Jeff Radebe will launch a pioneer pilot roster system tonight through which firms from disadvantaged communities would gain access to lucrative State contracts.

The system was recommended to Radebe earlier this year by a private management consultancy he had commissioned to review and redesign the State's principles and procedures in appointing private consultants.

A probe by the consultancy revealed a high degree of unfairness in the awarding of State contracts.It was then recommended to Public Works that marginalised consultants be integrated and empowered in a transparent and acceptable way.

This exercise, Radebe has told The Star, would be the first part of a two-phase programme to restructure the system in accordance with the RDP.

Public Works would award points to firms and rank them according to their competency, programme of hiring and promoting people from disadvantaged communities, co-operation and skills transfer with disadvantaged firms, bursaries, black equity holding of at least 30%, and other human resource development policies.

When companies applied for State contracts, the appointments committee would use these criteria to rate them.

■ **Patrick Bulger** reports from Cape Town that "shocking and amazing" levels of rural poverty underlined the urgent need to increase the budget for job creation programmes, Radebe said yesterday.

He said that while there was strong support for more money to be allocated to public works, he was concerned that "people in government" were not yet aware of the importance of the National Public Works Programme.

Radebe warned that job creation projects were not a panacea for unemployment, which stood at about 50% of the economically active population.

Two strategies needed to be followed: public spending on infrastructure had to be redirected to promote large-scale job promotion and there had to be more funding for short-term projects and poverty alleviation.

With a draft Bill banning almost all child labour about to be presente

A day's hard graft for a kick in the butt

WM 8-14/9/95

Fumane Diseko

IT is 6.30 in the morning at a petrol station in Leandra. More than 35 people stuff themselves into the back of a van that is without ventilation. Among them are children of the ages of 12 and 13 and me, claiming to be 14 — we are going to work at a farm factory.

Only when the van swerves dramatically and people collide into each other in the dark do I know that it is moving. We cannot see where we are being taken — we can only trust that we are going to the correct destination.

When we reach Ernest and Johannes Swanepoel's farm, I am told that they don't hire people in the middle of the week, because the wages are paid on the Friday of every fortnight. With some persuasion from a friend I had made before getting onto the van, I am registered, having made it clear that I am fourteen. No identification is required, nor is my age questioned.

There is a wide range of jobs to choose from or be assigned to: making brushes with huge industrial machines, bringing loads of wood into the factory, sawing, or making step ladders.

I am swiftly assigned to work in the mop-making department, to my relief. My smugness later turns to disappointment when I discover that there is an even simpler job — sorting out the grass for making brooms of different grades.

A tall, balding, red-haired man is walking around the factory. It is the supervisor, Johannes Swanepoel. He has a tendency to manifest himself out of nowhere and the workers are abnormally terrified of him.

When he appears, there is instant silence. He shouts that we must work. The mop group cowers and whoever he comes close to shrinks away from him. I am told that he beats up his employees without discrimination or feeling.

I do not believe this until my friend is kicked on the buttocks for no particular reason when she is on her knees to pick up some bits of mop string from the floor.

Later on, shrill shouting fills the factory. Swanepoel is at a machine which has jammed and a boy, frightened and confused, is behind it. Swanepoel yells and shouts at him, slapping him around the head.

I am very happy when we have our first 30-minute break at 8.30 am. My friend tries to set me up with men who are "in love" with me, so that we can get money and food from them. It is a norm that a woman should have a boyfriend to subsidise her income.

At about mid-morning, I need desperately to go to the toilet. My friend shows me the way to the "loo". We walk for a long while, until we reach a pile of wood on an open plain. Miles and miles of farmland surround us and there are men nearby driving tractors.

When I realise I have to use the middle of an open plain, without any privacy, I refuse. Like a good worker, I go back to work despite the extreme discomfort.

The work is infinite. Besides exhaustion from standing up, it becomes mundane and tedious. I see children, mostly young boys of around 13, working in the wood department. They are hauling huge loads of pine wood, sawing them into shapes on huge industrial machines and making stepladders. A six-year-old is busy sweeping wood shavings. She is not being paid for it — she is there with her mother, who stays on the farm.

The belief that people are equal is very obvious, as adults and children slaved equally — the more fortunate for R120 and the less fortunate for R80 a fortnight. Most of the boys working in the factory live on the farm.

Later in the day, I notice there is a watchman on the roof, looking out for the police and other infiltrators. The factory employs illegal immigrants and, if the police come, the watchman bangs on the corrugated iron roof and they hide.

I slip away from my post and sit under the shade of the carport and daydream. I am not noticed by Swanepoel, who strides past, engrossed in a conversation. It is a good thing, because he is said to be the type who shouts at you for not working rather than firing you. The others tell me that he chases after workers who leave the farm before the end of the work day with his car and drives them back to work.



Glad to be fired: Diseko at the end of her day's work PHOTO: RUTH MOTAU

Eventually it is time for the truck ride back to Leandra. This time, it is an open-air truck. But I do not get to feel the fresh air I am looking forward to so much. While I am standing, waiting to get on to the truck, Johannes Swanepoel, being the brave brawler that he is, takes it upon himself to give me the kick he is so notorious for.

I kick him right back, but not from behind as he had done to me. Like a good soldier who does not shoot people from behind, I give it to him from the front and on the shin. I tell him where to get off, a tirade I will not repeat and, in return, he tells me to get off his farm and walk. I don't get the money I have earned — R10 — and he says I must fetch it the next day.

It is the first time I have ever been fired and I am glad.

Roster for state contracts

CT 7/9/95 (173)

SPECIAL CORRESPONDENT

JOHANNESBURG: Public Works Minister Mr Jeff Radebe has launched a pilot roster system to give firms from disadvantaged communities access to state contracts.

The Public Works Department would in future rank firms according to their competence and programmes for assisting disadvantaged communities, he said.

When companies applied for state contracts, these criteria would be used to rate them.

The initial system would involve professional firms such as architects, surveyors and engineers.

The pilot roster system would attempt to redress past imbalances and give opportunities to previously marginalised consultants.

KwaZulu stands to lose R30-m funding

Star 14/9/95

(173)

BY JOVIAL RANTAO
POLITICAL REPORTER

A head-on clash between the Department of Public Works and KwaZulu-Natal MEC for Public Works Sengele Mhlungu over non-delivery of community projects which can produce thousands of jobs, seems imminent.

Confidential documents in The Star's possession reveal that DPW Director General Sipho Shezi wrote to Mhlungu on August 28 expressing unhappiness about KwaZulu-Natal's tardiness in implementing the Community-based Public Works Programme (CBPWP).

In a tough-worded letter, Shezi informed Mhlungu that his lack of progress in appointing a task team to co-ordinate the implementation of the programme, would force him to review the decision to implement the CBPWP via the Public Works department in KwaZulu-Natal.

Once implemented the programme, with its labour-intensive requirements, is expected to create thousands of jobs for KwaZulu-Natal communities.

Shezi has given Mhlungu until tomorrow before he takes action.

The Star understands that one of the actions being considered is the withdrawal of R30-million in public works funding which was earmarked for KwaZulu-Natal.

In his letter to Mhlungu, Shezi said he had communicated to the KwaZulu-Natal MEC the importance of getting the programme off the ground.

He also mentions his frustrations about trying to meet Mhlungu to discuss the visible lack of progress in the province.

He said that, as an accountable officer for the CBPWP, he needed to ensure that responsible and appropriate decisions were taken to implement the programme.

"The CBPWP is premised on short-term, fast-track delivery, and therefore it will be totally irresponsible of me to allow the process of putting into place the necessary institutional mechanisms to be protracted beyond this point.

"Equally, I also think that it will be unethical for me not to begin to consider other alternative methods of delivery, if the provincial DPW is presently struggling to pull itself together to implement this national initiative," Shezi said.

The Star attempted to get Mhlungu's comments, but without success.

Radebe stresses the need for jobs

Sowetan. (173)

Minister says an agreement on job creation will be finalised soon

"SHOCKING AND AMAZING" levels of rural poverty underline the urgent need to increase the budget for job creation programmes, Public Works Minister Mr Jeff Radebe said yesterday.

He was addressing the portfolio committee on the RDP on the department's public works job creation programme. Radebe said that while there was "strong support" for more money being allocated to public works, he was concerned that "people in government" were not yet aware of the importance of the National Public Works Programme.

The programme was allocated R250 million in the 1994-95 budget but this fell far short of the R800 million recommended by the drafters of the works programme. Radebe warned, however, that job creation programmes were not a panacea for unemployment which stood at about 50 percent of the economically active population.

Two strategies needed to be followed: public spending on infrastructure had to be redirected to promote large scale job promotion and there had to be more funding for short-term projects and poverty alleviation.

He said a framework agreement on job creation would be finalised within weeks. Discussions were under way with the labour movement to resolve the issue of wage levels.

Outlining the success of the public works programme so far, programme coordinator Lulu GwaGwa said R150 million of the R250 million had already been allocated to the provinces with KwaZulu-Natal receiving the largest share. Funds had also been allocated to the Independent Development Trust and the South African Sugar Association for spending.

The provinces had created 489 projects involving 28 142 jobs. They included four brickmaking works, seven clinics, 15 earth dams and 80 community halls. – *Sowetan Correspondent.*

Alien plant clearing hailed

RDP plan will create jobs

(EX(173) ARG 15/9/95

JOHN YELD
Environment Reporter

A R25 MILLION reconstruction and development programme (RDP) project to clear "water-guzzling" alien vegetation from South Africa's mountain catchment areas will create 3 000 direct jobs and a further 20 000 potential jobs in the next two decades.

Most of the funding in the initial phase goes to the Western Cape.

The eradication project was announced yesterday by Water Affairs and Forestry Minister Kader Asmal.

He described it as "exciting and massive, the most far-reaching and significant campaign ever launched against these invasive alien plants in South Africa" and said it would help the RDP to achieve its potential.

The Western Cape will get R10 million to clear the Limietberg-Hottentots Holland mountains and R3,5 million for the Outeniqua mountains.

The rest is made up from R3,5 million for the Krom and Kouga rivers in the Langkloof area and R1,5 million for the Keiskammahoek-Stutterheim area, both in the Eastern Cape; R3 million for catchments of the Drakensberg in KwaZulu-Natal; R3 million for the Sabie and Sand rivers catchments in Mpumalanga; R3 million for the Letaba River catchment in the Northern Province; and R500 000 for national project co-ordination.

The project was hailed by conservationists as a first for Africa.

John Hanks of the World Wide Fund for Nature (South Africa) said Africa was increasingly portrayed as a continent without hope, and desperately needed success stories such as the alien eradication project.

KwaZulu-Natal 'dragging its heels'

Farouk Chothia (173) (4 ~~40~~)
BD 15/9/95

DURBAN — Public works director-general Sipho Shezi said yesterday he had recommended to Public Works Minister Jeff Radebe that implementation of a R36,3m national public works programme be taken out of the hands of the KwaZulu-Natal government because of its failure to appoint a task team to implement the labour-intensive project.

Shezi said he had written to KwaZulu-Natal public works MEC Senzele Mhlungu in August, setting a deadline of today for the task team to be in place. The deadline had not been met by yesterday. Radebe is expected to make a decision today.

Shezi said he had suggested that an "alternative delivery mechanism", reporting directly to him, be established in KwaZulu-Natal. Non-governmental organisations, community-based bodies and tertiary institutions had shown an interest in implementing the programme. Mhlungu's department was

Continued on Page 2

Task team (~~140~~)(173)

Continued from Page 1

BD 15/9/95

"welcome" to have representatives on the "alternative delivery mechanism".

Mhlungu's spokesman, Shaun Emslie, said candidates to serve on the task team had been interviewed and their names would be submitted next week to the provincial public service commission for approval.

But Shezi said he had "heard that story" since last October. There could be no further delays as delive[illegible] needed to take place. The R36,3m wa[illegible] a roll-over from the 1994/95 financial year.

Emslie said Mhlungu's private secretary Eric Ngubane would meet Shezi today to argue for the release of funds to the KwaZulu-Natal government as the "last obstacle (putting the task team in place) is being overcome".

Shezi said he had no meeting scheduled with Ngubane.

R28-m to move invasive alien plants

(173) (56) Star 15/9/95

Cape Town – The Government has launched a R28-million project to clear invasive plants from water catchment areas.

At the launch yesterday of the project, which is expected to create about 3 000 jobs, Water Affairs and Forestry Minister Kader Asmal said: "Invasive alien plants are an enemy because they displace indigenous vegetation, and because they pump precious water from the soil like wanton windmills."

He said certain species of pines, wattles, gums and hakeas impacted significantly on South Africa's water catchment areas. "They are a barrier between us and the achievement of a sustainable use of water."

In Western Cape, for example, it has been estimated that the yearly water yield could be decreased by between 30% and 50% if alien plants in catchment areas were left unchecked. Some R3-million for the project would come from the forestry industry and the rest from the RDP office.

The project would continue until the end of March next year, after which it would become part of the maintenance procedures for water supply, creating at least another 20 000 jobs for the next 20 years. – Reuter.

WAR DECLARED ON ALIEN PLANTS

R13m Cape jobs boost

(173)
ET 15/9/95

THE GOVERNMENT has announced a labour-intensive programme to rid the water catchment area of thirsty alien vegetation, while creating jobs. **MELANIE GOSLING** reports.

WATER AFFAIRS Minister Mr Kader Asmal launched a major R28 million environmental initiative yesterday to clear alien vegetation from the nation's water catchment areas — creating 3 000 jobs immediately and 20 000 over the next 20 years.

Announcing the project, part of the National Water Conservation Campaign, Mr Asmal described it as the "most far-reaching and significant" campaign ever launched against alien plants.

The project, for which the RDP office has released R25m and the Forestry Owners' Association donated R3m, will help secure water supplies necessary for social and economic restructuring.

Alien plants had a serious negative impact on water catchment areas and storage dams because they used far more water than indigenous vegetation, he said.

In the Western Cape alone the annual water yield would be decreased by between 30% and 50% if the alien plants were left unchecked, he said.

"Invasive alien plants are an enemy because they displace indigenous vegetation and because they pump precious water from the soil like wanton windmills."

The project will kick-off in the Western Cape where R10m has been allocated to eradication in the Hottentots-Holland mountains where the need is greatest.

Labour intensive

Other allocations are: R3,5m to both the Outeniqua mountain region in the Western Cape and the Langkloof region in the Eastern Cape; R3m to catchments in both the Drakensberg foothills and catchments of the Sabie, Sand and Letaba Rivers; R1,5m to catchments around Keiskammahoek in the Eastern Cape and R500 000 to national project co-ordination.

Mr Asmal said the project would create 3 000 jobs at a small cost compared with creating industrial jobs. It had the potential to create 20 000 direct jobs for 20 years or more. It would also further the aims of the RDP because:

- It was a labour-intensive, capacity-building programme;
- It could stimulate disadvantaged communities economically;
- It could help get water to communities deprived of water;
- It would result in less expensive water in the long-term.

World Wide Fund for Nature (WWF) director of conservation Dr Ian Macdonald described the project as a "breakthrough" for both the RDP and the environment.

"For the first time we are seeing large-scale people-friendly environmental management being implemented on a huge scale."

WWF chief Dr John Hanks said: "The environmental situation in Africa can only be described as an eyesore to mankind. Africa desperately needs success stories by having projects which succeed. This project falls right at the top of what Africa needs because it links conservation with development."



ALIEN WARES: Forestry Minister Mr Kader Asmal relaxes on a bench made of Port Jackson, an alien plant, while the men who made it, Mr Johnson Thandani (left) and Mr Aaron Bakala, look on. Mr Asmal has declared war on alien plants. *PICTURE: ANNE LAING*

Urgent works indaba due

(173)

Farouk Chothia

BD 19/9/95

DURBAN — Public works director-general Sipho Shezi and KwaZulu-Natal public works MEC Senzele Mhlungu are due to meet to resolve differences over a R36,3m national public works programme for the province.

Mhlungu's private secretary, Eric Ngubane, said Shezi had requested the meeting as a matter of urgency.

It was hoped that the meeting would take place this week.

Mhlungu would appeal to Shezi to release R36,3m as "all requirements" had been met.

Manufacturing shows strong growth

CT(BE)19/9/95 (180)

BY DEREK TOMMEY

MINING EDITOR

The manufacturing sector is experiencing strong growth. The Central Statistical Service's figures show that the volume of manufactured goods produced in July was 9,7 percent higher than a year ago and if the contribution of the former TBVC states was included, the growth in output would jump to 11,8 percent.

This is part of a steady trend that has developed in this sector. In the three months to the end of July, the physical volume of output was 12,0 percent ahead of last year.

An analysis of the different manufacturing divisions indicates that the growth is being fuelled by a sharp rise in the demand for motor vehicles, export demand and the local boom in new capital investment.

The biggest growth in output was experienced by the motor vehicle sector, where the value of output, compared with last year, rose R467 million or 19,4 percent to R2,88 billion.

But hard on its heels was the basic iron and steel sector with a rise of R462 million or 38,1 percent in production to R1,67 billion.

Other sectors showing substantial higher production included paper products (33,9 percent), non-metallic minerals, excluding glass, bricks and cement (22,4 percent), rubber products (22,4 percent), and industrial chemicals (24,5 percent).

Job creation lags upsurge in economy

(173)

BY DEREK TOMMEY

CT(BE) 19/9/95

The upsurge in the economy is failing to generate a significant increase in jobs in the manufacturing and construction sectors, figures issued by Central Statistical Service show.

The manufacturing sector hired an additional 9 154 workers in the first three months of this year bringing to 1 419 131 the number of people employed in the sector.

Employment in the construction sector also increased, with the number rising by 10 524 to 365 638.

But employment in the electricity sector dropped by 123 to 39 637, and between December and February there was a net loss of 10 646 jobs in mining, the number employed there falling to 589 973.

The service report indicates that the number of jobs in the four sectors rose 1 018 to 2 416 598 in the first two months of this year.

However, since early 1990 the manufacturing sector has shed more than 120 000 jobs.

CT(BE)19/9/95

'Port conditions must improve'

BY JON BEVERLEY

SPECIAL WRITER

CT(BR) 19/9/95

South African harbours can look forward to becoming an important transhipment base for ocean cargoes, Stephen Matthews, the supplements editor of Lloyd's Ship Manager said in Durban yesterday.

He was speaking at an international conference on shipping challenges and opportunities in South Africa.

Matthews said South Africa possessed several geographical advantages to allow it to become a regional hub for Africa and an international hub for services linking continents in the southern hemisphere.

But he warned that port conditions would be a key factor in turning these advantages into a viable development.

He was speaking against the background of the congestion in Durban and Cape Town when imports surged and labour troubles were encountered.

He said any review of the long-term development of ports should take the transhipment potential into consideration.

He said that if the major shipping lines started to use South African ports there would be a significant increase in traffic. Last year, Mediterranean Shipping transhipped 46 500 containers through South Africa, a large increase on 1993.

A feeder service from a central hub would be able to cope with the difficulties and delays found in the smaller ports.

He said it was generally recognised that while the ports had taken short-term measures it was "recognised that congestion will continue to be a problem until major new investment in facilities takes place".

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CT(BR)19/9/95

ANC, IFP may clash over R36m

CT 20/9/95 (264) (173)

SPECIAL CORRESPONDENT

JOHANNESBURG: The Department of Public Works is expected to ignite a political clash between the ANC and IFP today by removing from the control of kwaZulu/Natal Public Works Minister Mr Senzele Mhlungu R36,3 million for community projects.

The department's director-general, Mr Sipho Shezi, said yesterday the money was not being removed from the province, but transferred because Mr Mhlungu's department could not deliver projects which could have yielded thousands of jobs and developed skills.

Sugar beet plan could solve job crisis

Kevin O'Grady
BD 21/9/95

EAST LONDON — The establishment of a sugar beet industry in the Eastern Cape could be part of the answer to the province's unemployment and poverty problems, according to agriculture MEC Tertius Delport.

Delport said yesterday that the provincial government had sponsored a team to travel overseas to investigate the acquisition of an inexpensive, or free, sugar beet mill to enable the industry to get under way.

A number of sugar beet-growing experiments had been undertaken in the province and had gone very smoothly.

Experts from England had also visited the province to assess the suitability of conditions for growing the crop.

"The experimental plots were of a very high quality," Delport said. "We will have a better idea when we can start growing when we know if they have been able to secure a mill."

"Obviously the industry must be viable or we would not be supporting it financially," he said.

The cost of buying a new sugar beet processing plant could run into hundreds of millions of rands, and there could be a saving if the overseas team was able to secure the donation of a redundant plant.

Trial plantings were originally done near Cradock after the end of the First World War with the idea of settling ex-servicemen as farmers. However, opposition from Natal cane farmers put an end to any further development.

PUBLIC WORKS (173)

Velvet glove FM 22/9/95

Fears that affirmative action policies at the Department of Public Works could lead to the collapse of quality standards and abuse of tender contract allocations appear wide of the mark — at this stage.

The recent introduction of a new consultants' pilot roster system by Public Works Minister Jeff Radebe signalled the start of the long-awaited policy change towards affirmative action.

But while previous speculation (fuelled by a public spat between Radebe and former Public Works director-general Theo von Robbroeck) indicated that contractors would be targeted by the policy change, the new pilot roster entails a fairly mild refocusing of the R150m-a-year government consultancy business in the construction and building sector.

Architecture, engineering and quantity surveying firms operating in the sector will have to meet stricter "human resource development" criteria in order to qualify for future State consultancy contracts.

But, confirms Radebe, "this figure of R150m affects the R1,5bn capital works projects put out each year by national and provincial government. In view of this considerable amount of expenditure, there can be no denial that this calls on the government to ensure that the money is spent ac[illegible] priorities and policies."

Nevertheless, the consultancy pilot roster criteria laid down by the department's deputy director-general (building services) Sivi Gounden contains many quality safeguards. If implemented, these will ensure that work standards remain at sufficient levels to protect public funds spent on government consultancy tender contracts. Criteria and principles include:

- ❑ Consultants must be "competent" to carry out the work tendered for;
- ❑ The work must not be compromised in terms of quality and cost control;
- ❑ The social responsibility criteria for consultancy firms to qualify for the roster includes acceptable percentages of "previously marginalised" and female principals in the firm; and
- ❑ An "exceptional" human resource development policy and record, as well as the firm's developmental social responsibility contribution.

Says Radebe: "The purpose of the pilot roster is a developmental one — to increase capacity and experience among previously marginalised firms and encourage all firms to embark on responsible human resource development. We would like to see similar initiatives by the private sector in acknowledgment that economic growth is directly linked to human resource development."

Alliance of Development Professions (ADP) CE Cliff McMillan comments: "The system has been designed to operate in a fair and transparent manner and without compromising quality of service or project control." The mainly white ADP represents engineers, architects and surveyors.

"ADP believes the system will serve a proactive developmental purpose and discourage tokenism or abuse in its application," says McMillan. ■

Report on racial clashes at technikon

Star 25/9/95

Investigations into racial clashes at Vaal Triangle Technikon which left several students injured earlier this year have been completed and will be released tomorrow.

Education Ministry spokesman Lincoln Mali confirmed last week that the report concerning allegations of mismanagement which led to the running battles between black and white students was on its way to the chairman of the technikon's council.

The report, which is said to confirm that irregularities had taken place and to make recommendations for disciplinary action, is to be released to the media tomorrow after the technikon's council had had an opportunity to study it.

However, Vaal Triangle Technikon spokesman Marietta Herselmann said last week that she had not received any notice that the report was to be presented.

She said that she had no idea what was to happen tomorrow, but cautioned that the Education Ministry had no sway over what the council would do with the report.

The cause of the clashes was believed to be the alleged mismanagement by several Vaal Triangle Technikon officials.– Education Reporter.

Department looks at how to spend cash

(173) Star 25/9/95

The Department of Public Works is considering other ways of using its R36,3-million community-based National Public Works Programme after it withdrew the funds from the control of KwaZulu-Natal MEC for Finance and Public Works Senzele Mhlungu.

Speaking in Durban on Friday, Public Works Minister Jeff Radebe emphasised that the R36.3-million would not be withdrawn from the province.

"We will not let the people of KwaZulu-Natal down," he said, adding that the department had decided to transfer the funds from Mhlungu to other organisations in the province.

It was not clear on Friday why a proposed meeting between department Director-General Sipho Shezi and Mhlungu, scheduled in Ulundi, failed to materialise.

The meeting was intended to discuss the problems that have led to the delay in the implementation of public works' labour intensive projects aimed at reducing unemployment.

In addition to the R36.3-million, the department has given R12-million to the Sugar Association. – Political Reporter.

Door-to-door delivery a huge success

BD 27/9/95 (173)

Theo Rawana

A PROGRAMME in which taxis were used for door-to-door delivery of telephone directories had proved so successful that more than 200 000 deliveries had been made nationally since the project began last November, initiator Help Foundation said this week.

Executive governor Martin Pieterse said Help would be injecting more than R2m a year into the taxi industry over the next three years, half of which had already been spent.

The foundation had decided to explore the most appropriate method of facilitating projects for the taxi industry throughout SA by using selected taxi drivers during off-peak hours, between 9am and 4pm. The organisation had already secured a national contract from Telkom.

"Each year some 4 500 to 5 000 owners/drivers are being given additional gainful employment, and about 10 000 unemployed and destitute youths are also being recruited as caddies or 'jump boys'," Pieterse said.

Inefficient labour market 'holds growth to ransom'

(173)

DEALING with the problem of the poor performance of the labour market was one of the most serious challenges facing SA today, the SA Chamber of Business (Sacob) said yesterday.

In its submission to the Labour Market Commission, Sacob said the labour market's poor performance over recent years had caused the economic marginalisation of an increasing proportion of the population and was an important deterrent to economic growth. BD 12/10/95

The commission was appointed earlier this year as part of Labour Minister Tito Mboweni's five-year programme of action to address issues of job creation and wage determination.

Sacob said an efficient labour market would contribute significantly to increased competitiveness, as well as to high growth and high levels of job creation.

Sacob favoured "the most flexible employment practices and wage structures possible, subject to the protection of basic human rights" and had serious doubts about the wisdom of a national minimum wage and a national income policy in the SA context.

While it recognised the need for a social security net, Sacob said the structure of such programmes should be aimed at "the protection of the individual rather than at protection of the job".

However, labour market policy was only one component of the measures available to government to increase growth and employment levels.

"Strict monetary policy, disciplined fiscal policy and a liberal trade policy are equally important."

Clarity on the respective roles of the National Economic, Development and Labour Council (Nedlac) and Parliament would have to be obtained. It said Nedlac should not be the sole method of interaction between interest groups and government. —Sapa.

Mboweni, commission in bid to head off labour row

(173)

Renee Grawitzky
BD 23/10/95

LABOUR Minister Tito Mboweni and members of his labour market commission are working to head off a potential row among themselves over research being conducted on the correlation between wages and employment.

A number of commission members indicated unhappiness after Mboweni disclosed during a recent Centre for Policy Studies seminar that initial findings of research being conducted for the commission by a US academic indicated that the level of union-negotiated wage increases was having a negative effect on job creation.

Commission members indicated last week their unhappiness that the minister had pre-empted their work.

They said the internal proceedings of the commission were confidential — as were the submissions — until a final report was released. The release was scheduled for early next year. They said the comments were based on initial and as yet inconclusive findings by Sam Bowles of the University of Massachussetts.

Mboweni said the initial research reflected that if productivity gains were fully "swallowed up" by increased wages then the economy's capacity to create jobs would be limited. He suggested the possibility of entering into some sort of accord to deal with this.

Cosatu general secretary Sam Shilowa rejected at the weekend the notion that wages contributed to the growth in unemployment. He said the real issue was the high level of inequality in the workplace where huge wage gaps existed between worker and management earnings.

He said it was a right-wing view that it was better to earn R1 an hour than to have no job at all.

Set up by the labour ministry earlier this year, the commission's terms of reference included examining elasticity of demand for labour, and how wages and employment were related.

Jobs boost from new R54-m plant

NORMAN JOSEPH, Staff Reporter

(173)

A NEW R54 million tank container plant for Consani Engineering in Elsies River will provide jobs for more than 100 unemployed people.

The plant, in Consani Road, was opened by Minister of Trade and Industry Trevor Manuel.

A company spokesman said a growing export demand had prompted Consani to open the plant.

The spokesman said the company believed firmly in labour empowerment and developing people to their maximum potential.

The new plant consisted of different work stations and would need more than one person to control production machinery. Each station had eight sections and would be supervised by a team leader.

The spokeman said that in the past eight years Consani had introduced several liberal policies such as:

- A monthly Workers Forum with hourly paid employees having representation in executive management meetings;
- Transparency with monthly profit disclosure to all employees;
- A 40-hour working week;
- Multi-skill programmes within a formulated structure and;
- Profit share to each employee.

ARG 24/10/95

SA's New Deal — national service

(173) BD 25/10/95

Anna C Starcke

SA's inflation is at a 20-year low, the Business Confidence Index at a 10-year high, and private sector gross domestic fixed investment has at last resumed a healthy growth rate.

Moreover, the World Bank boss says nice things about us on CNN and our business delegation at the IMF annual conference in Washington is able to extol, quite reasonably, anticipated benefits flowing from our brand new labour laws.

At home, President Nelson Mandela has just received the final report from the Business Initiative Against Corruption and Crime workshop in mid-August, brimming with practical ideas. Also encouraging in this context is the announcement that police commissioner George Fivaz will be off to New York to study first hand that police department's methods in achieving a substantial reduction in crime. (Of course, Fivaz could have learned all he needed to know from Simon Barber's article some weeks ago. But let that be.)

And so the business pages of the print media moot the possibility that an economic transformation worthy of the "political miracle" might, after all, be in the making. The familiar cautious optimism extends to the economists' Nirvana of a "sustained 5,5%-plus" economic growth rate a few years down the line. Such growth could indeed be a real possibility in three years' time.

So why bitch now about a crisis? It is because none of the above is capable of dealing with the socioeconomic monster we have collectively created. And if we pin our hopes on that 5,5%-plus growth rate for gaining socioeconomic health, the monster will yet devour us.

Hyperbole? Hardly.

SA has evolved over decades into a disaster area of poverty, crime, opportunism, mental paralysis, graft, and trauma-induced pathology — albeit one interspersed with islands of efficiency, high living, high profitability and, yes, here and there, normality. The damage — measured in joblessness, homelessness and lawlessness of utterly frightening proportions — is of such a scale that those who believe "normal" planning and growth models could lead to a turnaround within five or even 10 years are simply deluding themselves.

Unless extraordinary measures of the type applied in times of war are urgently considered, even respectable economic growth is not going to bail us out.

And the longer we sustain the myth that it can, the less likely we are to concentrate minds on radical solutions that might work.

But isn't the reconstruction and development programme precisely such an extraordinary, radical policy? As a design concept it certainly is. That similar programmes have been remarkably successful elsewhere, especially in Southeast Asia, is also beyond doubt.

But their success was heavily dependent on an authoritarian environment in which rent boycotters, and invaders of land earmarked for development, would have got short shrift. Municipal workers who trashed their city would have been tried as economic saboteurs, and the notion of toyi-toying striking policemen, nurses and teachers would have been unthinkable.

Which is not to say I am in favour of authoritarian regimes, or that we should not push the RDP for all it is worth.

But this highlights two points. Firstly, the Southeast Asian option is not available to us. Secondly, the RDP, constrained by the financial and constitutional policy framework in which it has to operate, can neither effect a relatively quick material turnaround nor, by itself, rid SA of the grip of near-anarchic lawlessness.

If we cannot, realistically, look to the formative years of the Little Tigers (or, for different reasons, to post-1945 Germany) as rescue models to emulate, then where do we turn for inspiration for the type of extraordinary, radical measures we need to combat our triple-hydra of joblessness, lawlessness and near-collapse in the most important public service functions?

Perhaps we should turn to the mid-thirties of Roosevelt's America and Hitler's Germany.

Before anybody gets the vapours: if it made sense for the liberation movement to enlist the assistance of Stalin's USSR to fight apartheid, it surely makes sense for the democratic government to see whether it can learn anything from the measures introduced to save Hitler's bacon when Germany found itself in a similarly desperate situation.

In short, we need our own version of the New Deal and the Arbeitsdienst — a two-year nation-building national service. It could be called Ngendlela Entsha — a New Way. It needs to be universal and compulsory for school leavers and graduates and include as many of the unemployed as possible.

School leavers and the bulk of the unskilled unemployed would be given basic training and put to work building roads and houses. Graduates would work in hospitals, collect taxes, teach emerging farmers, introduce and/or man computer systems and generally prop up government services.

As somebody said after Health Minister Nkosazana Zuma called for compulsory service for medical graduates: "Why should the same principle then not apply to teachers, engineers and lawyers?" Why not indeed? And accountants and statisticians too. The basic idea is nothing new — variations of it have been floating around for more than a decade — but obviously there was no chance of implementation in the pre-democracy period. With that obstacle out of the way and mounting pressure on government to deliver — the goods to the people, the people from crime and the economy from chaos — neither the need nor the circumstances could be more propitious.

SA is fortunate in having in Mandela perhaps the only person capable of selling such a policy to the populace at large without resulting in mass action and/or mass emigration.

That this extraordinary resource is ours for only a limited period of time should concentrate minds furiously.

Here is an indication of what might be achieved. In the US, where participation was voluntary, the works progress administration improved in the seven years of its existence 900 000km of rural roads and it repaired 85 000 public buildings; it built 78 000 bridges and viaducts and laid 110 000km of city streets and 40 000km of sidewalks; it brought into being 8 000 parks, 350 airports and 40 000 buildings, and "a vast miscellany of sewerage and water systems".

But what of the cost? A compulsory local version for school leavers and graduates would presumably entail board and lodging and pocket money (the Arbeitsdienst model), with pay for the roped-in unemployed at 20% to 30% below the going rate (the New Deal). Initial financing could come from an RDP levy or else be the major private sector RDP contribution.

The project could be self-fi[illegible]g within two years if it is true that public service staff shortages have caused an uncollected tax deficit running to billions.

The gist of this plan forms part of the Business Initiative's final report to the president. Black and white leaders of the public and private sectors whom I have canvassed have privately expressed support for it, some of them admittedly only behind closed doors.

Now is the time to give them an opportunity to put their public support and/or money where their mouths are.

□ Starcke is a political consultant.

Subcontracting of garment work may create jobs

(173) CT (BR) 25/10/95

BY AUDREY D'ANGELO
CAPE BUSINESS EDITOR

Although the clothing industry in South Africa would have to outsource production of cheaper garments to neighbouring countries, it could create more jobs by doing subcontract work for American and European companies, said Hennie van Zyl, the director of the National Clothing Federation, yesterday.

Commenting on a statement by Christo Wiese, the chairman of Pepkor, that factories producing clothes for the cheaper end of the market could not compete with those from low-wage countries, Van Zyl said that by relocating factories to countries where labour was cheaper, South African companies would be following an international trend.

Their counterparts in the United States and Europe had done the same.

In 1983 the proportion of European companies' turnover manufactured outside the European Union was about 28 percent.

By 1993 this had grown to 40 percent and still showed a steep upward trend.

This was because European manufacturers, faced with rising costs, including labour, and downward pressure on domestic retail prices, had been forced to outsource production.

Three years ago 56 percent of German manufacturers' output was produced outside the EU.

However, the German clothing industry had not been wiped out, said Van Zyl.

In 1993 the number of people employed in the industry had fallen to 140 000 from 160 000 five years earlier. But those still employed in it were highly skilled and earning more.

Van Zyl said wages in the South African clothing industry were at a medium level by international standards.

It would pay European and American companies to have clothing for the top end of the market made here, he said.

Some South African companies were already receiving fabric from them to be made up here.

The clothing federation and Textile Federation of South Africa were pressing the government to facilitate this by extending the Duty Credit Certificate export incentive scheme to cover this type of work.

If they obtained this concession there would be a flood of work that would keep factories busy and create more jobs here.

The global clothing market was worth about $200 billion a year, said Van Zyl.

He said that the creation of jobs in neighbouring countries would lessen the flood of illegal immigrants to South Africa.

Bernard Richards, the vice-president of the clothing federation, said wages in Malawi, Botswana and Namibia were between 25 percent and 30 percent lower than in South Africa.

New work scheme for Soweto youths

■ BY PATRICK WADULA

A youth work scheme to assist the unemployed in acquiring skills and training has been launched in Soweto by the Joint Enrichment Project.

YWS co-ordinator Dumisani Zulu explained that 20 youths from Soweto were put on a six-month training programme. Ten of them were sent to Baragwanath Hospital and the rest to Khutulani primary school.

The idea was conceived because of the difficulties young people faced in finding jobs, he said. The project gave youths the opportunity to gain some work experience.

At Baragwanath, the youth helped in the children's wards where they fed and bathed patients. The youths also painted the hospital walls and planted flowers in gardens.

Zulu said there was one daunting task left – finding jobs for youths with at least six months experience. He urged the Government and businesses to open their doors and provide work.

The projects were funded by diverse organisations such as Nedcor, Plascon, Sappi, Gencor, CNA Gallo, JCI, USAid, the Netherlands' embassy and Pick 'n Pay.

(173) (398) Star 31/10/95

Wine estate to create 2 000 jobs

CT 7/11/95 (173)

CAROL CAMPBELL

THE Western Cape will gain 2 000 new jobs when the new Spier wine estate near Stellenbosch is fully operational, and developer Mr Dick Enthoven said he hoped it would become a role model for other new businesses.

When it's finished, in roughly five years, the R125 million development will include a world-class hotel, a "cultural village", golf course, health hydro, restaurants and much more aimed at visitors.

In the short-term 500 new jobs have been created and local farmers are being encouraged to produce for the estate's kitchen.

"The basic philosophy of the RDP has guided us — we want to involve the local community in the project and our relationship with the staff will be one of partnership." ("We" are business partners Mr Gus Pickard, Mr Geoff Snelgar and Mr Miles Japhet of Johannesburg and Mr Tony Chinery of Durban.)

Mr Enthoven has taken over an old University of Stellenbosch building as a training centre, and nearby a farm school is to be refurbished and equipped for the children of staff and the community.

He has also brought in world experts in the hospitality industry to run Spier, and they will all take on apprentices.

Possibly his biggest coup was enticing former Sowetan Mr Jabulani Ntshangase back into South Africa from New York to oversee the wine operation.

Fishing for answers

ARG 11/11/95 173 R30

Own Correspondent

DURBAN. — Small business and the informal sector do not offer quick, easy solutions to poverty and joblessness, says a leading development analyst.

Before investing vast sums in its programmes to boost small and medium-sized business, the government and the private sector should examine the whole question of intervention in the sector.

This advice is contained in an article, *Before you teach a man to fish, find out why he can't*, in SA Development Digest published by the Centre for Developing Business at Witwatersrand University.

The writers say many of the assumptions underlying assistance programmes for small business are based on the premise, repeated often at seminars and conferences, that "it is better to teach a man to fish than to give him a fish".

"Given the decline in job opportunities in the formal sector, job-creation through self-employment is regarded by government and the private sector as a priority.

"Providing assistance to the small business sector has been portrayed as a seductively simple way of achieving this, as it provides an arena for achieving national as well as personal economic wellbeing."

However, the authors argue, with the country's vast needs and limited resources, it should be asked whether "straight-forward welfare" would not be more cost-effective and beneficial than the promotion of small business — which is slow to make itself felt and for which it is difficult to predict results.

"Policy-makers must choose between the certainty of immediate but transient benefits (with welfare) and the possibility of deferred but substantial gain (by encouraging small business).

"In South Africa the needs are too great and the resources too limited for us to be coy about costs," say the writers.

They maintain the more general the form of business help offered, the less likely it is to succeed.

The fishing analogy, the authors say, requires that someone who cannot fish, is not self-taught and has not learned the skill from family or friends, can gain the know-how through the intervention of an outsider.

Similarly with business, not everybody is equipped genetically, educationally or socially to become an entrepreneur. "People put at a disadvantage by an incomplete education or lack of property (to use as loan collateral) generally need a lot of help before they are able to run successful, self-sustaining businesses."

While most "true" entrepreneurs will succeed without assistance, large sums could be wasted providing subsidies or protection which distort natural markets and have proportionate benefit in terms of jobs and efficiency.

Water affairs launches its employment policy

(173)
BD 16/11/95

Stephané Bothma

PRETORIA — A comprehensive employment policy based on equality, corrective action and participative management was launched by Water Affairs and Forestry Minister Kader Asmal this week.

Launching the employment equity policy, water and forestry affairs became the first government department to release a departmental corrective action policy document to serve as a guideline for the systematic selection and promotion of its employees.

"The document is not a threat to anyone, but the only way to meet moral and constitutional obligations," Asmal said.

Corrective measures include a recruitment programme targeting previously excluded persons, initiation of new bursary schemes and reallocation of existing bursary resources, education, training and development programmes.

The policy also included numerical goals — but not rigid quotas — for employment, training and promotion of previously excluded groups.

Asmal said the policy embodied the spirit and requirements of the constitution, considering corrective action, representativeness and the spirit of the new, democratic SA.

Asmal said the aim of the process was simple — to ensure that employees took control of their own destiny, and to correct the effects of an unjust past.

"The policy rests on the key concepts of fundamental equality, corrective action and participative management. Indeed, there is a fundamental break with attitudes that were prevalent in the past such as racism, patronage, sexism, cronyism and command-and-control managerial style."

Corrective action required the removal of illegitimate distinctions in conditions of service and employment practices whether directly or indirectly based on race, sex, ethnicity, age, culture or language. Within a week, an employment equity committee — the driving force behind the implementation of the policy — would be established.

He said if employers did not meet constitutional requirements for employment, government would be forced to implement legislation in this regard.

Government initiatives to promote jobs and investment

(173) (Zulu)

BY BRUCE CAMERON

Pretoria — The trade and industry department is to press ahead with a number of initiatives to promote jobs and investment.

These will include a one-stop shopping centre for foreign investors and a new institutional framework for small business development which will incorporate a new wholesale finance agency.

Legislation will go before parliament next year to facilitate the new structure for small business, including the whole finance agency, a national small business council and a small business promotion agency.

The trade and industry department is to establish a chief directorate for small business promotion by the end of January next year.

The wholesale financing agency will be known as Khula (the Zulu word for support) Enterprise Financing, and will focus on loans, a national credit guarantee fund, institutional capacity building and grants. A core team is discussing the capitalisation of Khula with the finance department. Operational details are expected to be announced next month.

The Ntsika (Tswana for "doing the right thing") Enterprise Promotion Agency will be responsible for non-financial support to small business.

CT (BR) 20/11/95

Unions have negative effect on job creation, says report

ET(BR)24/11/95(Ed) (173)

STAFF WRITER

Johannesburg — South Africa's trade unions are having a devastating impact on employment creation, according to an Econometrix report on inflation.

The economic research unit says one of the significant new factors keeping inflation low is the increased economy of scale from increased output associated with the economic upswing.

The report notes that employment has only increased minimally, despite positive economic conditions. Econometrix points out that labour productivity has therefore improved markedly.

This implies that even if wage increases are still in double digits, they need not be commensurately inflationary.

Business had substituted capital for labour with the increased employment of new technology and additions to machinery and equipment over the past year. This was probably keeping cost increases down compared with past upswings, the report said.

"If that is so, it represents not only a favourable outcome for inflation, but also a sad indictment of the devastating impact on employment creation which the enormous power of South Africa's trade union movement appears to be having."

SA told to concentrate on creating jobs

CT(BR) 29/11/95 (173)

BY DEREK TOMMEY

Johannesburg — The government is not doing enough to reduce unemployment, says Peter Hilsenrath, an American economist from the University of Iowa who is spending a year with Syfrets as chief investment strategist.

Government officials were saying the employment was structural — and were using this as an excuse to ignore it, he said.

Hilsenrath said he would like to see the government tackle unemployment more aggressively — firstly by greatly increasing spending on the RDP.

"It has billions of rands available to spend on the housing programme. If local government authorities cannot do the job it must create a national authority which will issue contracts to the private sector."

He would like to see a lower rate of inflation but not at all costs, and he rejected the argument that large-scale RDP spending would be inflationary.

"It might be if the money were spent in waste, but not if it were spent wisely and productively on useful projects."

Priority

Inflationary objectives should be pursued without compromising growth and should be the second priority, Hilsenrath said.

One way of helping the private sector to create jobs would be through an improvement in exports, which could be achieved by a slightly weaker rand.

Hilsenrath, who has had extensive experience in the United States in health economics and health insurance, said he would like to see more attention paid to primary health care and education as these were vital to the country's long-term growth.

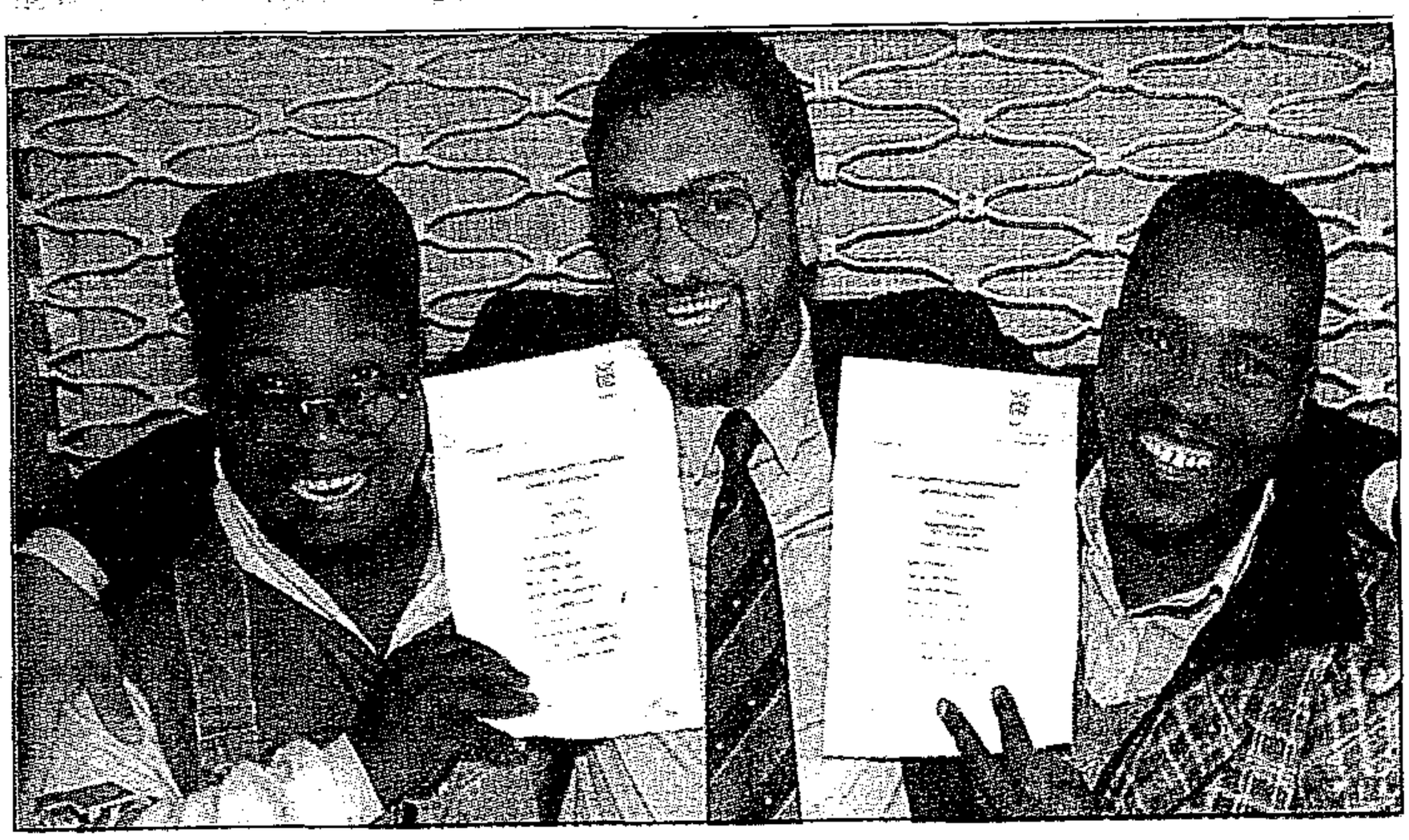
The technikons were doing a good job but were not reaching enough people.

He suggested developing an outreach programme which would bring vocational training to every village.

The medical care system also needed to be revised and this could lead to a reduced burden on the fiscus, he said.

Hilsenrath has been a regular visitor to South Africa since the middle 1980s, and lectured for a while at Wits University.

ITICS



SUCCESS: All set to tackle the government tendering system are new management graduates Mr Johnson Jonas (left) and Mr Liefie Leisa (right). With them is the regional training manager for the Building Industries Federation of South Africa, Mr Solly Solomons. *PICTURE: CLIVE SMITH*

RDP projects 'must provide jobs'

(173) CT 30/11/95

POLITICAL STAFF

EVERY RDP project had to ensure local participation, control and jobs, the RDP office's chief director, Ms Tanya Abrahamse-Lamola, said yesterday.

"In short, there must be work for our people," she said in Belhar at the graduation course of the first 60 "emerging contractors" from the Integrated Serviced Land Project to pass a management training programme.

Ms Abrahamse-Lamola said one of the biggest challenges facing the RDP was capacity and human resource development.

"This is a key building block of the programme. We have to translate national reconciliation into national prosperity."

Every RDP activity should stimulate the local economy, create jobs, build a sustainable tax base for democratic local government and provide education and training for local people." The RDP aimed to develop the small and medium enterprise sector.

'Many job advertisements flout interim constitution'

(FIN) CT 5/12/95 (BR). (FIN) (173).

BY FRANÇOISE BOTHA

Cape Town — More than 50 percent of job advertisements are discriminatory and illegal in terms of the interim constitution and the bill of rights, says Elizabeth Milne, co-founder of the Affirmative Action Alliance.

"They typically fall into two categories — those that are obviously discriminatory where an applicant's age, race or sex is stipulated and those that are plainly bad in terms of their wording," she says.

Milne said that advertisements now had to include details of the inherent requirements of a particular position.

"Terms like 'Xhosa-speaking' have come to mean African and often have nothing to do with the requirement of the applicant to speak the language," she says.

She said that employers should be aware that the constitution had made provision for legal action if an applicant felt that he or she had been unfairly discriminated against in the selection process.

In terms of the interim constitution, if someone can supply reasonable evidence of discrimination, the case will be assumed to be proved, unless the person or organisation accused can produce evidence to the contrary.

The fact that the onus of proof lies with the employer has sent a shock wave through local industry since organisations are now forced to disclose their selection processes if challenged on reasonable grounds of unfair dismissal.

"This is quite reasonable because the individual generally would not have access to the documentation and evidence necessary to prove his or her case in the usual way," says Milne.

For the purposes of determining unfair labour practice, the Labour Relations Act includes an applicant as an employee.

Milne said, however, that the discrimination had not yet been challenged in the courts, but that it was just a matter of time.

Commenting on discrimination on arbitrary grounds, Milne said that while it had been outlawed, the righting of past wrongs through corrective or affirmative action was still acceptable.

"Affirmative action could be problematic if one regards it as being in conflict with equality. It is less so if seen as a means of establishing a society based on equal opportunities for all.

"Most South African employers are likely to experience far more difficulty accommodating the practical requirements of non-discriminatory selection. That is apart from the fact that many organisations believe that their present practices are non-discriminatory," she says.

Foodcorp looking to buy assets

(FIN) CT(BR) 5/12/95

BY CHARLOTTE MATHEWS

Johannesburg — Substantial acquisitions must be made to complement organic growth in its existing operations if Foodcorp is to become a world-class, internationally competitive business, chief executive Dave Kennealy said in the group's latest annual report.

From the beginning, the group has aimed at forming alliances with global food groups. Two years ago it formed a joint venture with The Pillsbury Company, and during the past year has formed a company with PepsiCo Foods, which owns Simba.

In addition to the value these companies have added locally, Pillsbury and PepsiCo Foods have opened new export doors to Foodcorp and its products.

The link with PepsiCo Foods included a first-option right for Foodcorp to co-invest in any future African ventures.

In the year to August, the group reported a 17 percent improvement in shareholders' profit to R201,9 million compared with the previous year.

Foodcorp chairman, Grant Thomas, said most of the group's businesses, with the exception of Marine Products, which enjoyed reasonably favourable operating conditions, had had to buck industry trends in the past year and, in the circumstances, achieved "very creditable" results.

Kennealy said the short-term outlook for the food industry remained mixed. However, the group expected to achieve further real growth next year owing to its market position, management team and healthy balance sheet.

Old style road construction leads to job creation for unemployed

(173) (~~174~~) Star 5/12/95

By Mandla Mthembu

Traditional road building techniques used in the early part of the century are again being utilised here to successfully empower small contractors.

A spokesman for the SA Bitumen and Tar Association (Sabita), Adriano Swanepoel, said the traditional materials for binding road surfaces under construction have a result as durable as modern methods.

And the relatively modest R10 000 capital outlay per construction team should allow small contractors to get into business and to tender for road construction projects.

The method has already taken off, with roads in Doornkop and pavements at Baragwanath Hospital being constructed this way.

"Instead of machinery costs taking a major slice of the contract amount, 35-40% is paid directly to wages," said Swanepoel.

"These road building methods go beyond the provision of roads because they employ labour-enhanced methods of construction and empower small contractors."

He said the techniques are very similar to those used by the "great road-builders of yesteryear".

"High strength is obtained by way of stone-to-stone contact of larger than normal stones in the surface layer," he pointed out.

Greater Johannesburg TMC consultant on the Doornkop project, Chris Potgieter, said the method had set up the route to full empowerment of the road building contractors.

"And with local communities providing both contractors and labourers, we should get sustainable job creation," he added.

Survey finds growth in job vacancies

ET(BR) 6/12/95 (1B)

BY DEREK TOMMEY

Johannesburg — Just over five out of every 10 workers in the formal sector is black and just under three out of every 10 is white, according to the 1993 manpower survey by Central Statistical Services.

Formal industry employed 5,58 million people in March 1993. Of these, 2,86 million (51,2 percent) were black, 1,6 million (28,6 percent) were white, 656 000 (11,75 percent) were coloured, 241 000, (4,32 percent) were Indian. The remaining 4,2 percent were unspecified.

Between 1992 and 1993, the number of people in formal employment dropped 4,6 percent, but the number of workers in professional, semi-professional and technical occupations rose 2,6 percent.

Companies reported that they had had vacancies for 105 296 people, which was a 5,5 percent increase on the previous year's figure.

Low job creation mars otherwise upbeat Reserve Bank bulletin

By Howard Preece

Johannesburg — The pace of economic growth in South Africa picked up strongly again in the third quarter of this year, after some loss of tempo in the first six months.

That is the key conclusion of the Reserve Bank's December quarterly bulletin, released yesterday.

The bank takes an upbeat view on many aspects of economic development in the country. Among the major plus factors cited is the continuing strong recovery in fixed investment, an impressive export performance, a high rate of increase in manufacturing production and "considerable success" in curbing inflation.

But exceptionally high levels of unemployment and minimal progress in job creation remain critically disappointing features.

The Bank says that between mid-1993 and end-March 1995 only 52 000 new jobs were created in the formal sectors of the economy. That compares with job losses of 420 000 over the 1989-1993 recession period — and further sharp rises in the number of workers coming on to the labour market.

Basically, the bulletin says two factors are responsible for the ongoing unemployment crisis. The economy is not growing fast enough to cope with the demand for jobs — and average pay rises well above the inflation rate for those already employed make that position even worse.

Still, the Bank confirmed that the economy grew at an annualised rate of 3,5 percent in the first nine months of this year. Over that period, manufacturing output soared by 8,5 percent against the equivalent quarters in 1994.

Also, export volumes were 20 percent higher for January-September this year compared with the same months last year. However, because imports were growing rapidly as well, there was a deficit of R3,55 billion on the current account of the balance of payments for the July-September quarter, bringing the shortfall for the first nine months of the year to R9,15 billion.

The deficit was more than matched by huge capital inflows.

Positive consumer sentiment, the availability of credit, a propensity to consume and the replacement of ageing equipment ensured a sturdy increase in the real outlays of households on consumer goods and services. In the third quarter, demand was supported and made more viable by a higher growth in real personal disposable income expenditure.

Pressures on inflation persisted in the form of high rates of increase in domestic expenditure, rising rates of utilisation of production capacity, strong money supply and credit growth, an inflexible labour market, an uncompetitive production structure and large deficits on government accounts, the Bank said.

(EPP) (173) CT (BR) 8/12/95

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(173) CT (BR) 8/12/95

Can a new deal kick-start SA's growth rate?

(173)

■ **GRAHAM LINSCOTT** finds a news item about job opportunities far more frightening than reports on rampant crime and political violence.

ARG 9/12/95

RAMPANT crime ... an escalation of political violence in KwaZulu-Natal ... disorderly wildcat strikes ... it is not difficult to find threats to the fabric of society.

Yet this week there was a news item which should keep everyone awake at night: Of this year's matriculants only three percent are likely to find employment in the formal sector. A further seven percent could find places in universities and technicons. Another 25 percent might find employment in the informal sector.

This means that at least 65 percent of this country's rising intelligentsia will be sitting around at home or on the streets with nothing to do. Apart from being a catastrophic waste of talent, this surely has in it the seeds of future ructions. An angry, unemployed, lumpen proletariat is bad enough. Led by frustrated intellectuals it is positively dangerous.

And it is difficult to see the problem receding because a huge population bulge is bearing down on us and is yet to strike in force. More than 50 percent of the population are said to be younger than 16.

How can a moderate economic growth rate (something like three percent this year) absorb it?

Does the country's economic base not have to be considerably expanded if the rising youth — never mind those already out of work — are to be offered gainful employment? Is such a thing possible? And is the free market, for all its vitality and dynamism, equipped to achieve it on its own? Can it alone correct the distortions created by decades of benighted social engineering, followed by the deliberate economic stunting caused by international sanctions?

The government will have to take bold and innovative steps over the next few years if the economic base is to be expanded. This is anything but an argument for central planning and a command economy. Eastern Europe and Africa itself are littered with quite enough wrecks of such initiatives (Mossgas is one of them). But it does lie within government's power to create the conditions within which the dynamo of free enterprise starts to hum.

Removal of exchange controls and tax holidays for overseas investors would bring in a flood of working capital. South Africa has many attractions — sound infrastructure, first world financial services and communications, a strategic position on the Indian Ocean Rim, proximity to the markets of the African interior which could be slowly reviving. Overseas investors would welcome the opportunity to make use of these attractions — but not at the risk of being trapped forever, hostage to unpredictable political events or militant trade unionism.

And working capital would work. So long as conditions remained conductive, it would stay in the country and create jobs.

Government could also do worse than look back to the Roosevelt era in America, where the New Deal — massive public sector infrastructural spending — created employment and kick-started all kinds of private sector activity. But such a strategy has to be focused and realistic, building infrastructure that really will be needed. No more Mossgas follies.

A promising region for such an initiative would be the Thukela Basin, where studies over the years have highlighted its potential. A major consideration would be the fact that it would draw into employment many thousands of people who are currently among the most poverty-stricken in the country.

It would also remove from KwaZulu-Natal the scorpions-in-the-bottle hopelessness that is behind so much of the political violence.

Labour Commission report due mid-year

(173) ARG 9/12/95

ALIDE DASNOIS
Business Editor

THE Labour Market Commission expects to present its report to the Minister of Labour by the middle of next year, according to co-chairman David Lewis.

The University of Cape Town academic who chairs the 17-member commission with Moss Ngoasheng, economic adviser in Deputy President Thabo Mbeki's office, said the commission would accept submissions until the end of January.

No further public hearings on minimum wages were planned following the series of hearings in Gauteng last month. But the commission might still set up public hearings on other controversial issues, such as affirmative action and immigrant labour, he said.

"We wanted the wage hearings to be public because the debate is so heated," Mr Lewis said in an interview.

From the commission's work so far, it was clear that there was no simple link between wages and employment.

"Lower wages do not necessarily mean more jobs ... it's much more complicated than that.

"And even if there is a link, this does not absolve society from dealing with the reality of the poverty-stricken employed," he said.

Alongside the unemployed there were people who had jobs but who earned less than a living wage.

"Millions are working in poverty. It's not just a matter of pulling out the regulatory stops and getting people into employment," Mr Lewis said.

The need to create huge numbers of jobs would have to be juggled with the need to create quality jobs — with security of employment and sufficient wages to live on.

"Our terms of reference are explicit: we have to look at questions of quality of jobs as well as quantity. Removing gender or race discrimination in access to jobs or discrimination against other disadvantaged minorities such as the disabled, has to be balanced with the key imperative to create jobs."

Mr Lewis said it was clear that job-creation was not only a matter for labour market policy.

"A growth-oriented macro-economic strategy and an industrial policy that encourages investment in labour-intensive sectors are crucial complements to labour market policy.

"Low wages, without a growth strategy to increase demand for labour, would be a disaster.

"Our task is not to provide a detailed policy-programme, but a broad framework for a policy which produces decent jobs. The report will not be the last word on the matter and there will be plenty more room for reflection," Mr Lewis said.



Labour market hits 'turning-

(173) Star 12

GAUTENG WRAP-UP: AN ASSESSMENT



BY JUSTICE MALALA
Labour Correspondent

When Labour Minister Tito Mboweni was appointed in May last year, he inadvertently found himself plunged into the role of a trouble-shooter, travelling from one part of the country to another to resolve one crippling strike after the other.

The strike wave that followed the April 27 elections, the harshest since 1987, led many sceptics to believe that the labour peace that was necessary to attract foreign investment would not be soon in coming.

But this year, with Parliament's passing of the new Labour Relations Act in September and its signing into law next year, Mboweni may have achieved the turning point in South Africa's conflict-riddled labour market.

From the optimistic unveiling of the draft LRA and the launch of the National Economic, Development and Labour Council (Nedlac) to the tragic death of 104 mineworkers in the Vaal Reefs disaster, 1995 has been a year in which the seeds of SA's grand re-entry into the global economy were laid.

The LRA introduces the concept of workplace forums, in which workers have the opportunity to consult with management on issues such as retrenchments.

The new act also fundamentally and dramatically overhauls the dispute resolution procedures, machinery and institutions of the past. By introducing a Commission for Conciliation, Mediation and Arbitration, it seeks to create a legal framework in which employers, trade unions and worker representatives will be able to regulate their own relations and resolve their disputes.

Another highlight of the year was the launch of Nedlac, the statutory body aimed at bringing organised labour, business and Government together to agree on major economic issues.

In this body, the three social partners strike deals and frame overarching policy on the labour market, public finance, trade and industry and development issues.

The structure, which is the consolidation of various attempts in the past seven years to bring about consensus among the social partners, is overseen by Mboweni's ministry.

The resolution of the fundamental differences between labour and business perspectives on the new LRA in Nedlac underlined the importance of the body. As one newspaper evocatively put it, in that week of agreement it seemed as if with negotiation no chasm was too wide to be bridged, no difference too fundamental to be resolved.

It was the culmination of Mboweni's stated dream to ensure that labour and business, with their fundamental differences, at least came to some agreement on the most important issues facing the country without having to resort to mass action as happened with the introduction of value-added tax in 1992.

The night of May 10 will remain etched in the memories of many mineworkers and South Africans as probably the worst of the year. The death of the 104 mineworkers travelling down Vaal Reefs Mine's No 2 shaft in a man cage was the worst mining disaster in the country since the Kinross methane gas explosion in 1987.

A commission of inquiry-cum-inquest into the disaster, led by Judge Leon, is under way and is expected to finish its work in 1996.

Although too late for the thousands of dead and injured in the mines over the past years, the disaster signalled the stepping up of efforts to implement the recommendations of the Leon Commission into Health and Safety in the Mines.

This commission had recommended wide-ranging changes to current health and safety laws and called for the drafting and implementation of a Safety and Health in Mines Act, which were both later approved by Cabinet.

Mboweni's real test begins next year – on factory floor

The number of strikes in the first nine months of the year also showed a dramatic drop from the past five years, perhaps signalling a new perspective among unions and workers and a move away from the aggressive stance of the past.

Labour consultants Andrew Levy and Associates recorded that 870 000 man days were lost as a result of strikes during the first nine months of the year, compared with 2,5 million in the same period last year.

The number of man days lost during the corresponding period in 1993 was 2,4 million, 3,1 million in 1992, 2 million in 1991 and 2,2 million in 1990.

The study dispelled the largely-held view that there had been massive chaos in the labour market this year as many newspapers and analysts had alleged.

The study found that the public sector and parastatals accounted for around three-quarters of all man-days lost while the most strike-prone industry in the private sector was food.

One of the most high-profile strikes this year was by the SA Municipal Workers' Union in September, which left major cities across the former Transvaal stinking after being trashed by the strikers, and had to be resolved with the help of mediator Charles Nupen.

Cosatu's nationwide mass action campaign over the LRA in June also received wide media coverage, but was not as successful as the organisers expected.

Frustration over working conditions and pay saw nurses moving beyond their unions and embarking on wildcat strikes in major hospitals in Gauteng and other provinces, but their action was roundly condemned. So far not much seems to have come of the actions except for the formation of a union which will speak on their behalf.

Wage negotiations this year were characterised by unions coupling their wage demands with the lessening of the apartheid wage gap. This was particularly the case in the mining and steel industry.

One of the more illuminating wage agreements of the year was that struck between unions and employers in the car industry.

The agreement was designed to ensure labour peace for the next three years and close the apartheid wage gap.

In the three years in which it will be in force, the wage gap between the lowest paid workers and artisans will be reduced, co-operative relations will be established and skills training programmes will be put in place.

Coming as a result of a damaging six-week strike in the industry in 1994, the agreement showed that parties can reach long-term agreements which are flexible and deal with issues of mutual concern in a structured manner.

The no-show of the year award must go to the all-white Mineworkers Union, which spent nearly the whole year threatening crippling strikes which never materialised.

Peet Ungerer, the union's spokesman, used reams of paper alerting the press about looming strikes as structures of white privilege like free housing, transport and other perks started to get the chop in parastatals.

Ungerer vowed that strikes would paralyse telecommunications networks, that SA would be plunged into darkness as members at Eskom power stations downed tools, and other mayhem. Yet nothing happened. Maybe next year ...

It has been a heady, roller-coaster year, in which Mboweni has emerged as one of the stars of the Cabinet. But his real test will begin next year, when the new laws will have to face up to the harsh test of realities on the shop floor.

■ This is the second article in a series which wraps up what has been achieved during the year in various sectors in Gauteng.

Clothing firms hold a key to job-creation

ARG 30/12/95

(173)

Business Reporter

AS the most labour-intensive industry in South Africa, the clothing industry is a key in overcoming drastic unemployment, says Bernard Richards of Cape Town, newly elected president of the Clothing Federation of South Africa (Clofed).

But the potential for job-creation depended on the satisfactory resolution of several major issues facing the industry in the next two years, Dr Richards said in his first forecast as president.

Because consumers in the year 2 000 will demand more and more value for the rand, both the national clothing and textile industries would have to become more competitive against foreign imports, he said.

"Our opportunity in the South African market is our closeness to our retail customers who are in the business of supplying their fickle customer with what the customer wants, not what the retailer happens to have in stock or the manufacturer happens to manufacture."

In addition, a lot depended on successfully tackling unfair competition resulting from fraudulent imports, he said.

He welcomed the planned imposition by Customs and Excise of a 125 percent duty deposit on goods in transit through South Africa, but deplored the delay to February in implementing the duty.

The emptying of containers en route through South Africa had become one of the major means of circumventing import duties, and it was hoped the planned deposit would put a stop to that form of fraud, Dr Richards said.

Another major issue was the promotion of exports.

"The export drive will be further enhanced by our efforts to stage exhibitions in South Africa as well as by participating in overseas exhibitions."

The Department of Trade and Industry could help by marketing the 1996 South African international clothing exhibition abroad.

"Efforts to establish a South African Clothing and Textile Export Council (SACTEC) will continue and a response from the DTI on funding proposals is awaited."

SACTEC would play a pivotal role in enabling the clothing and textile industries to become effective participants in the global market.

The Clothing Federation viewed as vital the promotion of small business and would continue to actively participate in the development and promotion of small, medium and micro enterprises.

To this end the federation was actively involved in developing an initiative in conjunction with the national Textile Federation to create manufacturing technology centres and local business service centres.

The clothing industry had to be pro-active in creating a Southern African Preferential Trade Area (SAPTA).

Until a SAPTA was in place, the clothing industry had to resist the ad hoc extension of preferential duties to Zimbabwe, Dr Richards said.

The extension of a Zimbabwe model to other southern African countries would be disastrous unless proper customs controls were in place in all

■ To page 3



□ Bernard Richards

Industry must be export oriented

(173)

■ From page 1

countries and the South African Customs Union has been extended to those countries.

"The anomalies of goods ex-Malawi having preferential access to South Africa, as well as Zimbabwean goods having preferential access via Botswana and Namibia, needs to be eliminated."

On the issue of labour costs, Dr Richards said business and job creation thrived best when active efforts were made to remove uncertainty.

"The new Labour Relations Act has introduced numerous areas of uncertainty into labour relations, particularly in the realm of operational decision-making."

ARG 30/12/95

He urged Nedlac to "rapidly" do whatever it could to create a climate where the economy could grow.

While the clothing industry was well aware of the need for appropriate training and the pivotal role training played in making the industry internationally competitive, there was a need "to guard against the growing tendency to incorporate social needs within the training ambit," he said.

Economies did not work by social accords, but by people seeing advantages and taking gaps.

On the issue of labour costs, he said a clothing industry wage settlement in 1995 was "about double the South African inflation rate" when the rand/dollar exchange rate were stable.

"In the international clothing industry, the quest for high wages linked to high value-added as a means to create jobs is a pipe dream."

On investor perception, he said the average price/earnings ratios of clothing shares quoted on the JSE were among the lowest in all industry groups.

"We do not deserve this ranking. It means that the cost of capital to our industry is inordinately high and affects not only listed companies but all clothing companies seeking bank and other forms of credit."

If these issues could be addressed positively and resolved satisfactorily in the next two years, the seeds would have been sown for a good base from which to grow and create jobs, Dr Richards said.

MANPOWER — GENERAL

1996

JANUARY — JULY

Government jobs policy comes under fire

(173) mtg(BM) 5-11/1/96

The government should focus more on job creation than on strict fiscal and monetary policy, argues a United States economist. Reg Rumney reports

WITH unemployment officially estimated at around 43 percent, why is it not a burning economic issue in South Africa?

One economist, Peter Hilsenrath, thinks it should be. Somewhat controversially, he claims the government is in a sense shirking its economic responsibility by defining South Africa's unemployment as structural, and concentrating on monetary and fiscal discipline.

The usual definition of structural unemployment is that it is joblessness that is not affected by the economic cycles of recession and recovery.

Hilsenrath is a United States economist who has lectured at the University of the Witwatersrand and now works at Syfrets. He is almost alone among economists in South Africa, where the Austrian and monetarist traditions prevail, in questioning common wisdom about present fiscal and monetary policy.

He says it is inexcusable that a progressive government such as the Government of National Unity is not doing anything about creating more employment.

"Government explains unemployment as 'structural'. There is a big structural element in all this but to say that it's structural, and therefore is an act of the market or an act of God, which for some people is the same thing, doesn't mean there is nothing we can do about it."

Hilsenrath refers to the kind of unemployment prevalent in the 1930s, where there was an excess supply of labour as well as an excess supply of goods.

Then the innovative solution put forward by British economist John Maynard Keynes to the problem was for governments to employ the unemployed in public works programmes and print money to back the output. The situation in South Africa is different, he admits, in that there is no general excess of supply. Indeed, demand is running ahead of supply, which should push up inflation as too much money chases too few goods. But this demand is also being "siphoned off" into imports, keeping inflation down.

"The government is right in saying this is not a situation of Keynesian unemployment, of inadequate aggregate demand, but to write off all unemployment as structural and therefore say government should do nothing doesn't follow.

'Sustainability is not an efficiency criteria. If the benefits exceed the costs, then do it'

"It may be true that inflating aggregate demand is not the thing to do but doing nothing is also not appropriate."

So the key is fiscal policy, that is government spending, and as part of this a more aggressive Reconstruction and Development Programme is important, for a start.

Government spending should go into productive investment, he stresses, not the digging of holes and filling them again that characterises the crude Keynesian solution to getting an economy going. And fiscal policy rather than money policy should be used in a Keynesian manner.



Peter Hilsenrath: A little bit of inflation for lots of output is worth it

"Put people to work and print the money to back their output, but there has to be real output.

"Others will say we have to maintain fiscal discipline and more than a few percent deficit as a percentage of the gross domestic product is not sustainable. That may be true. But economists are concerned with efficiency, with equating marginal benefit and marginal cost.

'Sustainability is not an efficiency criterion. If the benefits exceed the costs, then do it. Business will readily accept debt that is not sustainable in the long run, but in the short run will improve their investment and productive capacity. What's true for the goose, is true for the gander."

Similarly, there is much talk of the costs of the debt, but what about the benefits?

"If government spending increases the level of debt in the short run, what will it do to output? If that level of government spending leads to a doubling or tripling of output growth there is not a problem. The benefits far exceed the costs."

A mistake the business community makes, considers Hilsenrath, is in saying government should simply seek to foster growth in the gross domestic product, the total value of all goods and services produced. But economic development is defined by the World Bank in terms of literacy and health status, not just by per capita income.

"You can worry about using resources efficiently once they are mobilised, but the greatest waste is having unmobilised resources."

The government can also play a big role in addressing structural issues, with supply-side interventions, such as education.

Another controversial intervention, Hilsenrath suggests, is a policy to keep a lid on prices and incomes.

If wages are too high — and he says they might be in South Africa — why not an incomes policy? This would help combat inflation and bring wages down to more realistic levels and generate higher levels of employment.

While labour might very well agree to an incomes policy, in return for a clamp on prices, Hilsenrath contends such ideological fervour holds sway in South African business and in government that they are blinded to sensible policies.

"Interest rates could come down a lot sooner if you could deal with inflationary expectations with an incomes policy."

An incomes policy would facilitate a decline in inflation — without the weakness in employment that will accompany a decline in inflation caused by high real — that is, adjusted for inflation — interest rates.

What of the argument that fiscal stimulation — the government spending more money — will merely result in inflation?

Hilsenrath argues the situation should not be seen in simplistic terms. A graph showing the relationship between output and inflation would not be right-angled he believes. So inflation will not simply kick in at some point in a vertical line. There is a grey area.

"The reality is you can get more output with some inflation when there are some bottlenecks, but then there is underemployment of resources in general. Exactly how much inflation and how much output, remains to be seen. It seems to me a little bit of inflation for lots of output is worth it."

So what is the level of structural unemployment that government can do nothing about? Hilsenrath believes that though full employment is the aim there is a healthy level of "structural" unemployment.

"Where it is is hard to say. Conservatives like to say that whatever the unemployment rate is it's structural." He thinks research should be conducted into what the level of structural employment is.

And will concern about lax fiscal policy not deter investment, particularly foreign investment?

Ultimately the rate of return is important to investors.

"Right now there is not much direct investment in South Africa because investors do not see much growth. The money that is coming in is chasing high real interest rates which are a result of monetary policy."

The desired direct investment won't come about until there is growth, he says, and one way to stimulate growth is to put people to work.

Job creation and higher wages a priority for trade unions this year

(173)

Cosatu, SA's largest trade union federation, has pledged itself to fighting unemployment and the privatisation of state assets

Star 9/1/96

By Justice Malala
Labour Reporter

The Congress of South African Trade Unions (Cosatu), the country's largest trade union federation, has vowed to dedicate 1996 to mobilising its 1,6-million members to fighting unemployment, privatisation of state assets and low wages.

In its New Year's message released last week, the federation said that unemployment in the country was unacceptably high and that millions of people did not have any hope of finding jobs this year.

Cosatu said it would put pressure on big business and the Government, particularly those ministries responsible for job creation like the Ministry of Trade and Industry, to begin moves to bring about the necessary changes.

Cosatu assistant general-secretary Zwelinzima Vavi said the federation's central executive committee had reached the conclusion that the tripartite body aimed at bringing about consensus between labour, business and Government, the National Economic, Development and Labour Council (Nedlac), should address three key issues this year.

These were the issues of job creation, job preservation and social equity, Vavi said.

"Cosatu will find it hard to convince its members that its participation in Nedlac is to the benefit of the working people if we fail (to achieve these goals)," he said.

On the issue of privatisation, the federation said it was more determined than ever before to "ensure that any restructuring of state assets does not only benefit the emerging black bourgeoisie or big capitalists hiding behind black faces."

Vavi went on to stress: "We want restructuring of state assets to benefit the poorest of the poor."

The Government and labour representatives will meet on Thursday to discuss their differences, which arose after the release of the Government proposals on the restructuring of state assets last month, sparking more labour protests and strikes.

Cosatu has also called for a national 24-hour work stoppage next Tuesday as part of its anti-privatisation campaign.

The federation said that it would also broaden its long-running campaign to better workers' wages, to close the wage gap created by apartheid legislation and practices in workplaces, review existing grading systems and the training of workers.

"We see no contradictions between our demand for jobs and our continuous struggle for a living wage," said Vavi.

Western Cape tourism 'to create 12 500 jobs'

CT (BR) (173)

By Françoise Botha

16/11/96

Cape Town — The boom in Western Cape tourism was set to lead the region's growth and create at least 12 500 permanent jobs this year, industry experts said yesterday.

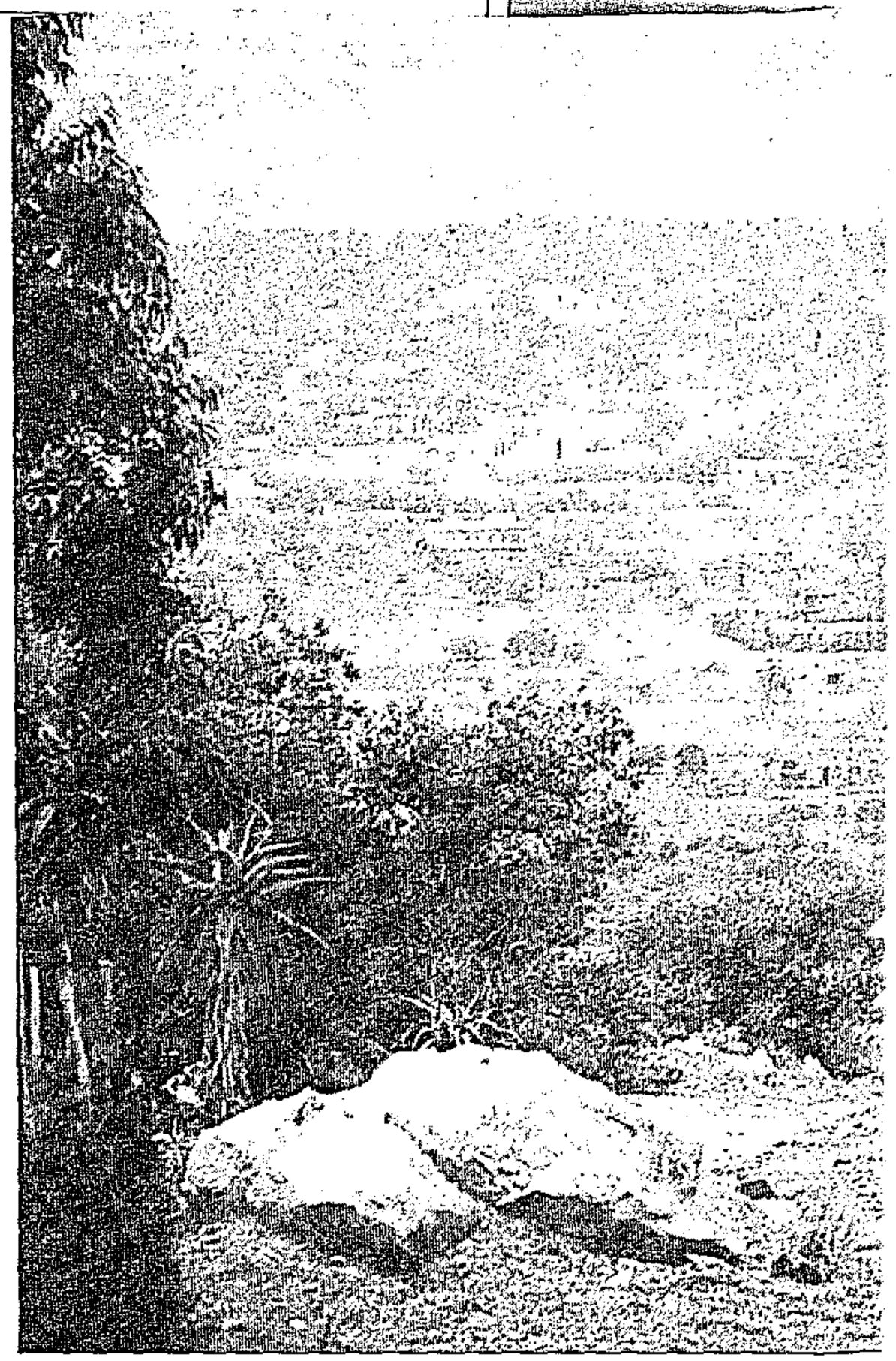
"The national economy is going to grow at approximately 4 percent. I would be so bold as to say that in the Western Cape it will probably supersede that. It is going to create formal jobs and will add to the formal sector and the wider Western Cape economy will benefit," said Charl Adams, the spokesman for the Cape Chamber of Commerce and Industry.

Based on figures released by Satour, a 25 percent increase in foreign tourists is expected for the region this year, bringing the total to more than 625 000.

Adams said that from every 10 foreign tourists one job would be created.

James Seymour, the head of Satour's tourism research unit, said the 25 percent increase was regarded as conservative. The increase could be as high as 30 percent. This is in line with figures presented at a Wesgro/Cape of Good Hope Bank seminar last year, which said a 40 increase was possible.

Mandela suggests strategies for jobs for all



By David Robbins

The rapidity of the urbanisation process is

two related documents which reflect gove

(17

South Africans will soon be living in a country vastly different from the one we're all living in now. Estimates suggest that the urban population will have grown from the current 23 million to between 36 and 42 million by 2010, with enormous repercussions in the cities, as well as in the country's extensive rural areas.

Will our cities have become unlivable? Will the countryside be depopulated? What seems certain is that rapid change will be the norm. But how will it be managed? And what will be the nature of the end result?

Some of the answers, or proposed answers, are contained in a recent Government Gazette containing two discussion documents, one dealing with urban development strategy, the other with rural development.

The documents emanate from the Ministry in the Office of the President, and Nelson Mandela himself provides an introduction to both.

"Urban areas are the productive heart of the economy," says Mandela, "but are extremely inequitable and inefficient due to decades of apartheid mismanagement."

On the other hand, rural people, and rural women in particular, bear the largest burden of poverty in South Africa.

For this reason, Mandela goes on, the Government is "committed to an integrated rural development strategy which aims to eliminate poverty and create full employment by the year 2020".

So much for the overall intent: which broadly can be identified as improving everyone's lot while enhancing the productiveness and economic viability of the country as a whole. Now for some detail.

Underlying the Government's strategy for urban development is the recognition of the economic importance of towns and cities.

At the moment they house about 55% of the total population, but generate over 80% of the country's gross domestic product (GDP). Equally basic to the strategy is an acknowledgement of the inevitability of rapid urbanisation.

Indeed, the strategy can be seen as a combination of *rectifying* measures designed to remove the obvious inefficiencies of apartheid town planning on the one hand, and *coping* measures designed to deal with the expected high levels of urbanisation on the other.

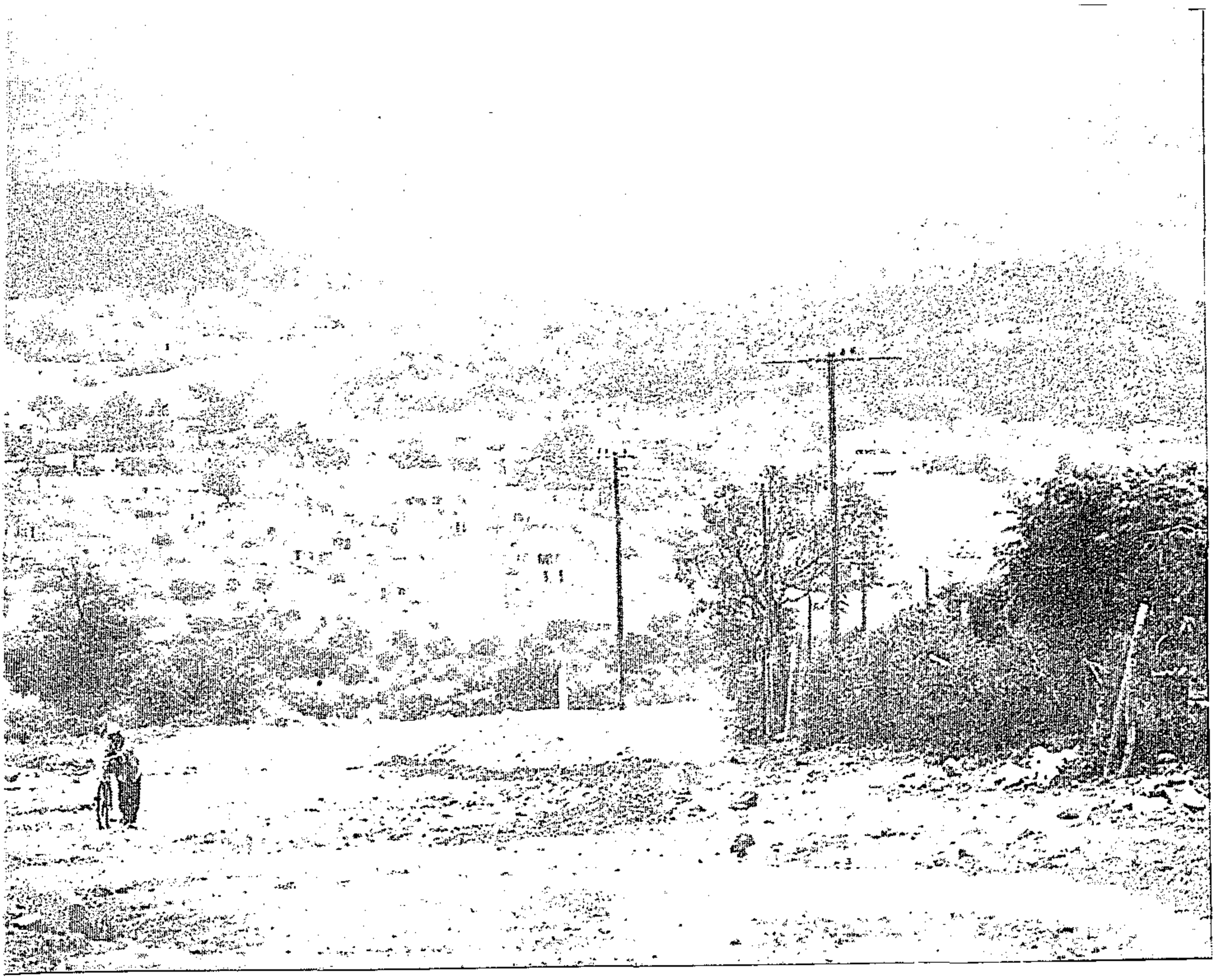
The rectifying measures include rapid action to deal with the vast underprovision of services which currently exists. For example, 4 million urban dwellers have access only to untreated water while 8 million are without adequate sanitation, electricity, formal roads or stormwater drainage. The cost of redressing these backlogs over the next decade will be at least R60-billion for the municipal infrastructure alone.

Considerable space in the document is devoted to financial considerations, and the need for consumers of services to pay "at appropriate levels" is stressed. It is also pointed out that infrastructure investments have "a significant impact on GDP growth".

The strategy for the expected urbanisation appears to rely mainly on improved city management and land-use policies, the national housing programme and significant job-creation and economic activity via new small enterprise policy and the public works programme.

The approach in the document is positive rather than negative. "As people move to the cities, new opportunities emerge. Urban growth therefore does not necessarily mean greater problems; it offers many opportunities."

The urban development strategy pursues human and social objectives as much as economic and physical development. These objectives are to be reached through community-based initiatives in health, education, sport and recreation. Social security in the form of grants and services will also be improved, and the problem of crime and violence will be tackled by dealing with the underlying socio-economic causes as well as more immediate community-police initiatives.



of growing concern to most South Africans. Of crucial importance, therefore, are

rnment thinking on urban and rural development strategy

3) Star 16/1/96

The vision is clear enough: South Africa's towns and cities are to become more compact and integrated, with none of the huge disparities in conditions which currently exist. They are also to become safer and more efficient in their roles of powerhouses of the national economy.

Where does this leave the rural areas, whose widespread stagnation and impoverishment has undoubtedly increased the scale of the rush to the cities?

The Government's rural development strategy document begins with an uncompromising look at the current situation.

This is characterised by the spatial chaos caused by apartheid's obsession with attempting to "consolidate" the old homelands. The homelands themselves perpetuated poor support services. For example, many homeland areas managed little improvement to the education offered by the infamous farm school system in white South Africa.

Rural South Africa is also characterised by agricultural dualism, social stagnation and widespread poverty.

What the strategy document repeatedly stresses is that rural people themselves must become fully involved in their region's transformation. This will involve integrating areas hitherto isolated by ideological boundaries, encouraging a much more diverse agricultural sector, building infrastructural services (centring on the availability of water and fuel), and supporting economic development.

The document maintains: "The opportunities created by the enthusiasm of rural people, their willingness to work, their keenness to learn, and their wish to be integrated into the national economy must be unlocked.

"We now have a historic opportunity to reverse rural stagnation, to tie together the links between rural towns and their hinterlands, to put those who wish to farm back on the land, and to release and support rural entrepreneurship."

At the heart of the transformation strategy stands the democratisation of rural local and district government, the deployment of community development facilitators to these levels of government, and more direct access to RDP and other government funding.

Particularly interesting are the strategies suggested for encouraging and supporting small, medium and micro enterprises in the rural areas, and the promotion of small-scale agriculture. These include co-operatives and farmer associations, improved access to input supplies and market opportunities, and the "reorientation of teaching methods and curriculum development" at the country's agricultural colleges.

Taken together, the two documents provide a positive vision – perhaps unrealistic, some would argue – for South Africa in the year 2020. The repeated emphasis on economic efficiency, coupled with the enhancement of human dignity, cannot be faulted, however. Neither can the acknowledgement that both town and country are heading for profound change.

Urbanisation has been taken as a fact of life; and the juxtaposition of these strategy documents clearly implies that the development of the cities cannot be undertaken in isolation. The same applies to the countryside. The simultaneous development of both is crucial to each, and of vital importance to the future stability of South Africa.

■ Both discussion documents have been presented for public comment, which should reach the Ministry in the Office of the President in Pretoria before January 31 1996. For further information, telephone (012) 328-4708.

Employment equity the key

PRETORIA. — A committee to ensure the just treatment of blacks, women and the handicapped in the Department of Water Affairs and Forestry has held its first meeting chaired by human resources specialist Yunis Shaik.

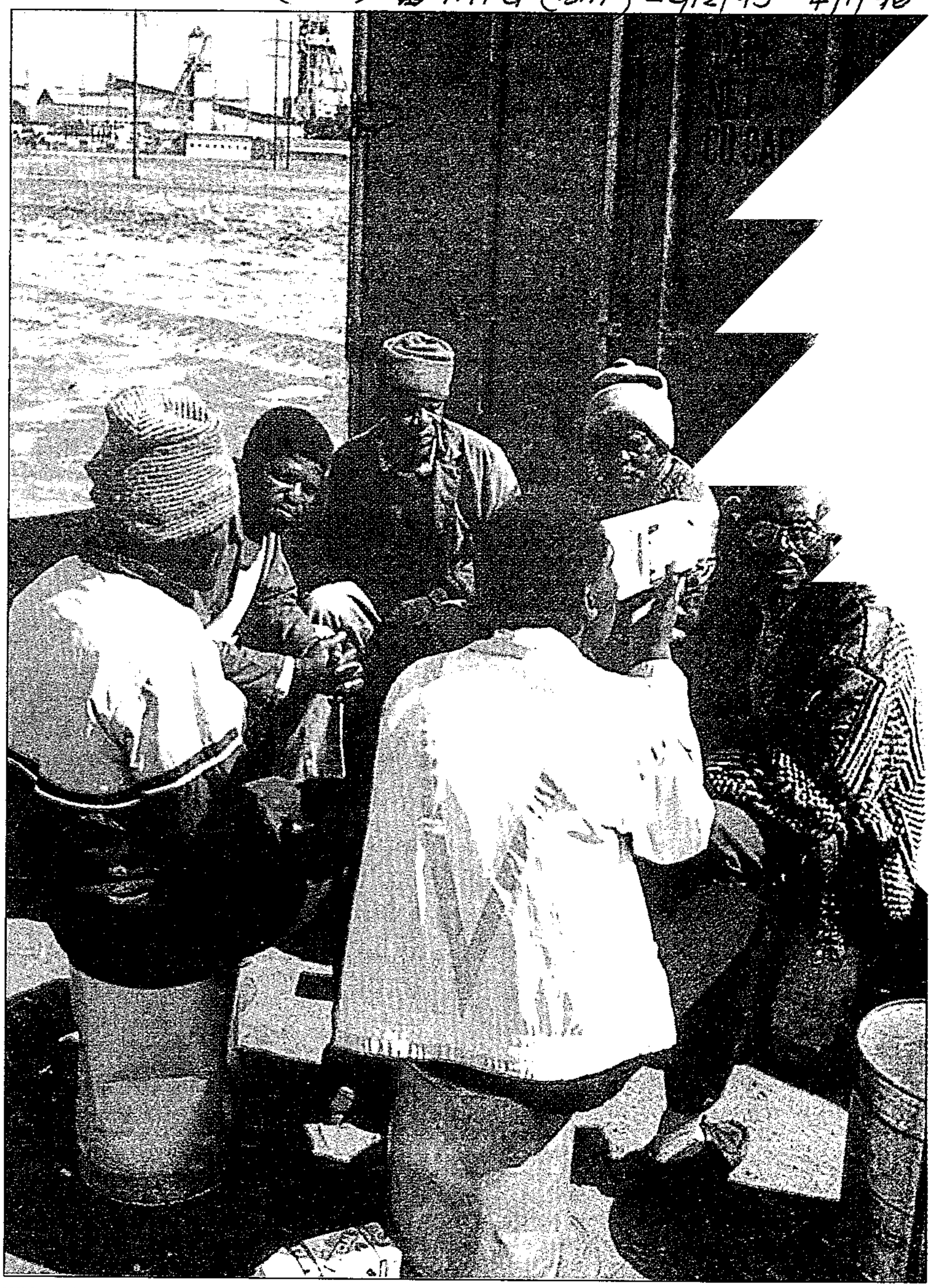
Three public service staff associations serve on the committee which comprises 11 members.

The body would oversee, monitor, promote and evaluate the implementation of the department's employment equity policy. — Sapa.

SA labours under job crises

(173) M+G (BM) 22/12/95 - 4/1/96

The need to create jobs has emerged as the burning issue for the government, labour and business, reports **Reg Rumney**



Without jobs what is there to do but drink until the money runs out? PHOTOGRAPH: HENNER FRANKENFELD

SUDDENLY, at the end of a year in which economic growth and fiscal and monetary discipline held centre stage, joblessness has entered like Banquo's ghost.

The official unemployment rate is around 33 percent, but the Reserve Bank has estimated formal unemployment at more than 40 percent.

Why has the concern about unemployment re-emerged so suddenly? Probably because, after years of recession, South Africa had an economic recovery this year, but few jobs were created.

Growth this year has been good, held back only by a poor performance from the gold mines as they struggled to come to terms with declining ore grades and labour problems, and by agriculture, hard-hit by drought.

The South African Chamber of Business believes economic growth, as measured by the gross domestic product — the total value of all goods and services produced in the economy — will be at least three percent this year.

The Budget presented in March by Finance Minister Chris Liebenberg was designed to emphasise to the world that the new government would not embark on irresponsible spending. It promised to reduce the amount the government has to borrow to balance its books, the so-called "deficit before borrowing" and to switch from spending on salaries and the like to investment: that is, to reduce "dissaving".

Foreign investment poured in: Old Mutual economist Terence Moll says capital inflows will total about 2.5 percent of gross domestic product this year. Most of this was speculative, going into bonds and shares, but Alan Hirsch of the Department of Trade and Industry has reckoned that by June this year R2.5-billion had flowed in through foreign direct investment.

Business confidence remained fairly high, and economic growth led to a surge in imports.

Reserve Bank governor Chris Stals' monetary policy did seem to have achieved its results: inflation fell below seven percent, a level last seen some 23 years ago, although competition from food imports must take some credit.

Firms did well this year, in general. With agriculture and gold mining stripped out, the economy increased output by 4,3 percent during the first half of the year.

So why were so few jobs created?

Was it that the Trade and Industry Ministry, under Trevor Manuel, embraced competition more vigorously than some South African businessmen liked? Were tariffs on imported goods, designed to protect South African industry, reduced too sharply?

Job losses are an inevitable consequence of the long-protected South African industry being exposed to outside competition. What then of the vaunted foreign direct investment of more than R2,5-billion this year?

Hirsch notes that there is almost a total lack of foreign investment in outward-oriented manufacturing. He says most investment is aimed at getting a share of the domestic market. This introduces competition, but not the much-need filip to export earnings, and to job-creation.

Domestic and foreign businessmen, naturally enough, say they would like better incentives to locate their plants here.

The conservative answer to making that growth come about is socio-political stability, fiscal and monetary discipline, wide-ranging structural reforms through trade, competition and privatisation.

"Flexible labour markets" are also part of the prescription, and inevitably this is taken to mean lower wages as well as higher productivity. The union movement, on the other hand, has argued that higher wages actually lead to increased productivity. Economists believe this is putting the cart before the horse.

The less-conservative solution is speeded-up government spending, principally, through the Reconstruction and Development Programme (RDP), on things like housing, stimulating the economy and creating jobs.

The pace of the RDP as whole has proved disappointing, for various reasons that do not all lie with Minister without Portfolio Jay Naidoo's office. For example, a hoped-for building boom did not come about this year because of the failure of the low-cost housing drive.

However, a speeded-up RDP could raise investor fears over fiscal policy becoming more relaxed.

One of the conservative prescriptions, privatisation, is not a panacea but seems necessary in some form or other, if only to cut into the State's R30-billion-a-year interest bill on central government debt and to foster competition. Unfortunately, it will almost certainly lead to some job losses, at least in the short term.

Whatever the right prescription, in the coming year economists agree growth will be even better than it has been this year

Whatever the right prescription, in the coming year economists agree growth will be even better than it has been this year.

But little progress is likely in creating more employment. Moll predicts a four percent growth rate, the best in 15 years, and says it could be higher. But, he says, even though employment in the formal sector is likely to grow at over two percent next year, the labour force is growing faster than that, and unemployment is set to rise further.

Durban complex to create 10 000 jobs

(173) (~~170~~)

Robyn Chalmers

BD 23/11/96

MORE than 10 000 permanent jobs could be created in a huge industrial complex being built south of Durban.

Developer Umlazi Industrial Park, an AECI subsidiary, said yesterday the planned Southgate Industrial Park was the first significant industrial development in the region in 20 years.

The total investment on the 127ha estate is expected to run into tens of millions of rands.

AECI representative Simon Noyes-Lewis said the first phase was made up of 47ha with 65 stands varying in size from 1 100m² to 7,5ha. Umlazi would spend about R35m over the next few months on earthworks, roads, security, fencing and services. It had already awarded the R19m bulk earthworks and stormwater contracts.

Noyes-Lewis said 120 jobs would be created in the initial construction phase, but this would rise to 3 500 as building got fully under way. More than 10 000 jobs would be created over the next five years with the construction of factories and warehouses.

Hawking is arguably the nation's biggest employment programme

Street sellers outperform formal sector

BY ROSS HERBERT

CT(BR)23/1/96

Johannesburg — Streetside hawkers, with their wares arrayed on overturned cardboard boxes, blankets and milk crates, may appear to be on the lowest rung of South Africa's economic ladder. But if the earnings they claim is any measure, many hawkers are substantially outperforming formal-sector workers.

No studies confirm it, but central Johannesburg seems to be experiencing a rapid rise in streetside hawkers. The streets of the Johannesburg central business district seem to grow narrower daily with the arrays of tomatoes, bananas, sweets, knick-knacks and roasted mealies.

The business is huge and is arguably the nation's biggest employment programme. Street hawkers sell goods worth an estimated R500 million a year in central Johannesburg and earn R100 million a year in profit, according to the Central Johannesburg Partnership, which focuses on street trade.

According to the government White Paper on small business strategy published last March, there were about 800 000 small, medium and micro enterprises and an estimated 3,5 million people involved in some type of "survivalist enterprise".

Who is really better off, formal-

☐ Continued on Page 16



BANANA KING *Joseph Manjati and his partner sell 200 to 225 bunches of bananas a day for R2 each. Take home pay is R1 430 a month each, better than most formal-sector jobs offered him, with no hard work*

Cosatu attacks tax proposals

FROM REUTER

CT(BR)23/1/96

Cape Town — The Congress of South African Trade Unions (Cosatu) yesterday accused the state-appointed Katz commission of placing an increasing burden of taxation on the poor while benefitting the rich.

In a submission to the parliamentary joint standing committee on finance, the country's largest trade union federation attacked the recommendation to abolish VAT on some items and place new taxes on retirement funds.

It calculated that these and other recommendations, such as a possible increase in VAT, could raise an additional R5,6 billion in tax, mainly affecting the poor.

Cosatu was concerned that none of its submissions to the commission appeared to have been accepted. It suggested that the parliamentary committee consider an alternative approach to VAT, including the extension of zero-rating and capping rates.

Earlier, commission chairman Michael Katz said the commission stressed that any review of VAT had to be considered alongside poverty-relief programmes. It also had to be sensitive to the effect on the poor.

Boost for jobs in Durban with development of industrial site

CT(BR)23/1/96 (173)

BY JON BEVERLEY

Durban — Work has begun on a 65-site industrial township south of Durban to be developed at a cost of R35 million by Umlazi Industrial Park — an AECI subsidiary. It will be known as Southgate Industrial Park.

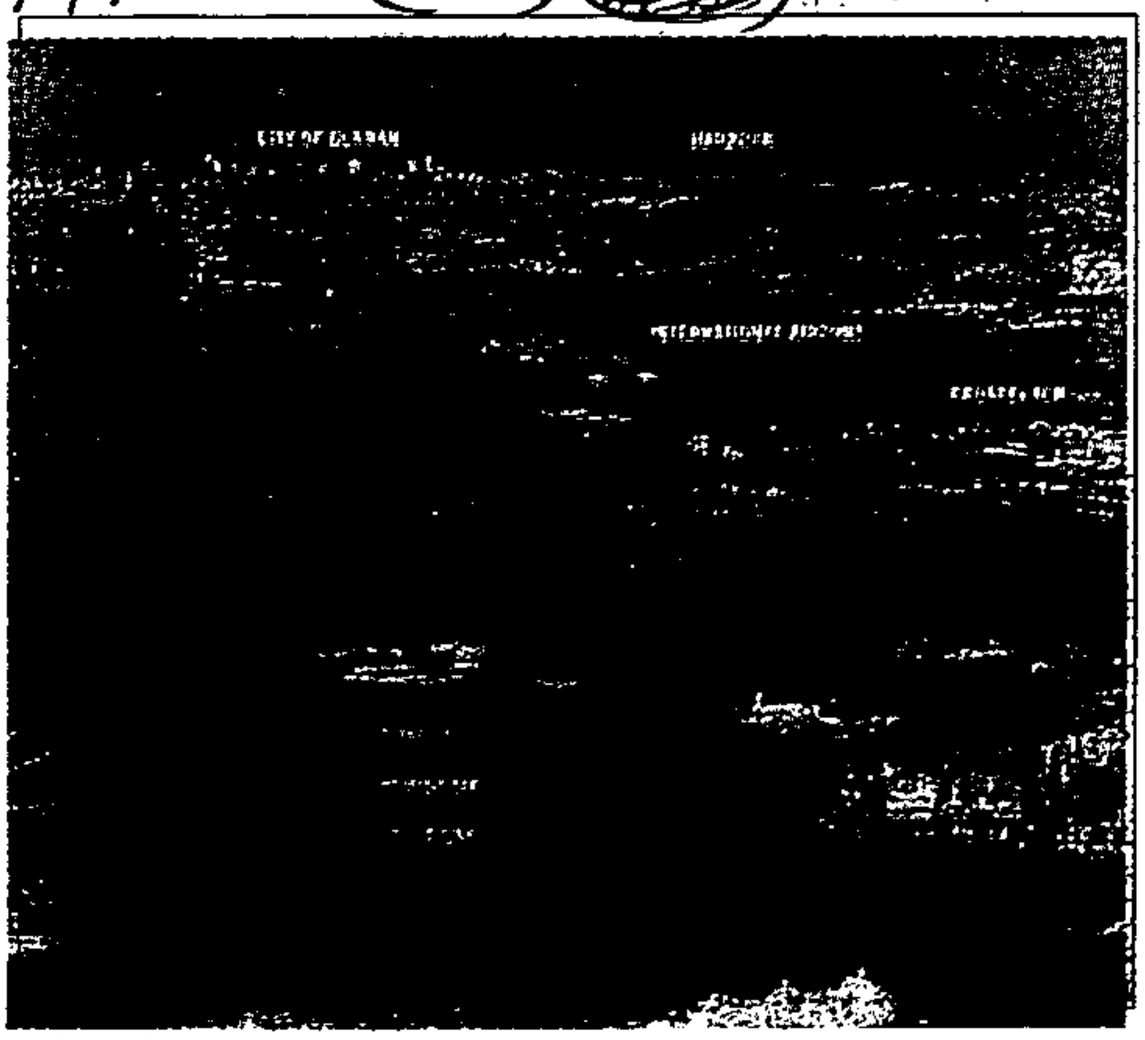
"There has been no development on this scale south of the Umgeni River in the past 20 years," said Simon Noyes-Lewis of AECI.

Some of the stands will be ready for occupation next January, but the company has already sold or reserved about one-third of the 47ha area prior to any concerted marketing effort.

The park is about half the size of Prospecton, the industrial area next to Durban's international airport. A second phase is envisaged once the initial set of sites has been sold.

Noyes-Lewis says the initial phase of clearing about 1,7 million square metres, which is now underway, will create 120 jobs, rising to around 3 500 for the construction of the park.

Over the next five years some 10 000 permanent jobs are expected to be created as office blocks, warehouses and industrial development takes place.



JOB CREATION *Part of AECI's Umlazi town site is making way for an industrial park set to provide employment for about 10 000 people*

A new township, Lovu, is being developed a short distance away to accommodate workers.

Noyes-Lewis said that while the land was originally available for any sort of industry, he was conscious of the existing AECI factories and had decided Southgate would be subject to special conditions including a prohibition on noxious industries.

He said environmental reviews had been carried out and discussed with local authority representatives.

Work begins on labour report

(173)

Renee Grawitzky

BOZ 3/1/96

THE labour market commission meets today to discuss the process around the drafting of a labour market policy report and the synchronisation of work being conducted by the commission and other government departments.

Co-chaired by the special adviser to the labour minister, Dave Lewis, and the special advisor to the first deputy-president, Moss Ngoasheng, the commission was established early last year and is expected to present its report by mid-year.

What the report would do, Lewis said, was make a significant contribution to thinking around economic policy in SA. It would outline the appropriate "tools and mechanisms for shaping the labour market".

BD 24/11/96

400 000 new jobs possible

THE creation of 400 000 new jobs in the petrochemicals, plastics and synthetic fibres cluster of industries was "eminently attainable", said Trade and Industry Minister Trevor Manuel.

"From the perspective of government, we believe a target of 400 000 new jobs in this cluster is eminently attainable," Manuel said in a speech prepared for a plenary meeting of industry representatives. He did not specify the time frame, but his spokesman Ismail Lagardien said about 250 000 to 300 000 new jobs were likely within 10 years.

Manuel said his department had several initiatives for job creation. — Reuter

(173) (173)

Manuel vows to support petrochemical industry

CTBR) 24/1/96 (173)

BY CHARLOTTE MATHEWS

Johannesburg — The government believes 400 000 new jobs can be established in the petrochemical, plastics and synthetic fibres industries, Trevor Manuel, the minister of trade and industry, said yesterday.

The government would try to help meet that goal, Manuel told a industry meeting in Midrand of more than 100 delegates from companies, industry bodies and labour organisations.

Manuel said the government would try to be a supportive partner to these sectors. It would strengthen anti-dumping enforcement and reconsider tariffs where possible. He said the government would address existing distortions in areas such as transport costs and help to explore new markets.

The government would also extend supply-side support, he said. This already included the Regional Industrial Development Programme, IDC financing, support for training, and support for small and medium businesses.

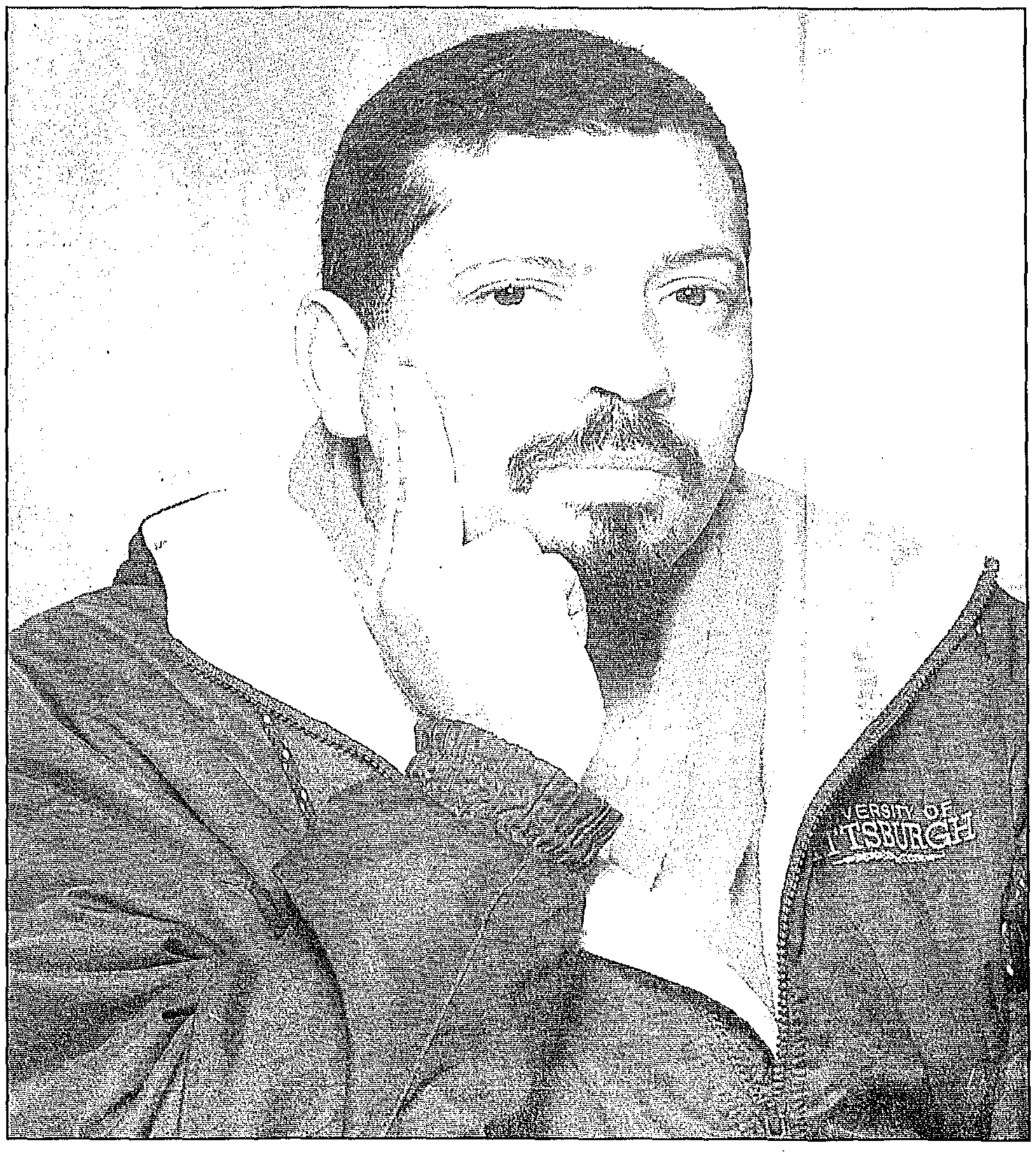
Manuel said this was the first industry meeting of its kind. It was intended to develop and build a strong industry, not a meeting of industry representatives to lobby the government because it was under temporary pressure.

The government wanted this industry to develop a globally competitive primary petrochemical sector that could produce raw materials and bulk intermediates. It also wanted to develop a vibrant downstream sector.

In general, the government wanted these industries to expand employment, upgrade the skills of the industry's workforce and expand the business with due respect for the environment.

☐ Background: Page 18

Opening doors for the jobless



BRIAN WILLIAMS ... *a shift to explore self-employment options for the unemployed.*

New labour director's two main strategies: Improving Unemployment Insurance Fund service and initiating job creation projects

ESTELLE RANDALL
Labour Reporter

(173) ARG 30/1/96

A GUITAR slouches in a corner while framed portraits of President Nelson Mandela and Labour Minister Tito Mboweni keep watch over all who come and go at the office of Western Cape provincial director of labour, Brian Williams.

And there are many who come and go. Like many of the other new civil servants, Mr Williams has adopted an open-door policy, part of his mission to develop a provincial office which is responsive to the needs of employed and unemployed labour.

He brings with him an eclectic combination of skills – trade union experience, an interest in creative writing and music, and formal academic studies in communications and economics.

Since his appointment in November, much of his attention has focused on the internal transformation of the department. But he has not neglected its role in extending democracy and economic progress.

A key issue facing the labour department in the Western Cape is unemployment, estimated at 297 784 or 17 percent of the population.

Mr Williams says his department intends addressing this with two main strategies – improving its Unemployment Insurance Fund (UIF) service and initiating job creation projects, for which R10 million is available.

Improvements with UIF payouts have already occurred. Instead of waiting up to six weeks before getting their first payment, unemployed people now have to wait a maximum of only four weeks.

Whereas payment used to be by cheque, it is now cash. This has eliminated the need for unemployed people without bank accounts to use "cash vans". These used to oblige clients to pay them 20 percent of the cash value of a cheque which was cashed.

There are also plans to make queueing less tedious. In future, television monitors will show educational videos to people waiting at the UIF office and there will be material about careers on offer.

A problem which the department has not yet effectively addressed is that of employers who fail to deduct UIF contributions.

In the last six months of last year there was R836 076 outstanding in UIF contributions. The Cape Town office recovered about 50 percent of this, but complains that the courts do not treat the matter seriously enough.

An important shift on the part of the department is its concern to explore self-employment options and to provide back-up for people who pursue this instead of employment in the formal market.

"We plan to do a survey among unemployed people about their real needs and interest in self-employment," explains Mr Williams.

"The department could help with such self-employment projects by providing contractors who could provide training or who could retrain people."

Although there are no accurate statistics about numbers, an important disadvantaged segment among unemployed people are former prisoners.

"There is an estimated 70 percent return rate to prison," says Mr Williams.

"Their status as ex-offenders has disadvantaged them and they should also benefit from affirmative action," is his belief.

To this end, he has taken the intitiative and held talks with Nicro. Plans are under way to hold a conference next month where crime and unemployment issues will be addressed, particularly ways to effectively integrate ex-offenders into society.

Organised business, trade unions, industrial councils and training boards, the departments of labour and correctional services and the South African Prisoners' Union are some of the stakeholders the conference hopes to draw together.

Irwin Kinnis, Nicro's economic opportunities programme co-ordinator, said Mr Williams' appointment signalled a welcome change in the department.

"For years we tried to get the old department of manpower to run a special programme for ex-offenders but we got nowhere. Now we have a director in the province who has approached us about the issue," he said, somewhat bemused.

He said Nicro wanted to see legislation in place which obliged employers to give ex-offenders qual job opportunities.

Suitable staff in short supply for economy's surge

(173)

ST 4/2/96

While the demand for senior managerial staff has grown in keeping with a surging economy and affirmative action requirements, the quality of the applicants has not, writes **DON ROBERTSON.**

THE economy is expected to grow steadily over the next five to six years and the search for senior management at all levels will rise accordingly, says John Sherratt, managing director of Renwick Management Services.

This soaring demand for top personnel is reflected in a sharp increase in the number of staff vacancies placed in *Business Times*, which is regarded by accountants Deloitte & Touche as, "the prime medium in South Africa for managerial and executive level positions".

The number of column centimetres dedicated to advertising staff vacancies in *Business Times* rose by 29% between the 1993 and 1994 financial year to March and by a further 14,5% to January 21 this year (see graph below).

Deloitte & Touche says that ad spend in *Business Times*, excluding public sector appointments, rocketed by 40% in January 1995 over the average levels for the same period in 1994 and has since continued unabated.

Mr Sherratt points out that government and parastatal appointments make up about 50% of all staff vacancy advertisements.

Paul Hutchins, managing director of the manpower division of Adcorp, says there was a substantial increase in staff requirements last year because of the government's affirmative action policies and this has followed through to January, which has been a record month for his company. He expects this growth to continue.

Deloitte & Touche says, however, that the increased demand for senior personnel has had a significant ripple effect on the supply of high calibre financial managers and executives.

"Responses to advertised positions have declined, as has the calibre of respondents. It is becoming increasingly difficult and expensive to identify top quality staff," the firm says.

Mr Sherratt agrees, saying that this year it will probably take longer than the usual two to three months to place a suitable candidate in a position, largely because of the decline in the standard of applicants.

The reason for this increased demand for management personnel, says Deloitte & Touche, is the growing business opportunities for general management and financial staff which have become available in the new South Africa.

There has also been a growing number of multinational companies investing in South Africa as its economic growth accelerates.

"There is going to be further GDP growth this year, with a good agricultural crop," says Mr Sherratt.

"The RDP should kick into action this year and many businesses are expanding, while private sector investment is increasing. This should lead to steady growth over the next five to six years."

Aggravating the supply of senior management personnel, however, has been the continued emigration, particularly by young professionals in the financial sector concerned about violence and affirmative action.

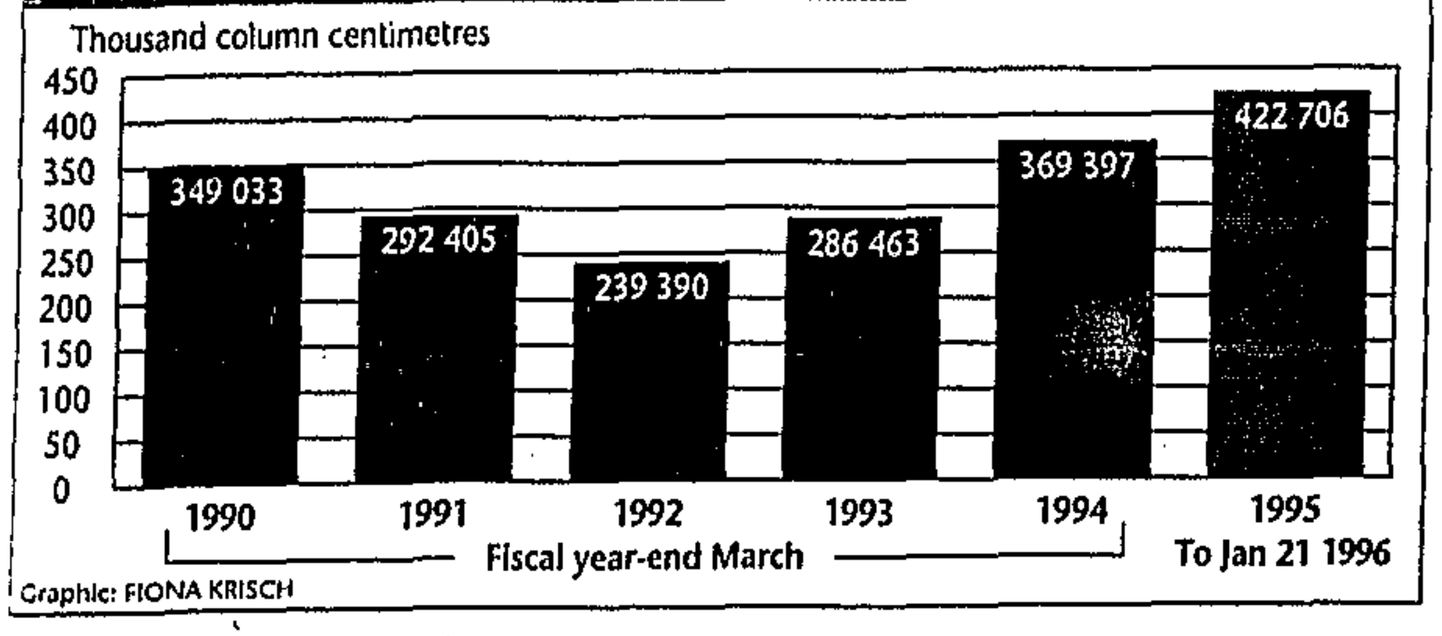
The increased search by foreign companies for SA management and the transfer overseas of executives to SA companies expanding abroad are also depleting the resource.

Research by Renwick Management Services shows that demand for "general management" rose by 114% between 1994 and 1995 and by 46% for production and engineering staff.

The firm also found a dramatic increase in demand in 1995 for senior management up to executive level as well as production and engineering staff.

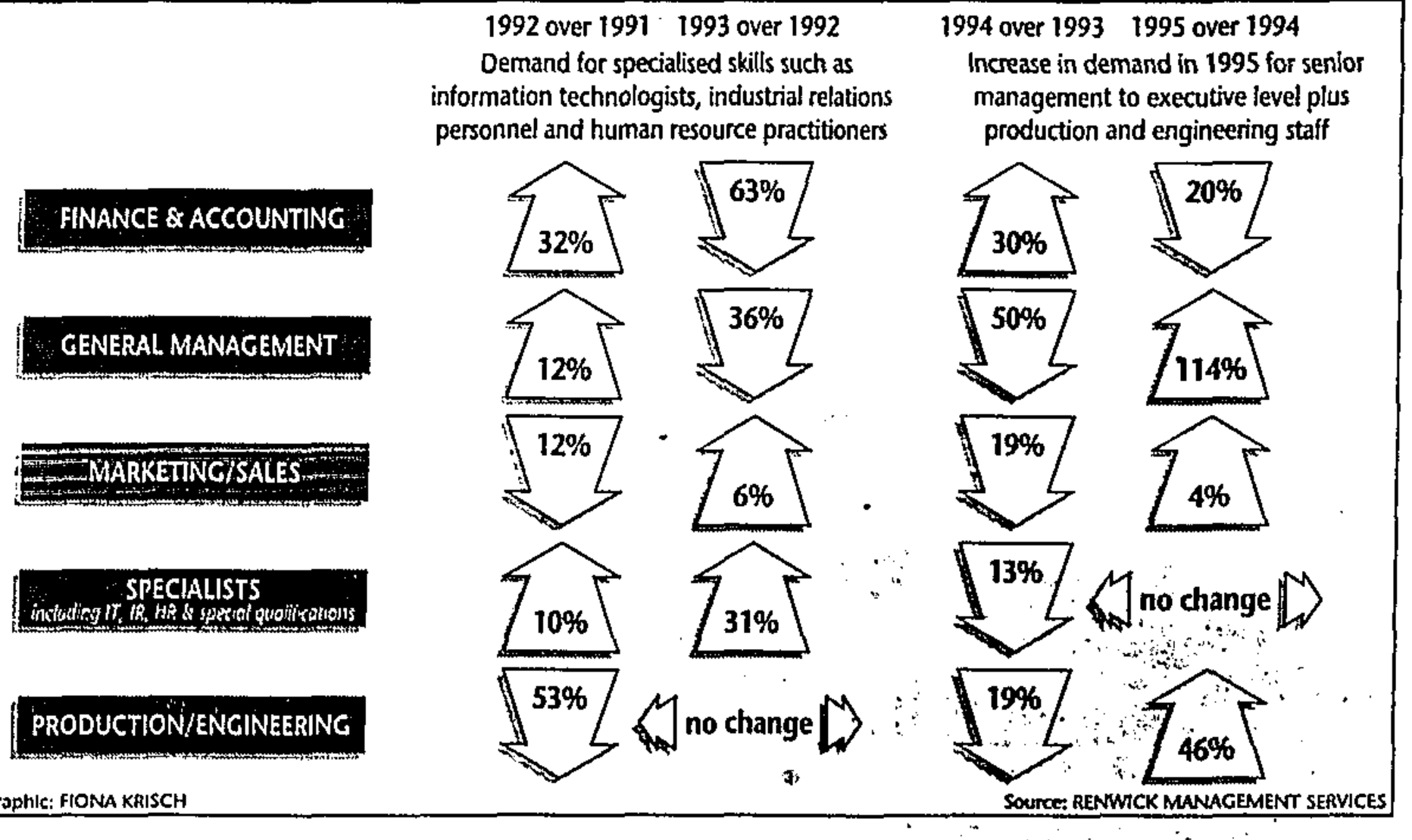
"This trend augurs well for increased production and better bottom-line profitability in 1996," says Renwick.

BUSINESS TIMES RECRUITMENT ADVERTISING



Graphic: FIONA KRISCH

SHIFTS IN DEMAND FOR SPECIALISED SKILLS



Graphic: FIONA KRISCH

Source: RENWICK MANAGEMENT SERVICES

the town.

PIC: AP

Senior policemen 'stupid' – Coetzee

By Josias Charle

FORMER Vlakplaas chief Mr Dirk Coetzee told the Rand Supreme Court yesterday that he had made telephone calls knowing that his phone was tapped and his superiors were listening to his conversations.

Testifying in the Eugene de Kock trial, Coetzee said he thought this was illegal. He denied a submission by defence counsel Mr Flip Hattingh, SC, that the police had obtained permission from the former Minister of Law and Order to tap Coetzee's phone.

"The defence has reliable information that ministerial permission had been sought to tap your phone," Hattingh said.

"I am 100 percent sure that my phone had been tapped illegally," retorted Coetzee.

Coetzee also admitted that he had referred to his seniors as "stupid and arrogant". "There were many juniors who could have done a better job than various generals and colonels, who were stupid and arrogant."

He said he was disliked by senior policemen "who were wolves in sheep's skins as they had committed worse acts than I have", said Coetzee, who has confessed to taking part in various illegal activities.

Asked by Hattingh why he believed there was war between himself and the police establishment, Coetzee replied: "I always fought them because I did not allow myself to be downtrodden."

Squatters' shacks torched

Sowetan 9/2/96

MORE than 300 squatters in Fairland, Johannesburg, have lost their homes and all their belongings in a fire they say was lit deliberately by a company trying to force them off the land.

The squatters said they saw their shacks go up in flames and were forced to run for their lives yesterday when security guards from a ceramics making company nearby set them alight.

A spokesman for the company refused to comment and referred enquiries to his lawyers who were not available late yesterday.

The squatters said three security guards had been arrested, but police were unable to confirm this at time of going to press.

Mr Elias Ngobeni said five security guards arrived at the camp on horseback, two were armed and the others carried knobkerries.

"They were very reckless. They each had a five litre can of diesel and poured it over our things before setting them alight. They stole some of the goods from my spaza shop and threatened to fight us if we did not leave," he said. - *Sowetan Correspondent*

Career counselling

(17B)

By Oupa Ngwenya

HIGH school pupils in Soweto will be the first to take part in the Preparation for Work programme workshop at Emndeni Career Centre tomorrow.

Sponsored by Standard Bank, this Nation Building project provides Standard 9 and 10 pupils with valuable career information for work.

Standard 10 pupils will complete a career counselling questionnaire in which they will answer questions on their preferred field of work.

Participants will be helped to define their goals, recognise their strengths and weaknesses, and will be equipped with job-seeking skills. The workshop also deals with how to write a CV and how to finance one's studies.

Sowetan 9/2/96

Mandela emphasises urgent need to create jobs

(173)

Star 9/2/96

By Patrick Bulger

Cape Town

President Mandela was opening the third session of the current Parliament this morning with a state of the nation address that emphasises a survey of the economy and creating more jobs for the millions of unemployed.

Mandela was speaking to a joint sitting of the two houses and his speech was broadcast live on radio and television. The speech had been at least two months in preparation, and was a closely kept secret until shortly before delivery.

But Government sources had said yesterday that the president would concentrate on the economy and point out that while all the economic indicators were positive, the ability to create jobs would have to be stimulated.

The president had himself given a hint of the thrust of his thinking on the issue in a speech delivered yesterday at the opening of the Columbus stainless steel plant at Middelburg in Mpumalanga. He stressed the need for "downstream producers to collaborate in the manufacture of internationally competitive finished products for export".

He said: "The success of this strategy depends on our emulating the practice of partnering, so successfully used in the Far East, to achieve rapid employment of competitive downstream industries and massive employment creation."

It was understood he would make a similar appeal today before Parliament.

The other issues sources said he was likely to touch on included crime, the security situation in strife-ridden KwaZulu Natal, the task of transforming a post-apartheid society and Parliament's role in achieving these aims.

Housing would also be emphasised and the contribution that greater employment can make to solving the housing crisis was to be stressed.

Mandela spoke to the ANC's parliamentary caucus at its first meeting of the year yesterday and, according to ANC chief whip Arnold Stofile, the president gave them a pep talk. Stofile said the party's leader had reminded the caucus that "we are here to promulgate the laws that will allow our country to be transformed in a way that the playing fields will indeed be level".

This morning Mandela was not expected to make any major announcement about the IFP and its return to the Constitutional Assembly from which it walked out a year ago.

But he was likely to urge the assembly's members to press ahead with the task of drawing up a new constitution by the May 9 deadline.

RAY HARTLEY assesses the President's speech to Parliament



Growth and job creation

(BBM) (173)

THE government is to introduce sweeping measures aimed at reforming South Africa's economy by boosting growth and unlocking greater job creation. ST 11/2/96

This follows President Nelson Mandela's call to Parliament on Friday for a "national strategic vision" to boost job creation and his warning that the current economic growth could peter out.

Senior government sources said measures that could be expected to be announced soon were:

- The lifting of exchange controls which stand in the way of greater foreign investment. The Sunday Times has learned that Reserve Bank Governor Chris Stals and Finance Minister Chris Liebenberg have already met to discuss when the controls should be abolished;
- The amendment of the Competition Act to loosen what the government has seen as the stranglehold of monopolies on the economy; and:
- The government's long-awaited report setting out priorities for boosting economic growth. The report is being discussed by inter-governmental forums and is expected to be released soon.

Mr Mandela told Parliament: "I should personally make the observation that we are finally succeeding in galvanising government to give effective leadership to economic growth and development."

ON EXCHANGE controls, he said that "it is not a matter of whether, but of when, these controls will be phased out".

Mr Mandela said he expected legislation on the development of small and medium-sized enterprises, as well as measures on "the critical question of competitive practices in the economy", to come before Parliament this year.

SVEN LUNSCHE reports that the Minister of Trade and Industry, Trevor Manuel, has promised to break the grip on the economy of conglomerates such as Anglo, Old Mutual, Sanlam, Rembrandt and Liberty Life. He has also promised to ensure that bad business practices are shaken out of the system.

He recently received strong ammunition for his policy with figures showing that the five conglomerates still controlled almost three quarters of the market capitalisation of shares on the Johannesburg Stock Exchange.

Among measures expected in his amendment to the Competition Act were:

- Outlawing cross directorships among competing firms;
- Replacing the Competition Board with a tougher Competition Tribunal; and:
- Prohibiting competing companies from holding shares in one another.

In his opening speech to Parliament, Mr Mandela said the confrontation between the government and Cosatu over the restructuring of state assets had been the product of a "breakdown of communication".

He said he was happy with the national framework agreement signed by the government and labour this week. "We are confident that the restructuring programme will be carried out with due speed."

BUT, elsewhere in his speech, the President said organised labour and employees had to ask: "Can we succeed if we premise our actions narrowly on the interests of those who are already economically engaged?"

Mr Mandela warned South Africans not to be lulled into complacency by the recent achievements of the economy.

"If we do not act together in the public and private sectors to develop and implement such a national strategic vision, the danger is that even the modest growth we have attained will peter out in a matter of a few years."

Outlining the key elements of such a vision, he said the country faced "three important investment challenges", namely:

- Investment in infrastructure, including municipal services, housing, construction and telecommunications;
- The restructuring of manufacturing and other industries such as tourism, agriculture and mining, which were critical for export and foreign exchange earnings; and
- A "massive investment in people" in the form of skills development, adult education and the overhauling of the education system.

Mr Mandela said the fact that 37 percent of managers in the public service were black and 10 percent were women was progress, "but not nearly enough".

He reiterated the government's view that the public service needed to be rationalised.

ANC council highlights jobs as priority

(173)
Star 12/2/96

All sectors of society urged to harness resources for strategy to uplift millions living in poverty

By Jovial Rantao
Cape Town

The ANC and its partners at all levels of government yesterday committed themselves to combating the high levels of unemployment – which have resulted in trends towards xenophobia and ethnicity – through mass mobilisation and education campaigns.

The two-day meeting of the organisation's national executive committee (NEC), which was extended to a "lekgotha" (council), highlighted the need for all sectors of society to harness resources for the upliftment of poor communities.

Taking part were all NEC members, ANC ministers and deputy ministers, ANC MECs and premiers, ANC chief whips and Speakers, and Cosatu and SA Communist Party officials.

The meeting noted that figures released recently by the United National Development Programme – that more than half the African population lived in poverty – constituted a national crisis and required radical solutions.

It reaffirmed the central role of the ANC in building a new patriotism and in overcoming racism and sexism, and ensuring overall co-ordination of growth and development.

It called for a developmental emphasis to be placed on the organisation's projects, including the Masakhane campaign, which underlined the need to mobilise South Africans as active participants in the process of transformation.

It reiterated the ANC's responsibility to provide leadership in nurturing humane values, especially when popular sentiments were whipped up on the basis of real fears and insecurities.

In reference to recent racial incidents at educational institutions, the NEC castigated "the attempt to disguise the preservation of privilege as a defence of language and cultural rights".

On KwaZulu Natal, the NEC gave its unequivocal support for firm and decisive measures, outlined on Friday by President Nelson Mandela, to be taken to deal with lawlessness and violence, in particular in KwaZulu Natal.

Mandela announced that steps which would prohibit the carrying of dangerous weapons in public would be introduced. He warned that no one, irrespective of which organisations they belonged to, would be exempt from these measures.

The president added that the violence afflicting KwaZulu Natal and the taxi industry, as well as incidents of gang warfare and other murders, were acts of criminal conduct and should be dealt with as such.

Govt plan on work benefits

POLITICAL WRITER

THE government will today release far-reaching proposals governing working hours and conditions of employment, such as maternity benefits and leave.

It will also cover overtime work, Sunday work, rest periods, night work, shift work and child labour.

Minister of Labour Tito Mboweni will submit the proposals today to business and labour leaders in Cape Town, his spokeswoman, Ms Shireen Singh, said yesterday.

The document was for discussion and was likely to provoke intense debate, she said.

The Ministry of Labour expected it to lead to the adoption of an employment standards law during this year's parliamentary session, Ms Singh said.

ET 13/2/96

Shake up Labour proposes short work week

Government green paper proposes short work week

CLIVE SAWYER, Political Correspondent

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LABOUR Minister Tito Mboweni has unveiled a green paper which proposes the reduction of working hours to 45 a week and the removal of restrictions on Sunday work.

Other measures proposed in the paper, which is not yet government policy and is still subject to formal debate with business and labour, include:

- Adjusting the system for compensating overtime.
- Permitting more flexible working arrangements such as compressed working weeks and the averaging of working hours to be introduced by collective bargaining.

The paper represents a longer-term commitment to reducing the working week to 40 hours a week.

"This will require a comprehensive and integrated approach involving legislation and national agreements."

Talks on the green paper will lead to a draft Employment Standards Bill to be tabled in parliament in the second half of the year.

This will replace the Basic Conditions of Employment Act and the Wage Act.

The legislation forms the second major pillar of labour law reform following the passing last year of the Labour Relations Act.

Mr Mboweni said the law had to be revised to be consistent with the constitution and the new Labour Relations Act.

The national strategy to further reduce hours of work will be carried out in the context of promoting job creation, productivity, human resource development and wage compensation.

This strategy could include a framework agreement to be implemented in various sectors, taking into account their specific needs, and a timetable for reduction of working time.

Also proposed for possible inclusion in this strategy is an investigation by an Employment Standards Commission and the setting of sectoral employment standards in unorganised sectors.

Special provisions for small business and technical assistance for social partners are also being considered.

The green paper proposes a "code of good practice" for employers to protect the health and safety of workers.

It proposes new regulations for night work, providing for a 20 percent premium for night work and special steps to protect the health of night workers.

On public holidays, the green paper proposes new legislation to allow workers to exchange official public holidays for other days off.

It proposes greater flexibility to bargain collectively on the administration of sick leave, while the right to paid sick leave at present levels will be retained.

Maternity and family-related provisions have been earmarked for reform.

Children younger than 15 should be prohibited from working unless a ministerial exemption is obtained.

Children between 15 and 18 will not be permitted to do work hazardous to them.

Provisions in the Labour Relations Act on unfair dismissal and individual labour practices will be transferred to the new law.

The paper proposes a four-week notice period for all workers.

Workers should have the right to be given written particulars of their employment.

Employers should not be able to discriminate against workers who exercise rights given them by the legislation.

Speaking for Cosatu, Nactu and Fedsal, unionist Ebrahim Patel welcomed the release of the green paper. He said the three labour federations would discuss a joint position on it.

Bokkie Botha, speaking for organised business, said some aspects of the proposals would prove controversial, notably those on working hours.

POLITICS

Plan to settle rent disputes

Ingrid Salgado

GAUTENG's housing department has recommended amendments to the Rent Control Act of 1976 to allow for the establishment of mediation boards to resolve disputes between landlords and tenants.

The province's housing and local government standing committee will hold public hearings on the matter next month. BD 14/2/96

Gauteng housing and administration director Monty Narsoo told the committee yesterday there was evidence of deteriorating relationships between landlords and tenants in the inner city and in areas characterised by backyard shack accommodation.

Changed housing patterns in metropolitan areas meant "inventive measures" had to be sought to manage problems connected with rented housing.

Rent control was phased out in the 1970s.

Public works wage deal expected soon

BD 14/2/96 (173)

Drew Forrest

CAPE TOWN — Cosatu has resolved internal wrangles over wage levels in the public works programme and is to sign a long-delayed deal with government "within weeks".

Public Works Minister Jeff Radebe said yesterday labour, the civil engineering industry, government and representatives of civil society were at the final stages of negotiations on a framework agreement designed to enhance the use of labour in all government construction projects.

Negotiations on the agreement began in 1994, but were stalled by internal union differences over pay. A one-year deal was concluded in 1993 to allow for pilot projects, which Radebe said had been successful.

Cosatu's head of negotiations Khumbula Ndaba said unionists had been divided over whether workers should receive the same pay levels and benefits as in the formal sector, and over the government's proposal of "task-based" payment.

Some had felt that workers should be paid by the hour.

Ndaba said it had been conceded that in the interests of job creation, workers in the public works programme should not expect parity of pay and conditions with their counterparts in the formal sector. The Cosatu executive was also willing to try out the task-based payment system.

Ndaba emphasised, however, that the federation would be pressing for changes to the agreement's provisions on training, which he said were "very weak". Cosatu believed that all employees in public works projects should receive skills training to enhance their prospects of finding work.

He also said the unions would be seeking to sharpen the agreement's provisions on workers' benefits.

Giving details of progress in employment creation, Radebe said a total of 28 158 jobs would be generated by the Independent Development Trust's community employment programme, to which R70m had been allocated from the RDP fund. This would improve the incomes of 100 000 rural people. In addition, R150m had been allotted for 182 projects in the provinces. These were expected to create 18 000 jobs.

One week only for submissions on Bill

Wyndham Hartley

BD 14/2/96

CAPE TOWN — Due to the urgency of the legislation needed to allow minors charged with serious crimes to be held in prison, the public is being given one week to make submissions on the Bill.

The Bill, introduced as a private members' proposal by ANC MP Carl Niehaus, seeks to make it possible as a short-term emergency measure to incarcerate children awaiting trial. It was introduced to the National Assembly's correctional services committee yesterday.

Niehaus, who chairs the committee, later announced that the public would have until February 20 to make submissions. Between then and February 29, when the Bill was scheduled for debate in the National Assembly, the committee would debate the measure. This could include public hearings.

Niehaus stressed that while large numbers of child offenders were not involved — about 700 were released into places of safety and parental custody last year — the legislative measure was necessary because those who had escaped and returned to crime were a danger to the public.

When the Correctional Services Act was amended last year to outlaw holding children in prison, there were many submissions from organisations. These would be taken into account.

It would be difficult for the committee to allow more time for submissions, he said. Submissions (and if possible 40 copies) can be addressed to the Secretary to Parliament, attention Simone Ingerfeld, PO Box 15, Cape Town, 8000.

Western Cape job cuts 'are inevitable'

173
BD 15/2/96

Linda Ensor

CAPE TOWN — Warnings of far-reaching job cuts in the Western Cape provincial administration and its health and education sectors were issued by premier Hernus Kriel yesterday at the year's first sitting of the provincial legislature.

He said the cuts were the inevitable consequence of reductions in central government funding for the province.

Last year the Western Cape received R7,5bn from the state, as well as bridging finance of more than R400m. However, in the 1996/97 fiscal year no real increase in funding was expected and as 90% of the provincial budget was taken up by education, health and welfare, downsizing would have to occur in these areas.

Kriel also said the Swiss government had funded a feasibility study on establishing a Western Cape development bank which would finance small and medium-sized businesses. Western Cape was the only province which did not incorporate a former TBVC or self-governing state and did not inherit a development bank.

Kriel emphasised the need for belt-tightening and fiscal restraint in the light of cuts in state funding. And he warned that retrenchments of teachers would be inevitable — despite President Nelson Mandela's promises to the contrary — unless additional funds were made available. The same applied to health, where the year-on-year

Continued on Page 2

Kriel

BD 15/2/96

Continued from Page 1

reduction of central government funding had placed severe limitations on the delivery and transformation of health services.

"The retrenchment of employees, the closure of hospital beds and the significant downscaling of services and health programmes are inevitable unless adequate funding is obtained from central government. Every effort is being made to secure additional funding for our health services. In the interim, the health department will effect efficiency gains through the rationalisation of services, will fill only key and absolutely essential vacant posts and maximise revenue generation."

The effect of these measures would be to cut expenditure by R22m and to shift R35m worth of resources to needier, peripheral health services.

Kriel noted expenditure on personnel was one of the provincial budget's biggest cost items and it was thus necessary to aim for a more streamlined administration.

This would be a long-term process to be achieved mainly through natural attrition. But he warned that there could be instances "where other options must be exercised".

Kriel also undertook to have drafting of the provincial constitution done by June and called for public submissions on a new name for the province.

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ANC plans job-creating conference

(173)

By Mondli Makhanya
Political Reporter

Star 15/2/96

The ANC is planning a major conference on job creation to find strategies for tackling what is increasingly regarded as the country's number one priority.

The conference will involve the SA Communist Party and the Congress of South African Trade Unions who are the organisation's Tripartite Alliance partners. Issues as diverse as trade policies, industrial restructuring, wages and economic long-term growth strategies will be discussed.

ANC spokesman Carl Niehaus said the decision to call the conference had been taken in the light of President Mandela's call for the country to make job creation a national priority.

There is growing concerning in Government, the trade unions and business at the economy's failure to generate new jobs despite the fact that it is expanding at more than 3%.

This failure – which has been exacerbated by retrenchments on the mines – is one of the reasons unions have been adamantly opposed to the Government's plan to privatise state assets without guaranteeing that jobs will not be lost.

Cosatu will begin a campaign against job losses with one of its main affiliates, the South African Clothing and Textile Workers Union, embarking on nationwide work stoppages. According to Cosatu, the textile industry has shed 12 000 jobs in the past year as a result of trade liberalisation and will lose 10 000 more over the next six years.

The union federation says the state should make sure trade agreements do not lead to the sacrificing of local jobs.

It also implored the Government to protect local manufacturers from cheap East Asian imports and pressure the World Trade Organisation to include a "social clause" in the International Trade Agreement which would effectively protect workers from widescale job losses.

Inflexible labour market blamed for country's high unemployment

(173) (535) ET (BR) 15/2/96

By Roy Cokayne

Pretoria — The National Productivity Institute has identified the inflexibility of the labour market as the major reason for South Africa's employment problem.

The institute said that few low-level jobs had been created despite people being desperate for work.

It said one of the most alarming trends in the South African economy over the past two decades was the appallingly low growth in formal sector employment.

The institute said formal sector job creation of 2,9 percent a year in the 1960s was almost equal to the population growth rate but employment creation in the 1980s dropped to only 0,5 percent a year.

It said another alarming trend was that the few new jobs created in the 1980s were in the public sector rather than in the private sector.

The institute also said slow productivity growth contributed to the problem and stressed that productivity growth oiled the wheels of the economy and was the basis for improved standards of living.

It said: "If anything, productivity growth generates economic growth, which boosts long-term job creation. However, while the employment problem in South Africa is worsened by slow productivity growth, it is due more to the inflexibility of the labour market, with few low-level jobs being created. In addition, drastic rises in labour costs during the 1970s favoured capital-intensive production techniques.

"Since the 1970s, overall productivity growth in South Africa has been insignificant by world standards."

South Africans' financial situation in 2035 could be little changed from today if productivity growth did not surge upwards from its levels of the past two decades, the institute said. It said the crucial yardstick for judging the economy's long-term performance was the growth in output of each person.

It stressed that in the long-term, issues such as inflation, the balance of payments, the budget deficit and gold mine output paled into insignificance compared with the growth in output of each person.

"Economic policy should therefore focus on the long run, with productivity as its central goal. The problem is that productivity growth is linked to long-term trends ... such as savings and investment rates, technological progress, export performance and education levels.

"These, in turn, have their roots in political history, cultures and religions, the competence of state administration.

"None can be changed quickly," the institute said.

Call for two-tier labour market

(BD) (173)

Adrienne Gilliomee

BD 21/2/96

ANGLO American Industrial Corporation called yesterday for a two-tier labour market to allow new investments at a different and lower wage level without minimum standards and said the unions "should stay out of this sector".

Chairman Leslie Boyd told the conference such conditions were necessary if SA wanted to reduce unemployment. "The notion of a 40-hour working week is an example of the damage that can be done to our cost competitiveness by ill-conceived labour legislation." Boyd said initial low wages coupled with improving labour productivity created jobs. But investment in labour-intensive industry was unlikely if labour market flexibility and productivity were constrained by statute.

Boyd said SA had not yet developed the recipe to encourage fixed investment. Capital totalling R20bn flowed into the country last year, most of which was portfolio investment and not direct fixed investment.

"Gross domestic fixed investment spending was constrained by a vulnerable balance of payments and a poor level of domestic savings. The latter still exists and will do so until we have wealth creation on a serious scale."

Renee Grawitzky

Concern grows over Act's ability to achieve job creation

(173) BD 26/2/96

THERE is growing concern, even in ANC quarters, that the Labour Relations Act passed through Parliament last year will not create a climate conducive towards achieving governments' objectives of job creation and economic growth.

The Labour Ministry's Green Paper on employment standards tabled in the National Economic Development and Labour Council (Nedlac) last week has begun to elicit similiar concerns.

Employers have already begun expressing reservations on the content of the proposals, which include a reduction in ordinary working hours combined with greater flexibility in their implementation. Labour Minister Tito Mboweni says they are intended to enhance the quality of work, "especially as regards the need to eliminate extreme forms of labour exploitation".

South Africans are faced with far tougher choices than ever before, with rectifying past injustices being seen as damaging SA's ability to operate in the global economy. The temptation is to avoid making "tough choices" if the political price is too high — but how much higher if by 1999 lack of delivery is still the order of the day.

Business claims its opposition is not based on its desire to attack or diminish existing labour standards. However, increasing standards and ensuring compliance could raise the entry barriers to both the formal and informal labour markets.

The forthcoming debate will test labour and the Labour Ministry's commitment to dealing with unemployment and economic growth. The Green Paper appears to reflect the tensions between job creation and advancing the labour standards.

There are those within business who question whether the document merely pays lip service to these government concerns and objectives without thinking through more carefully the full impact of the proposals.

Business has indicated to Mboweni that if unit labour costs increase retrenchments would follow.

The general secretary of the National Union of Metalworkers of SA, Enoch Godongwana, argues it was purely a right wing agenda to attack labour by claiming a correlation between employment standards and employment levels. Worldwide trends have shown no such correlation. Instead, unemployment "is a function of changing production processes," he says.

Are initial business concerns justified and will the proposals raise employment costs and prevent the unemployed from becoming employed?

UCT economist Nicoli Nattrass says if real flexibility is established and if the measures designed to protect employment standards act as a spur to increase productivity and output — this could be a win-win situation for labour and business.

The Green Paper claims as its basis the concept of "regulated flexibility" which proposes, amongst other options, the negotiation of private agreements which could override certain clauses of legislation to provide for the "variation of employment standards". Flexibility, it argues, could also be achieved through sectoral employment standards in unorganised sectors, exemptions or through individual employment contracts. Business SA however, rejects this notion of "regulated flexibility" and claims it is really a double edged sword as the proposals will create regulated but not flexible labour markets.

Flexibility

Business argues that flexibility can only be achieved within the framework of bargaining councils. Should not workplace forums play a role in this regard and in agreements on flexible working arrangements at plant level?

In initial comments, labour has indicated it is concerned by the continued use of the word "flexibility".

Cosatu says it accepts the "right of trade unions and employers to negotiate binding agreements outside the legislation. We however feel there should be binding minimums as basics, with no agreement allowed to interfere with them."

Business, in contrast, argues that the proposals merely attempt to entrench and further compel parties to enter centralised bargaining arrangements — wage determinations or sectoral standards could be implemented even in unionised sectors where collective bargaining takes place but where no bargaining council exists.

The Green Paper, in a move towards removing disparities in employment standards, proposes that farm and domestic workers should be covered by sectoral standards while provision is made for public sector workers to be covered by legislation.

There is concern that the intention is to exclude the public sector from large portions of the legislation.

This is partly based on provisions allowing the public sector management to exclude the sector from proposals.

The Public Service Ministry says it welcomes in principle the protection being granted to public sector workers.

However, the financial implications would have to be scrutinised.

If the intention is to exclude public sector workers, government is going to have to explain why it wishes to impose standards on the private sector which it has no intention of extending to the public sector.

Attempts to ensure some level of regulation over what has been termed "non-standard" employees such as part-time workers, temporary employees, labour contractors, dependent contractors and those paid on a piece work rate to prevent exploitation have also been criticised.

Business argues for some protection for these workers, but objects to them being described as "atypical". Worldwide trends have shown such workers are becoming the norm, and full-time workers becoming the "atypical". Less flexibility, business argues, will result in the elimination of a sector with the potential of being a major employment generator. Reducing hours of work, the move towards a 40 hour working week coupled with introducing working time arrangements "for the more productive use of working time, skills and equipment" could prove to be one of the more contentious issues under negotiation.

Reduced hours

The proposed nominal one hour-reduction in weekly working hours from 46 to 45 hours in the case of shift workers, was met with some surprise by business which anticipated a far greater reduction.

The implications of a sharper reduction in working hours for security workers from 60 to 48 hours are not yet clear, while concern has been expressed by mining houses as to the effects of a reduction from its current 48 hours plus 1 hour travelling time.

Labour has expressed disappointment in the failure to move to an immediate 40 hour week.

The Green Paper argues that an actual reduction in hours of work with the accompanied reduction in the working of overtime — achieved by increasing overtime rates from time-and-a-third to time-and-a-half could lead to employers increasing their staff complement.

An incentive to both business and labour — a 40 hour week for labour and flexibility for business — is the proposal to couple the introduction of flexible working arrangements with a 40 hour week.

Godongwana says the impact of such a move — which could include the introduction of three shift arrangements — would have to be determined by industry and the parties would have to examine those industries where a positive spin-off was possible.

Both these approaches could be effective except, business argues, no incentive is created for working flexible arrangements to run an additional night shift. For example, employers would still have to pay a 20% night shift allowance.

This would have to be coupled, the Green Paper argues, with compensation to workers for introducing reduced working hours. In addition, the removal on the Sunday work restrictions has not been coupled with the removal of premium pay for working on Sundays.

Godongwana says the amount, quantums and premiums paid should not be an issue covered by legislation, but should be left to the result of collective bargaining in specific sectors.

Negotiation could prove far tougher than the negotiations on the Labour Relations Act as business and possibly even elements within the ANC oppose measures which they believe if implemented, could increase production costs and lead to further retrenchments.

NEWS FOCUS

Concern grows over Act's ability to achieve job creat

(173) BD 26/2/96

Renee Grawitzky

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Labour policy report focuses on flexibility

(173)

Renee Grawitzky

BD 26/2/96

THE formulation of a labour market policy had to balance reducing inequalities and unemployment and improving efficiency, International Labour Organisation (ILO) Labour Market Policy Director Guy Standing said at the weekend.

Standing, currently in SA to finalise the drafting of a report on the SA labour market to guide the Labour Market Commission, said "if these three elements are not treated as equal priorities, then an incorrect policy is likely to result".

The Labour Market Commission, set up by the labour ministry last year, is also in the process of drafting a report on a comprehensive labour market policy. It is understood that core areas of debate within the commission include minimum standards and wage legislation, flexibility for small business, deregulation and job creation, export processing zones, affirmative action, an incomes accord linked to wages, proposals for a Social Plan Act and productivity-enhancing schemes.

Standing said the ILO report would focus on encouraging constructive forms of flexibility while improving labour market-related security. "A policy should provide incentives for better practices rather than concentrating on punitive regulations," he said.

"Incentives to good practice are likely to be much more effective than a whole series of rigid regulations, although good regulations are nevertheless required as they set standards," Standing said.

He said discussions in SA about flexibility in the country's labour markets were not oriented towards increased output, production or efficiency, but rather focused on the improvement of standards and wages.

Standing said Labour Minister Tito Mboweni and a presidential commission had asked the ILO last year to co-ordinate a review of the labour market. The report, entitled The SA Challenge: Restructuring the Labour Market, would cover international trends, macroeconomic issues such as wage elasticity, data on employment and unemployment, wage flexibility issues, corporate governance and the rural and mining labour markets.

Part of the research conducted centred on a survey of 399 industrial enterprises across SA. An analysis of the data collated relating to labour and employment practices would be included in the report.

500 000 jobs

(173) Sowetan 27/2/96

Government aims at massive employment boost



Mbeki's promise

Thabo Mbeki – announced that the Government's target was to create 300 000 to 500 000 new jobs annually by the year 2000.

By Rafiq Rohan
Political Correspondent

THE GOVERNMENT is looking at implementing radical measures that could lead to the creation of up to 500 000 jobs annually, Deputy President Thabo Mbeki announced yesterday.

As part of a renewed strategy, the country's Gross Domestic Product (GDP) would also have to be increased by at least six percent a year by the year 2 000, he said.

Mbeki told the Intergovernment Forum Summit in Parliament yesterday that poverty and unemployment were the number one challenges facing the country and the notion that it was "business as usual" had to be stopped.

For this to happen, sacrifices would have to be made.

"If we hope to achieve development and economic growth we need to overcome decades of under-development, discrimination in resource allocation and low economic growth."

He told the meeting that task teams of directors-general had identified four high level targets. These include:

- Creating 300 000 to 500 000 new job opportunities annually by the year 2000;
- Sustaining annual GDP growth of at least 6 percent by 2000;
- Doubling the share of national income received by the poorest households; and
- Providing the basic household infrastructure to all by 2005.

"Extraordinary measures" will be required to achieve the four targets, Mbeki said.

"They involve significant trade-offs, compromises and sacrifices and a transitional period of hard work to achieve a competitive economic plateau."

Government, the business sector, labour and others have to make a commitment to these objectives.

"In the short-term," Mbeki pointed out, "the situation may be difficult but will improve in the medium to long-term as we begin to reap the benefits of our RDP-based growth and development strategy."

Reconstruction and Development Programme's Minister Jay Naidoo emphasised this point to the gathering: "In the short-term there have to be sacrifices so that in the long-term everyone can benefit." The new patriotism means putting South Africa to work, he said.

Speed up growth

Releasing the draft National Growth and Development Strategy at the summit as the blueprint for taking the RDP forward, Mbeki set out the steps that would speed up growth and development.

These included increasing employment, rapidly increasing the standard of living of all South Africans and transforming the public sector and the civil service.

Mbeki also introduced a number of pillars to restructure the economy and society to make growth possible. These include:

- Restructured industries and services that create employment;
- Huge investment in training and education;
- A national crime prevention strategy;
- Providing social security for the poor so they can be brought into the mainstream of society.

New Labour Relations Act could hamper work creation

(173) (1988) CT(BR) 27/2/96

BY JOHN SPIRA

The proposed Labour Relations Act militates against the creation of jobs.

So maintained Brian Bleazard, a partner at Werksmans Attorneys, in an address delivered at a Cozens Recruitment Services breakfast in Johannesburg last week.

He said one of the fundamental aspects of the new legislation that had been largely ignored was its reference to employees who were not employees.

"This is totally new ... in terms of the act and will introduce into our litigation claims which were previously excluded."

Under the old act, for the Industrial Court to entertain a claim there had to be an employer-employee relationship.

In terms of the new act, Bleazard explained, an employee was more than an employee because an employee was defined to include "an applicant for employment".

His reading of the relevant clause was that any applicant for employment who alleged that he had been discriminated against would be entitled to refer the matter to the Commission of Conciliation, Mediation and Arbitration.

If it was not resolved at that forum, he could apply to the labour court for adjudication.

"The effect of this is to introduce into the new act anti-discriminatory legislation which in many other countries is included in specific anti-discriminatory legislation."

The effect was that companies recruiting employees had to ensure that their advertising of job vacancies was not discriminatory.

"This may at first glance appear to be fairly straightforward. However, there have been cases overseas in terms of which publication in a particular journal aimed at a particular group of individuals ... would constitute discrimination on the grounds that it is aimed at one group only.



HARD WORK *Brian Bleazard, a partner at Werksmans Attorneys*

"There have even been suggestions that the concept of head hunting without first having openly advertised the vacant position could constitute discrimination."

Bleazard believed that even more crucial was the job interview.

"The interviewer cannot ask any questions which may have the effect of discriminating against the potential employee in respect of the particular vacancy.

"In other words, it could, in my opinion, be regarded as discriminatory in terms of the new act for an interviewer to ask a female employee if she is pregnant or intends to marry or even if she is married, divorced or has children.

"The small talk which surrounds interviews will therefore have to be excluded and the interview limited to the specific requirements of the particular job."

A passing question, even in jest, could result in legal action being taken against the company.

Bleazard said that in terms of the new act employees had the right to strike provided they had referred the matter to the commission and had given 48 hours' notice of the commencement of the strike. However, no ballot was required before the strike.

"I believe that this is undemocratic and puts the ability to call for a strike fairly and squarely in the hands of a union official.

"Believe it or not, under the old act a number of ballots were held and the workers decided (contrary to the view of the trade union) not to participate in a strike.

This meant that the power of union officials in such situations would be enhanced.

The reasons given by the drafters of the legislation for abolishing the ballot was that it would avoid technical objections.

"I do not accept this and I believe the true reason has been to enhance the power of the unions."

Bleazard expected the legislation to go the way of "other socialist legislation".

He said that in time it would be tempered and toned down by the reality of economic factors.

"In the interim, however, it is incumbent on the employers to do as much damage control as possible," he said.

Payments totalling R3m 'made to fictitious people'

Political Staff (173) BD 28/2/96

BISHO — A policeman and government officials in the public works department were allegedly involved in a R3m scam in which they paid fictitious people, public works permanent secretary Linda Salie said yesterday.

Earlier this month eight computer personnel in the department were trapped allegedly paying themselves R10 000 each in "arrear salaries".

Salie told the Bisho public accounts committee one problem the department faced was with police and justice, where dockets were lost — "if it is not the investigating office that loses it, it is the clerk of the court", he said. As a result cases were reported to the police, while departmental action was taken to recover the money taken.

Salie said one of the major cases, which involved a sum of R3m, concerned alleged fictitious payouts. Some of these took the form of cash payments to non-existent casual labourers; others were cheque payments. These, he alleged, were drawn by officials and cashed by accomplices outside.

He said the police investigation of the case in which a policeman was involved "got nowhere", and he subsequently handed it to the Heath commission.

Salie said a second case involved a businessman who, it is alleged, opened an account in the name of BKS — there is actually a real company BKS Incorporated — and used the documentation from the real company for writing out cheques to his BKS. An official in the department was involved, he alleged. The full amount of R289 000 had been recovered.

Protesters call on Stellenbosch to increase black student quota

(5th) BD 28/2/96

CAPE TOWN — About 500 members of the SA Students' Congress (Sasco), including students from the University of the Western Cape and pupils from Kayamanda school, marched yesterday to the University of Stellenbosch to put pressure on authorities there to register more black students.

Sasco demanded that at least 3 000 black students should be registered at the university this year.

The action was also staged to protest against the university's language and admission policies and a "lack of transparency" with regard to bursaries.

A spokesman at the university said the protesters sang, chanted and toyi-toyied "in an orderly fashion".

According to university statistics, 20% of this year's intake of first year students were black and 24% did not speak Afrikaans at home.

Douglas Davis, of the university's public relations department, said R5,3m was spent on bursaries for disadvantaged students last year and R7,6m would be made available this year.

At the University of Zululand, talks were to be held yesterday to address a two-day class boycott and the demand that students be allowed to register despite outstanding fees. — Sapa.

Project for unemployed

(173)
Sowetan 28/2/96

THE South African Unemployed Workers Organisation (Sauwo) has launched a sister project, Amandla Waste Creations, with the aim of creating jobs for the unemployed.

Amandla Waste Creations, which will be based in Soweto, will manufacture handcrafted objects using waste paper, wire, cardboard and tins to be sold to the public. One of the directors, Mr Mandla Mentoor, said 15 unemployed youths from Tshiawelo had already been trained in the paper craft.

"A life-size sculpture of South African Breweries' managing director has been manufactured," said Mentoor.

Mentoor said participants at the launch felt that the existing Sauwo objectives were inadequate in the light of the revised vision and mission as well as given the expanded focus areas.

Afrophone Translation Service; full-time translator and interpreter.

Prof C T Msimang: LLB (Unisa); MA (Unisa); DLitt et Phil (African Languages) (Unisa); Head of Department of African Languages, Unisa.

Prof A C Nkabinde: PhD et Phil (African Languages) (Unisa); Project leader of the Zulu Dictionary Project, University of Zululand.

Dr G K Schuring: DLitt et Phil (African Languages) (Pretoria); Head of the Unit for African Languages, HSRC.

Prof V N Webb: DLitt et Phil (Linguistics) (Unisa); Chairperson of the Linguistics Society of Southern Africa.

Dr S M Beukes: DLitt et Phil (Applied Linguistics) (RAU); Deputy Director: Language Planning, State Language Services.

(c) They are proficient in the following languages:

Dr N E Alexander: Afrikaans, English, German, Xhosa, Dutch.

Ms Q Buthelezi: English, Zulu, Xhosa, Sesotho, Afrikaans, Swati, Tswana, Pedi.

Ms K D Mboweni-Marais: English, Xhosa, Sotho, Pedi, Tswana, Swati, Ndebele.

Prof C T Msimang: Afrikaans, English, Northern Sotho, Southern Sotho, Swati, Xhosa, Zulu.

Prof A C Nkabinde: Afrikaans, English, Nguni languages, Sotho languages.

Dr G K Schuring: Afrikaans, English, Dutch, Northern Sotho.

Prof V N Webb: Afrikaans, English, Zulu, German.

Dr S M Beukes: Afrikaans, English, German.

(d) The State Language Services hosted a workshop in Pretoria in April 1995 to consider the creation of a task group for language. Persons attached to the following bodies were invited to the workshop: the universities of Cape Town, South Africa, the Orange Free State, Natal, Pretoria, the Witwatersrand, and the Western Cape; the HSRC, ACTAG, the Woordeboek van die Afrikaanse Taal, the National Language Project, Afrophone, the Senate, the National Assembly, and the Stigting vir Afrikaans. The members of the workshop undertook to submit names to the State Language Services from which a selection was to be made (after informally consulting as many knowledgeable persons as possible) for recommendation to the Minister.

The name of the persons so recommended to the Minister were submitted for comment to the chairpersons of the language mattes committees of the National Assembly and the Senate, and also to the Deputy Minister. Cabinet approved the appointment of Langtag in November 1995.

(e) 31 July 1996.

Labour Market Commission

*16. Mr D W MAKHANYA asked the Minister of Labour: (173)

What are the (a) names of the members and (b) terms of reference of the Labour Market Commission?

N20E

The MINISTER OF LABOUR:

(a) The names of the members of the Comprehensive Labour Market Commission were approved by the Cabinet on 15 February 1995. The members are:

Mr Jeremy Baskin
Director
National Labour and Economic Development Institute (NALEDI)

Mr Sakhela Buhlungu
Research Officer
Sociology of Work Project

Ms Adrienne Bird
Chief Director: Human Resource Development and Career Service
Department of Labour

Ms Merle Brown
SA Communication Service

Prof H Cheadle
Cheadle, Thompson & Haysom Attorneys

Dr David Kaplan
DPRU
University of Cape Town

Adv Andre Lamprecht
Director
Barlows Ltd

Dr Murray Leibrandt
Economics Department
University of Cape Town

Mr David Lewis (Co-Chairperson)
Special Advisor to the Minister of Labour

Mr Gwede Mantashe
Assistant General Secretary
National Union of Metal workers (NUM)

Dr Guy Mhone
Chief Director: Labour Market Policy
Department of Labour

Dr Nicoli Nattrass
Senior Economics Lecturer
UCT

Mr Moss Ngoasheng (Co-Chairperson)
Special Advisor to the Executive Deputy President, Mr T M Mbeki

Mr Mashudu Ramano
Corporate Consultant

Prof Sehoia Santho
Institute of Labour Studies
National University of Lesotho

Dr Nick Segal
Vice-President
Chamber of Mines

Mr Ray Zondo
Labour Lawyer

(b) The Commission was appointed by Presidential Proclamation in the Government Gazette, No 16407, dated 12 May 1995, and the terms of reference are as follows:

1.1 The development of an institutional framework for integrating the dual requirements of rapid and sustainable economic and employment growth and rising average living standards. This will include an investigation of:
- 1.1.1 the potential role of national tri-partite institutions in income determination;
- 1.1.2 the appropriate relationship between national income determination and existing wage determination mechanisms;
- 1.1.3 the component elements of a national incomes accord;
- 1.1.4 the role of public sector employment policy in achieving the employment-related objectives of the RDP; and
- 1.1.5 the impact of alternate mechanisms of wage determination on the development of small and medium-scale enterprises.

1.2 The role of national economic policy and national institutions in productivity enhancement, in particular:
- 1.2.1 building a national productivity accord;
- 1.2.2 identifying national policy initiatives that encourage the adoption of productivity enhancing work organisation; and
- 1.2.3 examining the relationship between industrial relations systems and practices on the one hand and productivity on the other. In particular the Commission will identify labour relations and labour market-related impediments to technological progress and to the introduction of new forms of work organisation.

1.3 The role of labour market policies in addressing negative social implications associated with economic restructuring and productivity enhancement, by examining in particular:
- 1.3.1 the link between technological change and other forms of productivity-enhancement, on the one hand, and job-loss on the other;
- 1.3.2 labour market policies designed to address the impact of regional and sectoral decline; and
- 1.3.3 the feasibility of a Social Plan Act.

1.4 Mechanisms aimed at redressing discrimination in the labour market. In particular the Commission will consider a policy framework for affirma-

tive action in employment with due regard for the objectives of employment creation, fair remuneration, productivity enhancement and macro-economic stability.

1.5 An appropriate policy framework for dealing with access to the South African labour market by non-South African nationals with due regard for the supply of labour, availability of employment and the imperatives of regional economic co-operation and development.

The CLMC will produce a report at the end of June.

"Third force" in KwaZulu-Natal

*17. Mr J A MARAIS asked the Minister for Safety and Security:†

(1) Whether his Department has made an investigation into the existence of a so-called "third force" in KwaZulu-Natal; if not, why not; if so (a) when, (b) who headed the investigation and (c) what were the findings of the investigation;

(2) whether he will table the relevant report; if not, why not; if so, when;

(3) whether he will make a statement on the matter? N21E

The MINISTER FOR SAFETY AND SECURITY:

(1) No.

The Special Investigation Team, headed by the Attorney-General of the Transvaal, has, amongst other matters, been investigating allegations relating to "third force" activities. The Special Investigating Team commenced its investigations prior to the April 1994 election.

(a), (b) and (c) Not applicable.

(2) Not applicable.

(3) No.

*18. Mr H A SMIT—Safety and Security [Withdrawn.]

Ministerial vehicle: speed violation

*19. Mr H A SMIT asked the Minister for Safety and Security:†

Whether any Ministerial vehicle, accompanied by two white Opel Astra police vehicles, exceeded the speed limit on the highway between Pretoria and Johannesburg in the vicinity of the Johannesburg International Airport on or about 19 January 1996, at about 17:45; if not, what is the position in this regard; if so, (a) who were the passengers in the Ministerial vehicle and (b) what are the further relevant details?

N23E

The MINISTER FOR SAFETY AND SECURITY:

Yes,

(a) the passengers in the Ministerial vehicle were Deputy President Mbeki, Mrs Mbeki, Inspector Poti and Inspector Pule.

(b) Deputy President and Mrs Mbeki were on their way to a function at the World Trade Centre at Kempton Park where the Deputy President was due to speak.

Toll road from Gauteng to Maputo

*20. Mr A WATSON asked the Minister of Transport:

(1) Whether any feasibility study of a toll road directly linking Gauteng with Maputo via Komatipoort has been undertaken; if not, why not; if so, (a) what were the findings, (b) how will such a road affect the Kruger National Park and (c) what will be the total cost of such a road;

(2) whether it is the intention to build such road; if not, why not; if so,

(3) whether any amount will be contributed by the South African Government towards building such a road; if not, why not; if so, what amount?

N24E

The MINISTER OF TRANSPORT:

(1) (a) Two feasibility studies were done. The first was done by a private concern as part of their motivation to the Department seeking a concession to toll the N4 Route in exchange for maintaining and upgrading the route. The second was commissioned by the Department of Transport as part of the Roads Project of the Maputo

Development Corridor initiative. Both these feasibility studies indicate that the project should be viable.

(b) The development of tourism is identified as one of the key objectives of the Maputo Development Corridor and this initiative will have a positive influence on tourist usage of the Kruger National Park. Improving road access to the Park will enhance its status as the biggest tourist attraction in the corridor. In addition, the possible linking of the Park with Mozambique offers the prospect of making the combined Park one of the biggest and best-used in the World.

(c) The initial cost for the upgrading on the South African side of the project is estimated to be R400 million, which will include the upgrading of the section between Machadodorp and Montrose at Waterval-Boven, and the sections between Kaapmuiden and Strathmore, and Malelane Gate and Hectorspruit east of Nelspruit. The upgrades on the South African side are part of an on-going programme of necessary improvements to the National Road Network. The rehabilitation and new construction on the Mozambican side is estimated at R150 million.

(2) On the South African side, it is intended to improve the *existing* road by upgrading, rehabilitating or re-aligning as necesary. The new construction is mainly required in Mozambique.

(3) The intention of the Government is to finance this project through private sector participation in the form of a Build, Operate and Transfer scheme (or one of its variations). At this stage it is envisaged that the Government would only contribute right of access to the existing road (National Route 4, sections 3 to 8) to a concessionaire for the duration of the contract, which could be in the region of 30 years.

A major objective of the Department is to minimise Government's financial exposure on this project. The final amount of any Government contribution will, however, only become fully clear after proposals have been received from the private sector indicating their willingness and ability to raise finance for this project.

Policy document for performing arts

*21. Dr F J VAN HEERDEN asked the Minister of Arts, Culture, Science and Technology:†

(1) Whether his Department has compiled a policy document relating to the performing arts; if not, what is the position in this regard; if so, (a) in regard to which performing arts, (b) from which interested parties were inputs received and (c) what is the purpose of the document;

(2) whether he will make a statement on the matter?

N25E

The MINISTER OF ARTS, CULTURE, SCIENCE AND TECHNOLOGY:

(1) Yes, the Department of Arts, Culture, Science and Technology has formulated various policy documents relating to the performing arts. The central endeavour is to ensure that all communities have equal access and opportunity to participate in artistic activities. Policy suggestions have been formulated through extensive consultation with all stakeholders in the arts and culture sector.

The Department's policy is based on the recommendations coming out of the Arts and Culture Task Group, a group representing the arts community, that I consituted last year. The public was invited to comment on these recommendations through written submissions and in a number of regional and national workshops. All these responses are included in the final Actag Report. This report can be considered as constituting my Department's "Green Paper" on Arts and Culture policy, and as forming the basis for our White Paper.

The White Paper is in the process of being finalised and will be tabled in Cabinet during the course of this year. One of its areas of focus will be to propose a new funding dispensation for the performing arts. The White Paper process involves the costing of proposals made by the ACTAG

reponse, especially in areas where it is most needed.

If one takes the loss of 150 lives in Pietermaritzburg over the 1995 Christmas weekend, one sees that the Government has again failed to commit resources timeously. Both the Department of Water Affairs and the Department of Provincial Affairs and Constitutional Development were aware of the vulnerability of the Edenvale valley for at least two years, yet there was no forewarning, not even a simple flood warning system with a gauge was in evidence.

The Department of Provincial Affairs and Constitutional Development recently, and rather quietly, released a discussion document on disaster management policy, while it is supposed to be an interdepartmental initiative. Three months later it has received negligible attention. To date the Government has not even complied with the United Nations resolution on the basis of which South Africa needs to properly constitute a national committee for natural disaster reduction.

There is also the Department of Water Affairs' proposal for a proper land-use zoning mechanism which, among other things, would be critical in the context of flood plains, and it is vital that there should also be rapid progress in the development of such legislation.

None of this is the problem of one department; it is the problem of all departments, and the sooner this is realised, the better.

Mr J A JORDAAN: Madam Speaker, I apologise for not rising immediately, but I could not recognise the pronunciation of my surname. I agree with the hon the Minister, and we in our party also extend our sympathy to the people who suffered in the process.

One of the most eloquent speakers who ever graced the floors of Parliament in South Africa was a Mr Marais Steyn who later became an NP Minister. He was as eloquent in criticising the NP as he was in praising them in later years. At one point he was in an area in the lower Orange River in the vicinity of Upington and Prieska. He was criticising the then Minister of Lands, of Irrigation and of Forestry, Minister Strydom, who later went on to become Prime Minister, about building too small dams. He called him a small-dam man. A retort then came from the audience: "And you are a big-dam fool!" [Laughter.] I hope this does not apply to the hon the Minister. We will have to see, in years to come, whether that is the case or not.

To a very large extent I agree with what the hon member Janet Love has said, but I am going to confine myself to dams only and to catchment management. I would like to hear from the hon the Minister what the criteria are in designing dams, ie whether they are designed capacity-wise for one flood in 20 years, one in 50 years or one in 100 years, for instance. I do believe that we in South Africa, which is a water-poor country, have to utilise our resources. As they say in the Bible, if one looks at the story of Joseph and his dreams . . .

*In the seven fat years we have to plan for the seven lean years. With water there is also a seven-year cycle. I am convinced that in the case of South Africa we will also have to look at planning in the long term. [Time expired.]

The MINISTER OF WATER AFFAIRS AND FORESTRY: Madam Speaker, the floods have clearly highlighted the issue of disaster management in South Africa. They are part of a continuum of disasters that plague our peoples: the two fires in Marconi Beam and the possible danger of pollution of our waters. The fires have left people without homes and possessions.

I must say, though, that Ms Love's factual relationship with what happened in Pietermaritzburg is somewhat askew. She is inordinately harsh about her observations. Both the department and Umgeni Water issued warnings on the situation to residents in the Edendale valley. The steep banks meant, in fact, that the floods were not ordinary floods, but raging torrents.

We need a pre-emptive approach to disaster management in order to deal with any disaster on this scale. We need an approach in which communities are integrally involved with the planning, and we need to take action within an approach in which timely notice can be given and timely action taken by a variety of departments and authorities. We need, therefore, co-ordination across a whole range of departments and levels of government. We need the necessary policy legislation, and we need to co-ordinate infrastructure. We need most of all—because it is the poorest who suffer the most—political commitment.

So we ourselves believe that such a structure should be vested in the office of the President and should be accountable to the Cabinet and Parliament through a committee of Ministers. This body should co-ordinate not only action here, but also in our neighbouring areas such as Mozambique. So disaster management, I agree with Comrade Love, has not received enough attention in the past. Of particular concern is that communities are not able to withstand the effects of the disaster, or to rebuild after that. The weather pattern in South Africa, I agree with Comrade Kobus, is such that we do not get . . . [Laughter.]

The SPEAKER: Order! Hon Minister, your time has expired. I think there has been a mutual provocation there which we will no doubt see worked out later on.

Mrs R T MABUDAFHASI: Madam Speaker, hon Ministers and colleagues, I firstly wish to express my condolences and those of my organisation to all those who lost their loved ones due to the floods. Certainly the floods have caught all of us unawares. They have also shown our weaknesses in planning, be it in the area of early-warning systems, water-drainage systems and even the training of our communities.

We have seen how few people have been trained in rescuing. Many people have lost the crops from which they make a living. They certainly need assistance. That is why we need to have a disaster fund that will cater for both droughts and floods.

To be effective in dealing with disasters, it is essential for both communities and officials to participate. Guidelines relating to, for example, infrastructure development for all, irrespective of whether people are living in informal settlements or not, must be available. Provincial and local authorities must develop disaster management plans, including plans for flooding.

The role of the insurance industry needs to be examined in this light, as many have lost their crops and the insurance companies are saying that they are not going to compensate.

Ms J Y LOVE: Madam Speaker, merely issuing a warning, without any prior organisation or awareness-raising within a community, is not going to succeed. I think this is the message that we are trying to convey.

The need to organise a community and to implement a system whereby such a community is made aware of and made to understand the hazards and risks they face, is something that we cannot expect from one department. It necessarily has to involve the local authority and other players, but at the same time the very fact that such organisation was not done in Edenvale contributed to the lack of response by the community. This only needs to be compared with the situation in the Alexandra area in Gauteng where residents responded very differently as a result of long, painstaking work that had been done with that community.

I hope that as a result of this interpellation we will have a much greater consciousness of this issue.

The MINISTER OF WATER AFFAIRS AND FORESTRY: Madam Speaker, I agree entirely with the conclusions of Comrade Love.

The fact is that there are 150 000 people in South Africa who are vulnerable to floods. They live below the line of one-in-fifty-years floods. We must therefore move ahead. It is not enough to say our inheritance is defective. We must take preventive action.

At present the whole arrangement concerning disaster management is languishing in the Department of Provincial Affairs and Constitutional Development. The situation can no longer continue in this way. Ministers must now take charge of the whole process and drive the process, because in my view the public servants have reached the end of their useful contribution to disaster management. It must be done, because it is necessary for co-ordination with the provinces.

Gauteng has already introduced its own disaster management arrangements. We must now involve ourselves with the provinces. The process must be driven by the Ministers because we need urgent, thorough investigation of the need for an essential disaster management office system, which will operate through the police, civil defence, the Reconstruction and Development offices and local communities.

We are at one on this, because the situation requires an urgent and immediate response.

Debate concluded.

Economic growth rate

2. Dr T G ALANT asked the Minister of Labour:*

To what extent the need for an optimal and sustained economic growth rate was taken into account in the recommendations of his Department's latest green paper, which *inter alia* aims at optimal employment?

(173) N139E.INT

The MINISTER OF LABOUR: Madam Speaker, the question has to do with the recently released Green Paper on employment standards.

The basic aim of the proposals in the Green Paper is to improve the quality of work, particularly for vulnerable and disadvantaged workers, such as lower-paid workers, children and pregnant women. The proposals have been designed to be compatible with and to facilitate employment creation and the maintenance of a relatively flexible labour market. In this respect the following aspects of the Green Paper need to be noted.

Firstly, the Green Paper proposals entrench the protection of basic rights, such as the outlawing of child labour and forced labour. The proposals also allow for considerable variation in the setting of working conditions. Thus adequate room exists in the Green Paper for variation to encourage the employment of disadvantaged groups.

Secondly, the proposals not only seek to remove rigidities in the current Basic Conditions of Employment Act and the Wage Act, but also provide for wide-ranging flexibility in the manner in which the intended legislation may be applied by allowing for different ways in which employment standards may be varied.

Thirdly, the proposed reduction in working hours from 46 to 45 is coupled with the proposal to increase the premium on overtime from one and a third to one and a half, thereby allowing workers to realise their target income in fewer hours than they did before. Also this measure releases more hours, the total of which would motivate employers to hire more workers.

Fourthly, the proposal seeks to initiate the move towards a 40-hour working week in a phased manner in accordance with the performance of the economy in realising increased worker productivity and growth.

Fifthly, the proposal to reduce the number of working hours per week without reducing remuneration per worker per week is expected to discourage the inefficient use of labour and enhance efficiency and productivity by inducing firms to seek new ways of work organisation and improving worker productivity during the span of the reduced working hours.

Finally, it should be noted that the Green Paper seeks primarily to enhance the quality of work, especially with regard to the need to eliminate extreme forms of labour exploitation, which is a legacy of the cheap labour system of apartheid. [Time expired.]

Dr T G ALANT: Madam Speaker, recently President Mandela reminded the country of the host of jobless people outside, and warned workers and labour unions not to think only in terms of their own interests. Every person with a job in our country should heed the words of the President.

There is general agreement that South Africa needs a long-term development strategy that can deliver, firstly, a rapid and sustained economic growth path of around 6% per annum for at least two decades, and secondly, a fast and continuing decline in unemployment. At present our economy has virtually no capacity to create jobs for our people.

Economists agree that our unemployment is structural rather than the temporary result of low economic growth rates. To change structural deficiencies requires structural adjustments, not artificial attempts, such as the Minister has mentioned, to create more jobs. The costs of our malfunctioning labour market are borne primarily by the poor people in the country. The debate should be about how flexibility can best be enhanced to create employment.

Under these circumstances, one would have expected the Minister of Labour to come forward with policy proposals to reduce the rigidities of our malfunctioning labour market significantly. The Minister should have wrestled with the question of how to achieve the necessary balance between protecting vulnerable workers, and ensuring that the costs of employment are not increased by regulations to the point that the unemployed poor cannot get jobs.

Even though positive noises are heard about the need for employment flexibility and international competitiveness, the body of the proposals in the Green Paper does not support these sentiments.

In our enlightened age nobody will argue against prohibitions on child labour and forced labour. There is, however, enough evidence that a forced reduction in working hours will not increase employment. Industrialised countries have achieved reductions in hours of work as a result of economic growth. It was not seen in those countries as a way to increase employment, nor was employment seen as a way to create economic growth.

Further examples of proposals causing concern are the following. The payment of overtime is being increased from one and a third to one and a half. Even though the prohibition on Sunday work is lifted, payment for work on Sundays is still double pay. In addition to double pay for Sunday work, a weekly rest period of 36 hours is proposed. Night shift has to be remunerated at a premium of an additional 20%. [Time expired.]

Mr D DE V GRAAFF: Madam Speaker, our concerns about this Green Paper are the perceptions that it creates: Firstly, to the potential investor, and secondly, the reaction that these proposals will have on those in our society who are truly destitute, and those are the unemployed.

This Green Paper creates the perception of increasing the marginal cost of labour and also the diffused difficulty of hiring and employing labour. The reaction of the potential investor is going to be towards capital-intensive investment as opposed to labour-intensive investment. It will further, in this competitive world, divert potential foreign investors away from South Africa towards those countries that are in competition with us for that scarce resource which is surplus capital.

But I believe that the greatest effect that these proposals will have in South Africa are on those who are truly poor and truly destitute, and those are the unemployed. It is all very well attempting to increase the average income of a labourer to from R1 500 to R2 000 a month, but we forget that the median income in South Africa is less than R1 000 a month, and the moment we increase the cost of employing somebody, we are denying others the opportunity of getting a job at all. [Interjections.]

Now we are aware that 40% of the potential work force in South Africa is unemployed. [Time expired.]

The MINISTER OF LABOUR: Madam Speaker, the hon members have probably not had sufficient time to study the proposals in the Green Paper, and I would like to suggest that they spend a bit more time studying them. [Interjections.] Hopefully, the hon member Leon Wessels, before he leaves Parliament, could help to educate his fellow members. [Interjections.] We have provided him with a briefing and he seems to understand the issues contained in it.

Now let me be very clear. We are engaged in a major project of the reconstruction and development of this country, and part of that project means that we must confer on people basic human rights which were denied to them by the system of apartheid. What these proposals seek to do, amongst others, is, indeed, to confer those rights on Black workers who for many years were treated by the apartheid system as subhuman workers in this country.

Further, we need to indicate that we are committed to job creation. We are aware of the structural nature of unemployment in this country. The hon Dr Alant used to be a Minister of the previous government and I am not aware what he did specifically to create jobs. If anything, we have inherited the current structural unemployment from the misguided policies of apartheid. [Interjections.]

As far as the hon Mr Graaff is concerned, he says that these proposals will increase costs and scare investors and so on. Well, I think that he knows, as a former Deputy Minister of Trade and Industry, that investors look for a number of factors before they invest. [Time expired.]

*Dr T G ALANT: Madam Speaker, I would like to wait a moment so that the Minister has time to put on his earphone, because I am now going to speak Afrikaans.

I immediately want to thank the hon the Minister for his advice, but I want to assure him that I had enough time to read the Green Paper—more than enough time over the weekend and at other times as well. We do not have such a low intelligence either that we cannot grasp more or less what is presented to us. So, thank you very much.

The hon the Minister is also very quick yet again to blame apartheid for everything. He forgets that the country was divided into two factions for the last 20 years before the elections on 27 April 1994 and he cannot compare that situation with what we have now.

He now has a golden opportunity to lift certain restrictions in the labour arrangements so that we have greater flexibility with a view to job creation.

The hon the President of the country delivered a speech here just over a week ago. The greatest critic cannot fault that speech. Out there and on television the hon the President also made certain statements in connection with the unemployed, namely that the people who have work, should not only look after themselves and that the trade unions should also think about the countless unemployed persons out there.

Just after that the hon the Minister of Labour comes along, and instead of coming with proposals for a Bill—I can tell him what to do—to promote employment, he comes with proposals for a Bill dealing with the promotion of standards of employment. He proposes that child labour and forced labour should be prohibited, and we all agree. He, however, does not follow his hon leader's guidance. The hon leader indicates one direction and the hon the Minister goes in another direction by building more rigidity into the labour market.

It seems as if the ANC is like the man who was walking in the Boland: his feet were going to Wellington, but he was going to Worcester. [Interjections.]

Who is the leader and who shows the way? I really want to ask the hon the Minister to reconsider his position. We need legislation. The hon Minister Manuel is now laughing. The hon Minister of Labour would do well to take a page out of the book of Minister Manuel. He has a much better idea of what is needed for the economy, in contrast to what is happening now in the field of labour.

The MINISTER OF LABOUR: Madam Speaker, I am still convinced that the hon Alant has not read the Green Paper and I suggest that he goes and reads it. It is also quite clear to me that the hon member has not quite crossed the Rubicon to notice that we are now in the new South Africa and that in the new South Africa we want to give people their due constitutional rights. When we say we want to ban child labour then the hon member must not complain about that.

What we are doing is to confer those rights on workers. It is not because we are saying that there should be no job creation. Job creation is an important agenda item as far as the Government of National Unity is concerned, and we are saying that we should marshal all the resources. Let us, for example, ensure that all the companies which depend on the State for their survival show us their jobs plan before they come back to renew their contracts.

We are saying that we want to ensure that our parastatal companies develop their jobs plan to make sure that we create jobs for our country. We are saying that we need the co-operation of big business and small business to make sure that we create jobs in our country.

There is no way in which one single piece of legislation can do the job. Job creation is important for this Government and it will continue to be important. I know for certain that it was not important for the NP government and I am sure that it will never be.

Debate concluded.

Witness protection programme

3. Mr M A MZIZI asked the Minister of Justice:

Whether he or his Department is responsible for the witness protection programme; if not, what is the position in this regard; if so, what are the relevant details as to the number of individuals involved in the programme, the annual cost to the fiscus and the percentage by which the programme is growing, both in terms of the number of individuals concerned and the costs involved?

N107E.INT

The MINISTER OF JUSTICE: Madam Speaker, allow me firstly to make use of this opportunity to wish all Muslims in Parliament and throughout South Africa Eid Mubarak.

The Department of Justice is responsible for the witness protection programme. Amongst the provisions which exist in our law with regard to witnesses are the following: Firstly, in terms of section 185 of the Criminal Procedure Act, an attorney-general may apply to a judge for a person to be detained, pending the relevant proceedings. Secondly, section 185 of the same Act, provides for a person or his or her family or household, either to be detained or placed under protective custody. Thirdly, section 153 of the Act makes provision for evidence to be given in camera and/or for the identity of a witness to be withheld. Fourthly, section 202 of the Act provides that no question may be put to a witness, and no document may be handed in as evidence, which discloses the identity of an informant or the contents of the information furnished by such an informant. This is designed to encourage informers and others to furnish information with regard to crime, and to protect them against possible retribution.

The number of people in the witness protection programme changes constantly. At present it totals 102 individuals, which includes dependants, who are being protected in terms of the programme. The cases in which these persons are to testify or are already testifying include

cases involving politically motivated crimes, crimes involving syndicates, the taxi industry, as well as ordinary criminality, ranging from murder and rape to fraud charges.

At the end of the previous financial year a total of approximately 40 individuals were being protected. Although a number of these witnesses have left the programme, the number has increased since October-November 1995. The increase is approximately 140%. During 1994-95 the expense in relation to witness protection was R2 011 834. For the current financial year up to 1 February of this year the amount is R1 230 601.

Lastly, it is anticipated that the total expenditure in respect of the witness protection programme for the current financial year will be lower than that of the previous year, notwithstanding the fact that more than twice as many individuals are being protected.

Mr M A MZIZI: Madam Speaker, the hon the Minister has now actually indicated to us how these protective programmes work. However, I would like to state that it is indeed alarming to get statements on the ground that these protective programmes are probably being abused. There are statements that there are people going around saying that if one tells what one's leaders are doing and what one's leaders are actually telling one to do, one will be protected and one's family will be protected.

This is seen in the case of Mr X. Mr X told a lot of stories to the Goldstone Commission. Mr X was taken abroad, and finally Mr X joined the ANC. [Interjections.] It goes even further and I will illustrate my point. During 1993, a certain boy called Bongani Mbatha was abducted and taken to Phola Park squatter camp. It was on a Friday.

An HON MEMBER: Mr Y.

Mr M A MZIZI: No, he was not Y then. He was Mr Mbatha straightaway, because he came from the IFP. [Laughter.] Then he was kept at Phola Park, where he was taken on a Friday. The news came to my notice on a Saturday. When I started telephoning the police, the Peace Secretariat offices, I was told that the boy had been taken to Shell House. Then in the evening, the boy appeared in the media . . . [Interjections] . . . making a lot of statements, among other things that Dr Buthelezi had brought some guns into the hostel, and that the police were bringing guns into the hostel. I telephoned the then Gen Calitz and requested him to bring the boy to court. The court convened on a Sunday. The boy came with a totally different story altogether. He pointed out that he had been abducted. We took him to the place where he had been abducted and he pointed out the taxi that had abducted him. The story about Dr Buthelezi was no longer being heard, nor the story about the police. [Interjections.]

Mr H K SINGH: Madam Speaker, victimising witnesses is a worldwide phenomenon which manifests itself in dangerous and diverse ways. Admittedly, therefore, witness protection is one of the most valuable and effective law enforcement tools that we have in order to keep crime down. However, this does not necessarily mean that the programme should be shrouded in secrecy. On the contrary, there are precedents throughout the world of similar programmes which, through an evolutionary process, have been changed and amended in order to become more transparent and more accountable.

Among other things it is important for such a programme to incorporate a clause as a result of which we would be able clearly to define the admission criteria for witnesses. It is also important to ensure that the manner in which these cases are dealt with is uniform and consistent throughout the country. It is important to lay out responsibilities and obligations with regard to the people who administer the programme as well as the people who enter it. Finally, it is important to improve accountability by insisting that the commissioner submits an annual report to the attorney-general, which in turn can be submitted to Parliament.

In short, what we are saying is that we have the right to know what is going on.

The MINISTER OF JUSTICE: Madam Speaker, it does not seem to me that the case to which the hon Mr Mzizi referred has anything to do with witness protection. He relates an incident which has taken place, the facts of which I am unaware of. Therefore I will not comment on the correctness or otherwise of the facts which he has mentioned. Indeed, it seems to me that that particular matter is irrelevant to the present discussion. What I want to say, however, is that if he is aware of cases where the witness protection programme has been abused, then it is our duty to look into the matter. He began his contribution this afternoon by alleging that there may be abuse. I am interested in that. If we are aware of any we will certainly look into the matter.

messenger or of maiming the messenger—the media—instead of following the laudable approach which is clearly taken in the rest of the brief, which is how to improve the Government's own communications performance.

It seems strange to me that the ownership and control of the media are included under these particular terms of reference, especially given the standing of the Arniston conference, which would appear to us to have no particular standing to recommend the investigation of media ownership and control. Is there not such a danger?

The EXECUTIVE DEPUTY PRESIDENT (Mr T M Mbeki): Mr Speaker, I do not know what the hon member means by the conference not having standing. The conference included Government communicators and senior people from the privately owned, nonstate media who participated in this process.

In the course of the discussions about all these issues, the conference felt that one needed to look at the privately owned media, as the terms of reference say, to see in what way ownership, structure and functioning impact on this. I think it is a very legitimate question. The term of reference has nothing to do with seeking to change the ownership of the privately owned media, or anything like that. It is to assess, given the structure, how this impacts on the Government's own efforts to communicate. I think that the hon member should have no fears that there is any intention on the part of the Government to take any action which compromises the ownership or independence of such media. That is not the task of this task group.

Ministers:

*1. Mr A H NEL—Mineral and Energy Affairs. [Withdrawn.]

*2. Mr G M E CARELSE—Transport. [Question standing over.]

Economic growth: jobs created (173)

*3. Mrs P DE LILLE asked the Minister of Finance:

(a)(i) How was the figure of a growth of 3% in the economy determined, (ii) which sectors of the economy were responsible for the said growth and (iii) how many job opportunities were created as a result and (b) what is the effect of the current tax system on unemployment at the margin of unemployment?

N109E

The MINISTER OF FINANCE:

(a) (i) The figure (2,7% in the fourth quarter of 1995) was calculated as the percentage change of the fourth quarter of 1995 on the third quarter of 1995 at an annual rate. The actual figure is compiled/calculated by the Central Statistical Service.

(ii) The non-agricultural sector was the mainstay of economic growth in the fourth quarter of 1995. The non-agricultural sector grew by 1,9% whilst the agricultural sector declined by 2,4%. Although the secondary sector declined by 1,5% the tertiary sector grew by 4,0%. Encouragingly, mining also showed an increase of 2,5%.

(iii) Whereas GDP figures lag about two months, employment figures lag about nine months to one year. It is therefore not possible to answer this question.

From available figures it is, however, evident that although South Africa's economy entered its current growth phase in the second quarter of 1993, employment creation got off to a relatively slow start with only 52 000 jobs having been created up to the first quarter of 1995. Although a lag between the business cycle and employment trends is not uncommon, the present lag is longer than usual. It should be noted, however, that the official labour statistics do not satisfactorily cover employment creation, especially in present circumstances where, for example, consulting, subcontracting, contract-employment and "piece-work" practices seem to be becoming increasingly common in the formal sector. Official statistics, furthermore, do not cover employment creation in the agricultural and informal sectors.

(b) An adequate tax system must strike a balance between, on the one hand, the tax burden and its distribution through the economy and, on the other hand, the delivery of services especially where appreciable backlogs exist. Within the tax

structure a fair balance must also be struck between the respective burdens of direct and indirect taxes. Experience has for instance shown that indirect taxes result in a relatively smaller misallocation of resources. It has also shown that tax incentives, inter alia for employment purposes, narrow the tax base, burden tax administration and result in tax avoidance and tax evasion thereby limiting the ability of government to render other essential services.

The interaction between the tax system and unemployment implies that the tax system should not discourage taxpayers from employment and/or investment. Our present tax system and recent relief measures in respect of individual and company income tax were attempts to prevent this from occurring and, as far as investment and employment are concerned, also to achieve international competitiveness.

Interaction between taxes and unemployment is also influenced by the level at which income becomes taxable, the tax rate and social security benefits. If taxes associated with an increase in personal income outstrip declining income-related social benefits, a so-called "poverty trap" may develop. The incentive to take up paid employment is reduced and there may even be an incentive to give up employment in order to qualify for social benefits. However, given the structure and functioning of the social security system and the level at which incomes become taxable in South Africa, the "poverty trap" situation is not viewed as a problem.

Mrs P DE LILLE: Mr Speaker, arising out of the hon the Minister's reply, I would like to know whether he has any intention of establishing a mechanism to measure economic growth in relation to job creation. It is our perception, and also mine as a lay person, that if the economy grows it creates jobs, but the figure of 53 000 is disappointing.

The MINISTER OF FINANCE: Mr Speaker, the figure of 52 000 is very disappointing. It related to a period when the growth rate was significantly lower than the 3% that we are talking about. I referred to that as the first quarter of 1995.

Are we taking steps to address the unemployment problem? In the national strategic vision that our colleague Jay Naidoo is preparing with a view to a 6% growth rate in 2020, as we discussed over the past two days, we should concentrate on building the Ministries and all the various support systems that we have in order to resource and support that vision. In that context, the financial economic, fiscal and monetary aspects will have to be organised in such a way as to create jobs and that growth rate of 6% in 2020.

Mr D H M GIBSON: Mr Speaker, I rise on a point of order. The point of order relates to the previous question, which was Question 2. It transpired that the Minister of Transport was not present in the House. The ruling from the Chair was simply that the Minister was not here and that the question therefore fell away. The point of Question Time is that this is where Ministers are held accountable to Parliament and to the people of South Africa. I would like to ask you to rule that when Ministers are not here, they should make arrangements with one of their colleagues to represent them. Ministers are important and busy people, and we understand that sometimes they cannot be here, but they should not simply be absent and a question should then not simply fall away.

The DEPUTY MINISTER FOR WELFARE AND POPULATION DEVELOPMENT: Mr Speaker, my apologies to this House. Unfortunately I was engaged in a serious discussion when the question came up and did not hear it being announced. I was requested to present an apology on behalf of the Minister of Transport, who is unable to take questions today owing to other very serious commitments impacting directly on the work he is doing. He will take the question during the next Question Time. It was a fault on my side, and not on that of the Minister of Transport.

†Mr J W MAREE: Mr Speaker, further arising from question 3, may I ask the Minister of Finance, with regard to job creation, whether the problem is not, in his opinion, that trade unions are influencing the economic situation to such an extent that, although there is economic growth, industrialists now prefer to invest in capital goods by buying machines to do the work rather than employing people? Is this not having an adverse effect on job creation?

†The MINISTER OF FINANCE: Mr Speaker, I think this is a new question. There are, however, several aspects in the entire job-creation situation which influence job creation. It is undoubtedly

true that the trade unions will have an effect on this, and on quite a number of other things, and that is a factor. At this stage I am not in a position to give either a positive or a negative reply to that question. If we are given notice, we can research this.

Return of remains to South Africa

*4. Mr G Q M DOIDGE asked the Minister of Foreign Affairs:

(1) Whether the Griqua National Council has made a formal request to the President of the Republic to have the remains of Saartjie Baartman, which are held in the Museum of Mankind in Paris, returned to South Africa for proper burial; if not, what is the position in this regard; if so, what are the relevant details;

(2) whether the said Council has made a request to the French embassy in this regard; if so, what are the relevant details?

N110E

The DEPUTY MINISTER OF FOREIGN AFFAIRS:

(1) The Office of the President of the Republic is aware of attempts by the Griqua National Conference of South Africa to have the remains of Saartjie Baartman, which are currently held in the Museum of Mankind in Paris, returned to South Africa for proper burial.

The Department of Foreign Affairs is also aware of the matter. Although the Department has not been formally approached for assistance, we have informed the South African Embassy in Paris of the matter. The Embassy has also made unofficial enquiries to the French Ministry of Foreign Affairs.

I believe that the Minister of Arts, Culture, Science and Technology, Dr Ben Ngubane, has added his voice to the call for the return of the remains of Saartjie Baartman. I understand that the Minister raised the matter during a meeting with Dr Godfrain, the French Minister of Cooperation, on 31 January 1996. I understand that Dr Godfrain undertook to look into the matter.

(2) Yes. The Griqua National Conference of South Africa, under the Paramount Chieftaincy of His Excellency Andrew Abraham Stockenstrom le Fleur II, made a formal request, via the French Embassy in Pretoria, on 6 December 1995, to the Government of the Republic of France to surrender to the Griqua people the remains of the late Saartjie Baartman for appropriate burial in her native land.

The Department of Foreign Affairs will be meeting with representatives of the Department of Arts, Culture, Science and Technology shortly to discuss the matter further and to decide on an appropriate course of action.

I would like to encourage the Griqua National Conference of South Africa to approach the Department of Arts, Culture, Science and Technology directly and to come forward with proposals as to how this sensitive matter may best be resolved.

Mr G C OOSTHUIZEN: Mr Speaker, I do not have a follow-up question. I would just like to request you to see me before you adjourn the House this afternoon, please. [Interjections.]

The MINISTER OF WATER AFFAIRS AND FORESTRY: Mr Speaker, on a point of order: Did I hear the last speaker correctly? Would he like to repeat his intervention? [Interjections.]

The DEPUTY SPEAKER: Order! The hon member indicated that he was rising on a point of order and that he would like to be seen at the end of the debate.

The MINISTER: Mr Speaker, I am sorry, but I thought it was a most discourteous way of speaking to the officiating officer. [Interjections.] No, I would like hon members to listen; they may not know anything about courtesy or generosity. [Interjections.] Am I correct in saying that I understood him to say that the Deputy Speaker had to see him at the end of the debate? [Interjections.] Did I hear that "baasskap" statement? [Interjections.]

The DEPUTY SPEAKER: Order! No, the implication was, in parliamentary parlance, that he would like to address the Chair at the end of Question Time. I would not like to use up any more of Question Time.

The MINISTER: Mr Speaker, I would not like to either, but whatever may have been the previous code of conduct, I think that what he said was extremely discourteous. [Interjections.]

Staff shortages

*5. Mr D H M GIBSON asked the Minister of Correctional Services:

(1) Whether his Department is experiencing a staff shortage; if not, what is the position in this regard; if so, what is the extent of this shortage;

(2) whether he or his Department is taking any steps to remedy the situation; if not, why not; if so, what steps?

N111E

The MINISTER OF CORRECTIONAL SERVICES:

(1) Yes. The Department is experiencing a backlog of 6 516 personnel.

(2) Yes. The Department negotiated with the Department of State Expenditure for funds for the deletion of half of the backlog in the 1996/97 financial year, but no funds were granted for this purpose. A four-year deletion plan with the 1997/98 financial year as a starting point will again be negotiated with the Department of State Expenditure.

Mr D H M GIBSON: Mr Speaker, arising out of the hon the Minister's reply, if we are short of 6 500 staff members, how does the department propose to cope with the some 131 000 prisoners we will have this year?

The reason why I ask the question is that I understand that we are really only budgeting for 90 000 prisoners when we know that there are going to be 131 000. How are we going to cope with this if there is not an additional allocation of funds from the Department of State Expenditure? I would like to ask the Minister whether he would agree with me that, if the budget allocations do not reflect reality when they are drawn up and published, then what they do is to cast into question the integrity of the whole Budget.

The MINISTER OF CORRECTIONAL SERVICES: Mr Speaker, we did what it was in our power to do and that was to approach State Expenditure, but we were told that there were no funds available. We have not left the matter there as we have introduced a programme of reclassifying inmates so that perhaps some 30% or 40% of those who are serving time in prison will be given alternative ways of serving their sentences by doing community work, and all those who are not dangerous to the community could be placed on parole.

Mr D H M GIBSON: Mr Speaker , further arising from the Minister's reply, is there any truth in the rumour that if there is not an additional allocation of funds for the Department of Correctional Services, it would have to consider recommending amnesty for as many as 30 000 or 40 000 prisoners?

The MINISTER: Mr Speaker, I have said before in this House that rumours are for children and those who like to be excited by such things. We must wait for reality. [Applause.]

Mr D H M GIBSON: Mr Speaker, the hon the Minister is an expert on children because he released several hundred of them onto the streets, and we are now having to make an amendment. Will he give us the assurance that he is not going to be guilty of the same thing in the next few months?

The MINISTER: Mr Speaker, I am amazed that the hon member is so ill-informed. It was the President of South Africa who signed the proclamation which removed unsentenced children from prison and placed them in places of safety. [Interjections.]

Legislation re smoking

*6. Mr M J ELLIS asked the Minister for Health:

Whether she intends introducing legislation in regard to smoking in 1996; if not, why not; if so, what will be the nature of such legislation?

N113E

The MINISTER FOR HEALTH:

The World Health Organization (WHO) has proposed draft legislation for controlling tobacco that goes far beyond the present Tobacco Products Control Act, 1993 (Act No 83 of 1993). The Department of Health is looking at the draft legislation with a view to tabling more comprehensive tobacco control legislation in 1997.

The DEPUTY SPEAKER: Order! The hon Mr Oosthuizen has asked for an opportunity to speak.

Mr G C OOSTHUIZEN: Mr Speaker, I thank you for formally seeing me! [Laughter.]

†Mr Speaker, on a point of order, in the light of the previous points of order which were raised this afternoon in a jumbled way and a flood of

'Two tier' proposal to deal with high unemployment

(173) (3883) BD 1/3/96

Alan Fine

THE authors of the SA Foundation's growth strategy document have made a radical "two tier" proposal to deal with perceived labour market inflexibility as the primary cause of high unemployment.

They believe the strategy would facilitate the creation of nearly 1-million low-wage jobs in three years.

In terms of the proposal, which implicitly gives recognition to the strength of organised labour, workers appointed to new jobs and new and existing plants, young workers (for example, those below 22 years of age), and workers in defined depressed geographical areas would enjoy lesser rights and legislative protection.

Current workers in their present employment, those who replace them and young workers who have "graduated into tier one" would continue to enjoy the rights offered by existing legislation.

Workers in the second tier would still "have levels of protection which are high by developing country standards, and would engage in collective bargaining.

"They would be able to join trade unions and have the right to strike."

However, barriers to retrenchment, such as the automatic right to severance pay and consultation procedures prior to retrenchment would not apply.

There would be no non-wage employment costs such as unemployment insurance. Second-tier employees would be liable to instant dismissal for non-procedural industrial action.

They would not be covered by minimum wages and minimum standards legislation other than the "most fundamental" such as basic health and safety laws.

The labour minister should also not have the power to extend industrial bargaining council agreements to firms not party to those agreements.

In terms of the Labour Relations Act, non-parties have to apply for exemptions from agreements to an independent tribunal. The foundation document argues that the introduction of second-tier arrangement would encourage a 4% annual growth in low wage jobs worth approximately R700 a month.

"Under current conditions this would mean the creation of almost 1-million jobs in three years."

This, in turn, would have a "dramatic and positive effect on poverty levels".

Cosatu general secretary Sam Shilowa said yesterday the proposal was flawed in that it would not be possible to keep the two tiers separate.

He said the proposal confirmed that business "thinks job creation is a labour market issue, rather than a broader macroeconomic one".

He said the strategy would "informalise the formal sector rather than draw the informal sector into the formal sector".

SA Foundation warns of 'ill-suited' labour market legislation

Business calls for low-wage jobs boost

(173)CT(BR) 1/3/96

BY JAMES LAMONT



GROWING PAINS *From left: Julian Ogilvie Thompson, Leslie Boyd, Meyer Kahn and Dr Conrad Strauss* PHOTO: JOHN WOODROOF

Johannesburg — The captains of South African business issued the government with a warning yesterday that economic failure would follow the country's political miracle unless it implemented a reform programme.

A report released yesterday by the South Africa Foundation said the weak employment growth, low investment rates and sluggish economic growth were not adequately addressed by the current gradualist economic policy. It called for a "credible growth strategy".

The Growth for All report was intended to strengthen the government's growth strategy announced by Deputy President Thabo Mbeki on Monday.

The report said South Africa's biggest economic challenges were unemployment, affecting between 40 and 45 percent of the population, and the 18 million people living beneath the poverty line.

The foundation, which represents the country's 50 biggest companies, singled out labour-market legislation "that looked ill-suited to a middle-income country with high unemployment and little capacity to create jobs" as a brake on one of the world's top emerging markets.

It envisaged a two-tier labour market with a free-entry, flexible-wage sector next to the existing high-wage, capital-intensive sector. New entrants to the labour market should be employable at R700 a month, creating 1 million jobs in three years, it said.

The report proposed that only basic labour standards be maintained and that minimum wage regulations be avoided.

Leslie Boyd, the chairman of Anglo American Industrial, said the trade unions were the biggest challenge to the success of the programme.

Conrad Strauss, the president of the South Africa Foundation said: "Equilibrium will be difficult to maintain in the long run unless we have more job creation in our society than we do at the moment."

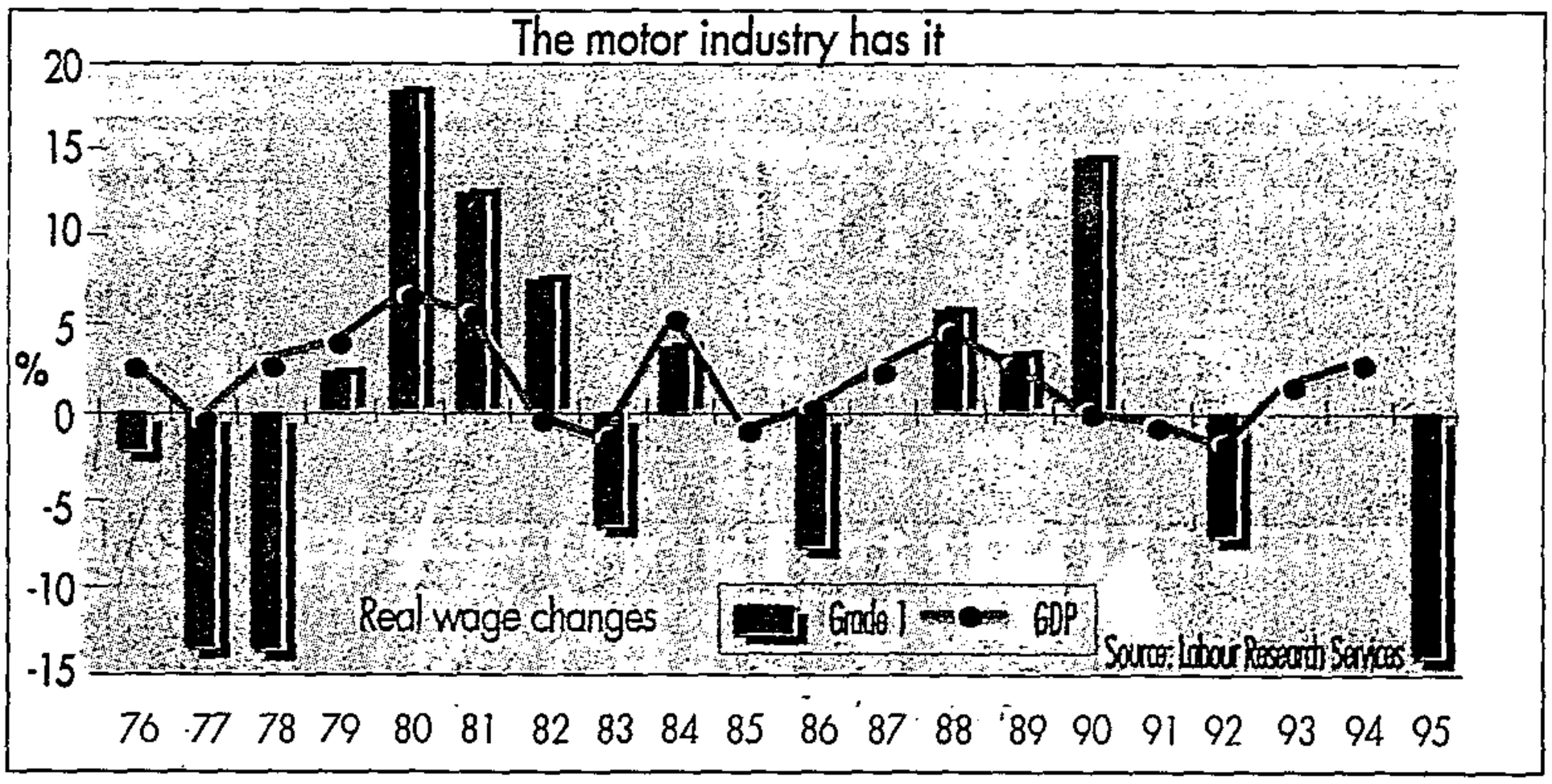
A 3 to 4 percent growth rate would not reduce unemployment, he said. Strauss said that after years of poor economic performance, the economy was showing signs of life that needed reform to ensure it remained healthy.

To achieve successful job creation and stimulate an economic growth rate of at least 5 percent, the report recommended "crucial" measures to tackle crime, streamline the government, speed up privatisation, deal with the inflexible labour market and stimulate an export drive.

It asked for a short-term pledge from the government to get tough on crime, cut the Budget deficit by 1,5 percent of GDP over two years, sell most industrial development holdings within 18 months, slash minimum employment standards and ease exchange controls.

The report also recommended that the government reform the tax system and reduce public spending.

'GROWTH FOR ALL'



Tenuous link between jobs and wages

CT(BR) 1/3/96 (173)

ANN CROTTY

Sadly, the South Africa Foundations' "Growth for All" economic strategy announced yesterday adds little to the debate on this country's unemployment crisis.

There is minimal evidence to support its notion that low wages would create more jobs. Further, the power of the trade unions is greatly overstated by the insinuation that high wages and labour-market inflexibility can be attributed largely to them.

A useful document to read in conjunction with the foundations' strategy paper is Bargaining Monitor, published by Labour Research Services.

The foundation believes that low wages create jobs, but its recommendation that a second-tier labour market be created sounds very much like the border-area schemes set up by the National Party government.

These areas were exempt from wage regulations and free of trade unions. They benefited from wage subsidies, but were only moderately successful in creating jobs.

Wages of about R100 a week in a number of industries covered by "wage determinations" have done little to increase job opportunities. This indicates there is no direct relationship between wage levels and job creation.

The Bargaining Monitor stresses the experience of the former homelands, where wages are among the lowest in South Africa and unemployment levels among the highest.

That suggests it is facile to blame high wages for unemployment or, conversely, that the creation of a second-tier labour market would solve the country's unemployment problems.

The debate about the role high wages play in South Africa's unemployment is made unnecessarily fuzzy by the uncertainty on exactly what constitutes wages.

The foundation's report says that "unit labour costs are high in South Africa by international standards, with average wages modest, but productivity low". This suggests that wages here means wages negotiated by trade unions for blue-collar workers.

It also implies that low productivity has a lot to do with labour and little to do with its managers.

According to the Bargaining Monitor, there is apparently no national information on the share of white-collar or skilled wages in the total wage bill.

Highly skilled workers are in short supply in South Africa, so it would seem that their bargaining position would ensure they receive much better increases than lower-skilled workers.

According to Bargaining Monitor, unionised workers make up only 32,6 percent of employed workers and do not feature in the numbers for highly skilled workers.

The trade union's power to force wages of unskilled workers to onerous levels seems greatly overstated. The Bargaining Monitor says that many agreements between unions and employers have set wages at well below the R700-a-month mark identified by the foundation as a good job-creating level.

Over the past decade most unions have managed to negotiate only minimal real wage increases. Even the relatively powerful NUM has adhered to a flexible wage policy. (See chart)

There is considerable scope to promote low-skill employment, particularly in basic industries such as tourism, though the employment level in much of South Africa's manufacturing sector is determined more by technology than wages.

Anecdotal evidence presented to the manpower commission supports the view that employment has a high degree of wage inelasticity.

Big business gets tough on labour

ST (BT) 3/3/96 (173)

By SVEN LUNSCHE

BIG business this week embarked on an aggressive campaign to ease the grip of labour market controls on the economy.

Trustees of the SA Foundation, which represents the country's 50 largest companies, lamented that they had "compromised far too much" in drawing up the Labour Relations Act, which they say will "do nothing for job creation".

The campaign by the SA Foundation is likely to lead to clashes with the union movement over pending labour legislation on employment standards and affirmative action.

Leslie Boyd, chairman of Anglo American Industrial Corporation, warned that business would be taking a much firmer line at Nedlac on future labour law negotiations.

"The LRA is a messy compromise and big business in South Africa will be less accommodating in the debate over the Department of Labour's proposed laws on employment standards and affirmative action targets." Mr Boyd's concerns were echoed, albeit more diplomatically, by other trustees such as SA Breweries chairman Meyer Kahn, Anglo chairman Julian Ogilvie Thompson and Standard Bank chairman Conrad Strauss.

Reform of the labour market via a low-wage strategy is one of the key proposals in the SA Foundation's "Growth for All" economic strategy, launched this week.

It is part of a range of recommendations, including rapid privatisation, tax reforms, fiscal stringency and combating crime.

However, the labour market proposals are by far the most contentious. The document warns that even if an annual growth rate of 3% were achieved from now until 2004, the jobless rate would continue to soar to 8-million — 40% of the economically active population.

"The SA labour market is among the most rigid in the world and, at 33%, has the highest unemployment rate on record. We clearly don't have a healthy labour market," says Old Mutual economist Dave Mohr, one of the document's drafters.

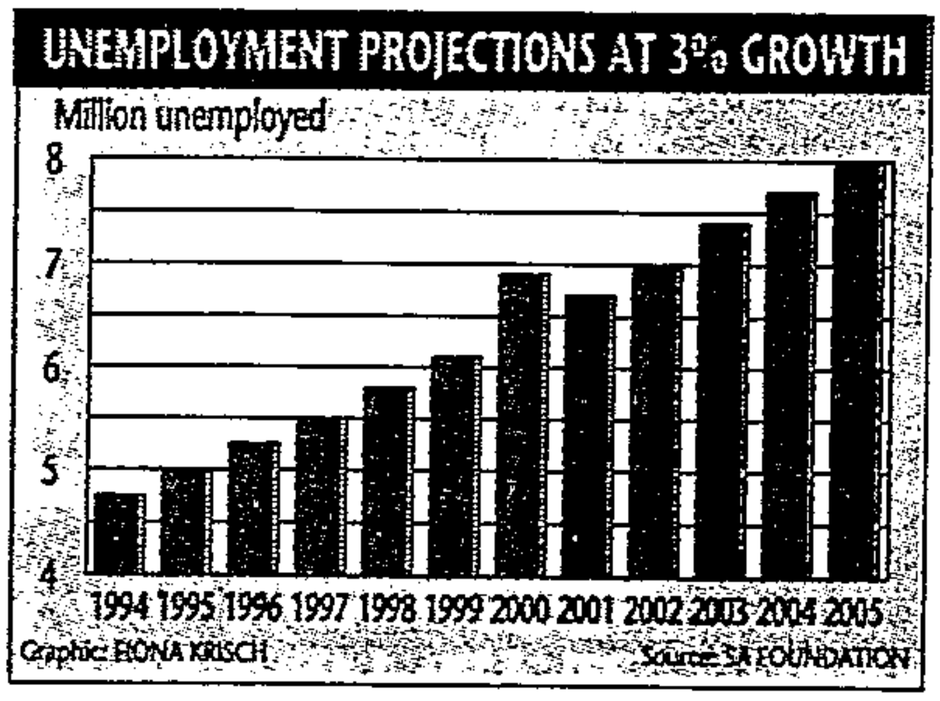
The plan recommends a two-tier labour system, the existing system as well as a second tier which would require only the maintenance of minimum labour standards, such as health and safety regulations, and the elimination of a minimum wage standard.

It also calls for the elimination of extensions of the industrial council agreements to non-parties, a major complaint by small business.

The Foundation says with wages at a proposed R700 a month, compared to an average minimum of about R1 400, more than 5,5-million people would be lifted out of poverty within three years by the creation of a million jobs.

"Because unskilled workers are priced out of the job market, two thirds of poor households receive not a single cent in wage income. The net result is a perpetuation of an unequal society," the report says.

Jayendra Naidoo, executive director of Nedlac, said the council would this week convene a meeting of all parties to thrash out a strategy for economic growth and job creation. He describes the SA Foundation's report as "far sharper than anything we have seen from business in the past".



Labour-intensive growth path urged

BO 6/3/96 (173)

Renee Grawitzky

A COUNTRY concerned with poverty and welfare should promote a labour-intensive growth path to achieve a sustained and significant drop in unemployment, a report in the latest edition of the SA Labour Bulletin says.

Nicoli Nattrass and Jeremy Seekings say in the report, titled "The Challenge ahead — Unemployment and Inequality in SA", that the measure of inequality in SA is one of the highest to have been recorded.

In the past, they argue, the factor determining inequality was the gap between white and black earnings. "In the past, the poorest SA citizens were low-paid black workers and their families. Today the poor are the unemployed and in many cases the never-employed," they say.

"The nature of poverty and inequality in SA poses severe challenges to those committed to an inclusive understanding of democracy and development."

Due to changes in world markets and budgetary constraints of government, poverty and inequality "must be tackled through the labour market".

Nattrass and Seekings reject the view that higher wages paid to the currently employed could alleviate poverty. They argue instead that labour-intensive growth will reduce unemployment and poverty levels. This view is reinforced by a recent study which suggests that "a 10% increase in real household income that accrues entirely to currently poor households via new formal but low wage employment would result in over one-third of poor households rising above the poverty line".

Nattrass and Seekings question whether the Labour Relations Act would be compatible with a labour-intensive growth path and instead could contribute to "low employment growth".

They highlight possible tensions between the interests of the employed and unemployed and the role played by the trade unions. They say that there could be strong pressure on unions to favour wages rather than employment growth. "This is not to say that trade unions will altogether ignore the interests of the poor; but they will sometimes be under pressure from their own members to act in ways which impair the interests of others."

N West, Free State team up to boost growth

By Jovial Rantao
Political Reporter

A new era in interprovincial relations dawned across the Vaal River yesterday when the North West and Free State governments established a joint cabinet committee to co-ordinate co-operation on economic growth and tourism and boost job creation.

Members of the councils of the provinces met at a farm in Viljoenskroon where they decided that the joint cabinet committee should formulate a co-ordinated approach to dealing with foreign investors.

This step is aimed at eliminating the fierce competition for development aid and economic partnerships with overseas countries.

The provinces, which decided to include the Northern Cape, plan to approach potential investors as a team and not as competing neighbours.

Free State Premier Patrick Lekota said of yesterday's forum: "The joint cabinet felt there was a need to make the voices of the provinces heard in the Constitutional Assembly."

Star 7/3/96

Govt should borrow to create jobs — US expert

BD 8/3/96 (173)

Renee Grawitzky

GOVERNMENT should consider increased borrowing and a consequent budget deficit increase as a means of creating jobs and implementing RDP objectives, a US economist argued yesterday.

US Trust Company investments senior vice-president Robert Zevin said during a debate on "How much government help is required to achieve full employment", organised by the US Information Service, that it was questionable if the free market approach could provide for SA's basic necessities at this point, in view of the economic realities.

Zevin said once an economy had achieved high employment with democracy and a motivated and educated workforce and a population with resources to be consumers, then the free market approach could do miracles.

SA economist and Rand Merchant Bank director Rudolf Gouws rejected the argument for an increase in budget deficit to finance job creation and the implementation of basic services. He said currently one-fifth of government spending went to pay debt.

Zevin rejected claims that SA was one of the most taxed countries in the world, and said one would have to differentiate between actual taxes collected and laid-down tax rates.

To achieve full employment, the economy would have to grow by about 12% a year — totally unrealistic at this point. However, even to finance a 7,5% growth rate would still leave 7-million people unemployed by the year 2004.

Gouws said SA had a budget deficit three times the size of other developing countries. One reason for this was the previous government's push to increase public service employment. This had led to a nil private sector growth rate.

GROWTH FOR ALL: A COMPREHENSIVE ECONOMIC STRATEGY

TOO BIG A CHALLENGE FOR HALF MEASURES

(173) FM 8/3/96

Bring the jobless in from the cold

There was an extraordinary meeting of objectives between government and big business this week, even if the means of achievement diverged substantially. Business left politicians all but speechless with the swiftness, rigour and depth of its economic appreciation and of consequent policy proposals.

Last week, Deputy President Thabo Mbeki expressed the need for a doubling of SA's growth rate by the end of the century to create a vast number of new jobs quickly. He was vague about how to achieve this, save through a rather sentimental expression of sacrifice and redistribution.

Within days, Mbeki had not a blueprint but a comprehensive policy. For the SA Foundation — representing the country's 50 largest companies — produced a document that sets out in detail why Mbeki's targets need to be met and how this can be done with the minimum of sacrifice.

They include:

- A carefully crafted policy aimed at encouraging savings and thus investment;
- Sound financing through a reduction in government spending and debt;
- Increased competition through privatisation and a novel approach to balancing supply and demand for labour.

But these measures come as a package. Adopting a piecemeal approach to economic policy, says the foundation, will not work.

They are contained in the foundation's new *Growth for All* economic strategy document released last week.

The document argues that unless SA changes the rules radically, not even a high-road scenario will save us from the continuing flood of untrained and out-of-work.

It sets out a five-pillar programme to restructure the economy — and transform growth prospects. If it is implemented, SA can approach the ambitious goals — of 6% annual growth by the year 2000 and the creation of 500 000 jobs a year — set by Mbeki.

The foundation says the alternative — given even relatively optimistic assumptions — is annual growth of only 3% over the next decade, a rise in unemployment from 32,7% in 1994 to 40,4% in 2004 and growth of less than 1% a year in government spending per person.

"This is a recipe for economic stagnation with higher unemployment and poorer social conditions for much of the population."

What SA needs, it says, is a development strategy for 1996-2015 which can deliver rapid and sustained growth of 5%-6% and job growth of 3,5%-4% — which is rapid enough to cut unemployment markedly. "This would more than double per capita incomes."

The problem is that, compared with countries which have similar resources and are at comparable levels of development, SA has grown slowly. "The choice of countries or time periods makes little difference to the results. By any comparative standard, SA performs poorly."

Measures of performance show its:

- Share of world industrial exports fell from 0,6% in 1955 to a mere 0,25% by the early Nineties; and
- Investment levels crashed from 30% of GDP in the late Seventies to less than 16% in 1993.

"Growth numbers are weak but the effects of growth on the living standards of the population have been even worse. SA has always been a highly unequal society and, by some measures, is still the most unequal economy."

In 1993, the richest 10% of the population enjoyed average incomes about 67 times as high as the poorest 20%. Almost half of the population was living in poverty.

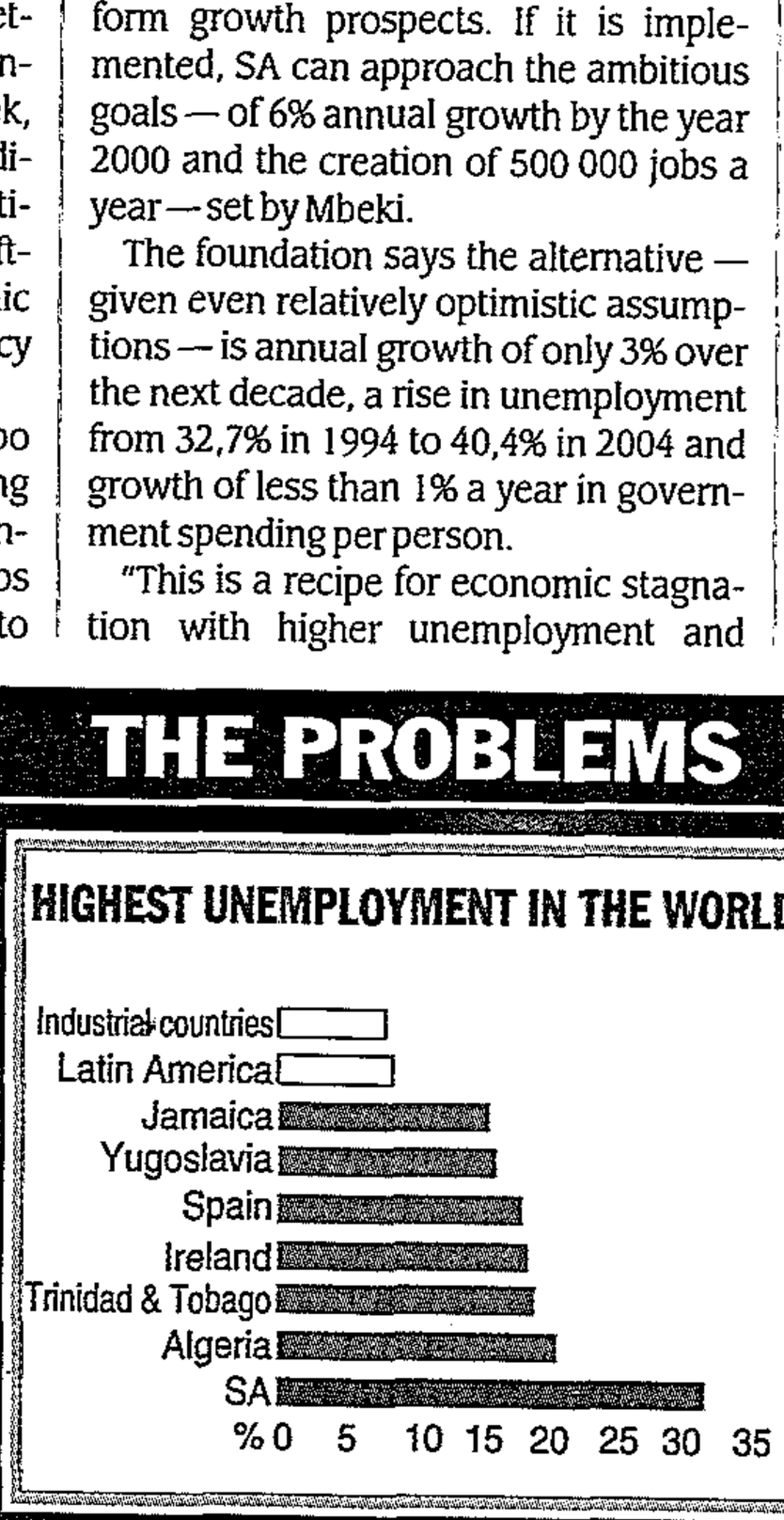
Little has changed. Despite the successful political transition and the present period of growth, SA faces a social and economic crisis. The measure is the scale of present and future joblessness.

Unemployment of more than 30% is of extraordinary proportions, says the document. "Few other countries have ever suffered unemployment above 20% and, in these few, it usually reflected macro-economic crises and fell rapidly thereafter.

"Apart from SA, the only main countries for which unemployment rates of more than 20% were

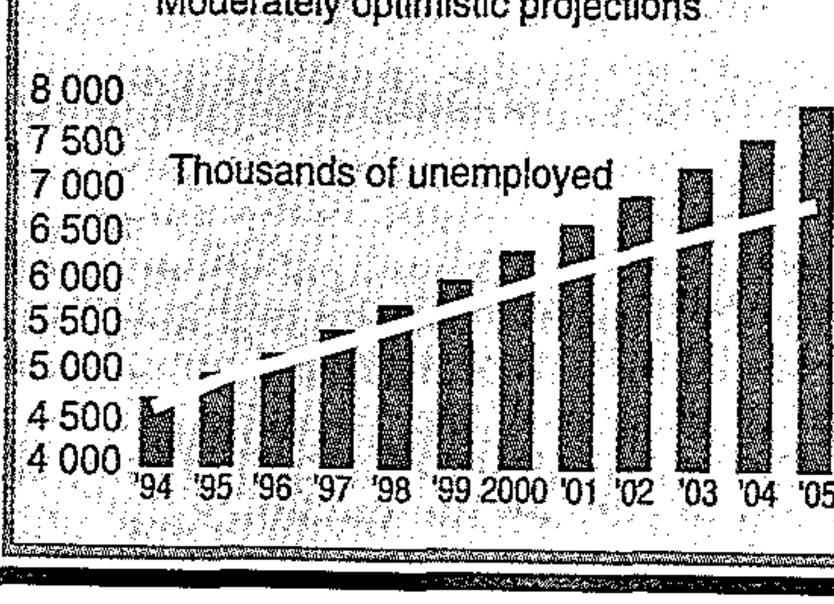
THE PROBLEMS

HIGHEST UNEMPLOYMENT IN THE WORLD



AT THIS RATE, UNEMPLOYMENT WILL RISE AND RISE AND RISE

Moderately optimistic projections



slack nontraditional investment, the ratcheting up of unemployment over the business cycles and rising long-term unemployment have characterised SA's labour market performance over the last two decades.

"The difference is that population growth in SA is far higher than in Europe; so the inflows into unemployment are massive — often well over half of all new entrants to the labour market.

"In Europe, where population growth is modest, the inability of the Continental model to provide new jobs has caused unemployment to drift up.

"By contrast, in SA, similarly slow job creation has sent unemployment soaring."

Another controversial proposal contained in the document relates to the Budget deficit — and the need to sharply reduce public-sector employment.

Though this will worsen unemployment at first, the reduction in government consumption spending will give the private sector more scope for growth — and thus for job creation.

The document points out that government spending in developing countries averages about 26% of GDP but is 31% in SA.

Government "simply has far too many employees. There is a huge need to eliminate overstaffing and replication by cutting tens of thousands of civil servant jobs.

"In the short term, retrenchment costs might add to the total wage bill. One way of cutting the deficit while temporarily raising the wage bill would be through dedicating some privatisation receipts to retrenchment costs."

These drastic remedies are needed because the public-sector deficit is already too high, at about 6% of GDP. And there is little more to be done on the revenue side — high tax rates already make SA uncompetitive (see graph). Revenue can be stimulated only by higher growth and better collections.

Deficits in SA have bucked the new world trend and moved up on average since the early Eighties (see graph).

The Finance Department's target of a Budget deficit of 4,5% of GDP in 1999 looks way too high, even if it is achieved — which is far from certain.

"Soaring deficits have driven total government debt from 30% of GDP in the greater part of the Eighties to more than 50% in the Nineties and the trend is sharply up.

"If revenue rises at the same rate as gross domestic product and the real interest rate on the debt is higher than the economy's growth rate, the debt burden will continue to escalate.

"Sooner or later, this trend will have to be brought under control. Well before the end of the century, government will be forced to slash the deficit and confront its debt problem."

The other three reforms needed are:

- Action on crime and violence. In the longer term, this requires appropriate labour market and educational policies. What is needed at once is clear evidence of fair and decisive action by the State and its institutions, better law enforcement, a more sophisticated information system and better equipment, and the reform of the systems of the administration of justice and of prisons;
- A "well handled privatisation programme which would serve as a performance catalyst for the economy and help government escape the looming debt trap." The document points out that this does not have to deprive poor people of certain services.

"It is easy to combine private competition with expanding services to the poor and the efficiency gains can be shared."

Existing subsidies for the poor "are not eliminated but made overt," perhaps through a levy on all users; and

- A vigorous export drive. This would require an appropriately valued currency and the implementation of the market-led measures already proposed.

Policy co-ordination will help avoid hardship from the discontinuities of piecemeal reform.

This approach is not consistent with the RDP. But the benefits envisaged by the RDP are more likely to be achieved through these pillars of wisdom.

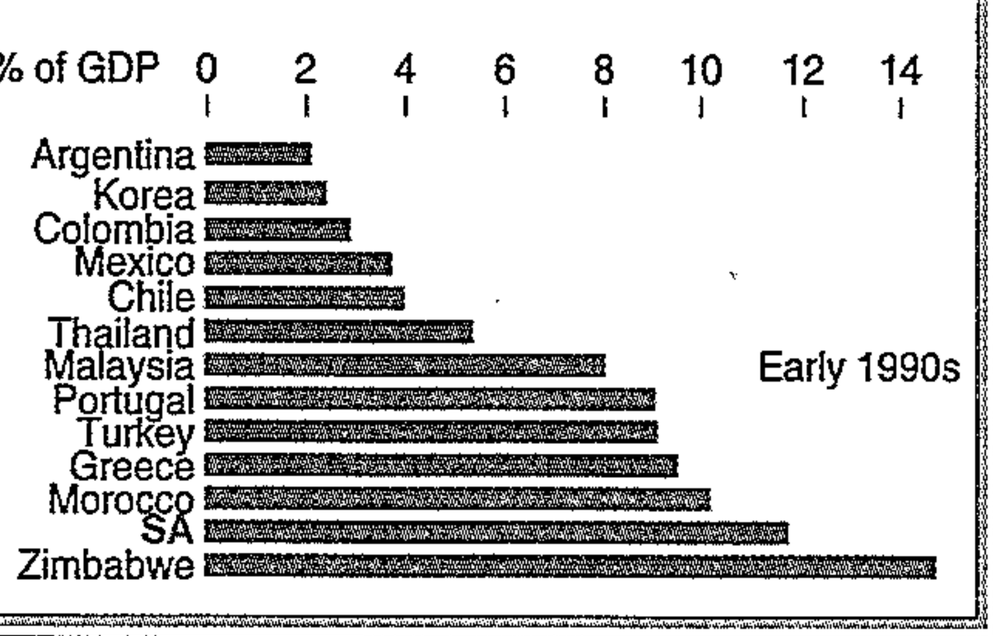
To acquire credibility, the programme must be driven from the top through an inspired leadership able to persuade ordinary folk that the extent and durability of eventual benefits outweigh short-run hardships.

Government may well wish this plan had never been published. For investors will interpret its rejection as a repudiation of hard and extensive experience elsewhere. That could be costly. ■

GOVERNMENT'S ROLE

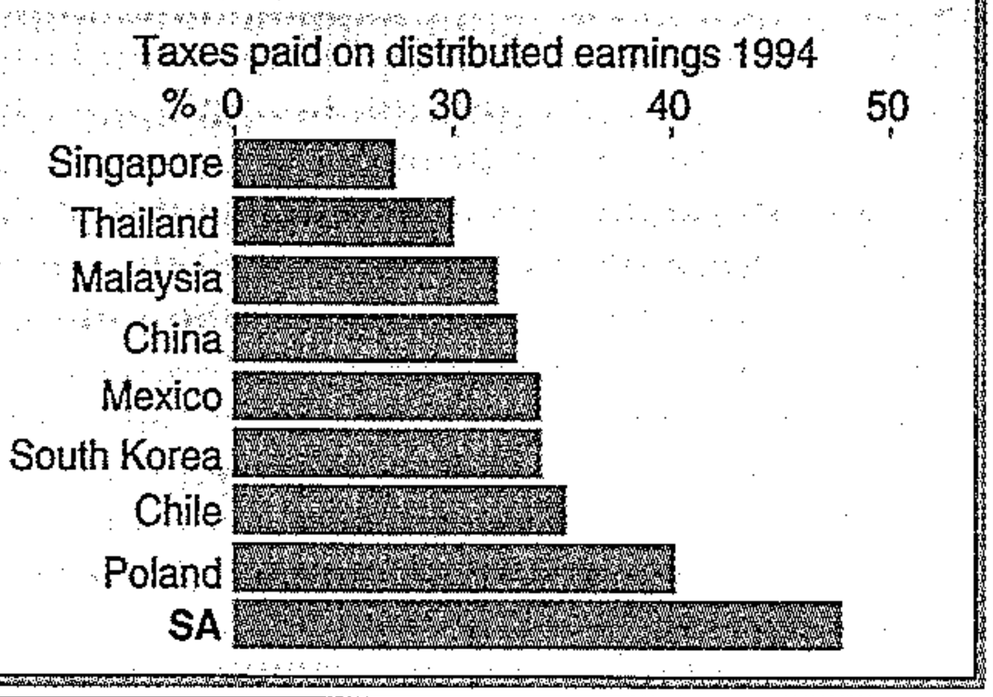
THE WAGE BILL IS FAR TOO HIGH

Government spending on wages and salaries



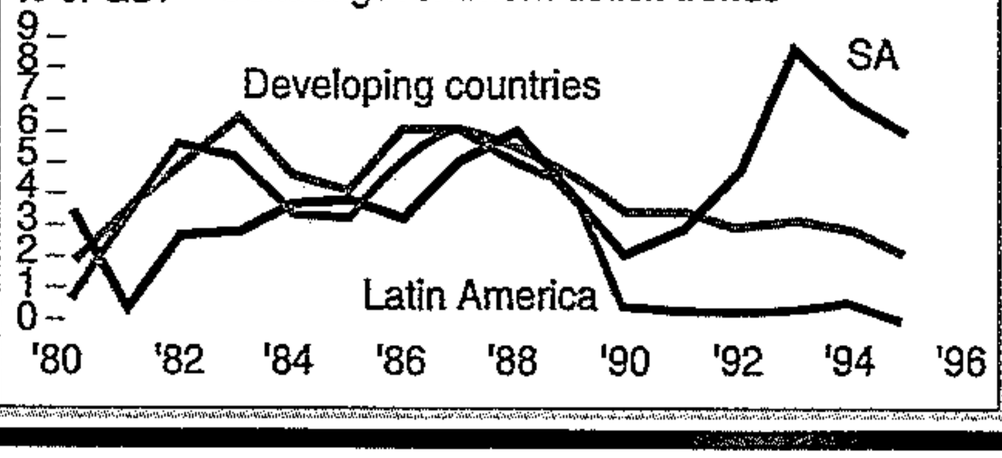
WHICH COUNTRIES FAVOUR COMPANIES

Taxes paid on distributed earnings 1994



SOUTH AFRICA IS OUT OF LINE

% of GDP Central government deficit trends



Strike-free Singapore beat Swiss to come tops in labour survey

(173) Star 12/3/96

AFP
Singapore

Workers in this island state have retained their top ranking in a US consultancy's global survey of labour-force quality, the local daily Business Times reported yesterday.

US-based Business Environment Risk Intelligence (BERI) gave Singapore 81 points out of a maximum 100, six points ahead of Switzerland, in its 1996 Labour Force Evaluation Measure index, the newspaper said.

In third place was Belgium, followed by Japan, the US and Taiwan. The others in the top 10 were the Netherlands, Germany, France and Norway.

The workforces were rated according to skills, relative productivity, and worker attitude.

Strike-free Singapore has been ranked number one in the BERI survey for years. In the latest survey, it topped the legal and productivity categories, was third in worker attitude, and placed eighth in technical skills, according to the newspaper report.

Singapore, which suffers from an acute labour shortage that has driven wages up sharply in recent years, is pushing workers to upgrade skills, particularly in key sectors like electronics, precision engineering and services.

The city-state has a labour force of 1,75 million people out of a total population of three million. Some 300 000 guest workers, mostly from south and southeast Asia, fill in the lower ranks of the labour pool.

In addition, there are about 50 000 foreign supervisors, managers and professionals working in Singapore.

US is most desirable market in the world for workers

The Business Times said that while BERI rated Singapore tops in its survey, it noted that the United States "has become the most desirable labour market in the world because of the potential for American sales".

Sharp gains in US productivity, the greenback's depreciation against other currencies and reduced labour militancy due to job insecurity were also cited as factors in favour of the American workforce, the report added.

Too little money

There is just not enough money in today's Budget to effectively tackle unemployment, Deputy President Mbeki tells **Mathatha Tsedu and Rafiq Rohan**...

(173) Sowetan 13/3/96

TODAY'S BUDGET should not be expected to include large amounts of money for job creation because there is very little of it that can be made available for capital expenditure, Deputy President Thabo Mbeki has told *Sowetan*.

In an interview two days before today's budget speech by Finance Minister Chris Liebenberg, Mbeki said while President Nelson Mandela had identified infrastructural investment as a major programme to reduce unemployment, there just was no money in the fiscus to do that.

Foreign debt, salaries and the wages of civil servants, as well as welfare payments, constituted 91 percent of expenditure, leaving a mere nine percent for capital expenditure.

Before money could be made available for job-creation initiatives, the state would have to reduce its salary bill by, among other things, doing away with 100 000 jobs and reducing the foreign debt, Mbeki said.

Big limitation

"There is a big limitation in terms of the capital expenditure of the Budget. The big limitation is that in the past and final years of National Party rule, you had a continuous decline in absolute volume and percentage of capital expenditure.

"That is the situation we inherited and that is why people have been mentioning a nine percent figure being available for capital expenditure, while 91 percent is used for salaries, wages, servicing Government debts, welfare and other payments.

"So when you are talking about capital expenditure and infrastructural investment, you are talking about a relatively small part of the Budget.

Capital expenditure

"Changing those figures radically and providing more for capital expenditure and less for Government expenditure is not a matter you can solve immediately. Take, for instance, servicing Government debts – to reduce that item radically and release more Government money for capital expenditure requires that you pay more into that debt.

"That is how the matter of addressing restructuring of state assets, which would result in the generation of additional revenue, was raised. That you might take some of the money raised to address the matter of public debt and thus reduce the total amount that you owe. But you cannot do that overnight."

There were other problems, Mbeki said. In order to reduce the total amount spent on salaries and increase capital expenditure, the number of civil servants would have to be reduced, thus creating more unemployment.

"You cannot say we have a big, urgent number one challenge facing us – to create jobs – and then further increase unemployment by this reduction. You have to handle it in a way that does not just dump people among the unemployed.

"The approach we are taking is that you cannot just say: retrenchment. We have to say: what do we do with these people that we might have to retrench to enable them to be absorbed by the economy. So you are talking retraining programmes and that kind of thing, so that they are in a position where they can be employed.

"It has to be part of the slimming down of the public service. But it is also complex, because you will find that 10 percent of the highest echelons of the public service consume perhaps 60 percent of the salary bill.

"So you may well retrench 50 000 on the lower ranks and still find that you have not saved much money because, given their pay levels, they do not take all that much money.

"But then when you come to the higher levels, where you find professionals such as lawyers, doctors and senior management, where you would make a saving, you find that it is difficult to retrench them because you still need them.

"It is a complex matter and requires not just reducing numbers but restructuring of the public service to make sure that it works in a productive manner.

"And of course there are welfare payments, which you can't cut," he added.

An estimated 100 000 people will lose their jobs, he said, but the cost and affordability of the retrenchment has not been determined yet.

"We took the decision that 100 000 posts would have to go. Only after rationalisation will we be able to say how much the process would cost.

"The process of amalgamation is still on. We will also still have to see after the rationalisation process whether we can afford the cost of retrenchments. The affordability even of the downsizing still has to be determined," Mbeki said.

Trade unions would have to help in downsizing the civil service in order to help create a leaner service that can then be paid more.

"We have been negotiating with public sector unions for over 12 months and trying to determine new salaries. A narrower band, resulting from fewer people, would afford us an opportunity to raise salaries.

"So it is still too early to say what it will cost to cut the civil service by 100 000 and whether we can afford that, and whether it can be done in one go," Mbeki said.



Deputy President Thabo Mbeki ... there is very little available in the national Budget for capital expenditure.

QUESTIONS

†Indicates translated version.

For written reply:

South African Police Service: strength

16. Mr A J LEON asked the Minister for Safety and Security;

(1) Whether the current strength of the South African Police Service is adequate to meet the safety and security needs of the Republic; if not, (a) what is the estimated shortfall, (b) how many more police officers will have to be employed to make up for the shortfall and (c) what will be the cost of employing such police officers;

(2) whether the moratorium on the filling of vacancies and of new enlistments in the SAPS is to be lifted; if not, why not; if so, when?

N61E

The MINISTER FOR SAFETY AND SECURITY:

(1) No.

(a) and (b) I prefer not to provide figures which are based on a rough and unsubstantiated estimate. An accurate figure will be available shortly when the new Police Plan, which is being prepared in terms of section 11(2)(a) of the South African Police Service Act of 1995, has been finalised. It is anticipated that this will happen during April 1996. The objectives, priorities and needs of policing for the next financial year, as set out in the Police Plan, will provide the basis on which the exact shortfall will be calculated.

(c) In the absence of an exact figure for the shortfall in the current strength of the South African Police Service, I can merely provide a general indication of the cost of employing, for example, 5 000 new police officers. To increase the current establishment with 5 000 members during the 1996/97 financial year will cost R158 318 million (based on the proposed salary grading system).

(2) Due to budget constraints no plans exist at this stage to enlist new members into the South African Police Service during the 1996/97 financial year. The Police Plan will indicate how many additional members are required and for what purpose. Further steps will then be taken to address the personnel shortage of the South African Police Service. At this stage exploratory discussions are taking place with the Minister of Defence in order to establish whether the present shortfall can be addressed partly by recruiting, retraining and redeploying present members of the South African National Defence Force as members of the South African Police Service.

Foreign companies: labour concessions

19. Mr K M ANDREW asked the Minister of Labour:

(1) Whether his Department has granted any foreign companies special labour concessions permitting them to pay employees less than the minimum wage determined by the industry; if so, (a) which companies have been granted such concessions, (b) how many employees are affected, (c) which industries are affected and (d) why were such concessions granted;

(2) whether complaints have been received by any South African companies concerning these concessions; if so, (a) which companies, and (b) what was the nature of the complaint, in each case?

N64E

The MINISTER OF LABOUR:

The Department administers 19 age determinations and six wage orders. Exemptions are granted by the offices of Provincial Directors under delegated authority subject to prior consultation by the employer with employee representatives or in their absence with employees with a view to reaching consensus on the matter. A large number of exemptions are granted every year on the merits of the application. A distinction is not made between local and foriegn companies. Minimum wages are determined by the industry concerned where there are industrial councils. Councils themselves grant the exemptions. In the case of non-parties the Minister can where the applicant feels aggrieved by the decision of the council, grant an exemption on appeal. There are few such exemptions. Because of the number of exemptions, the diversity of measures applicable and the fact that they are granted at provincial level the question can only be answered if Mr Andrew gives the names of the companies concerned. The same applies to part (2) of the question as, without knowing which companies Mr Andrew has in mind, the Department would be groping in the dark and would be unable to give a focused reply.

Crimes committed whilst on bail

20. Mr A J LEON asked the Minister for Safety and Security:

Whether any persons charged with crimes in 1995 were out on bail at the time they were arrested for such crimes; if so, (a) how many and (b) what percentage of the total number of persons charged with crimes in 1995 does this figure constitute?

N65E

The MINISTER FOR SAFETY AND SECURITY:

Yes.

(a) 6 217.

(b) During 1995, 159 818 cases of serious crime were referred to court, which constitutes a 1,35 percentage, although this may not really be a valid comparison because in some of the cases there might be more than one accused involved.

South African Police Service: resignations

29. Mr H A SMIT asked the Minister for Safety and Security:†

(1) (a) How many members of the South African Police Service resigned from the service during the latest three calendar years for which information is available, (b) what were the ranks of the members who so resigned and (c) how many of those members received a retirement package;

(2) whether these resignations have harmed the operational ability of the SAPS; if so, in what respect;

(3) whether he envisages any steps to prevent further resignations from the SAPS; if not, why not; if so, what steps;

(4) (a) what was the estimated shortage in manpower in the SAPS as at 31 December 1995 and (b) what steps does he envisage to eliminate such shortage?

N74E

The MINISTER FOR SAFETY AND SECURITY:

(1) (a) 556.

(b)

Senior Superintendent	22
Superintendent	15
Captain	8
Inspector	151
Sergeant	216
Constable	144
Total	566

(c) No members received retirement packages.

(2) Yes.

The operationalability has been harmed in that the resignations resulted in a shortage of members to perform operational functions.

(3) Yes.

Extensive measures are being introduced to counter the low morale in the Service. Such measures include:

— the development of sound labour relations

— improved service and working conditions

— the establishment of effective communication to address uncertainty

— the establishment of measures to address discrimination.

(4) (a) I prefer not to provide a figure for the shortfall which is based on a rough and unsubstantiated estimate. An accurate figure will be available shortly when the new Police Plan, which is being prepared in terms of section 11(2)(a) of the South African Police Service Act of 1995, has been finalised. It is anticipated that this will happen during April 1996. The objectives, priorities and needs of

AL

Minister calls for job-creating plans

Sowetan 14/3/96

(173)

By Rafiq Rohan
Political Correspondent

FOR the Budget to reflect the "Year of Meaningful Delivery" on the RDP the Government has to develop clearly implementable plans, the ANC's Labour Minister Tito Mboweni said immediately after Finance Minister Chris Liebenberg's Budget presentation in Parliament yesterday.

But, Mboweni said, job creating measures must be an urgent priority of the Government and that it welcomed the emphasis in this area.

"We are extremely concerned that over the past year, very few jobs have been created in either the private or public sectors of the economy."

Although chances were that the growth rate would be sustained this year there was still cause for concern, the National Party said in its reaction to this year's Budget.

Formal employment, the NP said, had revealed very little positive growth. The growth in manufacturing production had also shown very little growth with financial markets reacting nervously to rumours and negatively perceived trends.

The NP warned: "South Africa should guard against fears of political and social instability, the collapse of law and order and mismanagement of the economy. This could lead to speculative imports and exchange rate instability, and to a worsening of the investment climate."

Although many have praised the reduced deficit to 5,1 percent, the NP still felt there was cause for concern.

"The NP believes the deficit before borrowing should have been reduced to 4,5 percent of GDP by further reductions in state expenditure."

It also argues that the tax burden on individuals is unacceptably high and appears to be increasing all the time.

"The increase in the tax burden from 24,6 percent to 25,1 percent of GDP comes as a shock," it says.

"The NP is concerned about the fact that the GNU has not yet come forward with a coherent economic plan with clear economic targets against which budget performance of the GNU can be measured."

The Democratic Party, while praising the Budget, was critical of tax on retirement funds and said it was "a spend now pay later Budget."

For the rightwing Freedom Front Liebenberg's Budget was a devious one.

"He gave with one hand and took with the other."

He should not have gone looking for new sources of income but, instead, opted for a reduction in government spending.

The FF expressed concern that the state debt had increased by 18 percent and now equals 20 percent of national expenditure.

Job creation seen as 'doubtful'

John Dludlu (B (173) BD 15/3/96

THE SA Foundation, representing big business, has welcomed the finance minister's calls for the intensification of job creation efforts, but doubted government's ability to achieve this goal.

A foundation spokesman said yesterday the minister's vision of a 6% growth rate and 500 000 jobs a year was realisable, but he doubted if this could be effected with the present policies.

With current policies, SA could generate only 3% growth, which meant an increase in unemployment. The foundation urged government to move faster in changing its policies, especially on fiscal discipline.

TWO-TIER LABOUR MARKET PROPOSAL

BUSINESS'S BOLD RESPONSE TO UNEMPLOYMENT CRISIS

FM 15/3/96 (90) (89) (173)

Government's judicious silence

The novel proposal by big business to create a deregulated, essentially union-free, labour-intensive job market — to function alongside the existing high-wage, low-employment sector — has predictably been dismissed by the ANC and its alliance partner Cosatu.

But the case for a flexible "two-tier" labour market — set out in the SA Foundation's *Growth for All* plan (*FM* March 8) — is compelling, backed as it is by a *tour de force* of empirical evidence.

Government (as distinct from the ANC) has yet to respond to the proposal, which it should find hard to reject out of hand despite political pressures.

It would be churlish to see the proposed two-tier job market as a capitalist trick to "return black workers to a cheap labour system," as the ANC has suggested. After all, big business (as opposed to small and medium-size enterprises) could quite easily acquiesce in a corporatist labour deal, jog along at 3%-4% growth and use its undoubted resources to shore up its own corner.

Instead, the plan comes across as a genuine attempt to put forward a strategy, in the national interest, to overcome fundamental shortcomings: SA's ballooning unemployment (which at 32,7% of the labour force, or 4,6m workers in 1994, is among the highest in the world), steep unit labour costs and massive poverty (44% of the population live in poverty).

It deserves serious consideration as a way to create jobs.

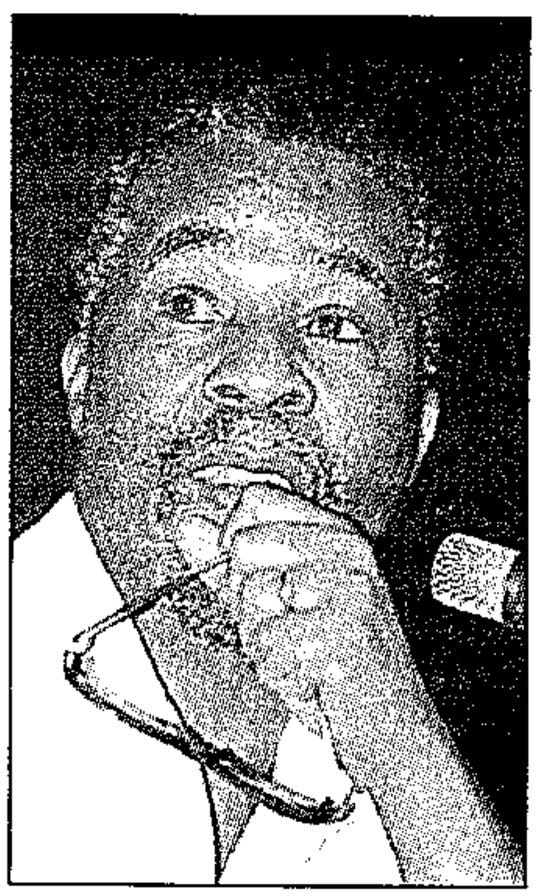
The proposal goes beyond anything government has so far come up with — specifically, in its *Framework for Growth and Development* unveiled by Deputy President Thabo Mbeki at the end of February, a week before the business document. The proposal has clearly caught government and labour on the back foot and is set to unleash great debate.

Mbeki correctly identified unemployment as the single most serious problem facing the country. And in terms of his framework, key "targets" are the creation of 300 000-500 000 new jobs a year and GDP growth of at least 6% by the year 2000. Precisely how this is to be achieved — beyond calls for a "new patriotism" and promises of Keynesian public works programmes — could become clearer around June, when Mbeki unveils the details of his six-point strategy.

Government economic strategy is expected to include its own ideas on labour market reform, based on the report of the Comprehensive Labour Market Commission appointed by Labour Minister Tito Mboweni a year ago. Its report is also expected in June.



Tito Mboweni



Thabo Mbeki

Commission chairman David Lewis says it would be "inappropriate" for him to comment on the two-tier labour market proposal, except to say that "it's a big issue that has come up for intense discussion and the commission will certainly reflect on it." He feels, however, that a lot of the details proposed by business are "nonstarters."

The ANC's National Working Committee — "in the spirit of debate and discussion required by the democratic character of our emerging democracy" — says business's plan "runs the risk of pushing our country backwards . . . and (its) policy proposals could be a recipe for disaster."

It describes the two-tier labour market proposal as the "most ridiculous of all" — "a fundamental departure from any principles of justice which the business community has so often advocated . . .

"This proposal would mark the return of institutionalising black workers once more in a cheap labour system under the guise of a 'second tier' labour market. (It) would be rendered unworkable at the first attempt and we cannot associate ourselves with such."

Labour Department spokesman Jerry Madjatladi declines to respond directly to business's plan but explains: "The Department of Labour's position is included in government's *Framework for Growth and Development*," to which *Growth for All* is seen as a response. The ANC statement, he adds, "may be taken as a reflection of its constituency's stance." However, "the government is still considering its response to the SA Foundation document."

Cosatu has yet to respond formally. Its leading light on such topics, Ebrahim Patel of the SA Clothing & Textile Workers' Union (Sactwu), has been unavailable for a week.

However, the message from Cosatu's negotiations school last week was that organised labour intends having none of it and will put forward its "own agenda."

Sketching the background to business's plan, Old Mutual economist Terence Moll, one of the authors, says the SA labour market is in an unbelievable mess, especially at the bottom end,

which is characterised by huge disequilibria. No net new jobs have been created for unskilled workers over the past 20 years, and this segment is growing by 2,5%-3% a year.

At the same time, intense competition from East Asia, particularly imports manufactured by unskilled labour, are undermining the position of SA's unskilled workers even further. Hence the only solution was for labour costs to be driven far more by market forces.

A second tier of labour appeared to be the only realistic way of getting the unskilled into formal jobs. This would take nothing away from existing workers and at the same time raise the possibility of absorbing the jobless. Of course, there would over time be an interaction between the two tiers, possibly undermining the first.

The second tier is envisaged as both specialising in very labour-intensive activities and also acting as a form of discipline on the first tier.

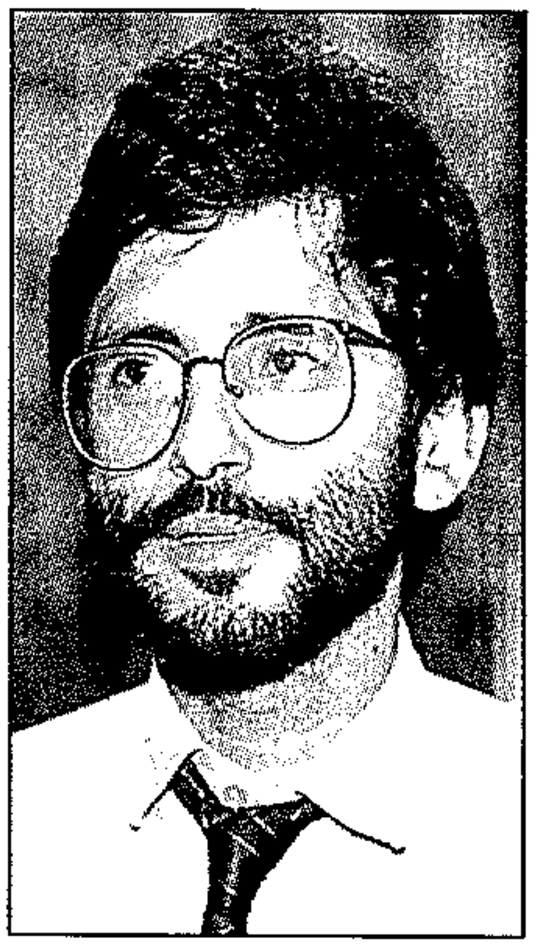
The interesting question, Moll adds, is whether this approach is realistic. "We think that, at present, it's unrealistic, politically and socially; but, unfortunately, the options are even less realistic in the long term." At some stage, government will have to do something drastic.

The SA labour market, says the SA Foundation document, is one of the most rigid in the world. Unemployment is exceptionally high, unionised workers earn far more than their nonunion counterparts and the formal-informal gap seems to be the highest anywhere. Combined with wages which are high in relation to productivity by world standards, this inefficiency and inflexibility has impeded growth (especially by undermining industrial exports) and led to the economy having virtually no capacity to create jobs.

Consequently, "reforms are needed to allow a free-entry flexible wage sector of the formal labour market to emerge next to the existing high-wage, capital-intensive sector."

This would require: the elimination of extensions of bargaining council agreements to nonparties; maintaining only those minimum labour standards (health and safety) that don't hurt the poor and jobless; avoiding minimum wage regulations which threaten jobs; and making the second (or free entry) tier more flexible through legislative changes.

Workers in the second — or free entry — tier would have levels of protection which are high by developing country standards. They would engage in the machinery of collective bargaining, be able to join unions, bargain collectively and have the right to strike. But they would face a legal regime more conducive to employment. Where their employment relationship is embodied in a collective agreement, it would differ from that governing first-tier employment. "And some legislative provisions that add to the costs of employment would be dispensed with."



Ebrahim Patel

Thus, it is proposed that in the second-tier:

- ❑ Employers should be free to terminate employment for commercial reasons with no automatic right to severance pay and no statutory procedural obligation prior to retrenchment;
- ❑ The State or the law would not be able to impose nonwage costs on employment of these workers, who may negotiate to receive their wages in any form they see fit;
- ❑ Workers would be liable for immediate dismissal for taking part in unprocedural action and would also not have the right to engage in industrial action in disputes that they or their employer are not party to; and
- ❑ Employers should be automatically exempt from all minimum standards legislation other than those dealing with the most fundamental issues.

The plan adds that in other countries where tiering has been used to ensure labour market flexibility and firm survival, such as Japan and the US, workers in different tiers have often been paid different wages. "Wage restraint would have to be the norm in the second tier, or the impact on jobs will be negligible."

It may seem unfair to treat workers in the same situation differently, and to pay them different rates for the same work, perhaps in the same place, says the plan, noting that unions have traditionally objected to such arrangements on the grounds of discrimination.

"But this objection is false: a two-tier labour market already exists, with one tier inside the formal sector of the economy and the other outside it."

The latter — farm workers, those in the informal sector and the unemployed — includes about 9,2m people, far more than the 5,2m in the formal sector. "The primary objective of the two-tier structure is simply to accommodate such people in the formal sector."

The first tier, it is suggested, might consist of: all current workers in their present employment; all workers who replace them and do not fall into a two-tier category; and youth workers who have graduated into tier one.

Second-tier workers ought to be guided by the objectives of new investment and job-creation, particularly for groups in crisis — youth and people in depressed areas. Within those guidelines there's a range of options, including: workers appointed to new jobs at new operations; those appointed to new and additional jobs at existing plants; young workers; and workers in depressed areas.

According to labour consultant Duncan Innes, the business plan makes many important points and is a good contribution to the debate on job creation. In view of the fact that government's approach to new labour law tends to emphasise regulation more than flexibility, it is to be welcomed that the SA Foundation attempts to redress the balance. "What's more possible now is for government, labour and business to negotiate more flexibility into the Labour Relations Act and the Green Paper on employment standards."

Though government claims that its policies will promote job creation, there's little real sign of it, says Innes, warning that moving towards a high-wage, highly regulated market has the danger of pricing SA out of global markets.

Even if the two-tier labour market proposed by business is turned down essentially for political reasons, the imperative of injecting more flexibility into the system needs to be accepted by government.

Growth for All marks an important, constructive contribution to the debate on a vital issue. That debate should now begin in earnest — even if it means delaying the coming into law of the new Labour Relations Act. ■

Nedlac meets next week to thrash out job creation

ARG 15/3/96 (173)

ESTELLE RANDALL
Labour Reporter

A CRUCIAL top-level meeting between the goverment, labour and business will be held next week to begin to find a way to create new jobs and expand the economy.

The National Economic and Development Council (Nedlac) will meet at a bosberaad on March 22 and 23.

Nedlac was established to formulate economic and social policy, and comprises representatives from the Congress of South African Trade Unions (Cosatu), the National Council of Trade Unions (Nactu), the Federation of South African Labour Unions (Fedsal), government and business.

The bosberaad next week is in preparation for a Nedlac summit in May, where the parties will aim to reach an accord on how best to boost the economy during the next few years.

To prepare for these negotiations, government, labour and business have been drafting separate proposals for debate.

Labour's draft was thrashed out last week at a meeting in Johannesburg of about 100 top trade union leaders from Cosatu, Nactu and Fedsal.

Ebrahim Patel, spokesperson for Nedlac's labour component, would not reveal details of labour's position. He said what they had discussed included the restructuring of state assets, the development of labour standards, taxation policy, labour's perspective on job creation, the Department of Labour's recently-released green paper on employment standards, tariff liberalisation, urban and rural strategies for development and public works programmes.

Mr Patel said delegates wanted a review of the government's current housing policy and a national public housing building programme in place to address the housing crisis. The private sector, he said, had failed to deliver affordable housing. Labour had also called for a mass public passenger transport system and had rejected attempts by the Ministry of Home Affairs to reduce the number of public holidays.

Government's proposals, discussed at a meeting of cabinet ministers, premiers and departmental heads earlier this month, are now being refined by a redrafting team under the auspices of the RDP Ministry. A spokesperson for the ministry said final proposals would be made public in April.

Business's paper is expected to draw on the "Growth For All" proposals released by the SA Foundation on a two-tier economy where labour standards were not strictly applied to all sectors. It also suggested that government embark on a "brisk privatisation programme"" and that VAT be increased and direct taxes reduced.

The government is aiming for a six percent growth rate by 2000 and the creation of about 500 000 new jobs a year.

But up to the middle of last year, only 55 000 new jobs were created in the formal sector of the economy, excluding agriculture.

Among the poorest 40 percent of households, about 50 percent of work-seekers could find formal employment. Most of the unemployed were black, women, young and lived in rural areas.

Finance Minister Chris Liebenberg said in his budget speech yesterday that government had to understand the formal and informal labour markets better. In the formal sector, greater understanding of the consequences of increased sub-contracting, self-employment and more flexible working arrangements was required.

More information was needed about economic activity in the informal sector, and the links between formal and informal employment and real income changes also had to be better researched.

The Labour Market Commission, expected to make its findings known later this year, said issues raised in the Department of Labour's green paper on policy proposals for new employment standards would help to develop this analysis.

Hope for more jobs as capital budget doubles

Parties strongly endorse MEC's move to increase expenditure while decreasing spending on staff

By Karin Schimke
Gauteng Reporter

Gauteng has more than doubled its capital budget this year, bringing it to R1,076-billion – a move Finance and Economic Affairs MEC Jabu Moleketi believes will create many more jobs in the province this year.

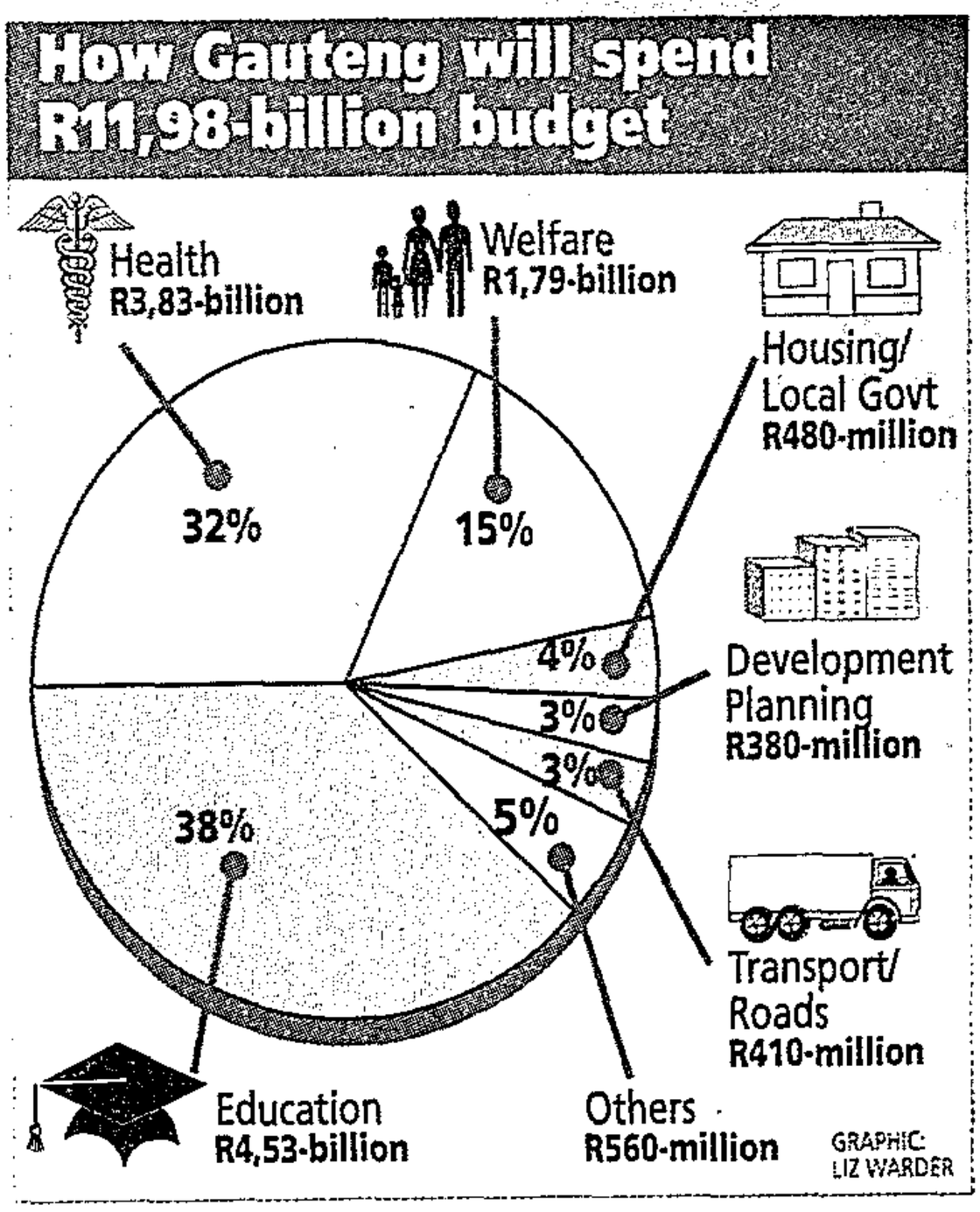
Moleketi yesterday delivered his 1996/97 provincial budget speech, which was predictable in its apportioning of the largest share of the total R11,98-billion to education (R4,53-billion), health (R3,83-billion) and welfare (R1,79-billion). Housing and local government were given R480-million, roads and transport R410-million and development planning R380-million.

Moleketi noted that the key difference in the new budget was the extra spending on capital projects, which he said would be undertaken in a manner that would create as many jobs as possible.

"A provincial government is primarily a provider of key social services, and our main contribution to growth and development has to do with providing more of those services and better services.

"Nevertheless, this budget also contributes towards growth and development by a much greater focus on capital spending, which is guided by the priorities of job creation, improved safety and security, rapid delivery of services, and administrative transformation," he said.

He added that the increase in capital spending was associated with a 4% decline in the budgeted spending on personnel from 56% in 1995-96 to 52% in 1996-97.



Parties in the legislature strongly endorsed and applauded the move to increase capital expenditure while decreasing spending on staff. An ANC statement called the budget both prudent and geared to the needs of the poorest of the people.

Ian Davidson of the Democratic Party said both moves were welcome but that it was imperative for this trend to continue.

Derek Christophers of the National Party said: "We applaud the MEC's budget, especially because of the extra allowances made for capital expenditure."

As far as capital expenditure goes, education again receives the largest share at 29%. Health receives 28%, roads and transport 15%, planning and works 7%, housing and local government 6%, safety and security 5% and welfare 3%. The remaining 7% will be used in other areas.

Housing and local government will receive 4% of the total budget (R480-million), with roads and transport (R410-million) and development planning (R380-million) each receiving around 3%.

An itemised list of expenditure indicates that personnel expenditure alone takes more than half of the province's R11,98-billion, at 52%. Transfer payments, mostly pension payments, use up 20% of Gauteng's funds, while stores and livestock constitute 9%.

Prudent Gauteng returned R56-m to national exchequer

By Karin Schimke

The Gauteng government returned R56-million to the national exchequer towards the end of last year after it was realised that an expected shortfall to be covered by this amount never materialised.

This surprise announcement was made yesterday during Gauteng Finance and Economic Affairs MEC Jabu Moleketi's provincial budget speech, in which he stressed how important it was, in his opinion, that budgeting should be done with "integrity and honesty".

He said there was no justification for departments and governments to practise fraud upon each other and the national exchequer.

About the R56-million, Moleketi said although the needs in Gauteng had been great, "we could not in honesty claim that our revenue projections indicated that a shortfall of this magnitude was facing the province".

His announcement received general applause in the Gauteng legislature.

► **Concern raised over education's share**
... Page 6

Thebe shifts focus to job-creation projects

BD 27/3/96 (173)

Patrick Wadula

THEBE Investment Corporation was shifting its focus towards investing in job-creating ventures, the group said yesterday.

Chairman Vusi Khanyile said the unlisted group was veering away from joint ventures, which had tended to foster mainly management positions, towards potentially riskier "greenfield" ventures with more job-creation potential.

The group was also presently involved in studies on how to strengthen its commitment to individual and community empowerment, Khanyile said.

"Community empowerment initiatives range from contracting out to small, medium and micro-enterprises in as many areas as possible, to actively seeking community groups as partners in business initiatives," he said.

Thebe was planning to focus on building activities in the fields of publishing, education and health.

The group — with interests in electronics group Altron, banking and leisure, and a stake in airline SA Express, among others — was also streamlining its portfolio.

Thebe's turnover for the year to February reached R450m against R150m the previous year. Much of the growth was due to the performance of 51%-owned SA Express, whose turnover rose to R220m.

Penalty tax for training will stifle job creation, says business

CT (BR) 28/3/96 (159) (173)

BY NANCY MYBURGH

Johannesburg — A penalty tax on companies that do not invest in job creation and worker training would hurt workers more than help them, Dan Leach, a business economist at Wits University, said yesterday.

Paulos Ngcobo, the provincial secretary for Cosatu in KwaZulu Natal, said on Tuesday that the labour movement wanted legislation to force companies to spend 4 percent of their profit on training workers.

Labour federations are expected to finalise the proposals at a meeting this weekend.

The proposals include a penalty tax to force companies to spend funds on training, a minimum wage and possible tax rebate for companies that spend the required amount on training. The main aim was job creation, Ngcobo said on Tuesday.

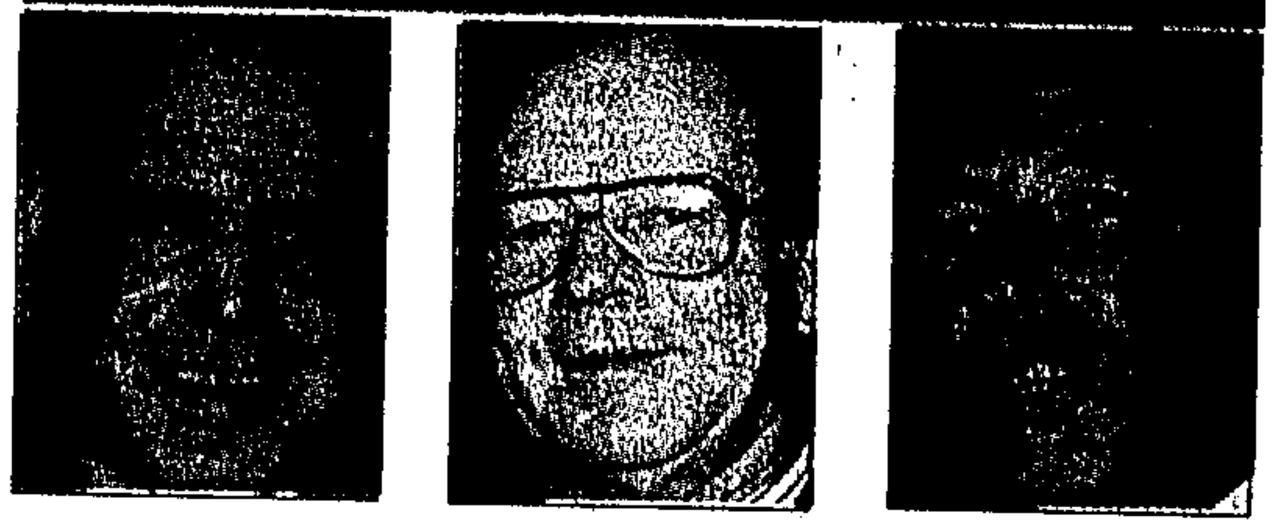
"(A further tax on a company's profit) will reduce profitability and therefore make companies less likely to expand and new companies less likely to come into the market and create jobs. It is ultimately to the detriment of labour," said Leach.

Brian Kantor, a professor of economics at the University of Cape Town said: "This is the kind of interference in business that destroys business opportunities."

Business leaders said a legislated, across-the-board percentage for spending on training would harm business.

"We (already) pour money into training, housing, bursaries and benefits ... 8,5 percent of our profits are spent on social responsibility in general," said Raymond Ackerman, the chairman of Pick 'n Pay.

Business leaders respond



Raymond Ackerman *Terry Rosenberg* *Dorian Wharton-Hood*

Dorian Wharton-Hood, the vice-chairman of Liberty Life, said: "For some companies that are labour intensive, 4 percent might be very low. For some high-technology companies, 4 percent might be very high."

He said the proposal could scare off foreign investment.

"One has to be very careful about introducing any kind of coercion or central decree to tell businesses how to spend their money. It puts off foreign companies from investing ... They are wary of more central control."

Roy Cokayne reports from Pretoria that Iscor, the listed steel company, would be unaffected by the social-equity contract proposal.

Ernest Webb-Stock, the divisional manager of external relations at Iscor, said the company achieved an attributable profit of R787 million in the year to June 30 last year and had invested more than R52 million in the training, 6,5 percent of Iscor's profit that year.

Jon Beverley reports from Durban that KwaZulu Natal business leaders said worker training was important, but questioned whether setting benchmarks was the best way to encourage companies to plough 4 percent of profit into training.

Terry Rosenberg, the deputy-chairman of McCarthy Retail, said building skills levels could only help productivity.

Neil McGregor, the spokesman for the Durban Chamber of Commerce and Industry, said that an imposed training levy could have a negative effect on foreign investment.

He said it would be regarded as another additional cost involved in operating in South Africa.

He said the social-equity contract was being discussed and the various issues raised by labour were being pursued.

Fran Botha reports from Cape Town that Stuart Maxwell, the financial director of Bonnita said: "I do not think it is unreasonable to ask companies to spend 4 percent of their profits on the training of labour."

He said that this should include training costs, associated expenses and salaries paid to the worker during training.

N/West Budget aimed primarily at job creation

(173)
cp 31/3/96

By DAN DHLAMINI

THE BUDGET for the North West (NW) for 1996/97 was aimed at stimulating growth and allowing economic freedom in the Province, MEC for Finance and Economic Affairs Martin Kuscus said this week in his budget speech to the NW Legislature in Mmabatho.

Kuscus said the total expenditure for the province was put at R6,907 billion, of which R2,330 billion had been budgeted for the Department of Education, Sports, Arts and Culture.

"Education is the major focus area of our human resource develeopment strategy. Free education has already been introduced and it needs to be sustained. We have committed ourselves to accelerate classroom building projects this financial year."

The second department to get a big slice from the budget was that of Health with R1,181 billion, an increase of 10,4 percent on the revised estimate for 1995/96.

In line with government policy, there was going to be a major shift in funds from urban to rural areas and from institution-based care to primary health care.

The shift was an important step in making health care more accessible to the total population.

An amount of R1,026 billion has been budgeted for the Development and Social Welfare Department of which the largest percentage will go towards social pensions.

In announcing the R274,24 million budgeted for the department of Agriculture, Kuscus said R66,2 million had been allocated for entrepreneurial development.

In announcing that his department would receive R405,46 million, Kuscus said due to the backlog, the development of small, micro and medium enterprises will have to be marketed "aggressively" to inculcate a spirit of entrepreneurship.

He said small, micro and medium enterprises were also the NW Provincial government's strategy thrust towards job creation and economic empowerment of the disadvantaged sectors.

An amount of R456,53 million has been allocated to the Department of Local Government and Housing.

JOB MARKET

R400-m boost for SA

British-based corporation intent on following up job creation opportunities (173)

By Isaac Moledi

THE COMMONWEALTH DEVELOPMENT Corporation (CDC), a United Kingdom-based development and investment institution, intends to invest up to R400 million in job creation opportunities through new businesses in South Africa.

The investment will be made over a period of three years.

The corporation's Johannesburg-based director, David Morley, says the CDC, an institution aimed at promoting private sector investment in developing countries, is looking at establishing partnerships with the SA companies.

Bona fide business people whose businesses are worth more than R2,5 million are likely to benefit.

The R400 million investment follows two capital funds which Morley says the corporation has set up in partnership with Investec and Fedlife to assist black entrepreneurs develop small and medium-sized businesses.

"We have already invested R3 billion in sub-Saharan Africa and we are now involved in a number of opportunities in SA," he says.

Sowetan 2/4/96

6 *Bona fide* business people worth more than R2,5-m are likely to benefit 9

Morley says it is not the intention of the CDC to own companies but it "wants to make things happen".

"In fact, the quicker we are able to withdraw and hand over ownership, the more successful we will have been," he adds.

Morley added that although the corporation was not at the level of investing in small businesses, the envisaged R400 million will go far in accessing those small businesses to financial assistance.

The CDC is particularly looking at developments in township infrastructure, tourism and agriculture.

"While we are prepared to invest in higher risk: private equity transactions – a sector often under-served by the local capital markets – we insist that the projects must be viable and sustainable," he says.

Morley says the CDC likes to be imaginative. For instance, it has been involved in the development of a farm on the southern edge of the Zambian Copperbelt which now produces 25 percent of Zambia's wheat requirements.

"We have just assisted with investment in the adjacent farm, which will treble the crop yield and at the same time create job opportunities, not just on the farm but also downstream in transport, processing, distribution and marketing," says Morley.

He adds: "We not only provide risk capital, but from within our organisation we can also assist management with financial skills"

On the move



Phinda Madi has been appointed managing director of Simeka-TWS communications.



Jimmy Seepe has been appointed news editor of *New Nation*.



Neo Sowazi has been appointed marketing manager at New Age Beverages-Pepsi company.



James Moroka has been appointed vice-president of franchising, distribution and development of New Age Beverages.

Campaign to promote locally made products proposed

BD 2/4/96 (173)

Renee Grawitzky

LABOUR, in what clearly can be seen as a "break with the past", has proposed the launch of a "buy local, buy fair labour standards" campaign to stimulate domestic demand for locally manufactured goods and services which will affect job creation.

This formed part of a number of mechanisms outlined in organised labour's economic policy framework "Social equity and job creation — the key to a stable future", unveiled yesterday.

As part of a range of proposals to encourage job creation, labour, in pursuance of this "buy local" campaign, would call on retailers to "actively source locally" and to disclose the proportion of their stock which was sourced locally.

Labour in its document acknowledged that productivity improvements were vital for the economy's performance, despite the fact that labour productivity in the past decade had increased more than 15%.

In a move to promote productivity improvements, labour proposed a national productivity and equity framework agreement to be negotiated within Nedlac by October this year.

This accord, labour argued, should cover the goals of "improving managerial, labour, capital and raw material usage productivity levels".

Distribution of productivity benefits and shop floor reorganisation should also form part of such an agreement.

Besides intensification of public works programmes to stimulate employment, labour called for a shift in focus of the Industrial Development Corporation away from capital-intensive mega projects to labour-intensive processes.

Labour proposed the creation of a national restructuring fund to finance the introduction of both new technology and work organisation to companies which could show increased output and more job creation.

Other proposals were creation of union based workplace forums, and granting workers the right to elect 50% of company boards' members.

Labour

Continued from Page 1

BD 2/4/96

The document called for moderation of "restrictive monetary policies" followed by the Reserve Bank to stimulate economic activity and job creation.

On job creation, labour proposed the intensification of public works programmes with the possibility of creating 550 000 jobs, directly and indirectly, by building 300 000 houses over three years.

The funding of such a programme would be shared jointly by labour, government and business through a 5% levy imposed on company pre-tax profit over three years.

Labour's convener at Nedlac, Ebrahim Patel, said workers would contribute to job creation with the introduction of a prescribed investment requirement on pension and provident funds, the life assurance industry and the assets of the Public Investment Commissioners of 5% of funds in special government bonds to finance RDP projects.

Patel warned that organised labour was also prepared to take a number of commitments — which should not be seen "in terms of trade-offs" — to negotiations on future economic policy.

Workers would commit themselves to an agreement on production increases and to give up some lucrative income obtained through overtime worked to facilitate job creation.

Labour had proposed a "worker rights index" for companies tendering for public contracts. This would require companies to spend the equivalent of 4% of their payrolls on training if they were to qualify for tendering.

Picture: Page 4

Labour's green paper finalised soon

BD 2/4/96 (~~176~~) (173)

Linda Ensor

SOMERSET WEST — The labour department's green paper on employment equity should be finalised by end-April for public comment, with a view to it being promulgated by Parliament in October, director-general Sipho Pityana said on the weekend.

He announced this at a conference on affirmative action in the public service organised by the University of the Western Cape.

Pityana said the proposed legislation would cover the public and private sectors and would pronounce on whether there should be quotas or negotiated targets.

Pityana said the labour department believed regulation was unavoidable to achieve equity.

"In the private sector, the attempts by some foreign companies of Europe and the US with investments in SA to promote equity through the EEC and Sullivan codes of conduct failed. There is evidence to demonstrate that an unregulated system is unlikely to produce the desired results."

But Public Service and Administration Minister Zola Skweyiya felt the legislation, which would be a vital tool for ensuring employers committed themselves to the goals of employment equity, could prove another point of conflict.

The suitability of the legislation, the timing of its enactment and its appropriateness in the public service would have to be weighed up against the need for effective strategies for affirmative action and employment equity.

He felt the constitution and the Public Service Act had to be strengthened to facilitate affirmative action. Skweyiya admitted that hundreds of thousands of public servants would have to be retrenched, most of them from the ANC's constituency of the disadvantaged in Eastern Cape and Northern Transvaal.

See Page 19

G7 alarm over world labour standards

(173)

Lille, France – The Group of Seven rich nations, reviving one of the more explosive issues in world trade, has noted the need to improve labour standards worldwide, officials said yesterday.

A draft statement still under discussion stressed the importance of core labour standards, which covered child and forced labour, trade union rights and discrimination.

A chairman's statement was due to be delivered late yesterday by the French hosts after a G7 ministerial meeting on jobs.

But countries appeared to be divided on the exact wording of the final statement.

Japan urged caution in linking trade with labour standards, saying this could create protectionism.

European delegates said they were confident the reference to core labour standards would be included in the final statement. – Reuters.

Star 3/4/96

COSATU'S SIX PILLARS OF GROWTH

RED HERRINGS AND RHETORIC

PM 5/4/96 (179) (182) (173)

Perceptions of how best to foster growth are rooted in economic philosophies. So it's not surprising that Cosatu — with its roots in international socialism — sees one of the main pillars of growth in SA as "breaking the stranglehold of business in the economy."

Following the recent publication (by the SA Foundation) of a growth strategy advocated by big business, SA's largest trade union organisation, together with Nactu and Fedsal, has published a document called *Social Equity and Job Creation*. It proposes the negotiation of a new antitrust policy. And it says that "organised labour will now set up an antitrust commission to report concrete proposals within two months. We will seek far-reaching changes to the corporate structure."

It describes the foundation's proposals as "sterile" and says members have created a range of red herrings, such as an alleged labour elite. "In so doing, they seek to let poor people pay for growth and development, while keeping the wealth and power of the privileged intact."

Labour fears that "with the wrong policies we may achieve either no growth or growth which benefits shareholders but offers no equity to workers and the unemployed."

Big business is accused of "seeking to repudiate key elements of agreements reached by its representatives with labour and government, on centralised bargaining, at the national economic forum in 1993 and on the Labour Relations Act, at Nedlac in 1995."

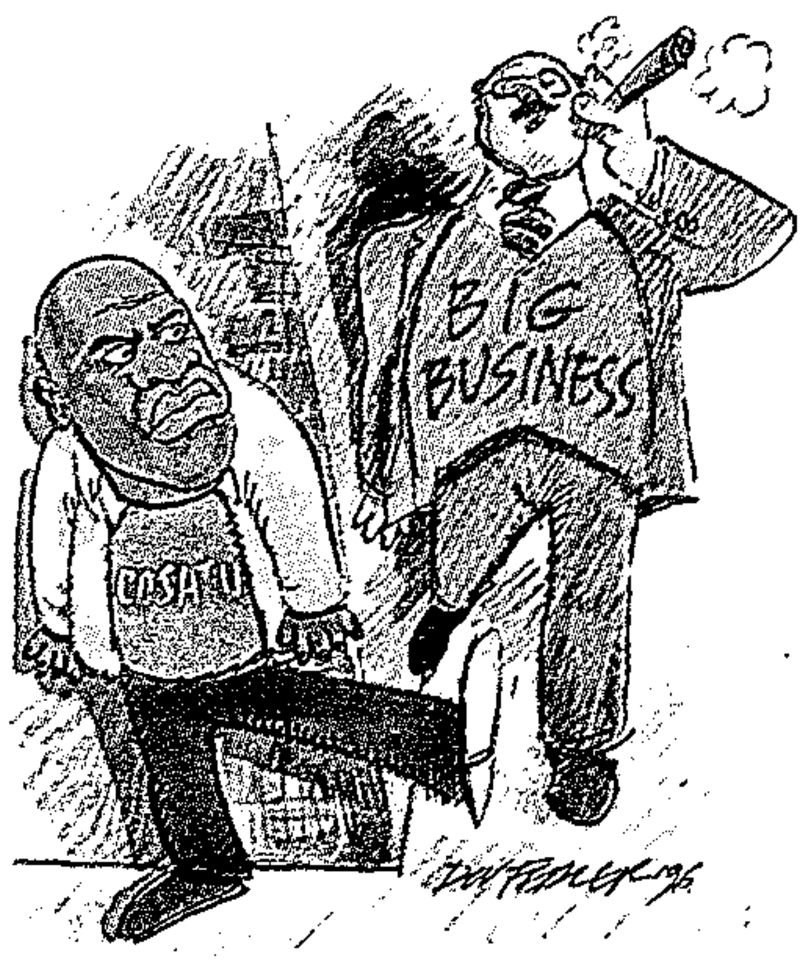
The unions put forward six pillars of growth "based on SA realities."

The first is a job-creation programme. Among other things, it proposes:

- The State builds at least 300 000 housing units each year over the next three years. "Initial calculations show that, over this period, 150 000-220 000 direct construction jobs can be created. An estimated further 200 000-330 000 indirect jobs may be created." The cost of this effort is put at about R30bn over three years, at current prices;"
- Modernisation of our industrial base. "A more efficient industry would be able to win back parts of the domestic market that have been lost to imports. It is the essential platform from which to launch a successful export effort."

It proposes the retention and expansion of fiscal measures to encourage reinvestment of corporate profits, and the setting up of a national restructuring fund to finance the introduction of new technology and work organisation;

- Job-sharing;
- A pragmatic programme "which lowers tariffs carefully and not quicker than required under the terms of the General Agreement on Tariffs & Trade . . . pragmatic trade policies geared towards opening up the economy in a manner which will not lead to massive job losses." The unions stress the importance of "concrete social adjustment programmes to ensure workers do not bear the brunt of the globalisation;"
- Expansion of domestic demand and promotion of local purchasing policies. "We argue for wage and incomes policies which expand the local market for manufactured goods and for services. This approach should be combined with efforts to increase the efficiency of production;" and
- Training and development of the work force.



The second pillar is redistributive fiscal policies to redirect spending towards social services for the poor and increase the redistributive features of tax policy.

However, this would involve an increase in corporate taxation, a reduction in Vat, a 55% tax rate on individuals earning more than R200 000 a year, a capital gains tax and a luxury goods tax. And it questions the need for a Budget deficit reduction.

The third pillar is aimed at "big conglomerates (which) own banking, mining, industrial and retail businesses" because "the concentration of power in a few hands limits the prospect of inclusive economic decision-making." And it includes an organogram showing companies "under the effective control of Anglo American."

The fourth pillar is improvement of workers' rights. In this context, it's proposed that the top 58 companies — which are named — publicly agree to release information on the pay of their individual executive directors, "particularly their CEOs."

The proposal will be put to the 58 companies.

The fifth pillar is greater industrial democracy and the sixth is championing economic development and workers' rights internationally.

Cosatu is motivated by income inequality. "According to the Human Sciences Research Council, the poorest 40% of households earn less than 6% of total income, while the richest 10% earn more than half the total income. While blacks make up 76% of the population, the black share of income amounts to only 29% of total income. Whites, who make up less than 13% of the population, take away 58,5% of total income."

It points out that SA has "among the highest income inequality in the world" and says: "Even commentators not particularly sympathetic to organised labour are struck by this contrast."

Inequitable income distribution of this

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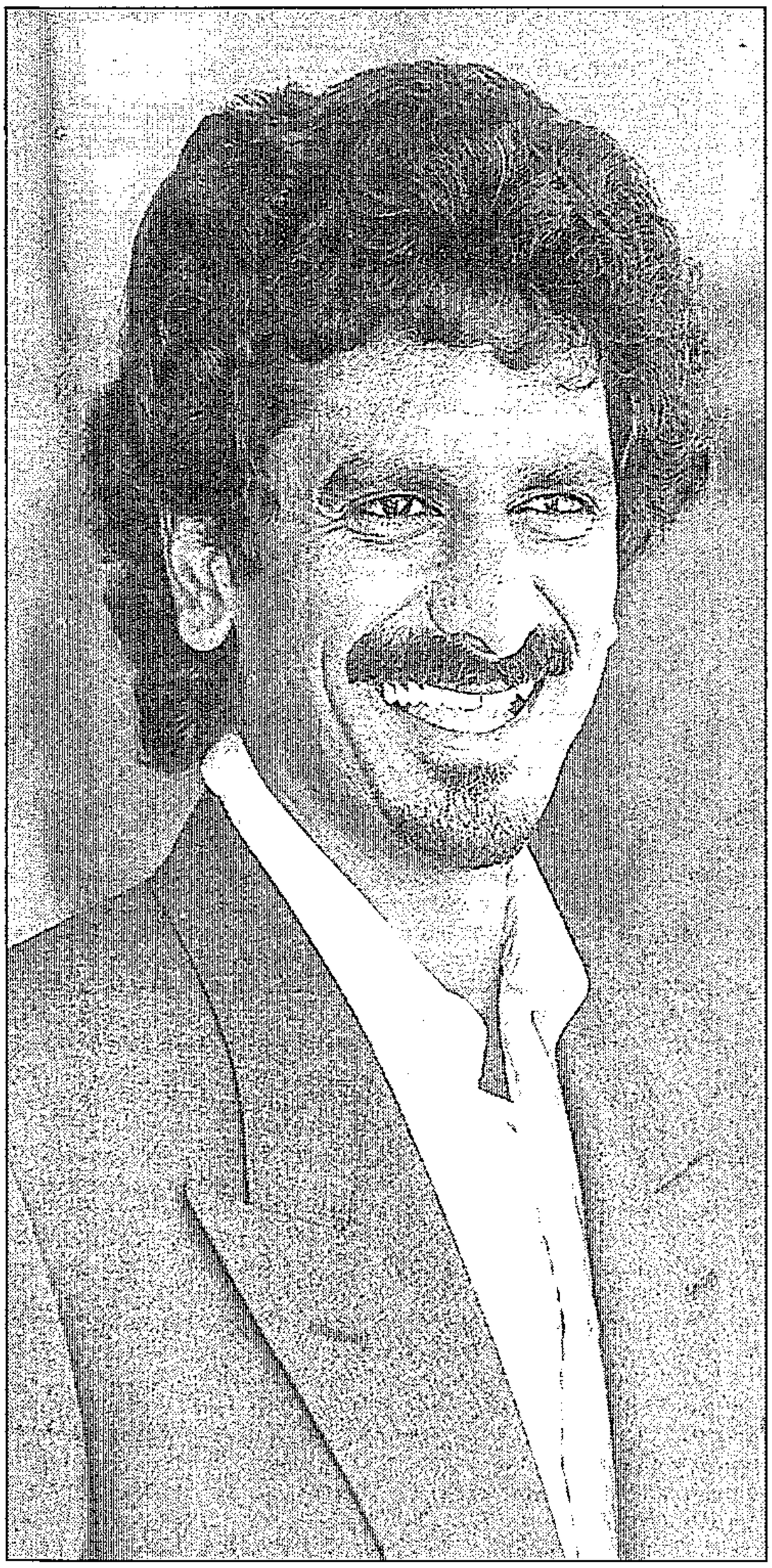


MOVING ON: Jay Naidoo leaves the defunct RDP portfolio but the programme is on track

RDP finally set to deliver jobs, says government

ST (BT) 7/4/96

(173) (249)

By JEREMY WOODS

AFTER two years of talking, the RDP is finally set to deliver hundreds of thousands of jobs.

It will do this through R6-billion worth of construction projects that have already been "contractually committed" to rebuilding the country's infrastructure.

And big business, once fearful that it would be forced to put up funds for RDP projects, will now hitch its financial horses to the RDP bandwagon on a "market related basis", which will allow normal profits to be made for work done.

Although the RDP office has been closed officially and its projects moved to the office of Deputy President Thabo Mbeki, a two-day conference on RDP infrastructure investment in Cape Town last week heard from leading Government ministers that the RDP investment programme will now start to lay the golden eggs for the South African economy.

Former "RDP Minister" Jay Naidoo, who has been in charge of implementing the RDP programme, told the conference of business delegates, politicians and union representatives that "by the end of this month, we estimate that on top of the money spent last year, we will have spent or committed over R8-billion from the 1995/6 RDP fund."

" 'Contractually committed' means that contracts have been signed and projects are already underway," Mr Naidoo said.

The goals of the RDP, he said, were to ensure that "everyone has access to basic services, to eliminate poverty, and to improve the quality of life for all.

"Significant progress has been made towards providing basic services. To eliminate poverty, we must create hundreds of thousands of jobs every year."

Mr Naidoo said creating jobs was a challenge to the whole nation, not just to Government.

"But Government has to take the lead by stimulating the growth of jobs and the economy. Our most important tool is the Public Investment Programme, focusing on infrastructure investment."

Not only does infrastructure investment create jobs, it increases demand on the supply industries.

"And modern infrastructure plays a very important role in giving our industries a potential competitive advantage in the global economy," he said.

In his speech to the conference, outgoing Finance Minister Chris Liebenberg urged big business to back RDP projects.

"Our view is that public sector investment is essentially complementary to private investment."

Mr Liebenberg said the Finance Ministry was "very excited" about the future of the infrastructure investment programme and said he believed that while business was initially sceptical, "the message is now getting across".

"I believe we are looking at a wonderful opportunity for Government, business and labour to lock arms in a joint effort to facilitate growth in a practical manner," said Mr Liebenberg.

suggested that 69% of jobless Africans were not looking for work, while the with subsidies, to pay off a bond on the most basic of ready-built houses.

Education trust assisted 397 organisations

(170) BD 9/4/96

Theo Rawana

THE Joint Education Trust, established in 1992 with a commitment of R500m from the private sector, had disbursed R218,2m to 397 non-governmental organisations and community-based organisations, projects GM Mashwahle Diphofa said recently.

Diphofa said it was projected that the trust, established to improve the quality of education, would have disbursed the full R500m by the end of 1998. Diphofa said the funding had been focused on key projects such as early childhood development and teacher development.

ANC deputy secretary-general Cheryl Carolus said some of the toughest challenges of transformation lay in the capacity of South Africans to meet the education needs of the country.



Job creation plan for Gauteng

(173)

BD 9/4/96

Mduduzi ka Harvey

A PROJECT targeting about 30 000 of Gauteng's unemployed and aiming to create jobs through practical and sustainable labour-intensive community-based projects is expected to be launched this month.

The Amandla Waste Creations scheme was the brainchild of the SA Unemployed Workers' Organisation, which aimed at helping the unemployed manufacture handcrafted objects from paper, wire, cardboard, tins and waste products in general.

Chief executive director Mandla Mentoor said the project had trained 15 unemployed Soweto youths in papier-mâché craft.

The products were marketed through curio shops, stalls and flea markets, and negotiations were under way with the trade and industry department to provide a channel to sell the products.

Forty people had been trained in waste management in each of the organisation's five centres and plans were under way to create 600 jobs by the end of the year.

Other programmes included skills training under the auspices of the manpower department and an agreement with Telkom, East Rand industries and mines to employ unemployed matriculants. To date, 3 500 had been employed.

Language testing in schools thrown out

(350) BD 9/4/96

Ingrid Salgado

THE NP, DP and Freedom Front have failed in a Constitutional Court bid to overturn clauses in the Gauteng School Education Act which relate to religious freedom and language testing as a basis for admission.

The court's unanimous judgement delivered by Ismail Mahomed last week effectively eliminates the right of schools to use language testing as a basis for admission. It also upholds the Act's requirement that the education process develop a national culture of respect for SA's diverse religious and cultural traditions and affirms learners' rights not to attend religious classes and practices at public and subsidised private schools.

The three minority parties in the Gauteng legislature had earlier contended that the disputed sections violated section 32(c) of the constitution, which stipulates that every person has the right to establish, where practicable, educational institutions based on a common culture, language or religion, provided there was no discrimination on the grounds of race. They argued this created an obligation on the state to establish public schools on this basis.

The court found that while every person had the right to establish such educational institutions, and the constitution protected that right from invasion by the state, it did not follow that the state was obliged to establish the institutions.

Section 32(c) preserved an "important freedom". Every person had a basic right to be educated in their preferred languages, but those wanting "more than that" had the freedom to establish institutions based on cultural, linguistic or religious commonality.

The court also found that using language testing as a basis for admission was "properly" government's decision. The court said it appeared the governing bodies of Model C schools had never had the power to conduct language testing as an admission policy.

Gauteng education and culture MEC Mary Metcalfe said the "landmark judgment" was a victory for the fundamental values on which a new society was based. It would deepen understanding of human rights in SA.

The disputed clauses in the Act would be put into effect shortly.

Green paper to be tabled on employment equity

Renee Grawitzky (173)

A GREEN paper on employment equity, expected to be tabled in Parliament on April 25, could act as a mechanism to achieve organisational transformation to create a climate for employment equity.

This is opposed to legislation merely outlining quotas for affirmative action placements. A team appointed by the labour department to draft a green paper had presented its recommendations to the department and it was understood that its main thrust differed vastly from a fifth draft discussion paper leaked to the media earlier in the year.

Although the green paper, as with the fifth draft, would include various enforcement mechanism options such as fines, tax or other incentives to ensure compliance, it would attempt to act as an enabling document to guide organisations in human resource development strategies. This could impact on remuneration systems, grading and career path planning.

Meanwhile, negotiations on the employment standards green paper are scheduled to begin in the National Economic Development and Labour Council's labour market chamber tomorrow, although it is doubtful whether these would take place as not all the parties had submitted their positions to Nedlac.

The employment equity green paper, instead of focusing on affirmative action positions, would focus on processes that organisations engaged in, therefore, focus would be given to affirmative action organisations rather than positions.

Labour department equal opportunities director Mpho Makwana said in the latest edition of People Dynamics that "it is not the candidate who is need of affirmation, it's the organisation which is the candidate for affirmation". He said "affirmative action is a means to an end, whereas employment equity is about dealing with current discrimination and preventing future discrimination in the broader sense."

The green paper, after being tabled in Parliament, would be presented to the social partners within Nedlac for negotiations. BD 10/4/96

The Star

Welfare dept aims to empower jobless women

(173) Star 15/4/96

By Priscilla Singh

The Department of Welfare has announced a flagship programme targeted at unemployed women with children under five.

The idea is to develop programmes which create self-reliance in line with the Beijing Platform for Action, which commits the Government to providing women with opportunities empowering them to change their situations.

Project manager Marion Stewart and co-ordinator Louise Erasmus of the National Welfare Department defined the structure for the programme in February this year.

"The aim is to facilitate educational and employment opportunities for women and their children to break the cycle of disadvantage and poverty which would also help to reduce their potential dependency on the State.

"The greatest challenge facing the Government is the extent to which it can impact positively on reducing poverty and unemployment," said Stewart.

The Department estimates about six million people are unemployed and about 10-million families live below the poverty line.

She said about 20 projects are expected to be implemented in the nine provinces and each province had been asked to identify at least one project for implementation within the next two months.

Educational and training opportunities for women would be increased so they could provide for the basic needs of their families and their skills developed to enhance their overall functioning.

Children under five would be provided with "developmentally appropriate education" to increase their chances of achieving and learning.

It had been suggested that consideration be given to "needy" provinces and that potential participants be ranked according to need, including single parent families, special needs groups, farmworkers, teenage mothers and rural women.

Overwork is a killer, say doctors (173) CT 15/4/96

LONDON: Overwork is bad for health and can kill, British researchers say.

It can bring on heart attacks, bronchitis and violent behaviour, said Dr Susan Michie and Dr Anne Cockcroft of London's Royal Free School Hospital and School of Medicine.

They argue that employers should be held responsible for preventing work overload. "We also need government strategies ... to reduce the working week and monitor ... hazards at work, which include overwork."

In a report in the British Medical Journal, they cite Danish, Italian, Swedish and British studies and note "overwork can kill".

A Danish study of 2 465 bus drivers found the rate of death and hospital treatment among those

In with the new order

After some initial hesitation, the Department of Labour gets moving with far-reaching changes in its set-up. Labour Reporter **Abdul Milazi** takes a close look at these achievements...

(173) Sowetan 16/4/96

THE NEW DIRECTOR-GENERAL of the Department of Labour, Mr Sipho Pityana, did not waste time in changing the all-white male Afrikaner domain since he took office in February last year.

He has transformed top management into a representative structure which is 60 percent black and 30 percent female.

In an exclusive interview with *Sowetan*, Pityana said: "Like all other Government departments, the Department of Labour was a vehicle to deliver apartheid policies. It was the antithesis of what we are about."

Pityana said that due to the deliberate and systematic policies of apartheid, blacks were excluded from certain job categories and training opportunities.

This, he said, would change in his plans to overhaul the whole department, right down to the smallest offices in the most remote areas.

"Restructuring the department does not only mean putting new people on the management team but making sure the whole system is changed to reflect our newfound democracy and the make-up of our country," said Pityana.

Controlling structures

Changes have already begun in key institutions which controlled the Department of Labour, like the boards of the Unemployment Insurance Fund and the National Training Board (the Manpower Commission has been phased out).

"It was important to change these boards because they are the controlling structures of the department," said Pityana.

He is not apologetic about putting blacks in key positions and is determined to see that he recruits suitable black candidates who would make a difference.

"I don't want to have black faces who will be absorbed by the system and do the same things done by the whites I am replacing. We have already laid off a number of people whom we thought would not bring value to our programmes," said Pityana.

He added that his approach places much emphasis on getting feedback and views from ordinary people whom his department is supposed to serve.

"We don't want to institute changes for the sake of making changes, we want to know what people want and shape our strategy and agenda accordingly," said Pityana.

The key aim is to end the long queues at the department's various offices so that people can get easy access to information and services. "We want to ensure that offices in black and white areas have the same quality service and infrastructure.



Sipho Pityana ... the director-general wants to rid the labour system of discrepancies.

"We have initiated a process to rid the labour system of the glaring discrepancies where we won't offer different services to the various race groups."

The greatest challenge Pityana faced was changing the 11 fragmented labour structures to form one national labour department to administer the country's labour affairs.

"We have done that. The country now has one labour department and we have put forward and facilitated many discussion papers on the various labour laws that need to be changed to suit the changing labour market," he said.

A Green Paper (discussion paper) on the Employment Standards Statutes is already being discussed by business, labour and Government at the National Economic Development and Labour Council (Nedlac).

Another Green Paper on Employment Equity will be submitted to Nedlac soon and both these are expected to be passed by Parliament before the end of the year.

The ineffective Industrial Court has already been replaced by the Commission for Conciliation, Mediation and Arbitration, while a judge president and a deputy have been elected. This commission will be the country's highest authority in determining and resolving labour issues.

Pityana also said an amendment to the Insolvency Act would go through Parliament soon and would ensure that workers are not left stranded when companies become insolvent as is the case currently.

He described an ideal industrial scenario in South Africa as one in which business and labour can resolve their differences amicably.

"There will always be conflict of interests between business and labour but we are now laying the foundation that would ensure that those differences are managed fairly," he said.

No longer confrontational

He said maturity was emerging in many ways in the country's labour front: "The relationship between labour and business is no longer confrontational but that of negotiated settlements. Our aim is to be a model to the world, especially to developing countries."

Pityana said he wants to see a labour market that is characterised by a strong sense of justice and where employers recognise the value of investing in workers.

The Eastern Cape-born Pityana said that when he was appointed director-general, he was both honoured and overwhelmed by the challenge facing him.

He said: "Last year was the toughest time of my life. You find that you don't trust the people you have to work with, so you stall the processes because you want to scrutinise everything that comes to you as a measure against being sabotaged.

"In a way, this makes you look incompetent because you don't deliver. I have adjusted now and I am comfortable with the people I work with, which is why we have achieved so much in such a short time."

With the new Labour Relations Act coming into effect on May 1 and the restructuring of the Department of Labour and its various key institutions almost complete, Pityana seems to be one of the few leaders in Government who are on top of their departments.

● See Page 3 in *Sowetan* Business.

Communities without income given priority

(173) BD 18/7/96

Mduduzi ka Harvey

POOR communities countrywide with no hope of any income have become the priority of the National Business Initiative, which from a budget of more than R800 000 for special projects has implemented six programmes aimed at facilitating income-generation.

In a bid to restore hope and pride in the village of Hertzog in the Mpofu district in the Eastern Cape, which was left destitute when commercial farming ceased, the community formed the Hertzog agricultural co-operative which raised a commercial loan to grow food for own consumption and for sale.

To date the co-operative has 83 shareholders, to whom each was allocated a 1ha plot. After the harvesting of several crops since the scheme was started in 1994, the project has yielded R2 000 a quarter hectare.

Initiative senior economics manager Brian Craig said it also targeted the once conflict-ridden Stutterheim community in the Eastern Cape because of its unemployment and the poor services, particularly in black areas, as the primary focus of its activities.

With the help of an external consultant, a development strategy was identified to address poverty in the area. This culminated in the formation of the Stutterheim Development Foundation to channel and control funds.

Through community participation, the foundation has provided 900 serviced housing sites, built schools and a day care centre. A business advice centre was set up for entrepreneurs.

In addition, periodic markets and support for small-scale farmers and businesses have been implemented.

In Port Elizabeth, the initiative helped establish a self employment centre which offers advice to small entrepreneurs starting their own businesses, training and providing skills. It has also rented work space occupied by 30 businesses, with the largest employing 18 locals, while providing marketing and administrative advice.

Craig said changes in the national policy had affected the former Ciskei homeland, resulting in the closure of factories and the loss of 2 000 jobs,constituting a 46% unemployment rate.

These circumstances, he said, led to the formation of the Atlantis Reconstruction and Development Forum, which has been responsible for establishing a community radio station and a business information centre to support emerging firms. The forum is at the forefront of training locals to install prepayment meters, and providing business opportunities in the construction of a Magistrate's Court by using local labour and through tenders.

In the KwaZulu-Natal communities of Umbumbulu and Amanzimtoti, a local enterprise agency was set up in 1993. Its sole purpose was to develop small business by providing advice, training, access to sources of finance and encourage co-operation between small and big local business.

Factory jobs decline

Staff Reporter (173) ARG 23/4/96

FACTORY employment has dropped over the past year and conditions are unlikely to improve for a while.

A Stellenbosch Bureau for Economic Research survey found more than four in ten manufacturers questioned had retrenched workers in the year which ended in March.

Factory employment and working hours decreased in the first quarter of this year, the researchers found, and this trend was likely to continue in the current quarter. The study also warned demand for consumer goods could drop this year.

UNIVERSITY OF CAPE TOWN

this direction since, during September last year, the Cabinet took note of the multitude of control responsibilities scattered among the various departments and issued an instruction to the trade and industry minister to recommend rationalisation of control and resources. As a result, the conventional arms control committee is considering delegating more powers to the lower levels of control to expedite certain approvals.

In conclusion, a number of legitimate concerns arise with regard to the timing, content and thrust of volume 2 of the Cameron commission report:

□ Why the wide mandate given to the commission when the cumulative general findings were clearly predetermined?

□ Why was no policy framework provided within which the Cameron commission could conduct its investigation?

□ Why did government not stop the commission before it embarked on its second volume if it did not intend following its recommendations or waiting for its policy recommendations?

□ How much did the commission cost the taxpayer, particularly since the hearings in Cape Town did not substantively affect the content of the second report?

□ Why was the second report released only about four months after completion and not closer to the time that government had announced its own system?

But there is hope. There can be little doubt that, taken as a whole, the commission has made an important contribution to cleaning up the defence industry and even its second volume does provide, to an extent, a "checklist" against which to measure arms export control measures.

Apart from the fact that SA foreign policy is in limbo and defence policy equally undefined, apparently "...one of the tasks of the national conventional arms control committee will be, in good time, to devise a policy on the defence industry. This policy will provide for matters such as strategic national interest and effective cost-performance by the industry so as to reduce unit costs for items required by the national defence force."

Perhaps this is exactly where we should have started in the first place.

BD 23/4/96

□ Cilliers is executive director of the Institute for Defence Policy.

25 govts ready to adopt IMF standard

LONDON — About 25 countries have indicated that they wish to subscribe to the IMF's special quality standard for economic statistics, set up to help prevent financial crises such as that which afflicted Mexico in late 1994 and early last year.

The initiative sets standards for the coverage, frequency and timeliness with which 17 categories of economic data are reported.

Countries aspiring to the standard are required to pre-announce release dates, to describe the methodology of calculation, to provide full public access to the data, and to say when government ministers see the numbers in advance.

IMF policy development and review director Jack Boorman said at the weekend that he hoped the standards would help governments and the financial markets to identify economic strains before they developed into full-scale crises.

Countries meeting the standards will be identified on an electronic bulletin board. This will open on August 31, followed by a 26-month transition period during which countries can subscribe to the standard even if they are not able to meet it fully.

IMF deputy director of statistics Carol Carson said not one country had yet met all requirements.

Officials and financial market participants welcome the scheme, but foresee problems when countries fall short of the standard.

The IMF says: "To serve the purposes for which the standard is designed, it will be necessary to signal if a subscribing member is no longer fulfilling the expectation that it is observing the standard." This will be done by removing the country's entry from the bulletin board.

However, Boorman concedes that removing a country — or even the rumour of its removal — could help trigger the sort of crisis which the scheme is intended to guard against.

Removing a country will be a lengthy and complicated process. An underperforming country will first discuss its problems with the fund.

In the event of "severe and persistent non-observance", the IMF board would probably consult a panel of independent statistical experts while giving the country an opportunity to argue its case before deciding whether to remove it.

"The way we have thought this through, we would hope we would never get to a situation where we would have to think about the 'atom bomb approach'," he said.

But Salomon Brothers in New York chief economist John Lipsky said this would pose problems: "Inevitably the fund would get drawn into the question of whether it was vouching for this data."

The IMF's hope is to provide information from which financial market participants can draw their own conclusions. Failures to produce particular pieces of data on time will not be flagged specifically on the bulletin board, for example, but left for market participants to infer.

"But I do not think in practice that this will exempt the Fund from some sort of implicit vetting issue," Lipsky warned. — Financial Times.

Subcontracting opens opportunities for blacks

(173) Sowetan 24/4/96

But the labour movements objects because it creates job losses

ALTHOUGH SUBCONTRACTING has become one of the new trends in the corporate world and has provided an opportunity for black empowerment, it has angered trade unions who fear job losses. Labour Reporter **Abdul Milazi** reports...

MAJOR South African companies are subcontracting and restructuring in a bid to become more competitive in global markets.

While the labour movement objects to subcontracting, saying it could precipitate job losses, the move is opening up opportunities for black business.

White domination

The vice-president of the Pretoria branch of the Black Management Forum, Kate Mamabolo, says subcontracting is the only way small black businesses can assist small business to break into the big league and also end white domination of the country's economy.

Mamabolo argues that many black businesses began as small enterprises and have remained as such indefinitely. "This has to change. Blacks need aggressively to market themselves as capable people so that big corporations can recognise and accept their services.

"If black businesses can take the majority of the contracts in major companies, they will stand a better chance to grow and may be become conglomerates themselves."

However, trade unions have a different outlook. This was demonstrated late last year when Government announced its intentions to privatise some of the parastatals. It triggered organised labour's anger which had for some time lain latent.

Demonstrations swept the country and the Government was forced to open the issue up for negotiations.

National Economic Development and Labour Council's (Nedlac) director of information Lomin Saayman says while these developments may seem dramatic to organised labour, the levels of contracting out services in the country are still lower than those in many newly-industrialised countries in other parts of the world.

Despite industrial actions, various industries have maintained their restructuring plans.

Non-core service

In the manufacturing industry, several companies have subcontracted non-core services like cleaning, laundry, security, transport and canteens.

The retail sector has been employing more casual and temporary workers. By 1990, 25 percent of workers in the retail industry were casual. That number has increased since then, but there are fresh statistics.

Saayman says the trend indicates that the closed nature of the economy, particularly for manufacturing and services, has insulated many industries from a general international trend to reduce work forces.

"Not surprisingly, the high-profile trade-exposed sectors, such as auto manufacturing, are some of the first to push for more changes," says Saayman.

He argues that the privatisation debate would inevitably increase the interest in contracting out as has happened internationally where substantial permanent workforce reductions have occurred.

He says there are various reasons for companies to use subcontracted labour or companies and these include:

- Lower overheads;
- More effective management of human resources including career-pathing, skill-formation and training plans since routine and repetitive jobs are no longer undertaken by the company; and
- The possibility of signing job-security agreements with the remaining workers in return for their commitment to productivity and restructuring programmes.

Saayman says there have been few agreements between trade unions and employers on subcontracting.

These agreements are mainly to monitor and regulate the practice but not to stop the trend.

For instance, the National Union of Mineworkers, which has been the most vocal and quick to take action against subcontracting, signed two historic agreements with major mining houses, which commits the parties to consultation.

The agreement with the Chamber of Mines, signed last year, commits the chamber to advise the union on all existing subcontracting agreements within 30 days of their signing.

It also commits the chamber to disclosing new subcontracting plans and to consult with the unions whenever subcontracting would result in retrenchments.

Another agreement the union signed with De Beers goes a little further. It binds the mining house to advise the union of subcontracting agreements before they are signed.

Consultation

De Beers is also required to consult through a sub-committee which would be guided by several factors including the employment of retrenched workers in those projects and the urgency of the work to be performed.

In the auto manufacturing sector VW South Africa and Numsa signed what became known as the "outsourcing agreement" which specified the criteria by which outsourcing decisions would be taken. Some of the criteria include that the decision should make business sense and be financially justifiable.

A number of companies in the chemical sector also reached agreements with the Chemical Workers' Industrial Union, committing themselves to give preference to temporary workers when employing new workers.

Binding agreement

The agreement also binds the companies to make permanent all positions, except temporary workers employed to do relief work, provided their employment does not exceed six months.

Elize Swart an economist with the Afrikaanse Handelsinstituut says subcontracting contributes to economic growth and job creation because small business gets the opportunity to expand.

"However, if subcontracting is done on a basis to get rid of or bypass the rights of employees, it is destructive," says Swart.

One more 'good year' for S Africa

***Sowetan* Correspondent**

ONE more year of good economic growth is in store for South Africa and then growth rates will drop. That's the growth boost from agriculture is unlikely to be repeated in 1997. Growth could be halved for a year or two – though stronger exports should help the economy fend off adversity.

Giving jobless youth a target

Star 25/4/96

By Patrick Phosa

Entrepreneurship can be a catalyst for a change in breaking the cycle of despair and hopelessness in the youth and channel their energy into positive activities.

This was said by Kathorus Youth Plumbing Skills Project director Stanley Mohapi in his call on "the out-of-school and unemployable" Katlehong, Tokoza and Vosloorus youths to come forward and take part in the project.

Mohapi said the project, which was initiated in 1994 had already trained 70 youths. Forty-three of them are "gainfully employed" and some are self-employed.

Mohapi said the youth had enormous potential to become successful individuals, adding that they were the ones faced with the challenge of building a prosperous economy.

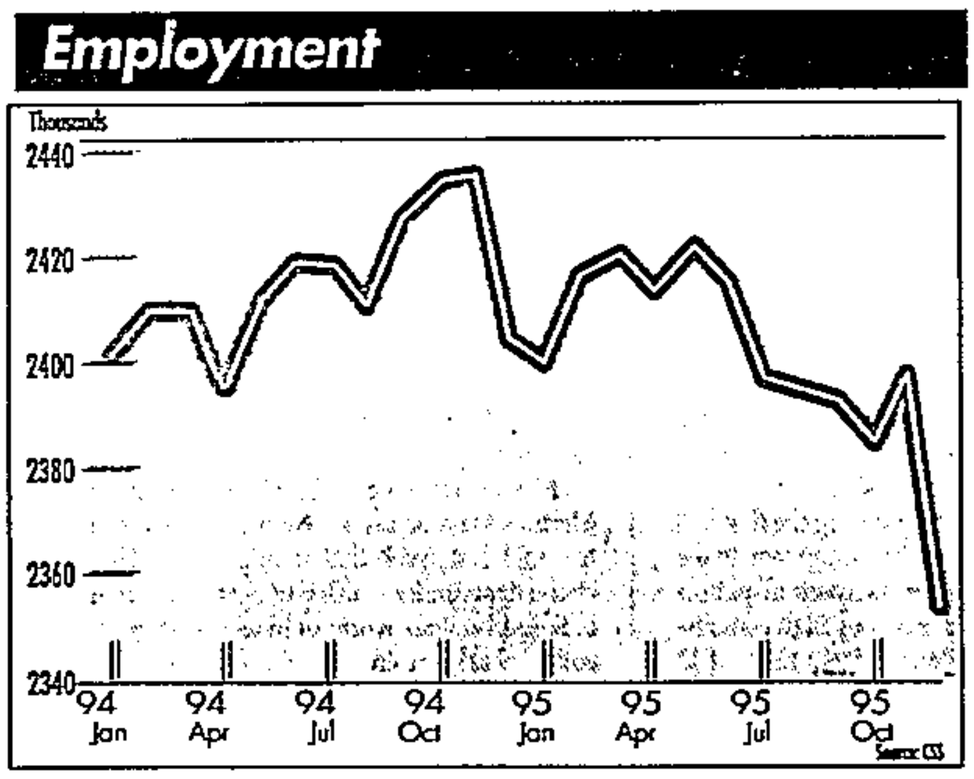
He said the project would make the youths survive the "destructive and potentially dangerous activities and extraordinary challenges and risks" they faced.

"It can provide motivation to work hard, uncover and strengthen hidden talent and enable the youth to create their own wealth," Mohapi said.

The project is sponsored by the Young Entrepreneur Foundation.

Training is free and interviews for the next course start tomorrow.

Phone: Stanley Mohapi or Judith Sono: (011) 884-0270 or fax (011) 884-5672.



Still waters

(173) CT(BR) 25/4/96

ANN CROTTY

Recently released figures from the Central Statistical Service (CSS) that indicate the South African economy suffers from the phenomenon of jobless growth are reinforced by data from many of the large industrial groups listed on the JSE.

And it seems the trend toward increased profit being accompanied by reduced numbers of employees goes back some years.

The vast majority of those companies that do provide the information in their annual reports show a decline in the number of employees in the five years to last year.

To the extent that any pattern is identifiable, it seems that companies involved in the heavier side of manufacturing and industry are reducing their workforce, while companies in the service sector are increasing their employee numbers.

In the five years to last year, the chemicals and explosives group AECI reduced its workforce from 27 300 to 18 000.

Between 1990 and 1993, Anglo American Industrial reduced its employee numbers from just more than 44 000 to just less than 40 000.

At the conglomerate Hunt Leuchars & Hepburn, employee numbers were down from 30 760 in 1990 to 12 011 last year; over the same period Metkor cut its workforce from 30 760 to 12 011 and Nampak's employee numbers were down from 22 960 to 18 049.

De Beers shed more than half of its workforce between 1990 and 1995.

It is not all bad news though: a number of companies reported increases in employee numbers.

Edgars increased its numbers from 12 530 in 1990 to 15 500 last year.

Over the same period, Foodcorp's workforce increased from 14 468 to 16 804; Lenco's workforce rose from 6 155 to 10 381.

Some of the more dramatic changes in employee numbers can be attributed to corporate restructuring.

In the case of Pepkor, its numbers jumped from 15 000 in 1990 to 39 000 last year.

The Premier Group's workforce doubled over the same period; while Barlows' employee numbers almost halved.

Pepkor's increase is attributable to its acquisition of much of the Tradegro operations in the early 1990s.

Similarly, Premier's figures were bumped up by acquisition. The reduction at Barlows was due to its unbundling.

Possibly the only thing that can be said decisively about trends in the employment numbers is that it is very dangerous to say anything decisive.

And if this is so, then the gloom that has been cast by reports of jobless growth may be too dreary.

It also means that knee-jerk criticisms of labour and trade unions is misplaced and misleading.

There appears to be sufficient evidence locally and internationally to suggest that the absence of trade unions would not materially alter employment trends.

There are a number of reasons not to be too disheartened by the official figures, chiefly because they do not represent a South African phenomenon.

Jobless growth is a worrying feature of most Western economies. This reflects the fact that every time equipment is replaced, whether it is a PC or a packaging plant, it is replaced by something that can produce a much greater output.

Bevcan, a Nampak subsidiary, recently announced it had invested R465 million in three high-tech canning production lines.

Using only 380 employees, these lines can produce record levels of output.

> *'It means that knee-jerk criticisms of labour and trade unions is misleading'*

The reduction in Nampak's workforce since 1990 has been accompanied by a significant increase in output and a 42 percent increase in labour productivity, with turnover an employee up from R153 000 a year to R327 000.

Though Nampak's management has had some tough years with the trade unions, it stresses that the increased capital intensity is forced by the threat of foreign competitors who manufacture flawless products using state-of-the-art technology.

It is the same story at the recently opened R5 billion Alusaf smelter, which can produce 466 000 tons of metal a year with a minimal work force.

In the retail industry, and the services sector generally, there is limited scope to replace labour with machinery. That is why so much of the formal growth in employment occurs in companies in these areas.

SAB's figures reflect an interesting combination of the two forces — reducing manufacturing employees and increasing the service-related workforce.

Despite a reduction in the workforce needed for beer production, the group's total employee numbers increased from 91 000 in 1990 to 110 000 last year, reflecting SAB's extensive retail and hotel operations.

Another reason not to be too depressed about official employment figures is that they may not accurately reflect an international trend to replace full-time employees with part-time and temporary staff.

A recent survey by Frank Horwitz of UCT's Graduate Business School reported that flexible work practices such as outsourcing were receiving more attention with South Africa's economic and political changes.

"Reasons for this include avoidance of non-wage benefits, greater flexibility by passing costs of fluctuating demand on to the contractor and greater flexibility in hiring and firing," said Horwitz.

It is likely that the smaller firms that spring up in response to this trend are not captured by the CSS figures.

A number of academics charge that the figures do not accurately reflect that an increasing proportion of new jobs are being created by small and new entrants to the economy.

In response to complaints that its sample population is too dated to accurately reflect the considerable changes that are taking place in the workforce, the CSS stresses that its survey sample is updated regularly in line with information being provided to the registrar of companies.

Anecdotal evidence in industries such as transport, which is highly competitive and where the barriers to entry are low, suggest that jobs lost by the big companies are being replaced by small players who may not appear in the registrar's figures.

Unfortunately the bottom line is that no matter how much allowance is made for underaccounting for employment numbers, the picture does look grim.

And it is made grimmer by the lack of a convincing strategy from labour, government or business.

3 000 ATTEND RALLY

Plan to give up overtime to create jobs

(173)

CT 2/5/96

COSATU general-secretary Mr Sam Shilowa told Western Cape workers yesterday that both an overtime ban and a 40-hour working week were being considered as measures to increase employment. **ANEEZ SALIE** reports.

COSATU members are to sacrifice badly-needed overtime payments in an effort to create more jobs, its general-secretary Mr Sam Shilowa announced at a May Day rally at the Athlone Stadium yesterday.

He said that even though most workers were forced to supplement low wages with overtime, "we will scale it down and work towards an overtime ban, so that more people can begin to enjoy employment".

Another sacrifice would be the acceptance of a shorter working week of 40 hours.

Shilowa also vowed that workers' monies, held in trust by their employers, and previously utilised in the service of apartheid and the privileged, would instead be used to uplift areas such as Athlone, Hanover Park, Guguletu and other under-developed townships.

The colourful May Day rally was attended by some 3 000 local workers to celebrate, in unity with workers around the world, their hard-won rights.

The main speaker was President Nelson Mandela who congratulated the workers, but added that the goals set by the democratic movement put even greater tasks ahead of them.

"Among the most challenging is to find the ways in which we can ensure that economic growth brings jobs for the millions who are unemployed. and that development also benefits the poorest in our society," he said.

"The workers of South Africa have a proud record which makes them equal to the task."

The May Day gathering doubled as an ANC election rally. Mandela called on local voters not to be misled by political parties which exploited racial insecurities to foster division in order to perpetuate old patterns of power and privilege.

Two issues, teacher retrenchments and affirmative action, were of particular concern to non-African voters, he said.

Once more he assured them that the ANC was opposed to only African workers benefiting from affirmative action, and that the organisation, together with Cosatu, would back any worker who challenged a racist employer in this regard.

Mandela said the transformation of apartheid education required the redistribution of human and material resources.

However, the government, and he personally, was fully committed to doing everything possible to ensure that no teachers were dismissed as long there were children who needed them.

Condemning the issue being turned into a political football, Mandela said: "We are confident that you are able to make your own judgments as to the real issues of these local government elections. Reject the past and embrace the future.

"Take this opportunity to ensure that you are not left behind the rest of the country."

Reserve Bank forecasts 45 000 new jobs

Rising exports 'could create jobs boom'

LT(BR) 3/5/96

(1173)

By Sean Feely
INDUSTRIAL SERVICES EDITOR

Johannesburg — The rand's depreciation over the past 10 weeks was likely to spur exporters' earnings, fuelling a boon for the economy in the long term if excessive wage increases were resisted, Reserve Bank and private sector economists said yesterday.

They were speaking at a Wits Business School forum on the exchange-rate crisis.

The rand's fall could add as much as 0,75 of a percentage point to the rate of growth in gross domestic product, spurring the creation of about 45 000 jobs, said Bernie de Jager, the deputy head of economics at the Reserve Bank.

These gains, calculated on the Bank's economic model, could be sustained if the rand averaged R4,25 to the dollar this year, he said. "There is life after depreciation. The economy is very much alive and capable of growing."

Speaking at the same forum, Dennis Dykes, the chief economist at Nedcor, said this required that the rand's fall be kept "as a competitive depreciation rather than an inflation-boosting one".

De Jager said the rand's plunge could add about 2,5 percentage points to consumer price inflation. The impact could be diluted if nominal wage rates rose slowly, ensuring that productivity growth and competitive gains were consolidated.

"Significantly, slow wage growth will prevent the cost-raising effects of a currency depreciation from spilling over into higher and rising prices," he said.

Dykes said GDP growth could be considerably higher by the end of 1998 if the benefits of the currency depreciation and wage restraint flowed through the economy.

He expected the rand to reach R4,10 against the dollar by the end of the year.

André Cilliers, the treasurer at Commerzbank's Johannesburg office, said "the rocky road is far from over and foreign investors are building these uncertainties into their feasibility studies".

He said the rand would probably weaken further against the dollar because the confidence of foreign investors in South African securities had been damaged.

Some analysts have calculated that global investors who bought South African bonds a year ago have had their total returns wiped out by the rand's depreciation and rising interest rates.

De Jager said inflows of foreign funds were likely to be more subdued this year, placing pressure on the capital account of the balance of payments.

"The speculative and more volatile inflows, seeking a higher return in the short term, may be shaken out to a large extent. This may not altogether be a bad thing."

He said the current account on the balance of payments was likely to improve by about R6 billion this year and R7 billion next year, assuming that the rand traded at an average of R4.25 to the dollar.

Scheme to help unemployed start business

ARG 4/5/96 (173)

WILLIAM-MERVIN GUMEDE
Own Correspondent

JOHANNESBURG. – While everyone seems to be bemoaning South Africa's huge unemployment rate, a relatively unknown scheme is doing ground-breaking work to draw the jobless into the mainstream economy.

Its efforts may rarely hit the headlines, but the drive is giving hope to thousands of poor. With the country's unemployed conservatively estimated at around eight million, and growing at more than 400 000 a year, every small effort is valued.

Only last week the Reserve Bank's quarterly bulletin announced that a mere 12 000 new jobs had been created since the beginning of the upswing in the economy in May 1993.

The Start-Up Fund provides funding for the unemployed - the untouchables of the banking sector - to start their own small businesses.

The fund was launched back in October 1993 and, at the moment, has 4 000 people on its books. It has lent more than R3,5 million to the informal sector the past three years.

Many of these recipients have been able to get their own businesses off the ground.

"The Start-Up Fund provided loans to those disadvantaged but enterprising people who are willing and able to become self-employed," said Tony Davenport, founder of the fund.

"The only hope for the vast majority of the unemployed is job-creation through self-employment in micro-enterprise.

"This may not be the ideal solution to the huge unemployment problem, but it is the only effective way of addressing it on a large scale," Mr Davenport said.

He said most of the unemployed wanted to work but could not get jobs or loans from the commercial banks to start their own businesses because of their perceived financial risks to the banks – "with the result that economic growth is by-passing them," he said.

The fund gives loans of up to R6 000 over a period of 33 months to those unemployed, depending on their rate of repayment.

In the first three-month period of the loan a recipient would receive R300. Of the amount R50 is diverted to a Group Indemnity Trust (GIT), which is some kind of group life insurance and covers all bad debts of borrowers.

The amount increases every six months after the initial three-month period, which could go up to R2 400 after the sixth phase.

A non-refundable amount is debited to the loan account during each of these phases and transferred to the GIT. There are checks and balances built into the loan scheme.

Firstly, to be in line for funding, one has to undergo a start-up training course. Secondly, recipients can progress to the next phase only when the previous phases' loan has been repaid. The recipient is also expected to deposit R75 into the GIT before receiving the first loan.

So far the fund has been relatively successful, although it has a default rate of 30 percent. It expects a profit of R130 000 this year, forecasts a profit of R250 000 for 1997, and an even bigger profit of R500 000 and beyond for 1998.

Start-Up Fund provides cash and hope for jobless

173 Star 4/5/96

By WILLIAM-MERVIN GUMEDE

While everyone bemoans South Africa's huge unemployment rate, a relatively unknown scheme is doing ground-breaking work to draw the jobless into the mainstream economy.

Its efforts may rarely hit the headlines but the drive is giving hope to thousands of poor people.

With the country's unemployed conservatively estimated at around 8 million, and growing at more than 400 000 a year, every small effort is valued.

Only last week, the Reserve Bank's quarterly bulletin announced that a mere 12 000 new jobs have been created since the beginning of the upswing in the economy in May 1993.

The Start-Up Fund provides funding for the unemployed – the untouchables of the banking sector – to start their own small businesses.

The fund was launched in October 1993 and at the moment has 4 000 people on its books. Informal sector loans have accounted for more than R3,5-million in the past three years.

"The Start-Up Fund provides loans to those disadvantaged but enterprising people who are willing and able to become self-employed," says Tony Davenport, founder of the fund. "The only hope for the vast majority of the unemployed is job creation through self-employment.

The fund gives loans of up to R6 000 over a period of 33 months to the unemployed, depending on their rate of repayment.

Start-Up director Dicks Xipo says the fund boasts a number of success stories, with some of its beneficiaries now owning profit-making businesses such as hair salons and tuckshops.

The fund hopes to expand to eventually help hundreds of thousands to support themselves.

(173) ST(BT) 5/5/96

Government fails to create more jobs

THE government is not coming to grips with its greatest economic priority — unemployment.

In a year when economic growth recorded its best level since 1988, a mere 19 803 new jobs were created. In the process, the number of people employed in the formal sector increased by 0,4% to 5,23-million, figures released by the Central Statistical Service this week show.

This means that of the almost 250 000 new entrants to the labour market last year, 230 000 will scrape out a meagre existence in the informal sector.

The biggest disappointment is the reduction in the number of jobs in manufacturing, targeted as the industry that can deliver growth and employment. Mining and construction companies also sliced staff significantly.

The hotel and financial services industries, both relatively small sectors of the economy, increased their workforces by 17,9% and 6,4% respectively.

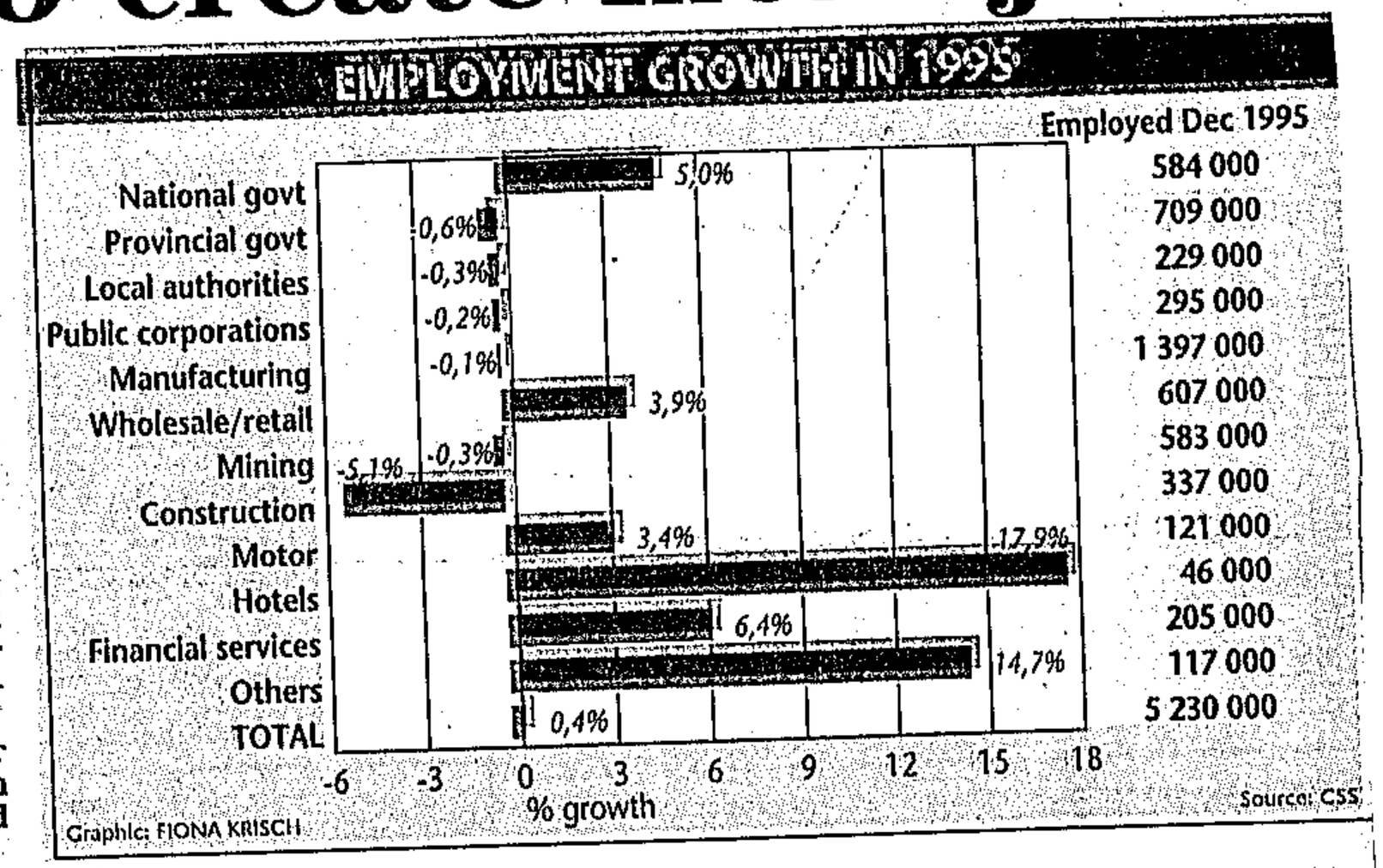
By SVEN LUNSCHE

The government kept a relatively firm grip on its bureaucracy, with a net increase of 11 000 workers in the entire public sector, including parastatals.

An interesting trend, and one that attests to the quantitative success of affirmative action, is a 24,5% rise in black employment to 276 000 in the national departments of government. Employment of whites, however, has dropped to 210 000 from 221 000 in December 1994.

The average salary of workers in Pretoria has increased marginally from R3 986 in December 1994 to R4 080 last year. This is over R1 000 more than their counterparts in the provinces, who received R2 974 on average in December.

The total wage bill of the public sector amounted to R84-billion last year, with almost R12-billion going into pension and medical funds.



MOTLHALEFI MAHLABE



Waiting for the drumbeat of Africa ... delegates at the United Nations Conference on Trade and Development (Unctad) prepare to enjoy traditional music provided for the entertainment of delegates by Midrand Town Council during the lunch break.

Tackle labour issue or face crisis, SA warned

173 334 Star 7/5/96

BY TROYE LUND



The Secretary of Commerce of India has issued a strong warning to South Africa that, unless it resolves labour unrest, improves people's productivity and work culture as well as gives employers the right to lock workers out, it will not develop or become economically stable.

During a recent interview with The Star at the United Nations Conference on Trade and Development (Unctad) in Midrand, Tejendra Khanna cautioned that the country would be in "serious trouble" unless it stabilised relations between labour and management within five years.

Khanna said workers' rights were essential but he was adamant that employers have to be protected from "unreasonable labour action".

Employers must be given the right to lock employees out as this was an "integral part of balanced, symmetrical" labour policy, he said at Gallagher Estate where the conference is being held.

Incentive to keep productivity high was another "crucial step" South Africa has to take, he said.

"Factories in India have started paying people more if they get higher productivity and keep running costs lower. This works wonders when people realise that some months they can nearly double their basic pay," he said.

The secretary added that South Africa would be left behind other developing countries if it did not bring down its domestic costs.

"These dangers facing the country have to be overcome if it is to reach its tremendous potential to become a world competitor and to accelerate growth in the rest of Africa," said Khanna.

He highlighted unemployment as another threat to success. Boosting small-scale development, he said, was the only way to overcome unemployment.

For the past 40 years India has been creating policies to the advantage of small-scale industry. These include a "significantly lower" rate at which small businesses can borrow money. There are also more than 800 types of industries which India's government has reserved exclusively for small business. Over 35% of that country's manufactured goods are produced by small-scale industries and they make up 40% of the country's exports.

"SA must realise the importance of cultivating peace and stability at home," said Khanna.

SA aims to make good cents out of being Unctad 'chair' for four years

BY TROYE LUND

The 3 000-strong United Nations delegation attending the conference in Midrand on trade and development will not be spending all their time in meetings.

More than 30 day and night trips have been laid on for them, most costing less than $70 (about R301).

"South Africa, acting as host to this summit and having accepted presidency of Unctad over the next four years, has to use this to project itself. We are going to make every rand we have spent work for us," said a spokesman for the Minister of Trade and Industry, Alec Erwin, at Gallagher Estate in Midrand where the conference will be held over the next two weeks.

Playing host to the summit will cost the Government about R18-million.

Tour operators say the most popular tour so far is the one to Soweto. For R200 delegates are driven to the township through the financial district of Johannesburg, Baragwanath hospital and Vista University.

In Soweto a highlight is to have tea with the mayor and his councillors and a walk around the business and shopping districts. Another popular tour is to Alexandra, which gives delegates the opportunity to find out about hostel life, township clinics and educational centres.

They also have the opportunity to cook a South African meal and enjoy it with the country's finest wines for around R200. Another highlight is a visit to the SA Breweries Centenary Centre in central Johannesburg which will include an invitation to down two glasses of South African beer.

Other tours include visits to museums, the Mint, art galleries and the planetarium.

For R250 visitors can get a taste of Johannesburg's nightlife. This includes a sumptuous meal and jazz until the early hours venues across the city and Soweto.

Underground visits to gold mines, overnight stays at Robben Island, trips to Sun City and to exclusive game farms are included on the list of entertainment put on for delegates.

"We are determined this conference gives delegates an insight into the real South Africa and its people. They must get out of their first world conference and hotel rooms. Tourism could become the country's biggest moneyspinner and must be promoted," an SA Tourism Board spokesman said.

Flexible labour 'to help SA's growth'

(173)

John Dludlu

BD 8/5/96

SA COULD lift its growth rate to much higher levels than the projected 3%-4% if it could make the labour market more flexible, the World Bank said.

In the sixth report on Global Economic Prospects and the Developing Countries, released yesterday, the bank said the country had potential to grow more if it could come to terms with difficult policy issues such as improving the flexibility of the labour market, reducing unemployment and dealing with social tensions without upsetting macroeconomic stability.

The bank's report comes months after the SA Foundation released its document on growth, calling for more flexibility in labour — including a second tier of the labour market. Workers in this layer of the market would enjoy lesser rights and legislative protection.

A spokesman for the Johannesburg mission of the bank downplayed suggestions yesterday that the proposal amounted to an endorsement of the foundation's proposal.

He refused to comment on the specifics, but said more detailed suggestions were being discussed with SA government officials.

The bank expected the recent depreciation of the rand to bolster the country's export performance and growth prospects. The trade and industry department, which had a key role to play in the country's growth plans, was hoping for 6% growth by 1999.

The bank's growth projections were underpinned by hopes of a competitive economy, improvement in human resources and an efficient public sector, he said.

The report notes SA had experienced an increase in capital flows from low apartheid-era levels, although a large portion appeared to be of a short-term and portfolio nature. "This probably reflects concerns about relatively high and downwardly rigid unit labour costs and social tensions (as evidenced by rising crime rates)."

The reports also said the modest growth projections of 3%-4% should spill over into southern Africa through increased trade and investment flows.

At a press briefing earlier in the week, the head of the bank's mission in SA, Judith Edstrom, said the bank supported the regional approach taken by the government to trade liberalisation. However, it believed further liberalisation was needed.

New initiative to help create more jobs in SA

(173)

Sowetan 8/5/96

By Shadrack Mashalaba

A JOINT initiative by Government and the National Business Initiative aimed at the economic development and empowerment of local communities in South Africa was launched in Johannesburg on Monday.

Speaking at the launch of the local economic development (LED) resource kit at the Rosebank Hotel, deputy director general in the President's Office Dr Bernie Fanaroff said the main problem facing South Africa was the high level of poverty and a skewed distribution of national income between rich and poor.

"While we need to create jobs, we are faced with the phenomenon of jobless growth which in turn leads to instability. Therefore, LED is clearly one of the key focus areas to installing infrastructure to create jobs," he said.

The LED kit is the brainchild of Australian Peter Kenyon and has been adopted to suit the South African situation. It is about local people deciding to take charge of the economic and employment future of their community by mobilising necessary resources.

The programme seeks to improve local infrastructure to enhance economic and development opportunities, and help local businesses improve their productivity and market share. It also supports the development of new business in areas where there is no business activity.

"While we need to create jobs, we are faced with the phenomenon of jobless growth"

LED also aims to develop the capacity of communities.

Gauteng chief director of economic affairs Stan Matsebula said there was a great need to develop policies suitable for local needs to create jobs and cultivate entrepreneurship.

"The greatest challenge facing this country and this province is joblessness. All economic efforts should endeavour to create jobs in a substantive way," Matsebula said.

Massive job-creation plan

Sowetan 8/5/96 (173)

By Joshua Raboroko

THE Mpumalanga government is to launch massive job creation and economic growth programmes that will involve urban and rural youth later this month.

The initiatives, to be undertaken jointly with the Initiative Economic Empowerment (IEE) and Future Bank, will be launched by premier Mathews Phosa in Nelspruit on May 20.

Mpumalanga MEC for youth issues Steve Mbuyisa said research had identified an urgent need for job creation especially among youth.

Research showed that about 75 percent of people between the ages of 14 and 30 in the province were unemployed.

Mbuyisa said the low rate of investment in the province by the public and private sectors was a big disappointment.

IEE's chief executive Lucas Ntuli said the programmes would not only create new jobs but would also help the province's youth to develop skills.

Stumbling blocks

Among the issues that the programmes would address were stumbling blocks towards self-employment.

Ntuli said the government alone could not provide jobs and communities need to be empowered to create their own jobs.

The IEE would provide entrepreneurial and technological skills through its expertise centres at Witbank, Middleburg, Nelspruit and Ermelo. Other centres would be built in other parts of the province.

The manufacturing of building and construction materials, such as bricks, doors and window frames, would be taught at the centres.

Management and business courses such as bookkeeping and accounting would also be taught, said Ntuli.

After acquiring skills the successful candidates would be helped by Future Bank, which would provide finance to assist them to start their own businesses.

Debate expected over labour report

(173) BD 21/5/96

David Greybe

CAPE TOWN — The labour market commission report was expected to be released next month and would generate "lively debate", Labour Minister Tito Mboweni told Parliament yesterday.

The commission would propose a framework for labour market policy and address the relationship between macroeconomic and labour-market policies and trends, Mboweni said in his budget speech in the National Assembly.

It would recommend an industrial strategy as the basis for boosting demand for labour and absorbing job seekers, and had "pondered" options in wage determination and increasing productivity.

The commission would make proposals on a social plan, a social accord, the promotion of employment equity and the management of labour migration.

The commission, appointed by President Nelson Mandela last year and co-chaired by David Lewis and Moss Ngoasheng, had reached a relatively high degree of consensus, Mboweni said.

"We are looking forward to the commission's report with great anticipation in the hope that it will inform (government) on how best the (labour) department can accomplish its tasks in meeting its long-term goals."

Referring to the proposed employment standards green paper, he said the idea of labour market flexibility "is not an absolute phenomenon. It has to be contextualised in prevailing social conditions."

New forms of labour market flexibility "should be grounded in a social environment that respects the worth of human beings".

Mboweni also announced that a green paper on human resource development strategy would be drawn up by his department with a view to introducing new legislation next year. The objective of the legislation would be to seek mechanisms to ensure the skills needed by the SA economy were developed.

It is understood that the commission's report could, among other things, result in legislative guidelines and incentives for employers on training.

Responding to criticism of delays in implementing the Labour Relations Act, Mboweni said some were related to processes within the National Economic, Development and Labour Council. He would make an announcement on this issue in the Senate today.

Youth company launched

(173) (598) Rowetan 23/5/96

The job creation programme will help the youth to identify profitable business plans

By Justin Arenstein

THE MAKINGS of an economic revolution were unveiled in Mpumalanga early this week when hundreds of youths gathered to witness the launch of South Africa's first Youth Company.

This venture is also the first job creation project to be underwritten by a bank.

In a hall too small to hold all those who attended, Mpumalanga premier Mathews Phosa stressed that the initiative had nothing to do with charity or handouts, but instead was designed to create self-employment and profit-driven development of the biggest but also the most unstable sector of the nation's population.

"A nation that doesn't invest in its youth isn't serious about its future," he said.

"But by the same token, the youth can't expect to just wake up one morning and find jobs and wealth – they have to work hard, go for training and learn to create their own jobs and not look to be employed by others."

The job creation programme and the new Section 21 company, Mpumalanga Youth Holding Company, which has been designed and is being administered by the Initiative for Economic Empowerment (IEE), will help participating youth identify profitable business ventures, draw up appropriate business plans and establish small manufacturing plants.

The first series of business opportunities would, said IEE chairman Sabatha Mofolo, focus on supplying Government with products it uses in its day-to-day operations.

These would include cleaning materials, stationery, furniture and even manufactured foods for projects such as school schemes.

IEE and a model youth company called African Business United National Development Association (Abunda), has already designed a number of core products such as floor polish, beauty products and even packaged food, which can be produced by small manufacturing plants in townships or rural villages.

"But we're not just looking to supply Government, we're also lobbying very hard for private sector sub-contracts," added Mofolo.

He repeatedly stressed that the job creation programme was not aimed at destroying existing jobs or at "stealing" contracts away from existing companies.

IEE, through the holding company, will coordinate tender applications and the other necessary legal procedures to win contracts for all the new youth ventures and will also run a series of workshops and seminars to identify private sector business opportunities in various target communities throughout the province.

Future Bank will extend start-up loans, which in turn will be underwritten by local development agencies to prevent the Government itself from potentially losing any money to youth ventures with viable business plans.

Stressing that "after care" was a key element of the scheme, Mofolo told hundreds of aspirant entrepreneurs that regular inspections and detailed technical and managerial advice will be available from three service centres in Nelspruit, Ermelo and Witbank.

The first two months of the IEE's 15 month mandate will be used to identify regional business opportunities. A further three to five months will be set aside to train youths in the necessary skills for first drawing up their business plans and then launching and running their companies.

Pointing out that small manufacturers and service providers made up at least 70 percent of economically active people in Asia and earned 60 percent of the national Gross Domestic Product (GDP) in the United States of America, Future Bank managing director Neville Watchurst said practical schemes are needed as this would boost the regional economy.



A nation that does not invest in its youth has no future, says Mpumalanga premier Mr Mathews Phosa.

Public works deal is a door to many jobs

(173) BD 24/5/96

Kevin O'Grady

THE public works department is to sign an agreement with representatives of labour, industry and the civic movement next month that will result in creation of 300 000 new jobs a year by the year 2000, by use of labour-intensive construction methods.

Announcing the imminent signing yesterday after two years of negotiations, Public Works Minister Jeff Radebe said if the department developed road designs that moved "away from machines to labour", each road building project could provide about six times more jobs than conventional construction methods.

Labour-intensive methods would be applied to all public works projects such as the building of schools, prisons and hospitals.

Speaking at an ANC briefing in Midrand, near Johannesburg, Radebe said SA's construction industry needed to undergo a "qualitative transformation" to meet the challenges of the department's 15-year infrastructure creation programme.

The industry would have to increase its output considerably "but research indicates there are severe capacity constraints to the industry doing this," Radebe said.

Research indicated that the industry was "plagued by declining efficiency and output quality and gross inequalities which have seen a disproportionate few dominate the market at the expense of the majority", he said.

Both the ANC and government had accepted the RDP could not be financed entirely from public funds, even with contributions from donors. However, they believed public sector financing was essential to kick-start the development process and could be used to create the operating framework for construction work.

"The public sector as a client has the leverage to introduce and promote new production and business practices in the industry," Radebe said.

Radebe also said that the department was inundated with complaints — some of which were justified — from construction industry members, about certain procedures that were followed.

The department was discussing the possibility of setting up an ombudsman in the office of public protector Selby Baqwa to deal with the complaints.

A new 10-point plan for the awarding of contracts had been accepted by the state tender board and was now operational, Radebe said.

'Tremendous task' facing SA in fight against joblessness

(173) (22)

Government had to shift from current to capital expenditure to make the population more self-sufficient and to reduce the unemployment rate, according to the 1995 annual report of the Central Economic Advisory Service tabled in Parliament yesterday.

It was estimated that even if the growth in employment for each 1% growth in GDP remained at its relatively high level of 0,7% over the past two years, South Africa would still have to grow at almost 4% a year just to prevent unemployment from increasing.

That was a tremendous task given the social backlog in the majority of the population, the report said.

The correct fiscal policy would have to be supported by the appropriate monetary discipline if the country was to maintain macro-economic stability.

Excessive wage and salary increases above productivity gains, higher domestic consumer demand and credit growth – which led to a rebound in inflation during mid-1995 – were still real threats that may put upward pressure on the inflation rate.

However, the Reserve Bank was keen on keeping inflation on a par with the country's main trading partners, and was set to continue its restrictive monetary policies until the money supply and credit growth were under control.

It could be concluded that the modest rate of inflation experienced last year (8,7%) indicated a projected inflation rate of 8 to 8,5% for 1996. – Sapa.

Star 24/5/96

Govt tenders monitored, jobs to be created

(173)

By Justice Malala
Political Staff
Star 28/5/96

Public Works Minister Jeff Radebe intends to set up an ombudsman in the Office of the Public Protector to deal with spiralling complaints about tendering procedures, and has vowed to create at least 300 000 construction jobs by 2000.

Speaking at an ANC media briefing in Midrand, Radebe said he received phone calls from concerned businessmen and anonymous letters daily complaining about tender procedures. He said talks with Public Protector Selby Baqwa to establish the ombudsman's office were at an advanced stage.

He said the 300 000 jobs would be created through the use of labour-intensive construction methods which would be strengthened through the signing of a National Framework Agreement on Labour-Intensive Construction in Civil Engineering with labour, industry and the civic representatives.

He said the framework agreement was aimed at reducing unemployment through the creation of jobs in local communities by using a labour-intensive approach, where this is physically feasible and economically justifiable.

It would also be aimed at promoting development of local and emerging contractors and promoting training of communities to manage the facilities erected in their areas.

Radebe said the construction industry needed to undergo a "fundamental transformation".

"It should be evident that the SA construction industry will have to increase its output considerably above current levels, but research indicates that there are severe capacity constraints to the industry doing this," he said.

He said research indicated that the construction industry was plagued by declining efficiency and gross inequalities with a disproportionate few dominating the market at the expense of the black majority.

He said his department had launched a comprehensive plan to create an "enabling environment" to ensure that the objectives of the RDP are reached and to empower previously disadvantaged groups.

Plan for labour intensive methods

Service Corps aims to help members set up businesses

Stephané Bothma

THE Service Corps — started with the aim of creating opportunities for the SA National Defence Force's members to find employment in civilian life — will be developed into a broader delivery mechanism which will leave people with skills to venture into business, Defence Minister Joe Modise said yesterday.

Taking over the former Devon air force base from Public Works Minister Jeff Radebe, Modise said besides the established programme of the Service Corps, the defence force would also engage in networking with other departments to assist the youth and unemployed. Other departments involved include water affairs, education, safety and security as well as arts and technology.

The Devon base, south of Johannesburg, was given to the air force before the public works department took control of the 400ha piece of land.

"In the Service Corps we are no longer interested in just creating a skilled jobseeker, we are creating a person that will initiate a business venture which will provide employment opportunities for others," Modise said.

He said SA's neighbouring countries were in a similar state of transition. "They need to demobilise more ex-combatants and resettle a large number of refugees." Modise said the Service Corps already had requests for advice and assistance from countries such as Angola, Mozambique, Lesotho and Zambia.

"Sooner rather than later SA will be called upon to play a major part in the region in spearheading and addressing questions of development and poverty."

Radebe said a business school was being set up in Sebokeng as part of the programme.

Inequality fostered by unemployment

(173) BD 31/5/96

John Dludlu

THE high number of South Africans out of work was the main contributor to "extreme inequality" in income and resources distribution, executive director for the National Economic, Development and Labour Council Jayendra Naidoo said yesterday.

Naidoo said after the release of a socioeconomic survey that SA's inequalities were fostered also by other factors, including wide wage gaps between the incomes of various groups of people with jobs, as well as unequal access to infrastructure and services.

The survey, to be unveiled at Nedlac's first summit in Midrand tomorrow, also showed the recent economic upturn had not been accompanied by a substantial increase in jobs. "Overall unemployment continued to grow, with fewer jobs being created than the number of new entrants to the labour market."

Although there had been a strong improvement in private sector investment, last year's figure of 16,9% remained below the levels of about 23% recorded in the mid-1980s. Another important issue is that, last year, imports rose faster than exports and the economy became increasingly dependent on inflows of foreign capital.

An increase in the rate of export growth, especially manufactured products, was needed to sustain the current levels of imports.

Naidoo said the report showed capacity utilisation in manufacturing had risen to 84% last year from 1993's 78%.

He noted also that since 1992 labour productivity had been rising at a faster pace than workers' wages.

Nedlac sources were optimistic that agreement would be reached by government, labour and business on supply-side measures this year, paving the way for the spending of R181m earmarked by the state for industry support measures during the budget year.

A source said labour was interested in support measures, covering areas such as training, while business was keen on measures that would replace the general export incentive scheme.

See Page 11

Public Works to be trimmed

CT 31/5/96

173

HENRY LUDSKI
POLITICAL WRITER

THE transformation of the Department of Public Works will save taxpayers millions of rand but will be accompanied by substantial job losses, Minister Jeff Radebe is expected to tell Parliament today.

A draft working document — which forms the basis of the long-awaited transformation plan which has just been handed to Radebe — sketches a bleak picture of departmental fragmentation which it says is to blame for massive duplication.

The department did not disclose the extent of the job cuts, but they are expected to be substantial given the level of savings which the department wants to achieve.

The 400-page report, covering property services, development and management, proposes far-reaching restructuring at regional and national level.



SAVINGS: Mr Jeff Radebe

Radebe, whose budget vote will be debated in Parliament today, told the Cape Times yesterday that the transformation process was necessary to ensure that the department functioned effectively and efficiently and was "aligned with the new priorities of the government".

The department was assisted by counterparts from Australia, Canada and Malaysia. "We have also consulted many of the private sector companies in South Africa and we believe that the plan will work," Radebe added.

The restructuring plan is expected to be implemented from early next year after the details of implementation had been thrashed though — with trade unions in particular. It will also address the issue of financial management, which Radebe described as being "non-existent" in the public sector.

Today's budget vote will also deal with a department plan to spent almost R50 million on the development of a register of all state-owned property and fixed assets. Of this, R25m would be used to fund a comprehensive survey of all state assets and R23m to upgrade computers.

Investors discouraged by SA's inability to create jobs, Sacob warns

BD 4/6/96

(173)

CAPE TOWN — Foreign investors were increasingly rating SA as a bad long-term risk, Sacob's Ben van Rensburg said yesterday.

Reuter reports Sacob's economic policy director told Parliament's trade and industry committee that SA's economic position had worsened over the last six months "to an extent that is difficult to believe". The long-term perspective of SA's economy was seen by investors and bankers as extremely negative. This perception had been highlighted last week when he met a delegation from the Washington-based Institute of International Finance, an advisory body to major banks.

One of the delegates said he would advise clients their funds were safe for perhaps eight months, but "the three-year perspective is terrible, the five-year perspective is impossible".

Van Rensburg said the negative view on SA emerged towards the end of last year for a variety of reasons.

"The reason the international community is looking at SA with some dissatisfaction is because of what they see as the inability of the economy to create jobs in the next 10 to 20 years."

Van Rensburg said SA needed a major change of gear to alter radically approaches to training, attracting investment, increasing savings and creating a more flexible labour market. These had to be implemented to ensure "consistency, certainty and predictability".

John Dludlu reports the trade and industry department warned that "considerably more work" had to be done to achieve employment targets.

In his 1995 annual report the department's director-general, Zavareh Rustomjee, said of the target of 300 000 non-farm jobs, only 70 000 to 90 000 sustainable jobs were expected to be created in manufacturing.

The contribution of the primary and tertiary sectors to job creation was crucial. "In particular tourism, financial services and construction have the biggest potential for job creation."

Rustomjee said last year's economic performance, a 3,3% growth rate, indicated the growth target of 6% by the turn of the century was "within reach".

A substantial increase in employment had occurred last year in the financial services and trade, catering and accommodation services, with construction expected to pick up as a result of RDP implementation. The consolidation of employment levels signalled a rise in labour productivity and a decline in unit labour costs.

The structural dependence on primary exports continued last year, with primary manufactured exports growing faster than exports of finished goods, Rustomjee said.

Manufacturing's job creation 'on track'

BD 5/6/96 (173)

CAPE TOWN — SA's manufacturing sector is on track to help meet government's target of 300 000 new jobs a year by 1999, says trade and industry director-general Zav Rustomjee.

Reacting to criticism from business that SA was increasingly regarded as a high risk country because of its failure to create enough jobs, Rustomjee told the parliamentary trade and industry committee yesterday: "We are not off the rails."

The SA Chamber of Business told the committee on Monday the government lacked vision about the economy. Investors feared the social instability that could arise out of growing unemployment.

Rustomjee estimated the manufacturing sector would have to create about 75 000 jobs a year for the economy as a whole to meet the 300 000 target.

"We think that it is going to be possible to create at least 75 000 to 80 000 jobs a year within the manufacturing sector (by 1999)," Rustomjee said.

Half a million jobs by 2000 an attainable goal, says Mbeki

CT(BR) 5/6/96 (173)

A number of key figures in Nedlac addressed the summit at the weekend.

The deputy president, Thabo Mbeki, told the gathering that the goals South Africa had set for a six percent growth rate by the end of the century, along with the creation of half a million jobs, were attainable.

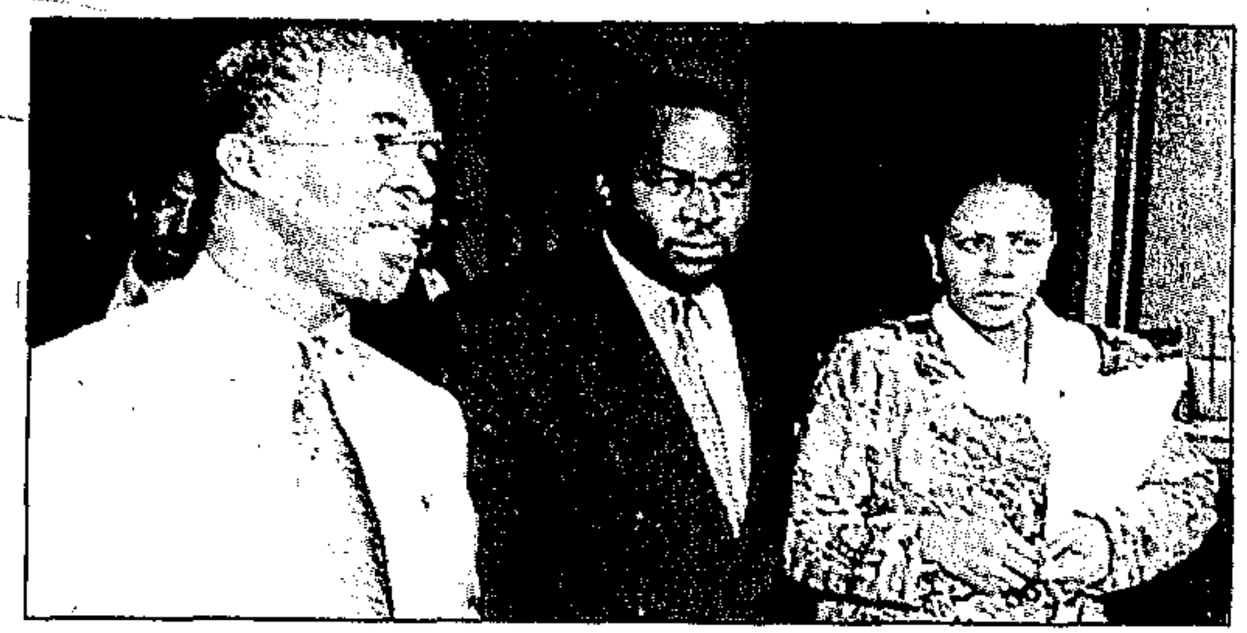
He told the summit that these goals would, however, require detailed elaboration "of the means by which success can be achieved".

He told delegates the wider the differences seemed among themselves, the more urgent the need to become engaged in discussion.

"We should not treat those differences as though they were a summons to take to the barricades or act in a manner which indeed transforms them into a call of war," he said.

The government, he added, would not abdicate its responsibility to lead and to govern "while still striving to reach consensus with its social partners".

Leslie Boyd, the chairman of Business South Africa, told the Nedlac summit that business was currently exploring its role in addressing the country's needs in training, research and development and infrastructure investment.



LAST-MINUTE CONSULTATION *Nedlac programmes director Debra Marsden checks the final draft of the resolution with Nedlac executive director Jayendra Naidoo. Next to them is deputy president Thabo Mbeki, who presided at the summit*

"At an enterprise level," he said, "we must address the challenge of increasing productivity to internationally competitive levels.

"This must involve critically evaluating our management practices, reviewing workplace strategies, addressing our internationally uncompetitive costs of production and above all, working together to manage the inevitable challenges of restructuring."

Along with labour, business had to play a critical role as representatives of their respective constituencies "while never losing sight of the needs of those presently outside the formal economy".

Lloyd said a common goal united all involved in the Nedlac process.

South Africa had to be guided on to a higher growth path where the benefits could be shared, poverty alleviated and the massive unemployment crisis facing the country eliminated.

"Global pressures to a large extent dictate the macro-economic path the country must follow," he said. "We are not in a position to begin experimenting with different policy packages.

"The international evidence is out there in terms of what we simply have to do."

Sam Shilowa, the secretary-general of Cosatu, has listed six specific goals for the coming year.



THANDI SIGODI
Nedlac has to alleviate poverty

He told the Nedlac summit that the first was job creation "through such areas as public works, mass housing programmes, job sharing, training the workforce, increasing productivity and land distribution.

"The second is redistributive fiscal policies through measures like social spending and tax policies," he said.

The third goal was breaking the concentration of economic power and the promotion of small and medium enterprises.

The fourth goal was improved worker rights, dealing with collective bargaining, strong union rights, investing in training, closing the wage gap and the disclosure of information.

The fifth goal was industrial democracy "through a range of shop floor and board mechanisms" and the sixth goal the promotion of economic development and worker rights internationally.

Shilowa called on organised business to put forward a programme consistent with the ethos and values of the Reconstruction and Development Programme.

"We offer a preparedness to negotiate in good faith," he said.

Thandi Sigodi, the convenor of the Women's National Coalition, told Nedlac that her organisation was about to release a document which would detail its position on economic and development policy.

The success of Nedlac, she said, depended on five factors.

It had to alleviate poverty, particularly for the rural and the marginalised; it had to redress unemployment by creating jobs and ensuring economic empowerment; it had to provide basic services such as water, energy, housing and infrastructure; it had to develop human resources; and it had to build the necessary capacity for community participation, Sigodi added.

Wiese calls for greater job creation

By Audrey d'Angelo (173)
CT(BR) 7/6/96

Cape Town — South Africa's greatest problems are poverty and unemployment and "the obvious answer is to create jobs", said Christo Wiese, the executive chairman of Pepkor, yesterday.

He told delegates to the South African Chamber of Business' Western Cape regional conference that it was useless "to debate relative poverty and relative wealth and discuss ways to recut the (economic) cake".

Wealth could be created only by working, and being internationally competitive.

Wiese also warned that the authorities took too long to discuss possible projects. Business people required quick decisions.

He pointed out that the Western Cape, with a labour force of 2 million, had an unemployment rate of 17 percent which was the lowest in any province

It had a well-balanced economy and the challenge was to optimise the use of resources and successfully participate in opportunities offered by the global market.

Unions, employers in deal to create jobs

(173) (~~185~~) Sowetan 10/6/96

AN agreement aimed at creating additional jobs in the metal industry has been hammered out between unions and employers, the National Union of Metalworkers of South Africa (Numsa) said at the weekend.

Numsa spokesman Tony Ehrenreich said the unions and employers agreed that trading hours in the industry be extended from 97 to 119 hours a week.

They further agreed that the working week be squeezed into four days. The three remaining days of the week would be covered by new employees in the industry, leading to the creation of more jobs, Ehrenreich said.

"We think this is fundamental because as labour we are accused of only looking after our members' interests who are presently employed ... we think this now takes into account the needs of the society as a whole, especially the creation of more jobs."

The agreement was reached during talks between Numsa, the Motor Industry Employees Union, and the SA Motor Industry Employers Association (SAMIEA) in Kempton Park.

Numsa in a statement said it was agreed that employees' working hours should be 45 a week, but with a maximum of a 12-hour shift over four days.

Motor industry workers could also win wage increases of 12 percent and eight percent for the lower grades and higher grades, respectively when the agreement was promulgated, Numsa said.

Promulgation of the agreement could be delayed because the Motor Industry Staff Association, which represents white clerical staff, rejected other trade unions and employers' proposal that managers fall outside the scope of the application of the agreement, Numsa added.

SAMIEA representative Vic Fourie confirmed the agreement but said certain issues were still outstanding. They hoped to resolve the issues before the middle of next week, he said.

He refused to elaborate, saying the issues were *sub judice*. The participants also hoped to confirm the agreement at a special general meeting of the Industrial Council on Thursday.

The meeting also agreed to end discrimination based on race with regard to the Provident-Pension Fund. – *Sapa.*

PERSONAL VIEW

Job-creation blues

(173) CT(BR) 11/6/96

Edward Osborn

South Africa needs a radically different approach to training, attracting investment, increasing savings and creating a more flexible labour market, according to the South African Chamber of Business.

Meanwhile, the director-general of trade and industry expects 90 000 sustainable jobs to be created in manufacturing.

The first approach is reminiscent of the Organisation for Economic Co-operation and Development's Herculean but unfruitful efforts to encourage job training and retraining as a contribution to reducing unemployment.

The second is overtly naive or wishful in the light of historical and recent trends, and takes no cognisance of the structural changes taking place in the manufacturing sector: the hollowing out of the economy because of technological changes, a slash-and-burn managerial philosophy, and a combination of monetary and industrial policies designed for self-destruction.

The situation in manufacturing is obscured by the strong growth of the petroleum products industry and the entry of stainless steel and aluminium refining plants.

The rest of manufacturing, by weight 91,5 percent of the total, has gone into a state of recession, according to conventional definitions.

Since attaining a peak, or a more appropriately a pimple, in the second quarter of last year with an index of 100,8 against the first quarter of 1990 at 100, manufacturing has had three successive quarters of decline to 96,4 in the first quarter this year. So most of the manufacturing industry is performing at a level of 3,6 percent below that of six years ago. There will be many specific reasons for this, but general possibilities include its inability to withstand international competition flowing from tariff liberalisation, dumping, illegal imports and foreign benevolence in kind.

The inability has resulted from a combination of inappropriately high real interest rates, high costs of locally protected upstream inputs, and, until the recent convulsions, an overvalued exchange rate.

Anecdotal evidence abounds of management reacting in the only way open to it: by retrenchments or downsizing at the expense of labour.

The unions are not to blame for fighting for survival, but downsizing has its own baleful consequences. In the wider sense it reduces overall purchasing power once the retrenchment packages have been expended and at the narrower level it reduces or even eliminates the ability of the firm to expand should conditions permit. In both instances the damage is permanent.

Broadly, South Africa is on the path towards a reduction and consolidation of labour-intensive industries to a hard nuggety nucleus and a burgeoning of big capital-intensive industries largely associated with metal and mineral beneficiation orientated towards exports.

The one development is likely to negate the other in terms of employment creation and we have to look elsewhere for a solution — such as agriculture, tourism, service industries, construction, rural development and self-employment.

☐ *Edward Osborn is a consultant to Edey, Rogers. This article was written for Reuter*

Thousands of jobs created

BD 12/6/96 (173)

Linda Ensor

CAPE TOWN — It was projected that 37 789 jobs would be created as a result of the public works department's R144,6m community programme this year, director of community programmes Bongani Khonjwayo said at a meeting of the public works portfolio committee yesterday.

The Independent Development Trust had received and allocated R70,2m to 487 projects which had created an actual 28 370 jobs; the provinces R67m for 199 projects which were expected to create 7 201 jobs; and Siyakha R7,3m for 80 projects which had not yet got off the ground.

Provincial projects would come on stream in July and were expected to be finalised by end-December.

Khonjwayo said the community-based public works projects were small, with a budget limit of R500 000. Jobs created were defined as continuous work for six months and more. Projects included small bridges, schools, clinics, creches and boreholes.

The labour department and the RDP office had allocated R45m for pilot projects for which emerging contractors were encouraged to tender and a further R100m in RDP funds had been allocated to provinces for pilot projects.

Meanwhile, Sapa reports that Public Service and Administration Minister Zola Skweyiya said yesterday that the state would ultimately save about R6bn if 100 000 public servants took voluntary severance packages.

Voluntary packages would cost far less than forced retrenchments, he said. The interests of the state would be taken into account when applications were being considered, and not all applications would be granted.

Claims that 100 000 public servants would "lose their jobs" were incorrect.

David Greybe reports Skweyiya bemoaned the fact that the top echelons of the public service remained male dominated. At the end of January whites occupied 63% of public service management echelon posts.

Skweyiya said the highest percentage of black public servants in top posts was to be found at the level of director-general: 20 out of 38 posts.

However, only 10% of women occupied management level posts. He was concerned that only 52 women held ranks of chief director and higher, compared with 514 men. There were only two black women directors-general.

Job creation remains a challenge for W Cape

(173) (~~Lisa~~) CT(BR) 13/6/96

Unemployment in the Western Cape remains lower than in the other provinces, but the region is still a far way off meeting the job creation challenge.

This was the conclusion of the Western Cape Economic Monitor annual review.

The review said the province's development organisation Wesgro estimated, in line with other researchers, a 64,2 percent rate of formal sector employment and an 82,7 percent formal and informal sector rate of employment.

The informal sector however included "survival self-employment, which was often at a very low earnings rate and of a very unstable nature".

The annual increase in the population was estimated at 98 000, which would result in an annual increase in the labour supply of about 45 000 a year. This would require an annual net job creation target of 50 000 as a minimum for the maintenance of social peace.

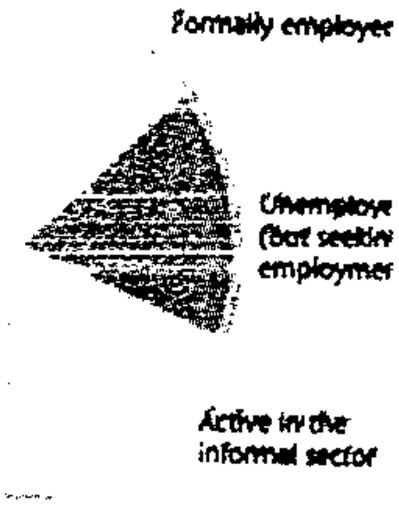
However the minimum target would be "quite insufficient to tackle an unemployment level of 300 000 people".

It was not possible to state firmly whether net employment in the region had increased over the past year by as much as the increase in the labour supply.

National figures on formal sector employment for 1995 suggested new jobs still fell far short of the increase in labour supply.

The expansion of tourism and agriculture in the province had increased labour absorption during 1995 considerably, though much of this was informal and was not reflected in statistics.

Western Cape employment



In the review it is argued it would be wrong to reason that "genuine employment" only takes place in the formal sector. Over the past 10 to 15 years informal sector job opportunities had expanded rapidly in and around the urban areas, with rapid increases in black townships.

The three major employment sectors in the Western Cape were social, personal and government services; manufacturing; and commerce, which together absorbed close to 60 percent of those in employment. Agriculture, construction and the financial sectors also played a significant role.

In a trend, out-of-step with the rest of the country, employment in agriculture in the Western Cape had been on the increase for the past 10 years.

Available statistics did not really capture the employment significance of the tourism industry, which fell within several economic sectors.

Wesgro was currently involved in a study of the macro-economic significance of tourism in the Western Cape economy.

Framework 'not up for negotiation'

Job creation a key plank in policy plan

BD 14/6/96

(173)

Greta Steyn and Tim Cohen

CAPE TOWN — Imaginative reforms to the labour market are expected to form part of government's macroeconomic framework which it said yesterday was not up for negotiation.

Finance Minister Trevor Manuel will unveil the plan today, which will be central in government's drive to propel SA on to a sustainable growth path.

Finance director-general Maria Ramos said the plan constituted government's best attempt at providing what it saw as the necessary framework for achieving the aims of the reconstruction and development programme. "I am confident it will take away the ambiguity of government policy," Ramos said. "I think you will be pleasantly surprised."

Government's macroeconomic framework was "not open for negotiation" and although it was presented to labour and business yesterday, Nedlac would not be asked to ratify it, she said.

Sources said the plan would anticipate the findings of the labour market commission which is due for release next week. Talk was that the reforms aimed at creating jobs by "encouraging" business to employ unskilled people at relatively low wages.

Sources who had seen the plan said it would be tempting for business to claim a victory in the labour market debate, because it introduced labour market flexibility.

Ramos, while not speculating on the contents of the document, said it would be irresponsible for either business or labour to attempt to score points off each other from the policies.

The document will lay the basis for several other aspects of government's economic policy, which will include industrial policy and specific privatisation plans.

Ramos said the framework would be the "central pillar" of all these policies, which would together provide a method of achieving government's reconstruction goals.

Ramos indicated that the framework would include specific fiscal targets and possibly also a programme for exchange control liberalisation. Rather than being a victory for labour or business, the framework was about "pointing the country in the right direction", she said.

However, it is anticipated that the plan will be well received by local and international business people.

Ramos said the framework was not a highly detailed document with information on every aspect of government policy because economies were dynamic. But the framework did constitute a carefully formulated policy for the best way of achieving sustainable growth.

Not enough jobs created in W Cape

(173)

Sowetan 14/6/96

Province set to play an increasingly important role in national economy

***Sowetan* Business Correspondent**

NEW JOBS are being created in the Western Cape – but not fast enough to make a dent in unemployment, according to MEC for economic affairs Mr Chris Nissen.

Presenting his department's R10,1 million budget this week, Nissen said the province's labour force was growing at about 3 percent a year.

Last year employment growth in the Western Cape was estimated at between 2 and 3 percent. This meant that job growth was just mopping up new entrants to the labour market, without reducing the unemployment rate.

The Western Cape was geared for growth, Nissen said, and the province was set to play an increasingly important role in the national economy. Economic growth in the region last year was estimated at 4,1 percent and could reach four percent this year.

But, Nissen warned, growth did not necessarily mean job creation. With a labour force of 1,7 million and an unemployment rate of 17,3 percent, the Western Cape should be as much concerned about creating new jobs as South Africa's other regions – even though other regions had unemployment rates far higher than the national average of just under 33 percent.

Regional statistics on unemployment were not available but indications were that employment had increased in tourism, agriculture, the retail and wholesale trade and manufacturing industries, in spite of job losses in the clothing and textile sectors.

Employment in construction had slackened but the sector should take off later this year, said Nissen.

Saldanha project

International investment in the Saldanha Bay area could create 50 000 jobs in the next 10 years following the building of the new steel mill.

Apart from the Saldanha Bay project, Nissen said, other sectors which could lure investment to the province included tourism, automotive component manufacturing in line with the Eastern Cape auto-assembly corridor, telecommunications and hi-tech industries.

The Western Cape government was negotiating with a Thailand-based company and another in Hong Kong to invest more than R300 million in the province.

In the last 18 months, about R600 million were invested in the province and 2 000 permanent jobs were created.

Jobs plan welcomed

(173)
(69)

CP 16/6/96

By CHIARA CARTER

THE GOVERNMENT has chosen to tighten its own belt and encourage flexibility about wage demands in order to boost the economy and slash unemployment.

The government's new economic policy was unveiled by Finance Minister Trevor Manuel in parliament on Friday and has been warmly received by all political parties and the business community.

The only dissenting voice, albeit cautiously, came from trade union federation Cosatu which said it was pleased with certain aspects of the policy but expressed "serious reservations about some areas".

The plan aims to double economic growth from its present rate of 3 percent a year to 6 percent by the year 2 000, and hopes to dramatically reduce unemployment from the present rate of 33 percent to about 7 percent by the turn of the century.

This will mean 270 000 new jobs each year, rising to more than 400 000 by the turn of the century, mostly in the formal sector.

Manuel said some "hard decisions" had to be taken to boost economic growth and development, as without a major change in direction, unemployment would rise and the government would be unable to provide social services and implement meaningful change in the country.

A crucial aspect of the policy is that wage increases should not outstrip productivity and there should be "flexibility" at the lower end of the wage market – a line of thinking more in tune with business than organised labour.

The plan hints that the wage gap between skilled and unskilled workers might widen because there is a relative shortage of skilled workers while the need to compete internationally will push the wage levels of unskilled workers down.

The need to increase productivity will not fall on workers alone – management skills are to be improved.

Key aspects of the plan include:

☐ Curbs on government spending to further reduce the deficit – the government says it will cut wasteful expenditure and will reprioritise where it spends its money, in line with the aims of the RDP. Reducing the deficit will not mean the government will cut back on providing social services or the reconstruction and development programme;

☐ Keeping inflation down;

☐ Encouraging investment in industry through a range of measures including tax incentives;

☐ Continuing trade and industry reforms, including the lowering of tariffs and implementing measures designed to assist small and medium sized enterprises;

☐ Encouraging export-orientated industries;

☐ Gradual relaxation of foreign exchange controls;

☐ A competitions policy; and

☐ A programme to address the multi-billion rand backlog in infrastructure.

Other important aspects of government strategy included crime prevention, social security and development, investment in infrastructure, the restructuring of the public sector and state assets and human resource development.

South African Chamber of Business director general Raymond Parsons said the plan was a "major step in the right direction".

The government will reveal the findings of the Labour Market Commission report about conditions in the South African labour market next week.

Wage flexibility greater than bosses, unions care to admit

(173) BD 20/6/96

GUY STANDING

IF YOU had confronted economists in Johannesburg in 1993 and told them economic growth last year would be 3% and it would be forecast to be more than 3,5% this year, they would have scoffed at your optimism.

Probably the same economists now claim government policies are causing "low growth".

The most critical economic problem remains inequality, which has received scant attention from the country's "macroeconomists". International evidence shows that countries with severe inequality have lower economic growth than others. It also surely contributes to crime, and thus indirectly impedes foreign investment which is deterred by the high crime rate.

In contrast to the scant attention paid to inequality, there have been numerous calls to increase "labour market flexibility" as a means of improving growth. This is usually code for reducing wages and employment protection.

The International Labour Organisation has just completed a review of the labour market in SA. This has taken over a year and involved detailed surveys and visits to factories, mines and farms across the country. SA has a flexible labour market. In some respects, it may be too flexible.

Before considering the arguments, it is worth reminding commentators and fellow economists that if you repeat the claim that SA has an inflexible labour market often enough and stridently enough, foreign investors will come to believe you, even if there is no evidence of this. The assertions could actually damage the economic prospects of this dynamic country.

The longer-term labour policy challenge is to maintain flexibility with improved security and dynamic efficiency. Labour economists consider three types of flexibility — employment, wage and "functional" (work process) flexibility.

It is almost comical to describe SA as having employment inflexibility. Many workers have little employment protection, retrenchments are fairly easy and widespread, notice periods are short or non-existent, and most firms can resort to temporary or casual labour and, if need be, labour contracting — the world's most flexible labour system and spreading like wildfire.

Wage flexibility is greater than either employers or unions may care to admit. Bonuses and other flexible forms of pay are common; industrial council agreements usually set only modest minimum wages that are below those actually paid; wages are increasingly determined at the plant level; and industrial councils cover a small and declining minority of workers, many of whom are covered only partially.

In an ILO survey of 399 manufacturing firms of all sizes, very few cited any of these factors as a problem. Those who put emphasis on the need for more "exemptions" from industrial council agreements neglect the fact that thousands of exemptions are granted by the labour department every year.

Unlike many countries, SA does not have a statutory minimum wage, which is often taken (incorrectly) as the yardstick of wage inflexibility. The Wage Board, which is meant to set minimum wages for disadvantaged sectors and groups, has been almost dormant, and the few wage orders have set minimum wages at about R400 a month, about the same as the social pension.

Is that excessive? Those calling for downward flexibility should look at their own salary cheques.

One argument made by enthusiastic economists is for lower wages for labour force entrants and youths. This is misguided.

First, it already happens, and yet the ratio of youth to adult unemployment is high by international standards. Second, if you lower any group's relative wage you induce a substitution of that group for workers from another group, either leading to little effect on total unemployment or inducing compensatory wage declines for other groups whose labour market position is weakened. If you have lower wages for youths, you may lead to a substitution of youths for women.

If you want to cut wages there are other more efficient ways of achieving that. But low wages lower efficiency, because of what is called the "effort bargain".

Finally, any such differential wage system would be complex and costly to administer.



Many workers in SA have little employment protection

As any good businessman could tell you, a distortion is a distortion. Smaller objections would arise with the mooted wage of employment subsidies.

Some, arguing that SA suffers from labour market inflexibility, have cited the industrial relations system. Those complaining about the LRA should be reminded that it has not yet come into effect, and is actually a voluntaristic piece of legislation designed to encourage collective bargaining, which in a democracy is quite a flexible way of conduct. The Basic Conditions of Employment Act is not really a source of problems, either.

One could argue that its leniency has been a source of excessive flexibility and inefficiency. For instance, SA has possibly the longest work weeks in the world. Our industrial survey shows that production workers work about 49 hours a week on average. For efficiency and employment, this is surely excessive, and is greater than one finds in the dynamic developing countries of Southeast Asia, where there is less flexibility about such matters. Long work weeks encourage firms to use fewer workers and discourage them from using more shifts, which would boost capital productivity and raise employment.

Working time arrangements do deserve to be negotiated with concern about efficiency and flexibility. However, there should also be concern about work process flexibility generally, and this is ultimately a management issue. Labour costs are high in part because work organisation is behind the times in many places.

One source of inflexibility deserves to be tackled. Not only are income and wage inequality very high, but firms tend to pay high and unequal benefits in various forms. A major reason for high labour costs is a high ratio of non-wage to wage costs. The range of benefits paid to core employees and, to a lesser extent to core workers, is considerable and has a doubly adverse effect. It raises labour costs and reduces the incentive-performance function of the pay system. It also hits fiscal policy.

It would be a mistake to do away with social benefits. What is needed is a state policy to shift them from firms to local authorities and government or even private agencies.

Finally, in considering the flexible labour market of SA, commentators should focus more where readers might not like them to — on management quality. In the recent World Competitiveness Report, SA management did not impress.

This is probably a legacy of a relatively closed economy, although there are surely some world-class managers in this country. There is some catching up to do, and one senses that this is taking place. Meanwhile, it would be a shame if the inefficiencies and inequities were blamed on the convenient excuse of "labour market inflexibility".

In that regard, I recall talking to an employer in Newcastle. He complained for 15 minutes about labour restrictions. Eventually, I looked at him, grinned and said, "Come on, you are a good businessman. You know how to get around those sort of constraints and how to turn them to your advantage." He looked at me, hesitated and then laughed. Is complaining a South African habit?

□ Standing is a director of labour market policies in the International Labour Organisation, and has just finished the co-ordination of a review of the SA labour market, entitled Restructuring the Labour Market: The South African SA Challenge. This article is written in his personal capacity.

(2) whether he or his Department has taken or intends taking any steps in this regard; if not, why not; if so, what steps?

N990E

The MINISTER OF AGRICULTURE:

This question lies within the line function of the particular Provincial Department of Agriculture and the hon member is advised to direct his question to the Provincial Legislature.

The following information, was however obtained:

(1) Yes, there is a general shortage of tractors in the developing areas of South Africa.

(a) About 95% of rural emerging farmers do not own tractors.

(b) Apparent implications of shortages are:

- Insufficient utilisation of our already scarce resources.

(2) Yes, the following steps have already been taken:

- Through Agricultural Credit Board loans, over 100 new tractors and 30 used tractors have been accessed by emerging African farmers across the country.
- Policies have been changed to allow farmers to access tractors on the ability to repay.
- Lastly, the Department is currently reviewing the government machinery policy tractor scheme.

Eastern Cape: shortage of dipping tanks

*24. Mr Z I NCINANE asked the Minister of Agriculture:

(1) Whether a shortage of dipping tanks is being experienced in the Eastern Cape; if not, what is the position in this regard; if so, what are the relevant details;

(2) whether his attention has been drawn to concerns that an insufficient number of farmers in the Eastern Cape are dipping their cattle; if so, what are the implications thereof?

(3) whether he or his Department has taken or intends taking any steps in this regard; if not, why not; if so, what steps? N991E

The MINISTER OF AGRICULTURE:

This question lies within the line function of the Eastern Cape Provincial Department of Agriculture and Land Affairs and the hon member is advised to direct his question to the Provincial Legislature.

The following information, was however obtained from that Department.

(1) Yes, a shortage of dipping tanks still exist in the Eastern Cape and the Department has received numerous applications for the construction of new dipping tanks.

(2) Yes, serious disease outbreaks might occur.

(3) Communities will be educated on proper dipping procedure and dip tank management.

Certain judge: official appointments held

*25. Mr D H M GIBSON asked the Minister of Justice:

(a) What official appointments are held in South Africa by a certain judge, whose name has been furnished to his Department for the purpose of his reply, (b) which of these appointments are remunerable by (i) the South African Government and (ii) governments of foreign countries and (c) what is the total monthly remuneration received by the said judge in respect of these appointments?

N993E

The MINISTER OF JUSTICE:

(a) Chief Justice of Namibia (temporary appointment)

Deputy President of the Constitutional Court

Chairperson of South African Law Commission

(b) (i) Deputy President of the Constitutional Court

(ii) Service as Chief Justice of Namibia is effectively voluntary. He has refused the statutory monthly salary but honorariums and allowances are received from time to time.

(c) R26 037,49 per month as Deputy President of the Constitutional Court.

The total of the honorariums and allowances referred to in (b)(ii) made to him from 1 January 1996 to 30 June 1996 will be R3 321,92. This amount is also the total which will be accepted by him from this source for the whole of 1996.

No remuneration as chairperson of the South African Law Commission is received.

Doctors from European countries

*26. Mr M J ELLIS asked the Minister of Health:

Whether any doctors from European countries are to be recruited for two-year work contracts at provincial hospitals in South Africa; if not, what is the position in this regard; if so, (a) how many, (b) from which countries does the Department intend recruiting such doctors and (c) when is it intended that the contracts will commence?

N994E

The MINISTER OF HEALTH:

Yes, a memorandum of understanding was signed with the Centrum für internationale Migration und Entwickelung (CIM) for the provision of medical practitioners to South Africa on 17 April 1996.

(a) After the process of evaluation at the end of June 1996 as a pilot scheme about 20 doctors;

(b) initially from Germany with an option to include other countries of the European Union;

(c) the first doctors are expected to arrive before the end of the year.

SABC television service to schools

*27. Mr T D LEE asked the Minister of Education:†

Whether his Department has done any costing in respect of the cost of a full-time SABC television service to schools with secondary classes; if not, why not; if so, what will be the estimated cost of such service?

N995E

The MINISTER OF EDUCATION:

No. The Department of Education has entered into a partnership agreement with the SABC to broadcast education programmes for all learners. A full-time television service for secondary schools only has not been considered. Although no costing of such a service has been done, there is no doubt, based on both local cost factors and international experience, that the cost of a full-time TV channel for secondary schools only would be completely prohibitive.

*28. Mr L D CHUENYANE—Transport. [Question standing over.]

*29. Mr Z D MNGUNI—Transport.† [Question standing over.]

Public Works: White Paper

*30. Mr A G MOHAMED asked the Minister of Public Works:†

Whether his Department is drafting a White Paper at present; if not, why not; if so, when will it be published?

N998E

The MINISTER OF PUBLIC WORKS:

(a) The Department is in the process of compiling a Green Paper on "Public Works towards the 21st Century";

(b) the launch of the Green Paper will take place on 22 August 1996.

Arts, Culture, Science and Technology: White Paper

*31. Mrs D GOVENDER asked the Minister of Arts, Culture, Science and Technology:†

Whether his Department is drafting a White Paper at present; if not, why not; if so, when will it be published?

N999E

The MINISTER OF ARTS, CULTURE, SCIENCE AND TECHNOLOGY:

(1) Yes.

(2) The Department has three White Papers currently at draft stages: The Draft White Paper on Arts, Culture and Heritage, the closing date for commencement is on 5 July 1996; the Draft White Paper on Science and Technology, closing date for comment is on 15 June 1996 and the Draft White Paper on the Film Industry has been circulated to the provincial MEC for comments.

Modern nuclear weapons, such as those recently tested by France, use plutonium and not uranium because of the much smaller quantities needed and the more sophisticated designs which can therefore be achieved. It is consequently highly improbable that SA uranium could have been used in the recent French nuclear weapon tests.

(4) The present Nuclear Energy Act (1993) expressly forbids:

— The export of uranium to nuclear weapon states for non-peaceful uses, and

— the export of uranium to non-nuclear weapon states unless the material will be subject to IAEA comprehensive safeguards in the recipient State.

A requirement for the authorisation for export is generally a State-to-State assurance. Such an assurance exists in the case of France in terms of a bilateral agreement signed in 1995.

SA is a member of two export control regimes regarding nuclear materials, equipment and technology, namely the Zangger Committee and the Nuclear Supplies Group.

SA fully abides by the guidelines of these control regimes and regulates the goods listed by the control regimes through Regulations published in terms of the Nuclear Energy Act, 1993.

ILO Convention No 169 (173)

*36. Mr D K PADIACHEY asked the Minister of Labour:

Whether South Africa has ratified ILO Convention No 169; if not, why not; if so, when?

N927E

The MINISTER OF LABOUR:

Convention No 169—Indigenous and Tribal Peoples, 1989—The Convention came into force on 5 September 1991 and as at 2 February 1994 had been ratified by seven Member States. South Africa has not yet ratified this particular Convention.

Since re-admission to membership in 1994, SA has given priority to ratifying the core conventions dealing with fundamental human rights, viz Convention No 98—Right to Organise and Collective Bargaining and Convention No 87 Concerning Freedom of Association and Protection of the Right to Organise (Ratified by Parliament and formally communicated to the ILO).

Convention No 29—Forced Labour, 1930
Convention No 105—Abolition of Forced Labour, 1957
Convention No 111—Discrimination (Employment and Occupation), 1958

Member States have an obligation to submit any convention that they intend ratifying to the competent authority, after consultation with representatives of employers' and workers' organisations on the proposals to be made to the competent authorities.

Any instrument considered for ratification has to be tabled in Nedlac and Parliament for consideration. Ratification of instruments also creates binding international obligations for the Member State concerned.

Convention 169 *inter alia* provides that Member States shall have the responsibility for developing, with the participation of the people concerned, co-ordinated and systematic action to protect the rights of indigenous and tribal people and to guarantee respect for their integrity. Compliance with norms established in this specific Convention is adequately catered for in our new Constitution and we may wish to consider ratification of this Convention at a later date.

Questions transferred for oral reply in terms of Rule 202:

***Sarafina II:* sex**

*1. Mr M F CASSIM asked the Minister for Health: [Written question No 261]

(1) Whether the words "I cannot do without sex" or words to that effect are contained in the text of the play *Sarafina II* as part of its message; if not, what is the position in this regard; if so, what are the actual words of the text relating thereto;

(2) whether she will make a statement on the matter?

N462E

The MINISTER FOR HEALTH:

(1) No, the script does not refer to "I cannot do without sex", or words to that effect.

(2) No.

***Sarafina II:* funds from donor nations**

*2. Mr M F CASSIM asked the Minister for Health: [Written question No 262]

(1) Whether some or all of the funds allocated and/or expended on *Sarafina II* originated entirely from donor nations; if not, where did these funds originate; if so, from which external sources did the said funds originate;

(2) whether she will give a breakdown of the (a) amounts (i) allocated to and (ii) expended on *Sarafina II* and (b) internal or external sources from which such amounts were derived; if not, why not; if so, what are the relevant details in each case?

N463E

The MINISTER FOR HEALTH:

(1) All the funds allocated to and expended on *Sarafina II* were spent from EU budget. The Public Protector has since concluded that this money was spent without EU authorisation. It is now an authorised expenditure.

(2) (a) (i) The amount allocated to the *Sarafina II* play is R14 247 600.

(ii) As of 13 June 1996 the amount expended on *Sarafina II* is R10 519 202.

For written reply:

Outstanding telephone applications

316. Mr J A JORDAAN asked the Minister for Posts, Telecommunications and Broadcasting:

(a) What was the total number of outstanding telephone applications in each specified (i) major urban and (ii) rural area of the Republic as at the latest specified date for which information is available and (b)(i) what is the average waiting-time for a new telephone in each of these areas and (ii) in respect of what date is this information furnished in each case?

N550E

The MINISTER FOR POSTS, TELECOMMUNICATIONS AND BROADCASTING:

The Managing Director of Telkom SA Limited has informed me as follows:

Information for rural areas has to be specified as these are done manually and different circumstances (for not providing or providing services) exist in each case. It is also not possible to supply this information within three days.

Important: Kindly note that this information is of strategic importance to Telkom and that it should be treated as such.

Outstanding telephone orders as at 31 March 1996

Region	Major urban	Rural areas	Total outstanding telephone applications
Western Cape	6 161	1 937	8 098
Eastern Cape	2 364	670	3 034
Transvaal	10 660	26 167	36 827
Witwatersrand	28 110	0	28 110
Free State and Northern Cape	564	11 119	11 683
KwaZulu-Natal	19 683	29 142	48 825
Total	67 542	69 035	136 577

The figures include deferred applications for Residential services, Business services, Call Offices and Partyline services.

Corporation urged to focus on job creation

Alan Fine

BD 20/6/96 (173)

THE labour market commission has proposed that the Industrial Development Corporation should radically refocus its activities, according "higher status in its investment decisions to their impact on job creation".

This is one of a number of industrial policy changes which, the commission said, militated against job creation in the past.

These included IDC and Land Bank support for highly capital-intensive projects, the biased support of publicly funded science councils towards the needs of more sophisticated firms and a trade regime "which has effectively raised the costs of key intermediate products thus militating against labour-intensive downstream activities".

Small business has been disadvantaged, it said, by weak competition policy, state purchasing arrangements that favoured large established firms, export incentives heavily biased against small firms, and skills training based on formal apprenticeships which prevented the small entrepreneur from either giving or receiving training.

The sectors the commmission believed were well placed for expansion included niches in clothing, furniture, footwear, tourism, contruction, metal fabrication and motor components.

The report argued that a more favourable labour market would make it less necessary to use the "blunt instruments" of tough monetary and fiscal policies — which both had negative short-term employment consequences — to maintain economic stability.

Comprehensive policy depends on social accords

Renee Grawitzky

(173) BD 20/6/96

THE development of a comprehensive labour market policy is dependent on the agreement by the social partners to move in the direction of a negotiated "employment and development accord" the Labour Market Commission's report argues.

Commission co-chairman Dave Lewis said yesterday an accord was crucial to regulate the effective distribution of productivity gains.

He said there was no alternative but to consider this route.

The commission proposed a number of recommendations for the strengthening of the National Economic Development and Labour Council (Nedlac) and the participants, he said. If these mechanisms were not effective, then there would not be a social accord, Lewis said.

The heart of the commission's recommendations rely on the move eventually by the social partners to accept an accord which would be a mechanism to bring together macroeconomic and labour market policy, the commission says.

Lewis said labour market reform would not on its own achieve the ultimate objective of a labour-absorbing growth strategy. This had to be accompanied by a macroeconomic and industrial strategy policy with the accord as the mechanism to co-ordinate these initiatives.

The commission proposes that labour and business commit themselves to issues around wages, prices and investment, while government would bring to the party its contributions in terms of RDP expenditure, the social wage, public works programmes and macro and industrial policies.

The commission argues that an accord is a "crucial element of a successful growth strategy".

The commission recommends that work towards an accord be initiated at a presidential jobs meeting where the parties would "renew their commitment to social partnership in economic affairs".

The commission says that concessions would be necessary from all parties. It says that business has to offer extra investment and commitments on price rises flowing from an agreement that moderated wage increases.

The two commissioners from the business sector, the Chamber of Mines' Nic Segal and Barlows' Andre Lamprecht, in a "qualifying comment" question whether the report may have over-estimated what commitments could meaningfully be agreed to at national level, as price and investment decisions were, in the final analysis, "commercial decisions" made by individual companies.

In the case of labour, the commission concentrates on wage determination mechanisms. The commission indicates that an accord will not substitute for collective bargaining but that at this level, agreement will have to be reached on setting upper and lower limits within which bargaining can take place.

Labour report to elicit much debate

(173) BD 20/6/96

RENEE GRAWITZKY

THE release of the much awaited labour market commission report outlining a strategy for the development of labour market policy, one of Labour Minister Tito Mboweni's top priorities, will elicit much debate in the weeks and months ahead.

Will this debate, however, result in the formulation of a comprehensive policy, and how much will that process be influenced by government's macroeconomic framework published last week?

Much time, effort, resources and an increased level of realism have gone into the drafting of these wide-ranging recommendations. These should not be lost in the corridors of power or amid tensions over turf between various ministries formulating macroeconomic policy.

Finance Minister Trevor Manuel and Deputy President Thabo Mbeki's policy has drawn extensively from the commission's recommendations in the labour market flexibility area, enhancing productivity and the adoption of a "national social agreement" which would underpin growth, job creation and development. Mboweni says he was involved in the drafting of this section.

Mboweni says the macro policy sets outer parameters of overall policy and "we do not intend going beyond the line drawn".

This, he says, does not mean debate cannot continue on the labour market commission recommendations, "but the basic foundation" has been laid. He gives assurances that his ministry supports the macroeconomic framework.

The framework clearly spells out the need for careful co-ordination of policy options and between "competing claims by different interest groups which need to be nationally resolved". It says "inconsistent approaches in any of these areas (monetary, fiscal, trade, industrial and labour policies) have the potential to destabilise the credibility of the overall macroeconomic framework".

The labour market commission report successfully captures the various debates and differences between labour and business and, in the main, strikes a careful balance in the formulation of its recommendations. The commission should be commended for this in view of the environment it was operating in.

Recommendations on one of the more controversial sections relating to labour market flexibility will most certainly be the cause of some debate. The commission attempts to find a balance between the flexibility which employers argue is necessary to compete in the global village (despite the fact that the International Labour Organisation (ILO) argues that the SA labour market is already highly flexible), society's need for job creation and labour's concerns around undermining minimum standards, worker rights, job security and allowing market forces to dictate in a way which could lead the way to further exploitation and creation of sweat shops.

Similarly, the section on migration, which should be an area of proper debate, was one weakness in the report. It is all very well to dismiss current estimates of "illegals" in the country as being exaggerated.

Perhaps approximations of up to 8-million "illegals" is an over-estimate, but even if the figure is less than half this it could undermine any attempt to formulate a comprehensive labour market policy.

The commission ultimately takes the view that the only way to achieve a regulated but flexible labour market is through a negotiated "employment and development accord". The ILO country report, on which the commission draws heavily, says "poverty, unemployment, inequality and inefficiency are all linked. They cannot be tackled effectively by undemocratic means."

The commission argues in favour of "voice regulation" — negotiation through democratic institutional structures — to achieve an accord which would commit business and labour to a national policy on wages, prices and investment. These discussions would also centre on government's contribution in terms of its RDP expenditure, other social benefits, public works programmes and industrial and trade policies.

What could be questioned is the extent to which such institutions are "democratic" when large portions of the population — the rural, unemployed and marginalised sector — are not represented.

The commission says it is under no illusions about the difficulties involved in proposing this route. However, it argues that the economic stakes are "sufficiently high" to warrant the investigation of co-operative solutions; at this point there are no alternatives. The implementation or acceptance of this report will depend on whether the parties believe the economic and social crisis is "sufficient" to persuade those in either camp who believe this idea is "dead in the water".

LETTERS

Tackling those labour pains

An in-depth report on the labour market recommends a concerted effort by labour, business and government to create more jobs, write Business Editor ALIDE DASNOIS and Labour Reporter ESTELLE RANDALL.

(173) ARG 20/6/96

A PRESIDENTIAL Jobs Summit – to launch a national accord for employment and growth between the government, business and labour – is the key to meeting South Africa's need to create more and better-paid jobs, and to eliminate discrimination in access to employment.

This is the main recommendation from the report of the Comprehensive Labour Market Commission (CLMC), released yesterday.

The Presidential Jobs Summit would urge labour and business to renew their commitment to social partnership in economic affairs, and to show this commitment through agreeing on the agenda, institutional arrangements and a timetable for negotiating a comprehensive accord for employment and growth.

A reformed and strengthened National Economic Development and Labour Council (Nedlac) was identified as the appropriate forum for negotiating the accord.

The Commission warned that the accord would only work if business, labour and government were willing to enter into serious discussion and commitments on wages, prices and investment, at a national level.

Central government's role could also be agreed in respect of RDP expenditures, public works programmes, a Social Plan Fund, tax policies, industrial and trade policies, competition policies and macro-economic policy interventions.

The government should place before the summit a clear proposal of the process by which the accord may be achieved, and an initial suggestion about what government's contribution to it would be, the Commission suggested.

Business's contribution to the accord could include commitments to:

- Negotiating credible profit-sharing arrangements and corporate governance mechanisms that gave labour the opportunity to take part in decisions about how profits will be used.
- Exercising moderation in setting managerial salaries.
- A minimum expenditure on training at lower levels of the workforce.

Labour's contribution could be an agreement on how wage bargaining occurred.

The accord would provide the means to co-ordinate macro-economic policy and labour market policy, which, in turn, would enable more rapid employment expansion than would be the case in an ad-hoc environment.

The accord would do this by ensuring that gains from productivity increases were shared between workers, investors and consumers in a way which increased domestic and international competitiveness and encouraged employment growth.

The accord would also provide a more friendly environment to fight inflation than steps currently used. While inflation was now at a moderate level, the rate of growth and output was not adequate. Faster economic growth was needed but this could generate inflationary pressure. The accord would offer government, business and labour the chance to directly negotiate ways to moderate inflation.

The accord would not replace traditional wage bargaining but would set upper and lower limits for wages and it could address the issue of real, instead of cash, wages.

The Commission pointed out that, traditionally, unions and employers could not negotiate real wages because they could not control prices which determined the cost of living. Changes in real wages could only be negotiated if government was involved in a economy-wide accord.



Picture: LEON MULLER, Chief Photographer.

BOLD PLAN: Comprehensive Labour Market Commission co-chair Dave Lewis and Minister of Labour Tito Mboweni at yesterday's public tabling of the Commission's report. The report recommends a range of reforms to restructure South Africa's labour market and follows last week's release of the government's macro-economic policy framework document.

'Flexibility with joint bargaining'

A FLEXIBLE labour market was not a euphemism for rolling back gains made around minimum employment standards, job security and representational rights, the commission clarified.

But it said it was opposed to attempts to promote security through bureaucratic regulation, as this would result in rigidity. It was also opposed to attempts to promote flexibility through over-reliance on market regulation, as this would result in insecurity and inequality.

Instead, it supported regulated flexibility achieved through encouraging collective bargaining between employees and employers.

Where there were gaps in the collective bargaining system, statutory mechanisms should be used to set wage levels.

The Department of Labour should encourage collective bargaining through industry-level bargaining councils, with company or enterprise-level bargaining playing a supplementary role.

This would allow for structured decentralisation, where each bargaining council would decide which items lent themselves to supplementary bargaining at enterprise or company level.

The commission also recommended that the Minister of Labour be given greater discretion on whether or not to extend agreements reached in bargaining councils. The new Labour Relations Act obliges the Minister of Labour to extend bargaining council agreements to employees and employers who are outside the council if the council represent half the industry.

Instead the commission has su gested that in deciding abou whether to extend bargaining cou cil agreements to non-parties, th minister places greater emphas on what effect this would have o employment possibilities than o representivity of the council.

A system where bargaining cou cils set minimum conditions wi less onerous schedules for sma and medium enterprises (SME was favoured. This would keep a employers and workers in the sam regulatory net, but would not pre udice small enterprises unduly.

There was also a recommend tion that employer organisations encouraged to become more re resentative by including SMEs.

To fill gaps in the current ba gaining system, statutory measur such as the Wage Board and wa determinations, should be used determine wages. However, t commission cautioned that t Wage Board should set minimu wages "at modest levels" a should monitor the impact of determinations.

For farm workers, the comm sion recommended that in ag cultural sectors which were hig capital intensive, a minimum wa should be combined with m sures which reduced the inc tive to favour capital intensity.

In the case of domestic work the Wage Board should set seve determinations with local auth ities making recommendatio about which one was most app priate for their area.

Commission proposes bold plan for more and better jobs

(173) ARG 20/6/96

ESTELLE RANDALL
and ALIDE DASNOIS
Staff Reporters

A BOLD plan to bring together labour, business and government to negotiate a social accord on wages, investment, prices and jobs has been proposed by the Labour Market Commission.

In a 248-page report tabled yesterday, the 15-member commission suggested that an Accord for Employment and Growth be launched by a presidential jobs summit.

This was part of a package of recommendations designed to create more and better jobs, according to David Lewis, who co-chaired the commission with Moss Ngoasheng.

"Poverty is a consequence both of no jobs and of poor jobs," Mr Lewis told a media briefing. Fighting poverty meant not only redistributing income but also setting up the conditions for labour-absorbing growth.

Labour market reform had to be complemented by macro-economic and industrial strategies, and there had to be a mechanism, such as an accord, to ensure co-ordination between policies.

Although the commission's recommendations are still at the level of a report to the government, Mr Lewis said he hoped a decision on the accord would not be delayed.

The accord would ensure that the benefits of higher productivity would be shared between consumers, workers and business. It would not replace wage-bargaining at plant or industry level nor set prices for particular products, but it could set upper and lower limits for wage bargaining, while business could make commitments about prices and the government could bring tax and social welfare spending policies to the table.

Accompanying the commission's report was a review of the South African labour market by the International Labour Organisation, which questioned South African unemployment statistics.

Labour Minister Tito Mboweni said he would appoint a team from within his department to process the report, after which he would make recommendations to cabinet.

Labour and business responded cautiously.

Raphael Hlongwane, president of the National African Federated Chamber of Commerce, said the organisation welcomed recommendations to strengthen the role of small and medium-sized enterprises.

Nedlac labour convenor Ebrahim Patel said the recommendation for an accord was significant. Agreement on these findings would mean rethinking many of the macro-economic proposals on the table, he said.

● More reports, page 19

Firms must be forced to make affirmative plans

A LAW requiring employers to come up with comprehensive affirmative action plans should be introduced as soon as possible, the Commission says.

Firms with fewer than a set number of employees or less than a set turnover should be exempt from the legislation's requirements.

Employers should be required to draw up employment equity plans which related to race, gender and the employment of disabled people.

The Department of Labour should have the right to examine these plans and get regular reports from employers on the progress of the scheme.

Affirmative action plans should give a breakdown of relevant demographic groups, list objectives about how to change quantitative and qualitative targets, and show how these will be achieved.

The Commission noted that while affirmative action plans often focused on demographic proportions of the employed, they paid less attention to discrimination and disadvantage in wages and other conditions of employment. This could be addressed through mechanisms such as job-grading and evaluation.

Affirmative action legislation should not be too punitive or prescriptive.

Rather, public accountability should be used as the main instrument to encourage progress, and companies should be required to publish a summary of their affirmative action status in annual financial reports.

Report puts jobless at 20%

IRG 20/6/96 (935) (173)

UNEMPLOYMENT is probably closer to 20 percent than to 32 percent, estimates a report by the International Labour Office (ILO).

The report, on which the recommendations of the Labour Market Commission are based, examined figures of unemployment and employment from several sources and concluded that, though serious, unemployment in South Africa was not as high as claimed.

Nor was unemployment the only source of poverty, said the authors of the report, in a finding which has major implications for policy.

"Claims that unemployment in South Africa is the highest in the world are certainly false", the co-ordinator of the ILO report, Guy Standing, told a media briefing.

Mistakes had been made in estimating both the numbers of people with jobs and the numbers of people with no jobs, he said. But this did not imply unemployment was not a serious problem.

The ILO also debunked another claim – that higher wages for some always means far fewer jobs for the others.

The report found that in South Africa, like in other countries, wage increases did not have a major effect on numbers of people employed.

This meant wages should not be the basis of a policy for full employment in South Africa.

The ILO report found South Africa was one of the two or three countries with the most unequal distribution of income in the world.

"Wage differentials are excessive in South Africa," the report said. "By international standards, the level of earnings of senior managers is very high, and wage differentials have been much greater than in economically dynamic countries of South East Asia, as well as in industrialised economies.

Dr Standing said econometric models in all parts of the world had shown that the more unequal a society, the lower the rate of economic growth. "So decreasing inequality can increase economic growth."

Aid plan for retrenched workers

ARG 20/6/96 (835) (193)

A SOCIAL Plan Fund to help workers facing retrenchment is one of the ways the Labour Market Commission suggests to cushion the effect of job loss.

Unions and government should be involved in the process of structural change which implies scale redundancies in particular areas or sectors, it says.

The threat of structural employment loss should trigger attempts by employers and unions to agree on the introduction of Social Plan measures – even when job loss is not immediate.

The Social Plan should include a training programme linked to realistic employment or income generation opportunities, and retrenched workers near retirement age should be able to cede their training to a dependent.

The fund, preferably managed by the department of trade and industry, could be financed from the National Public Works Programme, the Reconstruction and Development Programme (RDP) Fund, and foreign donors.

But money in the Social Plan Fund should only be used to add to social funds which have already been set up at plant, sectoral or local level to open up alternatives for retrenched workers and their families.

Wages, job creation not always linked

Renee Grawitzky

BD 20/6/96 (173)

THE labour market commission acknowledges that although a trade-off exists to some extent between wage and employment levels, it does not follow that unemployment is simply caused by high wages.

This is among the positions adopted by the commission in its deliberations on the elasticity of wages and employment.

Research conducted by the World Bank and Prof Sam Bowles has concluded that wage increases have a negative effect on employment to the extent that in the long term, a 10% increase in real wages has been associated with a 7% decline in employment levels.

The commission points out that these studies measured the average relationships and do not necessarily hold for wages at the lowest level.

The commission says that it is simplistic to conclude that if wages can be lowered, job growth can automatically follow.

Call for legislation on 'employment equity'

BD 20/6/96 (173)

Renee Grawitzky

THE Labour Market Commission has recommended that legislation on "employment equity" or affirmative action be placed before Parliament soon.

The commission's report says the law should rely on targets, not quotas.

The commission recommended that legislation should require employers to formulate comprehensive affirmative action plans and that these should be monitored by a new directorate of equal opportunities within the labour department.

There would be no direct penalties for non-compliance. However, companies' action plans would be assessed when companies put in tenders for government work. The commission said: "Major sanctions and incentives should centre on the extent to which access to government resources is facilitated by the filing of a serious employment equity plan".

Commission co-chairman David Lewis said that proposed legislation would be enabling, not prescriptive.

The commission said that affirmative action policies should be directed at redressing the "labour market manifestations of racial and gender discrimination and discrimination against the disabled".

It questioned whether legislation along the lines mentioned by Lewis would be effective and said "it will be important for the directorate of equal opportunities to develop a partnership and a sense of common purpose with companies and with institutions".

The commission was of the view that newly established institutions, namely, the directorate of equal opportunities, workplace forums and the Commission for Conciliation, Mediation and Arbitration were potentially powerful enough to play key roles.

The commission said employment equity programmes that "embody a strong internal labour market focus must place considerable emphasis on deracialising the higher ranks of the shop floor", meaning supervisors and skilled technical workers.

Commissioner Niccoli Nattrass, an economist at the University of Cape Town, in a dissenting opinion, agreed that affirmative action could be an important way of addressing labour market discrimination and disadvantage in SA.

However, she objected to the "commission's failure to problematise (sic) race, or to appreciate that the overlap between race and the labour market disadvantage is not exact".

Affirmative action, she argued should ultimately be guided by socio-economic considerations.

SOWETAN Thursday June 20 1996

SA whites still earn more than blacks

(173) Sowetan 20/6/96

By Abdul Milazi
Labour Reporter

SOUTH African whites still earn more than similarly qualified blacks, and men's wages are 43 percent higher than those of women doing the same job, according to a study released by the Labour Market Commission yesterday.

The commission says whites are estimated to enjoy a 104 percent wage premium over blacks and it calls for a more deliberate policy intervention dealing with discrimination in the labour market.

An analysis by the commission which set the white male wage to an index value of 100, found that white women earn between 98 and 100 while Indian and coloured women earn 84 and 73 respectively. African women earn 70.

"Unemployment figures for African women are particularly alarming in South Africa"

The most compelling evidence of lack of equity in the work place is the difference in unemployment by race.

In 1994 the African unemployment rate was six times that of whites. Unemployment rates for coloureds and Indians fell between these two extremes at 23 and 17 percent respectively.

Within each race group unemployment is higher for women than for men. "Unemployment figures for African women are particularly alarming."

The commission further argues that race groups were also segregated through the various sectors of the labour market.

"Blacks are excessively represented in sectors that pay poorly and offer few benefits and poor job security. The worst are agriculture and domestic service."

In 1993, about 17 percent of working Africans and 13,4 percent of coloureds were employed in the agricultural sector, compared to just 3,1 percent of whites.

Another 13,4 percent of Africans and 3,6 percent of coloureds are employed as domestic workers, compared to 0,6 percent of whites.

The commission says Africans are under-represented in the better paying sectors like finance, where there are only 1,2 percent blacks, 2,7 percent coloureds and 4,6 percent Indians, compared to 11,8 percent whites.

"The same pattern is evident when employment figures are broken down by occupation and race."

About 27 percent and 28,8 percent of coloureds and Africans were labourers in 1993, compared to 0,4 percent of whites.

"By contrast, just 10,4 percent of Africans, 11,7 percent of coloureds and 29,5 of Indians were employed as managers or professionals, compared to 48,5 percent of whites."

It further argues that the overall consequences of the legacy of apartheid is embedded in the politics, society and economy of the country, and will not be resolved overnight.

Labour Act may be amended

Employment, growth accord put forward

BD 20/6/96 (173)

Renee Grawitzky

THE labour market commission has released imaginative proposals for a regulated but flexible labour market, achieved through a negotiated "accord for employment and growth" between labour, government and business.

This theme formed part of wide-ranging recommendations put forward in Cape Town yesterday by the presidential commission appointed last year to investigate development of a comprehensive labour market policy.

Other contentious recommendations, which would require amendments to the new Labour Relations Act, relate to the extension of bargaining council agreements to non-parties and the drafting of separate, "less onerous" schedules to take into account constraints faced by small to medium enterprises. This schedule could also be applied to trainees.

The commission has recommended that the Act be amended to give the labour minister more discretion in deciding whether to extend such agreements. In exercising such discretion, the minister would have to consider possible effects on employment.

Despite employer fears, the commission did not recommend a national minimum wage, but called for the Wage Board to set sectoral minimums where effective collective bargaining did not exist. The board's scope should be extended to all economic sectors.

The commission cautioned that although the setting of minimums was intended to avoid extremes of exploitation, the board should be mindful of the employment implications of its recommendations. Therefore, minimum wages should be set at modest levels, and the board should monitor the impact of its rulings.

The commission examined whether the Basic Conditions of Employment Act was a significant factor retarding the improvement of productivity. It rejected any notion of an automatic causal link between the strengthening of minimum standards, increases in employment costs and jobs.

It recommended a cautious approach by parties negotiating a proposal to reduce working hours to 40 a week, warning that this should be effected slowly and incrementally. The impact on employment and productivity should also be monitored.

Commission co-chairman and labour ministry special adviser Dave Lewis said he was pleased that the commission had been able to produce a consensus report.

The proposed accord presupposed that labour and business would bring to the bargaining table issues they had

Continued on Page 1

Accord

Continued from Page 1

BD 20/6/96 (173)

never negotiated before. Business could be expected to consider price restraints and investment commitments, while labour would have to consider wage moderation.

Lewis said the accord should be initiated at the highest possible level, and therefore called for a presidential jobs summit.

Business spokesman Raymond Parsons said business would scrutinise the report and test the recommendations against national interests.

Other aspects covered in the report to support "labour absorbing economic growth and to ensure that access to employment at all levels of the labour market is non-discriminatory" include a social plan; welfare and special employment creation measures such as public works programmes; mechanisms to address labour market discrimination and labour migration.

See Pages 4, 5 and 12

THYS DULLAART



Work, glorious work ... Tryphina Mahlaba (front) and her fellow workers are a study of concentration and gratitude now that they have a job to go to on three days of the week – all thanks to the initiative of one woman who just wouldn't give up hope.

Project that stitches lives of unemployed together

Star 20/6/96 (173)

By Bongiwe Mlangeni and Lebogang Sizane

After four years without a job, Tryphina Mahlaba's life was finally stitched back together when she found a job at a clothing factory in Johannesburg.

The factory is a community project founded by fashion designer Ellen Lambert to create jobs for unemployed garment workers living in Gauteng.

The HOPE (Helping Our People to Help Each Other) project is run by residents from Soweto, East Rand and Alexandra. The project has already brought more than hope to the 35 women and men who now spend nine hours during the week sewing, cutting, trimming and ironing clothes ordered by chain stores.

"When it started, no one believed it would pick up. But, the determination of all the people involved has kept it alive," said Lambert.

To ensure its survival, the Gauteng Department of Economic Affairs and Finance contributed R95 000 to boost the project.

Although HOPE staff members earn meagre wages of not more than R350 a week, they are determined to see their project blossom.

"We are willing to hold on and see the fruits of our work. The project is promising," said Mahlaba.

Lambert said the project was definitely destined for success. "This is what we talk about when we refer to the RDP," she added.

When the project was initially launched in 1993 in Actonville, Lambert had to use her own money to fund it. However, her funds dried out and the project collapsed.

"But my dream to create jobs for garment workers continued to live," she said.

"Last year a committee was formed, funds were raised from different companies and we managed to get premises, hire machinery and register as a close corporation," she said.

Today, HOPE offers both job opportunities and skills training for its members.

Major report calls for labour accord

Star 20/6/96 (173)

By Patrick Bulger
Parliamentary Correspondent

Cape Town – South Africa needs a national accord on wages, prices and investment levels to create jobs and generate economic growth. This has been proposed in a study of labour market policy, released in Parliament yesterday.

The Labour Market Commission report is the first major review of labour relations and the role of labour in the post-apartheid economy. It was commissioned by the president a year ago.

The 250-page study on all aspects of the labour market was welcomed by Labour Minister Tito Mboweni as well as by spokesmen for the Congress of South African Trade Unions (Cosatu), the South African Council of Business (Sacob) and the National African Federated Chambers of Commerce (Nafcoc).

Nafcoc's Joe Hlongwane said he was happy with the references made to small business and their role in export strategies. Sacob's Raymond Parsons said business attached great importance to the labour market and would subject the report to intense scrutiny. Cosatu's Ebrahim Patel said labour would give serious attention to the proposed accord.

Mboweni told a media briefing that the macro-economic strategy announced last week formed the "outer parameter fence" of government policy. The labour report was not government policy. He would appoint a small team to advise him on the report.

Commission co-chairmen Dave Lewis and Moss Ngoasheng said the commission's key departure points were the elimination of poverty and discrimination.

Among the concrete proposals contained in the report are:

- A social plan fund to assist workers affected by structural change and unemployment.
- A productivity campaign.
- Minimum wage bands negotiated at industry and sectoral level.
- Affirmative action and employment equity.

Minimum wage needed

Sowetan 20/6/96

By Abdul Milazi

SOUTH Africa needs regulated minimum wages and conditions of employment to stem the current exploitation of workers in some industries, the Labour Market Commission recommends.

In its document, which was released in Parliament yesterday, the commission proposes that laws should be formulated to curb child and forced labour, poor wages and working conditions.

"On balance the commission is in favour of the principle of determining minimum wages and conditions, while modernising and adapting the systems used and the scope and extent of coverage," the document says.

It however, cautions that regulating minimum wages is not the solution, but one strategy to fight poverty.

The Wage Board should set minimum wages in sectors where no effective collective bargaining exists, argues the commission.

Little research

However, it concedes that there is little research to assist it in assessing the potential impact of a minimum wage in the country.

Although a Wage Board was established in 1925 to make recommendations on minimum wages and conditions of employment, it is not effective.

"The original aim was to provide a minimum floor predominantly for white workers in those sectors and areas where there were no industrial councils," the report says.

It further recommends the promotion of collective bargaining councils.

The Department of Labour should encourage these councils and facilitate their establishment in industries where they did not exist.

Call to establish social fund

BD 20/6/96 (1173)

Renee Grawitzky

THE Labour Market Commission has recommended the drafting of social plans at either plant, sector or regional levels, and the establishment of a special fund, to limit and cushion the effect and extent of structural job losses.

This recommendation formed part of a number of broader proposals to address the "plight of the unemployed" and in response to the feasibility of introducing a Social Plan Act as one of the "labour market instruments to deal with negative social implications associated with economic restructuring".

These measures referred to granting access of relevant information to unions and government during restructuring exercises; training of workers; counselling; and the establishment of a national social plan fund.

The intention of the fund would be to "support strategies negotiated between employers and workers facing structural employment decline".

On retrenchment procedures, the commission said these had to refer to selection criteria, specified notice periods, minimum levels of severance pay and provision for training.

The commission also proposed the amendment of section 189 (2) of the Labour Relations Act which obliges employers to consult on retrenchments. The amendment proposed strengthening the clause to refer to "structural employment loss", in the event of which parties would have to attempt to reach consensus on social plan measures.

The social plan fund would be funded by business, labour and government — though detail in the report is sketchy. However, other sources of funding could be pursued such as directing funds from agency shop fees. Government would also have to play an important monitoring role of planned closures and restructuring exercises.

Govt's labour plan

(173) Sowetan 20/6/96

SA is one of three countries with the greatest wage disparities

By Waghied Misbach
Political Reporter

GOVERNMENT'S PLAN TO grow the economy and create jobs took another major step forward in Parliament yesterday when the Labour Ministry unveiled two massive studies that will form the basis of future labour policy.

Labour Minister Tito Mboweni released the two reports, the 450-page International Labour Office (ILO) Country Review and the 250-page Commission to Investigate the Development of a Comprehensive Labour Market Policy, as part of the government's plan to give meat their macro-economic policy which was announced by Finance Minister Trevor Manuel last week.

The two reports, which recommend wide-ranging changes to the labour market in South Africa, will be used as a blueprint for official labour policy – likely to be announced by the end of the year, says Mboweni

Setting up commission

The minister says he will be setting up his own five-person commission in the Labour Ministry to "process the material" which will then be developed into policy and handed to Cabinet for approval.

Anything in the two reports that is inconsistent with the Government's macro-economic policy "will not be accepted".

"The macro-economic strategy framework sets the outer perimeter fence within which all kinds of policy proposals will be tabled," he says.

The Labour Market Commission's report makes far reaching recommendations which could see major changes in the labour market in South Africa.

The proposals are aimed at overcoming key social problems which include a policy framework to create more and better jobs for the millions of poor South Africans.

The second major target for the commission when conducting its research was to find ways to counter the racism that is still prevalent in the job market.

It found that black women were the most severely affected by racism in trying to find jobs and in their current positions.

Another objective for the LMC was to find ways of contributing to a growth strategy that will reduce the wage gap between the highest and lowest paid workers in the country.

In its findings it discovered that South Africa is among the three nations in the world with the greatest disparity of wages.

The report says there should be a balance between business' needs for productivity and profits, with labour's need for job security and good wages and Government's need for keeping their spending down and providing an investor-friendly environment.

This balance can be achieved through "voice regulation" – a process in which all the major role players in the economy, including Government would be drawn into negotiating what would be best for the economy.

These negotiations should culminate in a formalised accord which provides the basis for developing mutual trust between the three major players as well as non-governmental organisations.

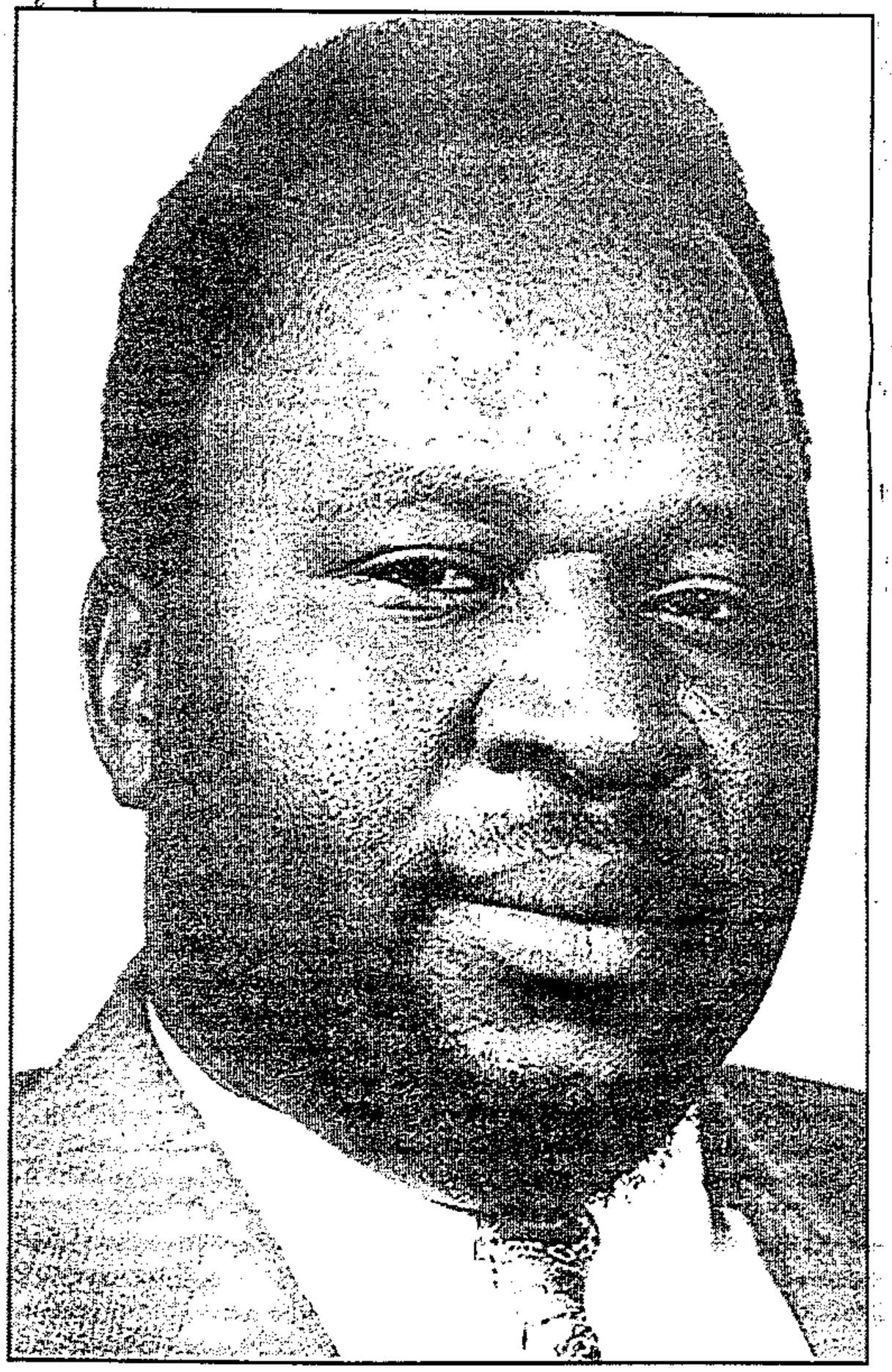
The negotiations would take place around wages, prices, investment and other major issues.

The commission proposes that this process will be speeded up if President Nelson Mandela launches a national job summit focusing the minds of the various social partners on the vexed question of joblessness.

The report also proposes a number of changes to the current bargaining councils, which would see them determine minimum wages and conditions, and would be composed of broadly similar producers or service providers.

If agreement is reached in these councils, the Minister of Labour should extend such an accord to cover even sectors of that particular industry that did not form part of the negotiations – including small and medium enterprises.

Where no bargaining has taken place, the Wage Board should set a minimum wage and working conditions.



Labour Minister Tito Mboweni yesterday unveiled two reports which are expected to revolutionise this country's labour market.

However, the report does not recommend a national minimum wage, but says wages should be decided on in each sector of industry.

Major problem

The commission comes out strongly against management in its section on productivity in the workplace.

While current laws and regulations are found to be a significant obstacle to developing productivity, a major problem identified is management's attitude to workers.

"Authoritarian and racist supervision, adversarial relations between management and unions" all contributed to low levels of productivity.

The report called for a reformation of the National Productivity Institute – which is funded by the Government.

In terms of the proposed changes the NPI should:

- No longer compete in the market with private consultancies;
- Not undertake private work for employers and employees;
- Ensure that its consulting, training and education activities be be confined to what is agreed to at bodies such as Nedlac.

Other issues covered in the report include the need for a Government funded Social Plan to protect workers if retrenched.

It also calls for the overhauling of the Unemployment Insurance Fund as well as the widening of the public works programmes' scope.

The report also calls for a review of affirmative action policies and the scrapping of the migrant labour system in favour of providing work opportunities for workers from the Southern African countries.

Govt hails reports

Sowetan 20/6/96 (173)

Findings will assist the restructuring of labour market

By Waghied Misbach
Political Reporter

LABOUR Minister Tito Mboweni yesterday released the findings of two major studies that propose far-reaching changes to the labour market with the aim of creating jobs and boosting economic growth.

The International Labour Organisation was the architect behind the first study, which formed the basis of a second report from the "Labour Commission on how to Restructure the Labour Market".

The main thrust of the reports was to tackle the enormous problems of unemployment and also counter the discrimination that still pervades the workplace in South Africa.

Mboweni said the two reports would form the basis of Government policy. The Labour Ministry would set up a five-person commission to study the findings and produce its policy towards the end of the year.

The policy would form another pillar in the Government's macro-economic plan that was announced by Finance Minister Trevor Manuel, in Parliament last week.

Mboweni said that labour policy would be formulated within the "parameter fence" of the macro-economic policy framework.

Representatives of business and labour who were present at the Press briefing yesterday welcomed the reports.

Cosatu spokesman Mr Ebrahim Patel said the ILO report provided more information on the labour market in the country than was previously known.

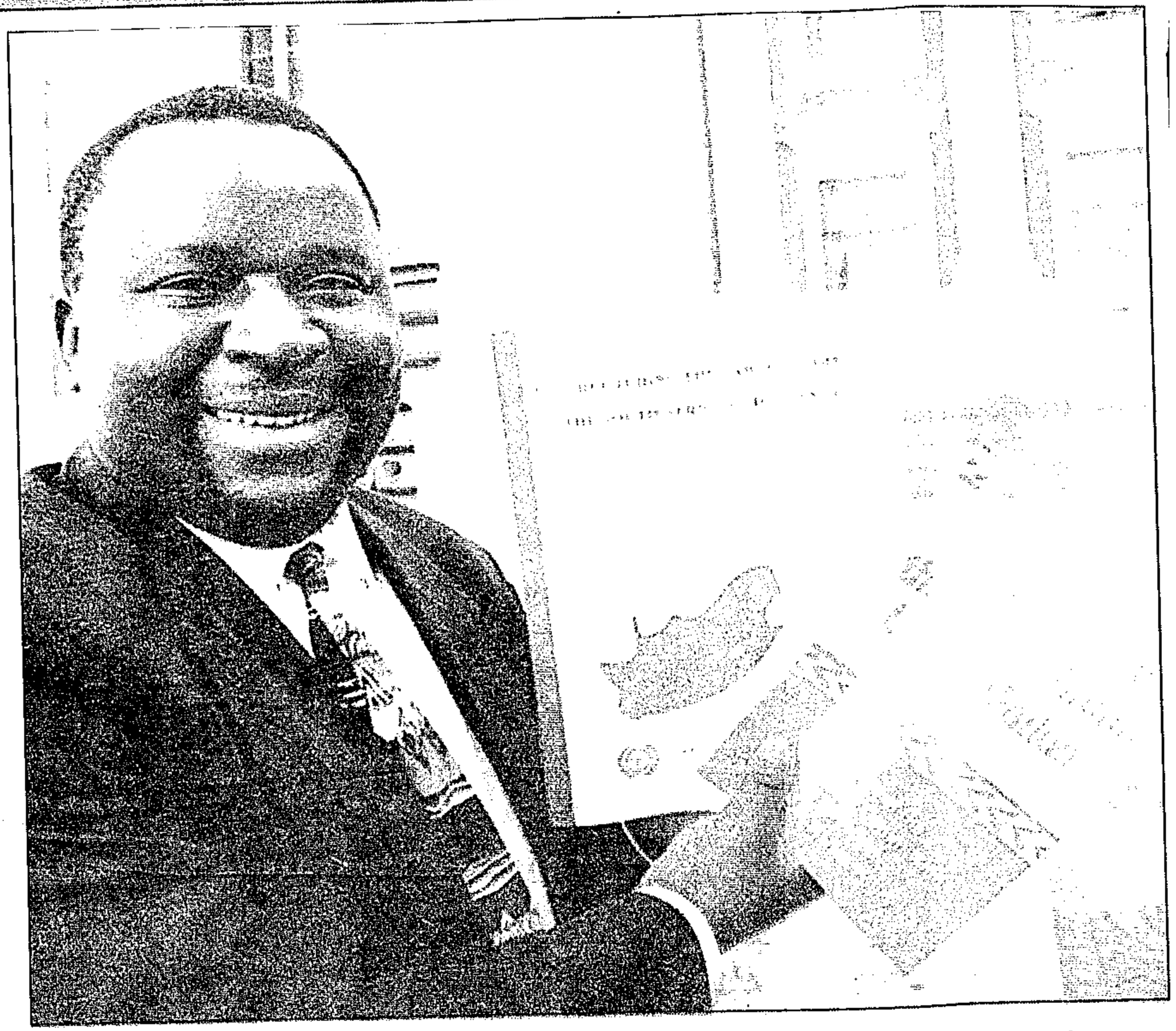
He said the information about unemployment – which had been challenged by the ILO in its report – was welcome and would result in a "rethink of macro-economic policy" in South Africa.

Patel said another significant aspect of the reports was the proposal to form a social accord between business, labour and government, the ways in which they could work together in the best interests of growth and job creation.

South African Chamber of Business spokesman Mr Raymond Parsons also welcomed the proposal of a social accord, but said business would first study the report and announce its feelings at a later stage. He said he welcomed Government's commitment to consult widely on the findings of the document before it decides its own policy.

Among the recommendations of the report are:

- A presidential job summit that speeds up the process of getting the three major role players to work together to tackle unemployment;
- Expanding the role of the National Economic Development and Labour Council to form the basis for future negotiations between all the role players in the economy;
- Expanding the role of the National Productivity Institute to deal with productivity levels in the economy;
- To ask Government to set up a social plan to help retrenched workers and unemployed people; and
- To scrap the migrant labour system in favour of a new measure to assist people from southern African countries to work in industries where they were needed.



Labour Minister Tito Mboweni outside Parliament yesterday after releasing the report by a top-level commission of inquiry into South Africa's labour market policy which recommends that President Nelson Mandela urgently convenes a jobs summit that could be the starting point for a national accord on employment and growth.

BUSINESS

Unity is 'the way'

Report says accord will not have to replace collective bargaining

Waghied Misbach
Political Reporter

SOUTH AFRICA'S HIGH levels of poverty, unemployment and wage inequality can be countered by a special accord between business, labour and Government, according to a study by the Labour Market Commission.

The 250-page report called "Restructuring the South African Labour Market", which was initiated by the Labour Ministry, calls for more cooperation at company, industrial, regional and national level between the three parties and other stakeholders in the economy.

Such working together "should encourage investment and productivity growth".

The report is a product of the LMC's research on the labour market policy.

An accord for employment and growth will allow the balancing of business' needs for profits and competitiveness, labour's quest for secure and good pay, while also considering society's need for a rapid increase in jobs, the commission says.

Expansion of 'agenda'

It recommends an expansion of the "agenda" of the National Economic Development and Labour Council (Nedlac). The new Nedlac will bring together business, labour and government, with other parties, including non-governmental organisations.

However, the commission says it is "under no illusions" about the difficulties it will face in building the kind of trust, cooperation and mutual compromise among the social partners for the accord to succeed.

It has already noted "with deep concern" the fights between labour and business, which "threaten to erode existing levels of confidence in the South African economy, both domestically and internationally".

The commission says that this tense situation forms the basis of their recommendation for an urgent "Presidential Jobs Summit" of all the social partners. "The summit should be used to urge both business and labour to renew their commitment to social partnership in economic affairs."

Workers can moderate their wage demands in return for Government support of training at the workplace

Economic stakes are "sufficiently high" to warrant a thorough investigation into means by which cooperation can be found.

"In essence, accords are exercises in gain sharing and sacrifice. If either business or labour enters the accord under the illusion that they will receive all the gain or simply share it between themselves, the accord will collapse."

While other countries have formed accords to fight inflation – the general price level – South Africa's low inflation rate means the accord needs to be structured around a different crisis, although it should include fighting inflation.

"The South African social accord will only gain the widespread support upon which its success depends if it is seen to respond directly to the crisis of unemployment."

The commission argues that the Government cannot fight inflation only through harsh monetary policies because this means jobs can be lost in the short-term and this can drive up interest rates, which affect crucial issues like housing delivery.

"The better strategy is for Government to work with its social partners to moderate inflation via negotiations." It adds that the accord should not be controlled through legislation but should rather be "self-policing".

The accord can only be successful if business, labour and Government enter into a "serious discussion of wages, prices and investment at national level".

But this does not mean that the pact will replace collective bargaining councils at company or workplace levels, or that it will determine individual product prices.

The commission says that labour and business cannot negotiate real wages because industry level bargaining cannot control the prices that determine the worker's cost of living.

This means that Government will have to be involved in wage negotiations at national level. Government can bring taxation and welfare spending policies to the table.

Workers can then moderate their wage demands in return for public commitments to increase spending on public works programmes or on government support for training at the workplace.

Reduce taxis

Business can also bring to the table a commitment to increased spending on investment, research and development, or workplace health and safety if Government agrees to help with the cost by reducing corporate taxes.

The Accord will mean employers and workers can safely negotiate without the uncertainty of what the Government, or the rest of the economy, will provide. "This uncertainty ties the hands of the negotiators and encourages a hardline stance."

Government will also benefit because it will then gain a degree of "breathing space for its macro-economic strategy, knowing that the offs of an inflationary response are much reduced".

were found guilty of rape and com- ... Racing



REFORMS: Mr Tito Mboweni

Sweeping labour reforms on cards

FAR-REACHING labour reforms which could pave the way for a shorter working week, minimum wages for domestic and farm workers and a dole system were released yesterday by the Labour Market Commission.

Labour Minister Mr Tito Mboweni stressed that the commission's proposals were not yet government policy, but they would be examined by a small team of experts in his department to enable him to make policy recommendations to the cabinet by the end of the year.

● See Page 13

(173)(626) CT 20/6/96

BAN OF LAND SALES TO FOREIGNERS PROPOSED

— Page 5

Employment generation should not be harmed — Labour Market Commission

'No' to single minimum wage

(173) ST (BR) 20/6/96

By Christo Volschenk
ECONOMICS EDITOR

Cape Town — The Lewis-Ngoasheng commission, which was set up about 18 months ago by Tito Mboweni, the labour minister, to draft a comprehensive labour market policy for the government, is opposed to a single minimum wage for all sectors of the economy and all regions of the country.

Instead, the commission recommended to government yesterday that the Wage Board be reconstituted and that different minimum wages be determined for sectors or parts of sectors of the economy where no effective collective bargaining existed.

Minimum wages in a subsector could vary between regions, the commission said.

Once a minimum has been set for a sector or subsector in a particular region, no employer in that subsector and region would be allowed to pay less than the minimum.

The commission did not indicate what an appropriate minimum wage would be and merely suggested that minimum wages be set "at modest levels" so as "not to harm employment generation".

The commission presented its report to Mboweni yesterday and he will appoint a team of experts in the next few weeks to decide which of the proposals to accept.

The commission proposed that minimum wages should also be set for workers in the agricultural sector and for domestic workers.

The Wage Board should attach a monetary value to payments in kind to farm workers, such as accommodation and food, it said.

"The different minimum wages for the different sectors, subsectors and regions of the country must be introduced incrementally to enable the Wage Board to feel its way towards appropriate minimum levels," the commission said.

"The minimums will prevent some exploitation and assist workers who may otherwise be at the mercy of their employers. The board must monitor the impact of its minimum wages on employment and living conditions and publicise its findings."

The Wage Board should hold hearings before minimum wages are determined and these wages must be then be approved by the minister of labour and gazetted, it said.

The commission acknowledged that it would be very difficult to enforce minimum wages for the 870 000 domestics employed mostly by white households.

Minimum wages for domestic workers should vary between local authorities and the wages paid to domestic workers should qualify employers for a deduction from the households tax bill, if formal documentation of payment is supplied.

"This will not only encourage employers to pay higher wages but also encourages the drawing up of formal contracts," the commission said.

Commission recommends reworking welfare scheme

By James Lamont
INDUSTRIAL EDITOR

CT(BR) 20/6/96

Johannesburg — The government should consider the introduction of a far-reaching welfare scheme to support South Africa's unemployed, a report by the labour ministry's labour market commission has recommended.

The report by the commission to investigate the development of a comprehensive labour market policy, released yesterday, recommended that the labour, welfare and finance departments examine a new welfare system for the unemployed that could include benefit payments along the lines of the dole system used in Britain.

It found that the Unemployment Insurance Fund (UIF) and the Public Works Programme, the two schemes which support unemployed people, did not cater for most of the 40 percent of the population who are without jobs.

Evidence that 53 percent of unemployed people lived in households with no wage earners underlined the importance of introducing state benefits for those without employment. About 63 percent of unemployed people lived in households which received no financial assistance.

"While employment creation must form the heart of any strategy designed to alleviate poverty, higher wages and more generous transfer payments, in so far as these are feasible, would also reduce poverty provided higher wages do not lead to a counterproductive decrease in employment," it said.

The report said that the UIF should be reformed and made available to as many workers as possible.

People earning more than R69 240 a year did not contribute to the fund. "Those most vulnerable to unemployment are members of the fund, while those less vulnerable do not contribute."

The fund's system of keeping records had to be transformed because no reliable information on the number of contributors or the amount paid by individuals was available.

All institutions that provided benefits to the unemployed should be linked to a central base.

The report said that while the commission would have liked to have recommended a substantial increase in commitment to the RDP-funded R250 million community-based public works programme, it had not done so because of the absence of credible monitoring.

'The majority of unemployed people live in households which receive no assistance from the state'

However, it said that the public works department, which would serve as the co-ordinating ministry for infrastructural projects, would create an "enabling environment" for the construction industry.

That would encourage the industry to pursue labour-intensive methods and to curb the use of casual labour. It would also promote the allocation of public contracts to black-owned small and medium-sized businesses.

Unions would be expected to accept greater flexibility in wage levels and ways of remuneration.

Abolish border controls slowly, says report

(173) ET (BR) 20/6/96

By James Lamont

Johannesburg — The labour ministry's commission on labour market policy has advised that South Africa slow down on a proposed Southern African Development Community (SADC) initiative to abolish internal border controls.

The commission's report, released yesterday, said it would be premature for South Africa to agree to implement all the proposals of an SADC draft protocol on the free movement of persons issued in June last year because of the uneven development in the region.

The draft protocol aims to abolish controls on a member state's citizens at an internal border with another member state.

The commission agreed that the long-term objective would be the integration of the region's labour markets. But it said that unregulated migration flows could jeopardise the balanced regional development of trade and capital markets.

"The commission believes the impact of the proposals would be economically and politically unsustainable until a greater degree of integration had been achieved, including the development of supra-national institutions and the capacity to redress some of the potentially adverse impacts of this integration process," it said.

The commission recommended that a preferential policy be adopted in relation to the South African Customs Union countries and Mozambique for entry into the South African labour market.

It said workers from these countries should be allowed to seek employment in all sectors of the economy.

In seeking to phase out the migrant labour system, the commission proposed that working conditions be improved and deferred pay arrangements be phased out over the next five years.

The report said that undocumented migration into South Africa had been over-exaggerated. The commission called estimates by the South African Police Services and the Human Sciences Research Council of between 5 million and 8 million non-South Africans living in the country highly unlikely.

It recommended that the migration policy be reviewed to help fill national requirements for particular skills according to a set of non-discriminatory principles.

Plan requires employers to boost job equity

(173) (96) CT(PR) 20/6/96

By James Lamont

Johannesburg — The labour ministry's labour market commission has recommended that employers be required to formulate comprehensive affirmative action plans and publish progress reports in their annual financial statements.

The commission to investigate the development of a comprehensive labour market policy recommended in its report, released yesterday, that employment laws include corrective measures to resolve the legacy of discriminatory laws and regulations.

"Non-discrimination, or equal opportunity, cannot by itself produce equity in employment in a reasonable time frame," it said.

Affirmative action legislation should be enabling rather than prescriptive and punitive, it said, and should avoid quotas in favour of suggested targets and timeframes.

The black unemployment rate in 1994 was six times the white unemployment rate.

Within each race group, unemployment rates were higher for women than men. Half of all black women who wanted jobs could not find them.

In 1993, blacks were underrepresented in the better-paying sectors of the economy, like finance. Just 1,2 percent of employed blacks, 2,7 percent of coloureds and 4,6 percent of Asians were employed in that sector, compared with 11,8 percent of whites. Only 10,4 percent of blacks, 11,7 percent of coloureds and 29,5 percent of Asians were employed as managers or professionals, against 48,5 percent of whites.

The new legislation would require constant appraisal of companies' efforts to become more representative. "Legislation should require each employer to draw up a plan for the affirmative promotion of employment equity with reference to race, gender and the employment of disabled persons.

"The legislation should give the department of labour the right to examine these plans at its discretion and to require regular reports on progress towards implementation of the plan," it said.

Firms with fewer than a stipulated number of employees and with less than a specified turnover would be exempt from the legislation.

The commission suggested that affirmative action policy should go beyond the demographic proportions of the employed to address discrimination in remuneration. It said public accountability would help this process.

It recommended that companies be required to publish a synopsis of their employment equity status in their annual financial reports and that all applications for state resources be conditional upon the submission of an acceptable employment equity plan.

"Affirmative action plans must present a breakdown of the current status of the relevant demographic groups, a listing of objectives for change including quantitative and qualitative targets, and a clear indication of how this will be achieved," it said.

Plans should cover several years and progress reports should measure the rate of change, not cumulative achievements.

The commission did not recommend the creation of an institution dedicated to policing affirmative action. Instead, the directorate of equal opportunities, workplace forums and the Commission for Conciliation, Mediation and Arbitration would assume this role.

Workers to be given a central role in economic planning

A modernisation of the labour market, in order to put workers within the context of an economy exposed to international competition, has been proposed

(173) Star 21/6/96



By Patrick Bulger
Parliamentary Correspondent

Another plank in the Government's economic outlook was nailed into place with the release this week of the Commission for the Development of a Comprehensive Labour Market Policy. It has proposed the radical modernisation of the labour market.

It is an important commission, more so because government's macro-economic strategy released last week does not afford workers a central role in economic planning.

The report rectifies this imbalance to some extent by placing workers within the context of a modernising economy exposed to international competition.

The commission's two starting points were the need for economic policies that created more and better jobs on the one hand and the elimination of discrimination in access to employment on the other hand.

Redistribution alone will not accomplish these objectives, the report notes.

"Therefore the commission has identified its task as contributing to the elaboration of a growth strategy in which high rates of output growth correlate with high rates of employment growth." This then is the commission's starting point.

How does it propose achieving these objectives?

One of its main recommendations gets to the very heart of the current debate on the labour market, namely its flexibility.

In a flexible labour system, workers offer their labour for whatever price they are able to get in an open market.

South Africa's labour system, by contrast, has been criticised for being inflexible in that standards are set at so high a level that unemployed workers have little chance of benefiting from generally lower wages and from lower standards that would enable smaller employers, in particular, to take them on.

The commission calls for more "voice regulation" which is less formal regulation.

10% wage increase would mean 7% fewer jobs

"The International Labour Organisation argues, and the commission agrees, that excessively bureaucratic regulation is inimical to flexibility, while an over-reliance on market forces is incompatible with labour market security and may result in increased inequality. Voice regulation provides the best means of charting a course that avoids both of these undesirable outcomes."

The commission found unsurprisingly, that the "overall composition of economic activity in South Africa is unusually capital-intensive." This is a consequence of strategic choices made by policymakers of previous governments.

The new government has a different set of priorities, it argues. But large-scale capital intensive projects must not be ruled out because these create indirect employment opportunities and enhance skills.

One option appeared to be clustering ancillary industry around a large plant employing several hundred highly-paid workers.

But the general thrust is that "South Africa's industrial policymakers be required to account for their range of interventions with principal reference to their impact on the prospects for strengthening labour-intensive production".

The commission takes issue with the prevalent view that natural resource beneficiation can solve South Africa's unemployment problems, noting that the "possession of a particular mineral does not necessarily imply comparative advantage in its further processing".

The report notes that as South African firms will only be able to survive international competition if their costs and productivity are comparable to their international competitors.

This requires human resource development. South Africa' s recent record in training is not encouraging. The number of workers attaining artisan status fell from 12 933 in 1985 to 7 132 in 1990.

Some 38% of workers earn less than R970 a month

The commission recommends multi-skilling in which workers are equipped with a range of skills, adult basic education and training on full pay during work hours.

On wages, the commission found that 38% of South Africa's regular 7,4 million workers earn less than the Minimum Living Level of R970 a month. But the commission had to take into account the negative relationship between higher wages and employment levels, noting that a 10% wage increase would be accompanied by a 7% drop in jobs.

It came out in favour of minimum wages but said these were not a panacea for poverty. Nor did it call for one minimum wage but acknowledged there were sectoral differences.

Instead, sectoral minima should be set and negotiated between employers and workers represented at the Wage Board.

Exceptions should not be granted, given the flexible nature of the system being proposed.

The commission moves on to call for a National Productivity Campaign, adding that evidence suggests that a reduction in the working week should produce some increase in productivity.

The commission also came out in favour of multiple shifts but cautions against extensive requirements for additional remuneration.

Other aspects covered by the report are a proposed Social Plan which would help soften the blow of industrial restructuring.

This would be backed by a fund sourced in part by the National Public Works Programme.

But the centrepiece of the commission's recommendations is undoubtedly the National Accord for Employment and Growth.

This involves a set of agreements between labour, business and the government in which wages, prices and investment levels would be the subject of negotiated agreements.

The report notes: " An accord brings the social partners together to try to agree on a means to increase employment, raise real wage growth by reducing inflation, and increase investment in human and physical capital".

It concludes: "This strategy can only be successful if business, labour and government are all willing to enter serious discussion of wages, prices and investment at the national level".

Labour Minister Tito Mboweni will appoint a team to go through the report and to see what aspects should be included as policy.

Nedlac and NP welcome challenges contained in labour commission's report

(173) Star 21/6/96

By Jovial Rantao
Political Correspondent

The National Economic Development and Labour Council (Nedlac) and the National Party have both welcomed the Labour Market Commission's report, released on Wednesday.

Nedlac executive director Jayendra Naidoo said yesterday they "would be prepared to take on the challenge of negotiating a national Accord for Employment and Growth as recommended in the report".

He said: "We welcome the Labour Market Commission's comment that Nedlac represents one of the clearest expressions of the nation's commitment to a comprehensive and participatory democracy."

The NP said it had identified "positive ideas" in the report. These included the approach that the reformation of the labour market must be supported by a macro-economic and industrial policy aimed at growth and job creation.

The party welcomed the caution that a possible shortening of the working week must be introduced gradually and incrementally. "The impact of this on employment and productivity will be closely monitored," the NP said in a statement.

The 250-page study on all aspects of the labour market was welcomed by Labour Minister Tito Mboweni as well as by spokesmen for the Congress of South African Trade Unions, the South African Council of Business and the National African Federated Chambers of Commerce.

Released in Parliament on Wednesday, the report has proposed a national accord on wages, prices and investment levels to create jobs and generate economic growth.

Among the concrete proposals contained in the report are a social plan fund to assist workers affected by structural change and unemployment, a productivity campaign, minimum wage bands negotiated at industry and sectoral level, and affirmative action and employment equity.

'No easy answers'

M+G (BM) 21-27/6/96 (173)

A year in the making, the Labour report calls for still more negotiations on job creation, reports **Madeleine Wackernagel**

WHAT it lacks in clarity, it makes up for in substance. The 250-page Labour Market Commission report attempts to cover every aspect of labour and macro-economic policy, but may end up pleasing nobody. Indeed, economists were concerned that it failed to give sufficient backing to Finance Minister Trevor Manuel's growth strategy, unveiled a week ago.

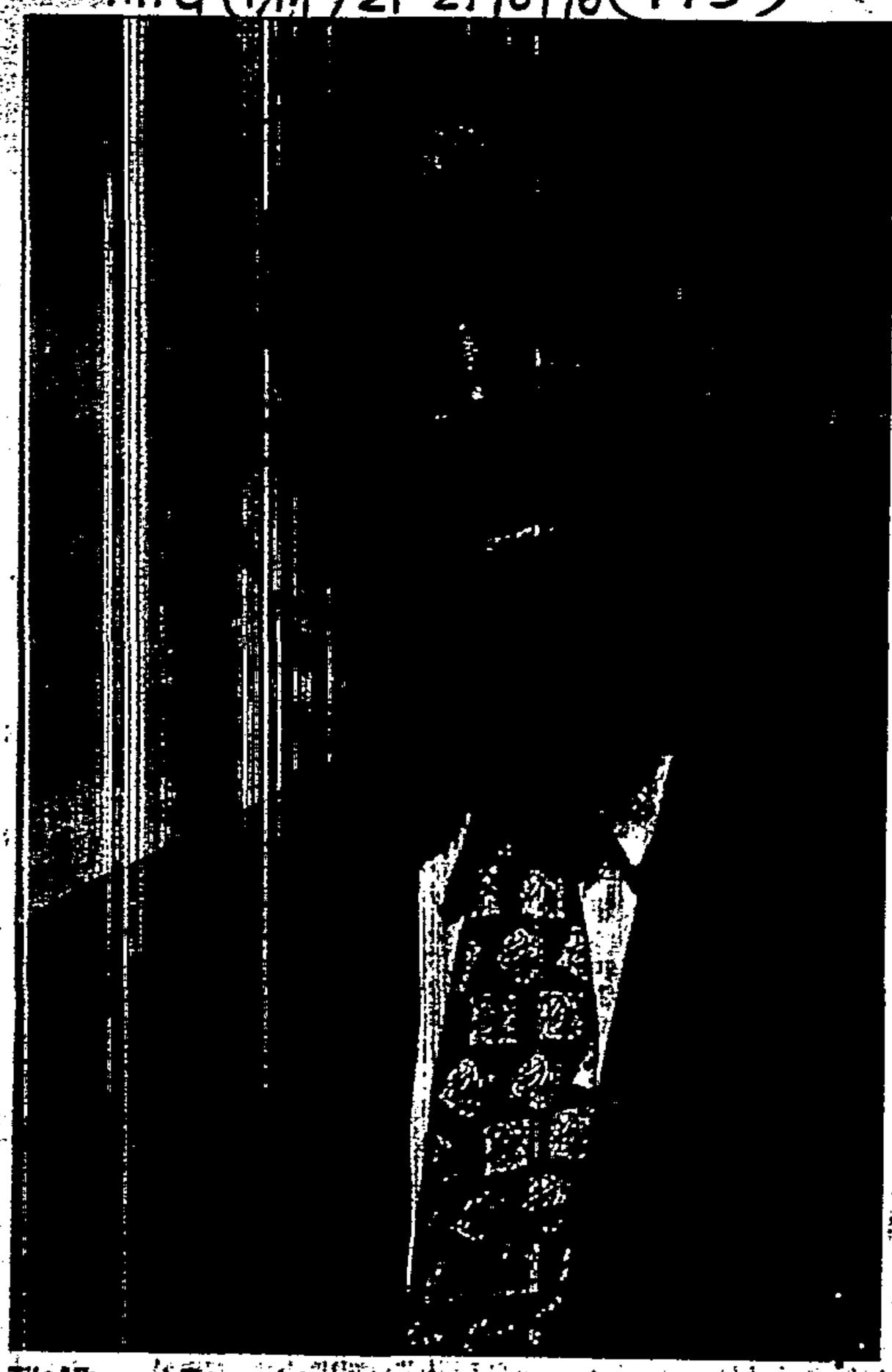
But the commission faced a tough challenge: how to reconcile the extreme income inequalities and high unemployment prevalent in South Africa with low levels of productivity and output — all in the context of a ceiling on wages and prices.

"There are no easy answers," says Zunaid Moolla, acting general manager of the National Institute for Economic Policy. "Investors must be able to operate and plan ahead with a given level of wages and prices. Plus, international competition will soon force down wages. But the need for some wage flexibility must be balanced against the need for social redress, otherwise we end up perpetuating the extreme inequalities in South Africa."

Amid repeated calls for action, not more words, economists were wary of yet another academic treatise: "We need whole-hearted support for Manuel's growth plan — for the sake of the country. We can't afford to fiddle around any more," said one analyst.

There was relief that the commission, appointed by Labour Minister Tito Mboweni, did not recommend a national minimum wage, although it did support a sectoral approach and regional minima. Says Azar Jammine, chief economist at Econometrix: "The report is reasonably favourable, not entirely pro-labour and not completely anti-business. But it does not address all the issues, in particular, the need for labour flexibility to get job creation off the ground."

ECONOMISTS ASSESS THE GROWTH PLAN — PAGE B2



Tito Mboweni: To appoint an internal committee to assess the Labour Market Commission report PHOTOGRAPH: HENNER FRANKENFELD

The commission is well aware that "labour market reform alone will not secure the realisation of society's twin objectives of job creation ... and the elimination of discrimination in access to this employment ... these objectives require complementary growth-oriented and labour-absorbing macro-economic and industrial policies ... It requires co-ordination between the social partners — business, labour and government."

Thus it calls on the president to urgently convene a jobs summit and seeks a "nationally negotiated accord around wages, prices, investment and other macro-economic variables".

The commission, co-chaired by Dave Lewis and Moss Ngoasheng, adviser to Deputy President Thabo Mbeki, is well aware of the need to strike a balance between the conflictual aims of labour and capital and sees the National Economic Development and Labour Council as the natural home for such discussions. But it fails to spell out the workings of the accord, while placing a heavy emphasis on the need for a negotiated settlement.

The South African Chamber of Business highlighted the potential inconsistencies between the commission's findings and Manuel's call for labour market flexibility. It recommended caution on the accord, too. "The efficacy of such an accord ... will have to be carefully assessed. An essential prerequisite would be a common economic vision between business and labour, which is unfortunately not yet in place."

Mboweni will now appoint an internal committee to assess the report, with a firm commitment on what the government will accept by the year-end.

'Emphasis on jobs', PAGE B3

ILO questions job numbers

Lynda Loxton

A CONTROVERSIAL study suggests South Africa's unemployment rate is not the highest in the world and averages 20% against the 32% quoted by most experts.

The International Labour Organisation (ILO) study recognises that unemployment is a problem, but is not the Sword of Damocles that has sent various government departments and unions scurrying around for solutions.

The ILO report rejects notions that South Africa suffers from "structural unemployment" as hazy and elastic and slams the figures produced by the most widely quoted October Household Survey as "distorted and an exaggeration".

It is hesitant about giving its own estimate on unemployment, but claims "one would not be far wrong in 'guesstimating' an unemployment rate of about 20%. Such a level is serious, but well short of the figure of 32% cited by politicians, economists and the media.

Blacks, youths and women should be granted special assistance "both in the labour market and through tackling barriers to their labour force entry and their access to employment," it says.

The report also warns about the likely short and medium term effects on unemployment of rapid trade liberalisation and market reform.

Why attitudes must change on productivity

173

MHG (PM) 21-27/6/96

TO compete in the increasingly interconnected and competitive world economy, South Africa will have to improve its productivity. The problem is that both workers and middle management are highly suspicious about the very concept, fearing for their jobs and influence.

But the Labour Market Commission says business and labour have little choice but to change their attitudes towards productivity.

It said that although some firms had become more conscious of the need to improve productivity because of the opening up of the economy, there was still "widespread antipathy" to the idea.

Several submissions to the commission had indicated that this antipathy was based on fears that introducing changes in work organisation or technology would lead to significant job losses.

This was exacerbated by adverserial relations between management and unions, low skills levels among workers and a lack of management skills.

The commission said this highlighted the need for more training, a move to multi-shifts, greater cooperation through workplace forums and the revision of the role of the National Productivity Institute (NPI).

The NPI's board should be more broadly representative of business and labour, and the commission said it did not think the NPI should be involved in private sector consultancy services.

It should also not be responsible for collecting data on productivity "given that measures of productivity and the interpretation of productivity performance are highly contentious issues".

Instead, the NPI should be involved in the extensive promotion of productivity issues, and the commission said it should investigate whether it would be necessary to run a high profile campaign on productivity.

The commission also supported plans by the Ministry of Labour to replace the Basic Conditions of Employment Act and the Wage Act with a new Employment Standards Statute to concentrate more on promoting productivity.

Accord arouses (173) Cosatu suspicions

BD 21/6/96

Renee Grawitzky

COSATU came out strongly yesterday against a social accord proposed by the labour market commission for employment and growth, and said government apparently wanted to ensure workers accepted a wage restraint.

The union federation said it would resist any attempts to undermine the provisions of the Labour Relations Act in view of recommendations to amend the Act's section relating to the extension of bargaining council agreements to non-parties.

"The parties who negotiated the LRA (including the government) found a formula that represented a working compromise," Cosatu said.

The move towards an accord was one of the central recommendations from the commission's report on a labour market policy presented this week to President Nelson Mandela and Labour Minister Tito Mboweni.

Cosatu said: "We hope that our suspicions are wrong and this wage moderation does not mean a wage restraint. If it does, the authors would have discredited the whole idea of getting agreements between labour, business and government on specific social and economic issues."

Recommendations around labour market flexibility were also criticised. "We hope this flexibility is not the same as proposed in the SA Foundation document. However, we have reason to suspect that though it may not be the same thing it is something close to that concept," Cosatu said.

National Economic Development and Labour Council (Nedlac) executive director Jayendra Naidoo welcomed the report yesterday, saying the success of a national accord would depend on the commitment of the partners.

Naidoo said "we welcome the commission's comment that Nedlac represents one of the clearest expressions of the nation's commitment to a comprehensive and participatory democracy."

Meanwhile, the Afrikaanse Handelsinstituut welcomed any initiatives aimed at alleviating unemployment and favoured the commission's proposal that a balance should be found between job creation, work security with reasonable remuneration and the competitiveness of businesses.

John Dludlu reports that Sacob has cautiously welcomed the report, saying the paper would serve as an important input into the national debate on economic and labour market policy.

The chamber said "particular attention" would have to be given to the extent to which the report was consistent with the goals of government's macro-economic plan, especially the labour market flexibility part.

"The extent to which global competitiveness, growth and job creation are in practice promoted will be among the important tests which business will apply to the commission's key recommendations," it said.

A spokesman for the Small Business Project said the report had considered small business, but not as extensively as it should have done.

Lynda Loxton reviews the Labour Market Comm

(173)

'Emphasis must be on jobs, not capital'

M+G 21-27/6/96 (BM)

THE Labour Market Commission has sharply criticised South Africa's obsession with huge capital-intensive projects rather than more labour-intensive projects.

South African manufacturing was dominated "to an unusual degree" by highly capital-intensive sectors such as commodity chemicals, electricity generation and non-ferrous metals. Even services and agriculture were capital intensive.

At the same time, there was significant under-investment in sectors such as clothing, footwear, furniture and tourism, with very little participation by small- to medium-sized firms.

South Africa's high capital intensity was, in part, due to the emergence of large and powerful public and private sector conglomerates that "have become deeply locked into our economic structure and will resist policy interventions that attempt to transform it". These had developed because of sanctions and the need to ensure self-sufficiency, while gaining access to secure sources of foreign exchange.

The new government had an entirely different set of priorities and concerns, not least job creation for the large pool of unskilled and semi-skilled labour and the better use of capital and skilled labour.

This did not imply that government should not support large projects now being planned, but "every effort" should be made to ensure that as many upstream and downstream jobs as possible were created at the same time.

"The current focus on development corridors clearly represents an attempt to generate sustainable employment clustered around infrastructural development and is welcomed," the commission said.

The move to create more jobs should be accompanied by specific policy measures aimed at dealing with the "notoriously weak competition policy", state purchasing that favoured large firms, export incentives biased against small firms and inadequate training for small business.

The commission warned, however, that "the labour market cannot, and should not, be expected to bear the full brunt of the adjustment alone".

As long as industries continued to benefit from subsidised electricity and finance, labour would continue to be a relatively costly input, which could lead to demands for wage cuts in return for employing more people.

'The focus on development corridors represents an attempt to generate sustainable employment'

The commission said these factors appeared to be recognised in government's present approach to industrial policy, but it expressed concern that it was not focused enough on the efficient and effective use of scarce capital resources.

It urged that the Industrial Development Corporation be forced to refocus its activities. It recognised that this "may be akin to turning a supertanker", but said it should focus more on job creation.

"A disproportionate share of its resources is devoted to very large highly capital-intensive projects, generally in partnership with a predictable array of well-resourced corporations," the commission said.

Key to any attempt to move towards labour-intensive policies would be concerted efforts to improve productivity and link that to wages.

"In fact, as the South African economy becomes more open to international competition, firms will only be able to survive if their costs and productivity are comparable to those of their major international competitors," the commission said.

The commission said there was no clear evidence that South African wages were out of sync with the rest of the world, but there was no room for complacency. Productivity had to be improved through the introduction of training programmes, multi-shift systems and the development of new products.

Big business could at the same time encourage the development of small and medium enterprises by sub-contracting out work. Unions have been somewhat uneasy with the idea, fearing that sub-contractors might be exploited at the expense of workers, but the commission warned against unions trying to ban sub-contracting and business against promoting the proliferation of sweatshops.

Catching the Jet stream

(173)

BT(BR) 21/6/96

So, is automated equities trade making the stock market more volatile, or less? Players disagree. From the "more volatile" camp: "Often the large broking firms come in with futures-related baskets (of equities) to buy and they take the market up. The other people miss and panic, and that has a snowball effect," a trader says.

One of the keys to trading on the new Jet system is getting your order in quickly, preferably first. The first-come-first-served rule on Jet, as opposed to brokers' discretion in fulfilling orders in the old open-outcry market, puts the priority on "not missing" the automatic movements in the market, as the system matches buyers and sellers itself, electronically. When industrial stocks crossed over to Jet on June 3, pre-trading, or the time during which orders could be input into the system, started at 6:00am, rather than the usual 8:45am. And still some orders were going in at 9:30am, traders said. That day's 40-point swing in industrials would have been halved back on the floor, one said.

That was just a teething problem, says the less-volatile camp. Another trader from their ranks says: "On the old system, you could put up a price, but no one knew how much you wanted to buy. (On Jet, all traders can see how much is bid and asked on their screens, at all times). On the new system, if you are going to buy only a hundred shares, people aren't going to take you seriously. Before, they didn't know." The transparency of Jet gives better information, its proponents say, than the open-outcry market, and therefore makes for smoother, though quicker, trade.

Gentech

Gentech shareholders, deeply concerned over the future of their company following two successive years of huge losses, are offered scant solace in the operational review of Gentech contained in the Ventron/Altron annual report. Indeed, the comments contained therein serve to confuse rather than enlighten.

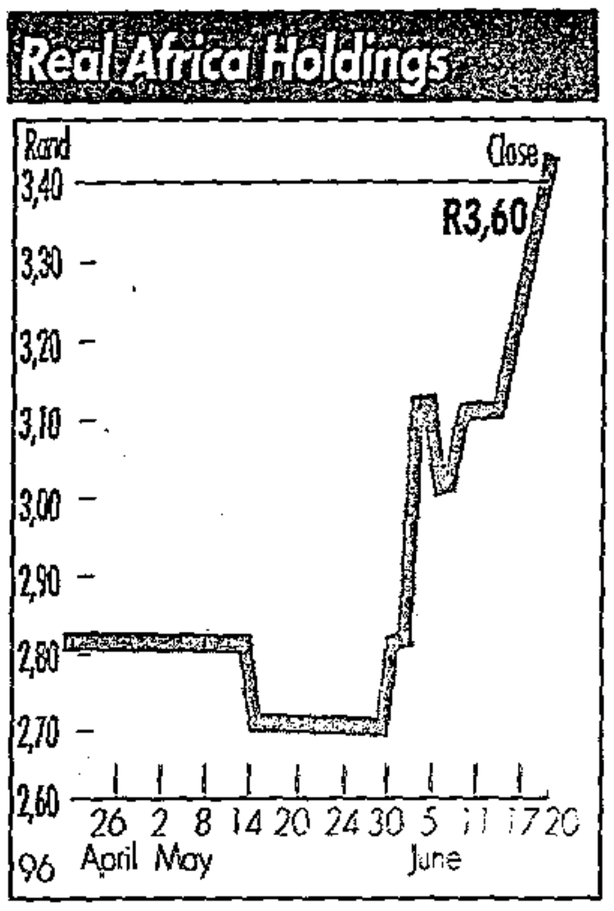
According to one paragraph: "Despite the poor financial results, Gentech has improved its market share in both refrigeration and laundry products, which should be reflected in the new financial year."

The following paragraph draws attention to the May 9 cautionary which referred to "advanced stage" negotiations aimed at "ensuring the long-term future of Gentech". It is now a month and a half since the cautionary and nary a word from Gentech on those "advanced" negotiations. Are shareholders to assume they have fallen through, especially since the chairman's statement was categorical: "Gentech will be turned around"? What has become of transparency and shareholders' right to know?

RAH

The star in Real Africa Holdings' (RAH) portfolio is proving to be the 30 percent stake in Lifecare that RAH bought for R90 million in April last year.

The acquisition was funded with cash resources — R40 million — and the issue of preference shares. On the basis of a pre-determined price-to-earnings rating, RAH values this asset at R126 million. It contributed R15,8 million of RAH's R40,6 million total attributable earnings, making it the single largest earnings contributor in the group.



RAH chairman Don Ncube has indicated that the group will soon exercise its option to acquire an additional 15 percent of Lifecare. This seems certain to ensure that earnings from healthcare will soon considerably exceed earnings from life assurance. Although a much lower profile operation than its other assets the Lifecare investment looks set to be a real winner for RAH.

It owns or manages 41 medical facilities. Most of its clinics and hospitals have contracts with government or municipal health authorities. For this reason alone the fact that RAH, which is seen as a black economic empowerment group, owns a considerable stake should ensure that its involvement will add value.

Competition Board

The Competition Board's investigation into the paper and packaging industry is to be welcomed. For one thing, the alleged existence of a packaging cartel which inflates input costs across all economic sectors is an unnecessary burden to manufacturers struggling to become internationally competitive.

On another level, collusion in any form is a barrier to the opening up of the sector to small and medium enterprises. If the government's commitment to job creation through the promotion of small business is sincere, the investigation into this sector needs to go far deeper. The arguably monopolistic dealings of paper giants Mondi and Sappi also need to be questioned. What is needed, on a macro level, is effective anti-trust legislation aimed not only at preventing oligopolies from forming, but dismantling those which already exist.

Labour Commission

Most press comment yesterday on the labour market commission report focused on the call for a wages and prices deal. What was most striking about the report was, in fact, the coincidence between it and the government's economic growth strategy, released a few days earlier — both call for wage flexibility, a "social" (or wages and prices) pact, productivity-led wage rises and the like.

There is no mystery to this. The government has simply learned the value of its right hand knowing what the left is doing. In drawing up its growth plan, the finance ministry took the highly unusual step of actually speaking to other ministries about anything they were planning to announce. Thus, we have two major reports on the future of the economy released within days of each other which leave no room for speculators to find and exploit contradiction. It matters.

Some of the labour recommendations were fascinating — asking for South Africa to slow down the rate at which it opens its borders to immigrants — and others were not. Asking the president — he convened the commission, not Tito Mboweni as we reported yesterday — to convene a jobs summit seems to be both an overdramatic and empty headline grabber. It is clearly the growth plan that needs to take the lead here. The labour report would have been helpful to Mboweni on affirmative action and this is where he will most probably draw most use from it.

Labour body unveils proposals

(173) ST 23/6/96

By CAROL PATON

AN IN-depth report on South Africa's labour market presented to government this week has recommended a range of measures to encourage the creation of "more jobs and better jobs" and a more flexible labour market.

The labour market commission was appointed by President Nelson Mandela in May last year to find ways of overcoming the problems in the labour market of inequality, low productivity and discrimination, and the effect of the labour market on the creation of jobs.

The commission, comprising economists, unionists and businessmen and chaired by government special advisers Dave Lewis and Moss Ngoasheng, made the following proposals:

- A social accord on wages, prices and investment should be negotiated between government, labour and business. The accord, which should be initiated by the President at a presidential jobs summit, would bring greater stability to the economy and be an "employment friendly" way of fighting inflation. It would provide a way for workers, investors and consumers to share in gains from improved productivity;
- While strongly supporting collective bargaining, the commission believed that bargaining councils should be decentralised where appropriate and should not be too broad. They should set "less onerous" schedules for small and medium enterprises and a trainee wage for new entrants into industry. The minister of labour should be given greater discretion in extending agreements to parties outside of the bargaining council and must consider the impact of this on employment levels;
- Minimum wages should continue to be set by the Wage Board for specific sectors;
- Industrial policy should explicitly target labour intensive areas of the economy and small- and medium-sized enterprises;
- There is an urgent need to enhance the skills of the workforce and improve productivity through worker participation, workplace forums and training;
- The introduction of more shifts to improve productivity and job-sharing to create jobs;
- Employees should be given the right to social plan negotiations and a social plan fund should be established;
- The payment of UIF should be extended to all salaried employees and insurance should cover as many people as possible;
- The setting of affirmative action targets by all companies; and
- A thorough review of migration policy which would, among other criteria, give residents in Southern Africa preferential access to the labour market.

The commission also cautioned against proposals contained in the Employment Standards Statute to raise minimum standards and shorten the working week.

Bold steps needed to match bold economic strategy

(173) ST(BT) 23/6/96

Job creation is at the heart of the government's new economic thrust. Will it succeed? **SVEN LUNSCHE** expresses a number of reservations.

BARELY two months after taking office, Finance Minister Trevor Manuel has put his political career on the line. His economic blueprint for South Africa's salvation — growth, employment and redistribution — is investor friendly and responds to many of the concerns expressed by the business community in recent months.

Mr Manuel has put his programme's commitments and aims up on billboards for everyone to see. In the first year failure to achieve many of the targets will be looked upon leniently. In the second year, however, his term of office could well be over.

But at stake is not only the career of a well-meaning and hard-working public servant. If the government fails in its plan further unemployment is inevitable and with it any chances of restoring a measure of social stability.

Mr Manuel warns of the dire consequences of failure: "Even in the context of 3% growth.., it is doubtful whether annual job creation much in excess of 100 000 an annum would be possible over the next five years. Unemployment would then rise by some 5% to about 37% in the year 2000."

Over the next five years the model sees 1,35-million new jobs being created of which 833 000 will be the result of the proposed reforms. This is not that amibitious and relies on a 2,9% employment growth rate each year until the year 2000, just about enough to absorb new job seekers and to make a small dent in the jobless pool.

However, judging from the ever-declining labour absorption capacity of the economy it is a tall order. The strategy relies on three components: Of the 833 000 jobs, just over a third (308 000) will result from higher economic growth, 325 000 from "changes in the flexibility of labour markets" and just over 200 000 from "government-induced employment".

Each of these three factors need to be examined.

Economic growth

The model predicts average GDP growth of 4,2% each year if the strategy is implemented to the letter. The job potential will derive from strong investment growth by the private and public sector, as well as 8,4% yearly growth in non-gold exports.

Rightly, the government is cautious about a fully-fledged return of foreign direct investment and only forecasts average annual inflows totalling $500-million.

Can this investment growth materialise? The supply-side measures announced — greater depreciation allowances and tax holidays — offer some incentives, but most investors are primarily concerned about a healthy return on their investments. Tax incentives are a minor part of this equation; more important are economic, political and labour stability and here the model falls short.

Public sector jobs

The creation of about 200 000 jobs in the public sector is counterpoised by a strong commitment to fiscal discipline, as embodied in the proposed cut in the deficit before borrowing from 5,1% of GDP in 1996 to 3% in 2000.

The savings will be achieved via a new commitment to reduced spending and the gradual reduction in staff complements, such as 40 000 proposed cuts in the defence force. Immediate savings of up to R2-billion a year can be achieved by eliminating 50 000 of the 135 000 unfilled posts.

Growth in public sector jobs will come from improved services at local government level which, according to the model, will lead to 50 000 to 100 000 new jobs by the year 2000. Increased capital spending by the public sector should create the remaining 100 000 jobs, based on the assumption that R1-billion in labour-intensive investments leads to about 20 000 new jobs. With investment spending expected to rise by 8% an annum, the targets appear reachable if the government achieves the savings necessary to release the funds needed.

Labour market reform

The most controversial aspect of Mr Manuel's plan is his call for a more flexible labour market. This week his policy was fleshed out by the Labour Market Commission which recommended less rigid labour legislation in order to boost job creation.

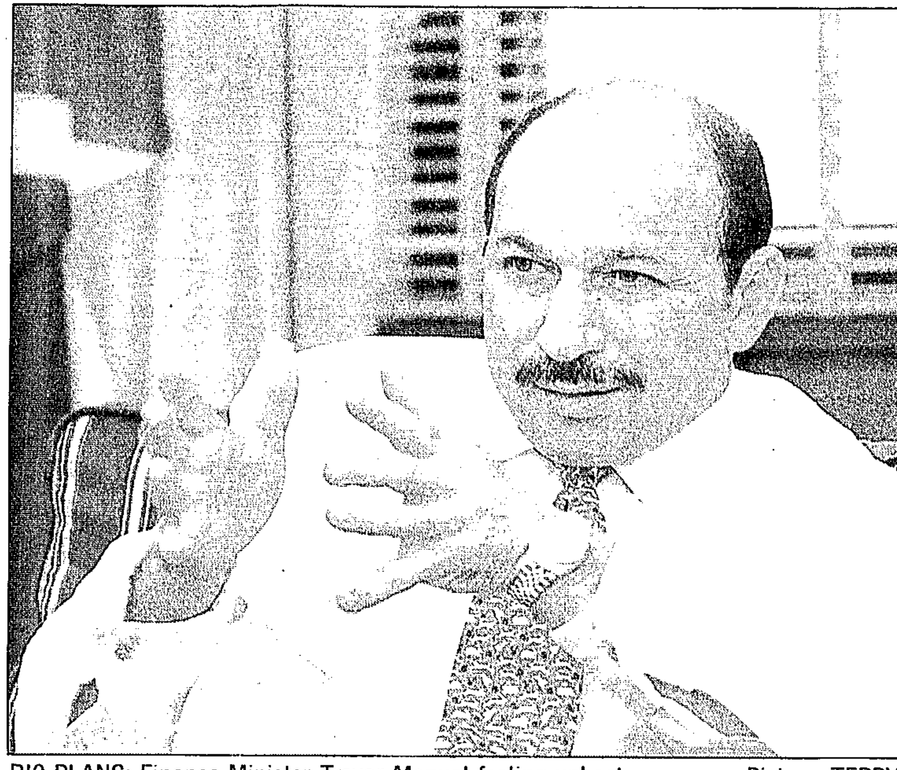
"As South Africa proceeds with trade liberalisation and adapts to international competition, downward pressure will be placed on unskilled wages. If this is not accommodated by the labour market, then unemployment will rise," warns Mr Manuel. And in an unprecedented attack on labour's strategies, he says "it is likely that wage bargaining in unionised sectors has contributed somewhat to the slowdown in employment".

The plan and the Labour Market Commission outline a number of significant reforms to improve productivity and achieve more flexible industrial relations:

- A social summit to achieve wage restraint from labour and price restraint from business.
- Setting sector-based standards rather than introducing nation-wide minimum wages.
- A reduction in real wage increases in the private sector from 1,4% to 0,7% per annum.
- Industry wide agreements should be extended to non-parties only if job losses are avoided. The Labour Market Commission recommends amendments to the Labour Relations Act to give the Labour Minister discretion on whether to extend agreements.
- Wage agreements must be sensitive to regional labour market conditions.
- Less onerous wage schedules for young trainess and increased incentives for more shifts.

The success of labour market reform will depend on its swift and efficient implementation. Apart from the political diffic confronting the ANC's partner Cosatu, many will be limited by existir legislation.

Mr Manuel is adam "laws can be changed, sary". But until the ANC to move ahead decisivel be judged by its dism record — and that bodes economic growth strate



BIG PLANS: Finance Minister Trevor Manuel feeling upbeat Picture: TERRY

MANUEL'S SCENARIO PROJECTIONS: 1996 - 2000

Model characteristics	1996	1997	1998	1999	2000	Average
Fiscal deficit (% of GDP) (fiscal year)	5,1	4,0	3,5	3,0	3,0	3,7
Real government consumption (% of GDP)	19,9	19,5	19,0	18,5	18,1	19,0
Average tariff (% of imports)	10,0	8,0	7,0	7,0	6,0	7,6
Average real wage growth, private sector	-0,5	1,0	1,0	1,0	1,0	0,8
Average real wage growth, government sector	4,4	0,7	0,4	0,8	0,4	1,3
Real effective exchange rate (% change)	-8,5	-0,3	0,0	0,0	0,0	-1,8
Real bank rate	7,0	5,0	4,0	3,0	3,0	4,4
Real government investment growth	3,4	2,7	5,4	7,5	16,7	7,1
Real parastatal investment growth	3,0	5,0	10,0	10,0	10,0	7,6
Real private investment growth	9,3	9,1	9,3	13,9	17,0	11,7
Real non-gold export growth	9,1	8,0	7,0	7,8	10,2	8,4
Additional foreign direct investment (US$ m)	155	365	504	716	804	509
Results						
GDP growth	3,5	2,9	3,8	4,9	6,1	4,2
Inflation (CPI)	8,0	9,7	8,1	7,7	7,6	8,2
Employment growth (non-agricultural formal)	1,3	3,0	2,7	3,5	4,3	2,9
New jobs per year ('000)	126	252	246	320	409	270
Current account deficit (% of GDP)	2,2	2,0	2,2	2,5	3,1	2,4
Real export growth, manufacturing	10,3	12,2	8,3	10,5	12,8	10,8
Gross private savings (% of GDP)	20,5	21,0	21,2	21,5	21,9	21,2
Government dissavings (% of GDP)	3,1	2,3	1,7	0,7	0,6	1,9

Graphic: FIONA KRISCH Source: DEPARTMENT OF FINANCE

It should have been his moment of glory, but Labour Minister Tito Mboweni was unusually reticent during the release of government's new labour market policy this week. CAROL PATON looks for answers in the bold new policy

The report that stole Mboweni's labour thunder

(173) ST 23/6/96

TITO MBOWENI is a man who enjoys the public spotlight. But this week, greeting the findings of a year-long commission into the labour market, the minister of labour became unusually camera shy.

The commission's overarching recommendation — for a social accord to hold down wages in return for lower prices — did not meet with much enthusiasm from the minister.

Less surprisingly, neither was it greeted enthusiastically by the representatives of labour and business, who solemnly promised to scrutinise the findings.

The commission's suggestion was bold: business and labour should suspend their short-term interests in favour of the national good.

Mr Mboweni sums it up: "When you go to the supermarket, you don't go shopping as a nation — you go shopping as an individual consumer. These are very difficult questions that you have to put before people."

But the question has already been posed, both by the government's new macroeconomic policy document and by the labour market commission.

Mr Mboweni does not disagree with the idea of an accord. He was first to raise publicly the idea of an accord when he spoke at the National Economic Development and Labour Council (Nedlac) summit at the beginning of June.

However, given the chance, he might have come up with something a little different.

"It's incorrect to say that government is not enthusiastic about the report," he said later. "These are proposals that call for sober assessment and analysis. I don't expect there will be any major disagreement between me and the commission. However, the content is something that we must study.

"If there had not been a report from the commission perhaps we could have developed some of the ideas that I have. But now that we have a report, it's better to study it and then make up our minds."

The commission, appointed by President Nelson Mandela in May last year, comprised a spread of people including businessmen, economists and unionists, and was co-chaired by Mr Mboweni's special adviser, Dave Lewis, and Moss Ngoasheng, special adviser to Deputy President Thabo Mbeki. Its brief was to find ways to "create more jobs and better jobs".

It was to suggest ways of transforming the labour market, which was riddled with problems like drastic inequality, a skills shortage, low productivity, and racial and gender discrimination.

Over the year that the commission sat, public debate on the state of the labour market heated up. Growth was restored to the economy but few jobs were created. Criticism mounted from business that the highly regulated labour market was responsible for jobless growth.

Labour viewed this call for greater flexibility as an attack on job security and trade union rights, and the idea of labour market reform became increasingly conflictual and controversial.

So it was not surprising that the report — which tries to extend the labour market institutions to cover more people while simultaneously allowing more flexibility — was not greeted with immediate enthusiasm from either business or labour.

And Mr Mboweni, who has loudly criticised the SA Foundation's proposals for labour market flexibility and who has proposed raising minimum labour standards, must make some difficult decisions.

The commission has not only stolen a bit of Mr Mboweni's thunder by making its own proposals about an accord, but in effect is suggesting that recent legislative proposals made by Mr Mboweni be reviewed.

The impact on productivity of his Employment Standards Statute, still in green paper form and being hotly debated at Nedlac, should be "carefully monitored", particularly the proposal to shorten the working week to 40 hours.

The Labour Relations Act, which he brokered to much acclaim in June last year, could also face amendment. A contentious recommendation states that the minister of labour should be given greater discretion when deciding whether to extend industrial council agreements to parties (usually smaller enterprises) outside the council so that "less onerous" schedules for small and medium enterprises can be negotiated.

THE commission suggests that the minister must take account of the possible effect of extending agreements on employment levels. It also recommends lower wage-entry levels for trainees.

These are the central recommendations for reforms and will contribute to creating a more adaptable labour market.

Mr Mboweni agrees that many of the recommendations help to fill some of the policy gaps. But none would transform industrial relations and collective bargaining as would a tripartite deal over wages, prices and investment decisions.

In such a deal, argues the commission, labour would bring wage restraint to the table. Business, or at least leading corporations, would bring a commitment to keep prices down and would put their investment decisions up for negotiation. Government would bring the "social wage" — things like housing, health and development, already being negotiated at Nedlac.

If labour and business were to bring their "big issues" to the table, negotiations over public policy would become less of a one-way street — Mr Mboweni's central point to the Nedlac summit.

Certainty on wages would also bring desperately needed stability to the economy especially from the point of view of investors, argue the commissioners.

Keeping wages and prices down through an accord is also "an employment-friendly way of fighting inflation". It would temper the austerity proposed by the macroeconomic strategy document, which, the commission fears, could dampen job creation by dampening demand.

The suspension of short-term interests in a society like South Africa, where collective bargaining is strong, would bring dramatic change to the conduct of industrial relations. Trade unions fear that an accord would add up to little more than wage restraint. Initial responses from the Federation of South African Labour Unions and the Congress of South African Trade Unions have been that unions need to know "what we are being asked to give up and what we will get in return".

These fears have some basis. It is a lot easier to envisage how wage restraint would work than to conceive of mechanisms for price moderation.

In a qualifying comment in the report, the commissioners from the business sector, Nic Segal and Andre Lamprecht, express reservations that decisions on pricing and investment — which are usually based on the market — could easily be taken at the level of national, tripartite negotiations.

The perception that an accord would have the overriding effect of curbing union power is something that Mr Mboweni wants to avoid.

"Whatever we do we must ensure that collective bargaining is alive and well, and that democratic participation by workers remains in place," he says.

He also warns that asking the poor to put less in their shopping baskets will not wash as the basis for a social accord.

"Instead, when conditions lead to a lowering of wages people will have to hedge their bets to compensate," he says.

IN THE light of the contest over labour market policy and the public war of words between business and labour in recent months, the commission has suggested that the accord be initiated by the President, who should call a presidential jobs summit.

A national accord would be developed at this level, and it could be given meaningful interpretation at the level of firm, sector or region.

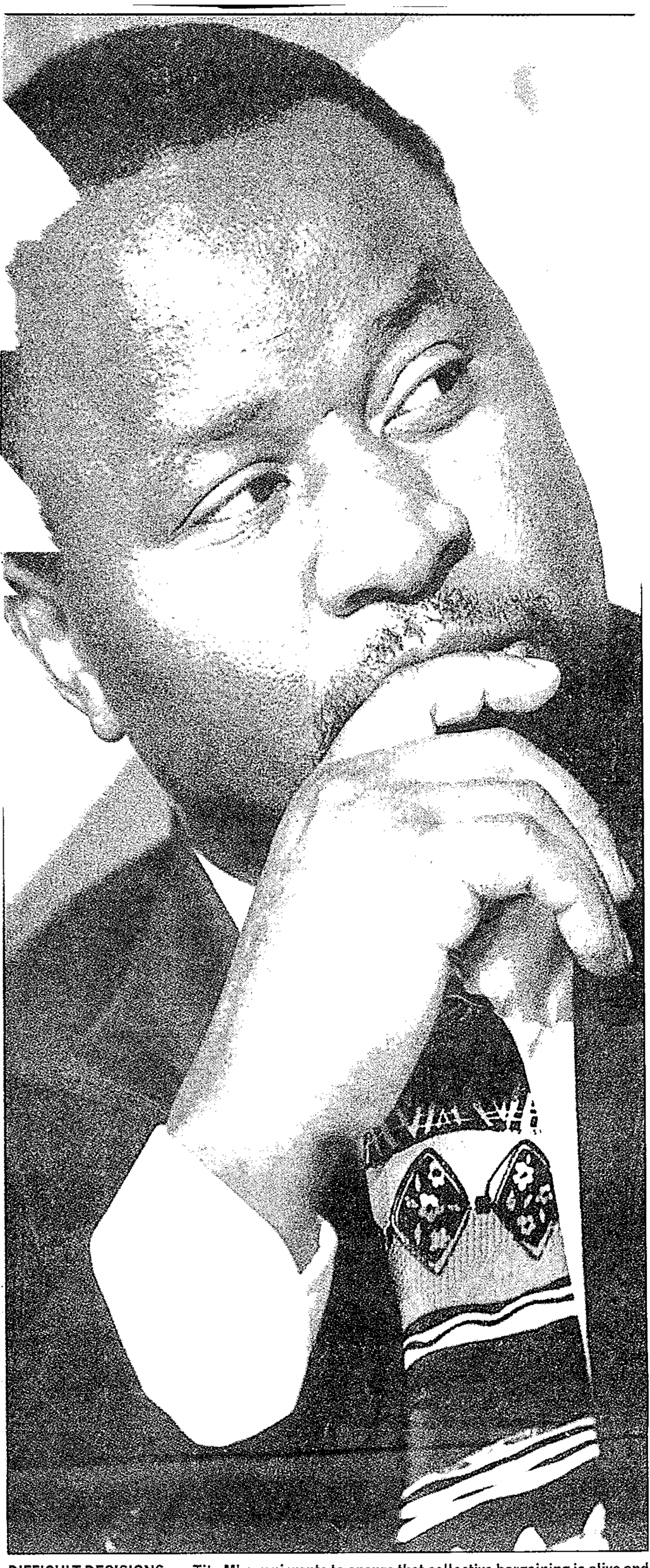
Put in this way, the jobs summit is a proposal that will be difficult to ignore, no matter how sceptical the partners, or even government, are.

Further negotiation over an accord would then take place in Nedlac, the commission recommends — raising the spectre of more slow and endless negotiations.

This week Mr Mboweni will put in place a working group to process the commission's report and draw up a "tight, well considered set of recommendations".

He also would like to allow time for public debate, the need for which all parties have agreed.

While business, labour and the government might not be ready to go shopping together, at least they are prepared to talk about it.



DIFFICULT DECISIONS . . . Tito Mboweni wants to ensure that collective bargaining is alive and well, and that participation by workers remains in place Picture: TERRY SHEAN

SOUTH AFRICA'S NATIONAL FINANCIAL DAILY

MONDAY, JUNE 24 1996

Mboweni backs jobs summit and social accord despite Cosatu's protests

(BR) CT 24/6/96 (173) (182)

By Christo Volschenk
ECONOMICS EDITOR

Cape Town — Tito Mboweni, the minister of labour, has supported the labour market commission's proposal for a jobs summit as a forerunner to negotiations between the government, labour and business to conclude a social accord.

This was in spite of Cosatu's opposition to the idea of a jobs summit and a social accord, because it would require labour to practise wage restraint.

The labour market commission proposed last week that a jobs summit be called by the government to draw up the agenda for negotiations to lead to a social accord between the social partners.

The social accord will require each of the three social partners to make certain wage, price and incomes sacrifices in the interest of job-creating growth.

On Friday, Mboweni said that a small team of experts would be appointed shortly to decide which of the labour market commission proposals to accept.

The team would be mainly from the department of labour.

It would also decide on the jobs summit proposal.

On Friday Mboweni said: "As far as I am concerned the jobs summit is a sound and reasonable suggestion and it is compatible with government's macro-economic policy framework. My feeling is that government should push ahead with a jobs summit."

Cosatu said on Friday that it was opposed to the idea of a jobs summit and a social accord because it would require of labour to practise wage restraint.

Mboweni said some proposals in the labour market commission report were critical.

The team would handle them with urgency.

"The jobs summit proposal is one of the more urgent issues."

He said Dave Lewis and Moss Ngoasheng, the co-chairmen of the labour market commission, would definitely be included in the team of experts.

Courtesy of the Financial Times

Short-term strategy key to job creation

(173) BD 25/6/96

Brian Craig

MUCH has been written and said recently about the failure of the economy to create jobs in the formal sector at a rate equivalent to the growth in the labour force.

Government, organised labour and the private sector agree that public enemy number one is unemployment. All have pointed out the serious threat to political and economic stability if the economy continues to shed jobs while increasing output. Labour and big business have unveiled strategies to combat this structural problem — with significant differences in approach.

The answer would seem rather simple — neither one alone can create sustainable employment in the short term, given the structural economic realities facing the economy.

Deputy President Thabo Mbeki, unveiling government's growth and development strategy, points out the economic conditions needed, and stresses the need for effective state spending.

Market wisdom

The SA Foundation's Growth for All document argues that conventional market wisdom must — and indeed will — prevail to correct imbalances in the long run, but that the state must create a market-friendly environment to allow the market mechanism to operate efficiently.

Both agree on the broad aims, but are presently fundamentally opposed over implementation of a more employment-intensive growth strategy.

Over time, as social conditions (hopefully) improve and both politicians and business leaders become more efficient managers in an environment where pure application of either philosophy is impossible, the problem of unemployment may cease to be the "sword of Damocles" poised over heads of politicians and captains of industry.

I stress "may" — a wise old social scientist once said that preoccupation with long-term solutions was fatal for economic management. "In the long run we are all dead."

The success of any long-term solution, whether government or private sector-led, depends upon a window of opportunity being created to allow the mix of market-related and state-sponsored employment policies to weave its magic, and provide evidence of employment creation. So short-term management is the key to a long-term solution.

So how do we then buy ourselves this breathing space in the short-term?

The answer is not at all easy, and is made further complicated by worrying trends in the nature of our labour force.

The Growth for All document informs us that unemployment is highest among unskilled workers, and even those able to find at least some income-generating activity in the informal sector will earn at most half of what a comparable formal-sector worker receives.

Perhaps the most damning trend is the fact that, according to the World Bank, SA males aged 15 to 64 have one of the lowest labour force participation rates in the world. This surely further highlights the economy's failure to motivate our pool of human resources to at least continue the job search.

So what must be done in the short-term? Part of the answer is an effective partnership between government and the private sector — to facilitate massive growth in low-wage "formal" sector jobs via public works programmes.

Again, this is nothing that has not been said before. The difference now, however, is that state-sponsored public works programmes must be supplemented by private-sector participation, and accompanied by local economic development for the community likely to be served by a programme of basic infrastructural provision.

Very often, the stress in project management has been on the private sector contractor or the state as developer, leaving out the cohesive and supportive nature of community structures, especially in rural areas.

Advantages here are that the state will maximise the income injection into communities where rigid adherence to a non-market related price for labour is of lesser concern than regular income, albeit for a limited duration.

Where the project can generate a commercial benefit, the private sector must be encouraged to provide an equity partner, not with the state per se, but again with those communities providing the work force, the demand for the good or service, or both.

Consequently, the role of the state must be to spend the money most effectively by maximising the amount of rural poor to be included.

Not spending enough is just as reckless as spending too much — especially where studies have shown rural or peri-urban spending patterns do more to support local industry and create multiplier effects back into the local community than in urban settings.

This approach to public works programmes does not require any substantially new thinking. Organisations such as the Independent Development Trust have undertaken similar initiatives which could be classified as employment creation or public works.

The idea would be to locate the respective competencies for project implementation with entities which make the most logical sense.

If government has funds to disburse, then find the most appropriate and practical vehicle. Let the private sector and community partnership manage the project, if that is what is needed for effective delivery.

If local government exists, let the project be an opportunity for capacity building where seconded or full-time private sector managers transfer managerial competencies to those who wish to learn.

Avoid waste

Experience has shown that use of existing community structures and local knowledge can help avoid waste of time and effort (very often duplicated).

The danger in this approach would be to try to over-research, plan for every eventuality, and generally waste time and money in the initial drafting stage in Pretoria or provincial government, whereas — if there is to be some degree of wastage — "waste" it by employing someone, and allowing an income flow into rural communities.

However the concept is marketed, the basic truth remains — without short-term demand-side measures, initially sponsored by the state and with private sector and community participation, the notion of social stability providing the foundation for economic growth and formal sector employment creation is doomed to remain exactly that: yet another notion in the already extensive portfolio of a development paradigm dismissively referred to in certain quarters as "Rumours, Dreams and Plans".

Craig is senior manager, economics, at the National Business Initiative.

Cosatu inhibits growth — report

BD 26/6/96 (173)

Melanie Sergeant

MUNICH — Cosatu is a "labour aristocracy", contributes significantly to the labour market's rigidity and inhibits growth, a report to be launched today in Germany and London says.

The report, sponsored by Dresdner Bank, the International Bank of Southern Africa, Chase Manhattan and Guinness Mahon, was authored by UCT's Prof David Welsh and former Sowetan and Argus political journalist Vuyo Bavuma.

Denis Worrall's company Omega Investment Research will launch the report, Investing in SA — The Opportunities and Political Risks: 1996 and Beyond, to a high-profile investment audience at Dresdner Bank in Frankfurt.

SA's new economic policy guidelines, launched last Friday, will also be spelled out.

In the report, Welsh and Bavuma say that much of the ANC's support base is among poor rural and unemployed people whose capacity to organise and challenge Cosatu's position is non-existent.

They say that the unemployment rate is unlikely to be cut in the short term and that the unions' bargaining power may well weaken.

They do not foresee a great rift between the ANC and Cosatu; both need each other too much for this. "Despite Cosatu's strength in the ANC-led alliance, the ANC holds the whip hand, if only for the reason that Cosatu has no alternative political ally of remotely comparable strength. The formation of a left-wing 'workers' party' has been mooted by some, but it would likely prove a ticket for the political wilderness."

Another factor working against the unions could be the rise of a black business, entrepreneurial and managerial class whose impatience with the unions is likely to resemble that of its white counterpart, they say.

Worrall says that while the business community has welcomed government's long-awaited economic policy guidelines, announced last Friday, the unions detect "trouble in the wind". He says that Cosatu's opposition to some of the proposals should be seen against the backdrop of the Cosatu-ANC alliance and its position in the longer term.

Economists canvassed for their opinions included Old Mutual's chief economist David Mohr, who said government "clearly wants a more flexible labour market and one that is better suited for job creation".

Syfrets Bank chief economist Peter Hilsenrath said that while government had now given some direction, "there are insufficient details".

Labour optimistic about social plan

ED 28/6/96 (173) (192)

John Dludlu

PROPOSALS in the labour market policy commission report could form the basis for an agreement on labour's social plan ideas — including a business-funded pool for retrenched workers — which had been sitting for months on Nedlac's agenda, labour sources said yesterday.

Labour sources have welcomed the report's chapter on the social plan — comprehensive proposals to assist workers cope with layoffs and industrial restructuring.

Labour also liked the report's recommendations, which endorsed the idea of a legislative framework for the plan.

The report said: "It is the considered opinion of the commission that the core of legislation requiring the drawing up of social plans is already in place in the shape of the new Labour Relations Act and the Nedlac Act".

But if current legislation, beefed up by implementing the commission's suggestions, failed to meet expectations, then the proposal for a separate piece of legislation should be revisited.

A senior labour source said the chapter could be used as a basis for an agreement in Nedlac, unblocking the present impasse on the subject. A meeting would be arranged with the authors of the chapter to provide some clarity on certain areas.

Nedlac media liaison officer Lomin Saayman confirmed last night that a task team — set up within the trade and industry chamber to deal with the matter — had decided to arrange a meeting with the commission's co-chairman David Lewis to discuss the report's recommendations.

When labour's proposal for a social plan was tabled at Nedlac, calling for a business-funded pool to help retrenched workers, it raised concerns from business which regarded the suggestion as a ploy for a "labour tax".

Talks over two-tier job market start

(173)

Renee Grawitzky

BD 17/7/96

THE demand by employers for a lower new entry rate for unskilled workers to facilitate job creation — in line with the SA Foundation proposal for a two-tier labour market — appears to have found its way onto the bargaining table.

Both the Durban and Cape Chambers of Commerce and Industry said that this demand by employers appeared to be a growing trend.

Employers, during the metal and furniture industry negotiations, tabled the demand for a lower new entry rate for unskilled workers while the building industry in Gauteng tabled this demand towards the end of last year, but it was removed after being rejected by the unions.

Numsa general secretary Enoch Godongwana said employers in the metal industry had proposed a new entry level rate to create employment. He said this was an attempt to create a dual labour market.

Godongwana said Seifsa had indicated that its demand was not an attempt to create a dual labour market.

The intention was not to reduce wages but was to form a new grade linked to the five grade system. The lower entry rate should be paid to workers until they had gained skills or for those workers who could not become multiskilled.

During negotiations in the furniture industry industrial council for Gauteng, the unions indicated last week there was no commitment by employers to uplift skills and instead had proposed a lower "non-productive rate of pay". Employers have defined non-productive workers as tea people, cleaners, canteen workers, gardeners, post people, sweepers, stackers, lift attendants and truck assistants.

The union said employers could not quantify the number of jobs that could be created.

Executive director of the Transvaal Furniture, Bedding and Upholstery Manufacturers Association Winston Smith said employers were not prepared to pay for that job category. He said this would not affect current incumbents and said an estimated 800 jobs could be created.

Adapt or be fined, employers warned

Star 2/7/96

(173)

By Justice Malala
Political Staff

Employers will have to eradicate discrimination in the workplace, according to Government proposals released yesterday.

The proposals establish plans to ensure the hiring, training and promotion of women, black people and disabled people by all employers. These affirmative action plans will be monitored by the Government. Employers may be fined or face other legal action if they fail to implement the plans.

But the Government's proposals on an employment and occupational equity statute released by Labour Minister Tito Mboweni yesterday did not call for any quotas or targets to be met by employers for the implementation of affirmative action policies.

Instead, the document promises to grant incentives to employers who promote the equity laws. The proposals are still to be discussed and refined by stakeholders in the National Economic Development and Labour Council and other concerned parties before they become law.

Unveiling the draft green paper on employment equity yesterday, the Department of Labour's Equal Opportunities Director, Mpho Makwana, said the Government was not proposing any quotas for the filling of posts because "that is to ignore the material conditions on the ground.

"We want the forces in the workplace to agree that we want such a target by such a year, then we will monitor them on that

► ... To Page 2

Adapt or be fined, employers warned

► From Page 1

basis," he said, adding that the negotiation of such targets would be done in workplace forums.

Mboweni said: "I must make it clear that this is not reverse discrimination, but a vision that is aimed at ensuring that discrimination does not remain a permanent feature of our society.

"We are not blowing the whistle for anyone to start packing for Perth. That is not the intention. We are, however, blowing the whistle for the need to change to begin."

The document says the measures to accelerate hiring, promotion and training will be directed at black people, women and people with disabilities.

Talks on the proposals will define how much to "differentiate within these groups to meet specific needs and how to ensure accelerated measures for designated groups without re-installing an oppressive classification system" it adds.

The Government has proposed that employers keep an organisational audit to give information on employment, pay and benefits in major categories by race, gender and disability, and to show programmes and policies on human resources development, including levels of expenditure and certification within these groups.

The document says employers should develop plans according to a timetable to minimise barriers against people from historically disadvantaged groups and accelerate their hiring, training and promotion.

It also says that as far as possible "Government action will favour employers who promote employment equity".

Incentives include consideration for tenders for government and parastatal contracts, and direct or indirect subsidies like training grants and investment incentives from the Department of Trade and Industry.

The labour department will develop "substantially stricter penalties" for repeated non-compliance.

The document proposes a prohibition on harassment, in line with constitutional protections against discrimination. It also prohibits employers from "using recruitment and selection methods and criteria that discriminate unfairly".

There is no affirmative action legislation in place at the moment and Mboweni said the initiative "goes to the very core of the transformation of the workplace".

The denial of equal employment opportunities was an "outright violation of human rights", he said.

Factory jobs ballot goes smoothly

Kevin O'Grady BD 2/7/96 (173)

AN EMPLOYEE selection ballot held by NF Die Casting, of Alrode, Alberton, went off peacefully yesterday after an attempt earlier this year ended with eight people shot dead as they queued outside the company's factory.

Yesterday's balloting process for 80 jobs at the factory was held at Newmarket racecourse, Alberton.

There was a heavy police presence and no incidents of violence were reported, a company spokesman reported afterwards.

About 7 000 people queued to take part in the ballot, of whom 500 were selected.

Of the 500, 50 a day would be tested for literacy and numeracy.

Their school certificates and identity documents would be checked also, the spokesman said.

A total of 200 candidates would be short-listed and the final 80 — with an 80% literate to 20% illiterate ratio, according to company policy — would be chosen, the spokesman said.

Choose the New

mobile.



Business's job-creation focus criticised

(173)
BD 3/7/96

John Dludlu

THE community constituency at Nedlac has criticised the SA Foundation and Business SA for ignoring basic needs of people and infrastructure when dealing with job creation.

In a recent document, "Return to the RDP", it said business inputs to the economic policy debate focused on job creation, ignoring other priorities.

The constituency, representing the SA National Civics Organisation, the SA Federal Council for the Disabled, the Women's National Coalition and the National Rural Development Forum said job creation could not be looked at in a vacuum.

The 36-page document says the RDP believed the infrastructure programme was central to economic growth.

"We argue that the job creation debate must be located within the broader context of addressing poverty and meeting basic needs."

Any agreement on job creation will need to move beyond the narrow focus on big and small business and take into account other factors: parastatals as employers; labour-intensive public works; community-based public works; and local economic development.

The document calls for a shift in interest- and tax-rate policies from investment in speculative activities to factories and jobs.

In the part dealing with municipal services and tariffs, the paper notes that there have been "substantial deviations" from the RDP which entitles people to "decent housing and services ..." Those who are unable to pay should be covered by local authority cross-subsidisation as well as intergovernmental transfers.

But the general policy of state departments is to provide services only if recipients are able to pay full costs, the document says.

On the troubled Masakhane campaign, which has effectively ground to halt, it accuses government of "changing course and embarking on a high-profile advertising campaign which stressed payment for services in the almost complete absence of delivery".

"It is no small surprise that residents who willingly started to pay ... have stopped paying."

Turning job seekers into job creators

Sowetan 4/7/96 (173)

By Simon Zwane

HIGH unemployment among young South Africans who leave school needs measures to turn them into job creators.

Peter Morrison, director of Richards Bay Minerals' business advice centre, made this comment yesterday at a briefing in which he also announced that a major entrepreneurship forum is to be formed later this month.

With only seven percent of school leavers finding work in the formal sector, "entrepreneurship education is fast becoming an indispensable part of the curriculum in schools throughout the country".

The entrepreneurship education initiative has organised a forum to be held in Durban on July 18 aimed at promoting entrepreneurship in South Africa.

Success stories

The forum will be opened by Public Works Minister Jeff Radebe.

"The forum highlights the importance of turning young people into job creators instead of job seekers," said Morrison.

Other speakers at the forum will include experts who are expected to cover different perspectives on entrepreneurial education. Schoolgoing entrepreneurs would share their success stories.

"This is a golden opportunity for teachers, parents, corporate social investment managers, government officials, entrepreneurs and all those who are involved or interested in entrepreneurship education to share ideas and learn from each other."

EMPLOYMENT EQUITY PROPOSALS
FM 5/7/96
(173)

STICKS AND CARROTS

Affirmative action "goals and timetables" rather than fixed quotas for the hiring and promotion of historically disadvantaged groups, are at the heart of the Employment & Occupational Equity Green Paper, released by Labour Minister Tito Mboweni this week.

This approach, reflecting that of labour market commission, is backed by (at this stage vague) guidelines on incentives and sanctions. For instance, only employers who establish a good employment equity track record will be considered for government and public corporations contracts and be eligible for training grants or investment incentives. An employer who denied an employee promotion on discriminatory grounds will be required to promote that employee.



Tito Mboweni

Moreover, says labour law consultant J D Verster of Webber Wentzel Bouwens, "there is no reason why this approach will not also find application in the selection and recruitment stage, which could lead to a new employee being foisted on an unwilling employer."

The Green Paper will be debated by Nedlac before a Bill is introduced in the next session of parliament. Public comment is also invited.

The labour department's equal opportunities director, Mpho Makwana, describes the proposals as a "revolutionary" vision for achieving employment equity and a "culture of diversity and democracy" in the workplace. He says they go beyond traditional approaches to affirmative action. The department seems to recognise that over-regulation based on quotas is problematic and won't work. Instead, the preferred route is based on flexible regulation.

The aim is to redress disadvantages as a result of apartheid policies and to try to accommodate differences between people in the workplace. A two-pronged strategy towards this end involves: eradicating unfair discrimination in hiring, promotion and training; and measures to encourage employers to transform their organisations by removing barriers to employment for all and accelerate training and promotion for blacks, Indians, coloureds, women and the disabled.

Larger firms are singled out for submission of "employment equity plans" for ministerial approval. They will then be legally obliged to implement them. Smaller firms will only have to submit such plans if requested by employees or "other stakeholders," or if they wish to pitch for State subsidies or tenders.

It is suggested that employers develop an employment equity plan which should lay out measures to reduce barriers, speed up training and promotion for the identified groups, and provide key indicators to track its success. The proposed antidiscrimination measures will apply to all employers. The idea is to outlaw the inclusion of criteria not related to job requirements in career planning. The department intends to regulate employment equity by issuing "codes of good practice."

Other interesting proposals are:

- That employers use advertising media circulating in as a wide an audience as possible for job advertisements;
- Employers define criteria in terms of skills rather than formal education, and demonstrate that psychometric tests used in selection procedures do not have an antidiversity bias;
- An organisational audit to identify existing shortcomings and barriers to change; and
- Employment equity disputes be referred to the Commission for Conciliation, Mediation & Arbitration.

The proposals are, generally, not as extreme as some feared, but underestimate the difficulties involved with affirmative action, which various companies committed to it have found. They require close debate. ■

Songs include *Moya Wami (My Spirit)*, *How Great Thou Art* and

New appointments in Department of Labour

By Goba Ndhlovu

The director-general of the Department of Labour, Sipho Pityana, has announced three senior management appointments in his department.

They are Jeremy Baskin (39), who becomes chief director of labour relations with effect from August 1; Dlabantu Mziwonke (32), who assumes the position of director of financial management; and Pinkie Maesela, who takes up the position of provincial director for Northern Province.

Baskin holds a BA degree in African studies and comparative African government and law. He worked as director of the National Labour and Economics Development Institute. He is widely experienced in research and teaching, and is an adviser in labour and economics.

In the labour field, he distinguished himself as a writer, with *Striking Back – A History of Cosatu*.

He is a former general secretary of the Paper, Printing, Wood and Allied Workers' Union and has made many contributions to the South African Labour Bulletin.

Mziwonke is a BComm graduate. He worked for the former Ciskei government and later worked for several accounting firms. He and Baskin will be based at the department's headquarters in Pretoria.

Maesela, who holds an MA degree in counselling and is registered with the South African Medical and Dental Council, worked at the Career Information Centre in Durban before joining the Department of Labour in 1983.

Dual market in SA denied

BD 12/7/96 (173)

Renee Grawitzky

LABOUR Minister Tito Mboweni last night rejected the view that a dual labour market existed in SA (182) #66

Speaking at the ninth annual labour and law conference in Durban, he said "the fact that some workers are covered by industrial council agreements and other workers not should not lead one to believe that a dual labour market exists".

Mboweni said labour market flexibility was becoming a nightmare for him. The recent labour market commission report was being studied by the ministry.

The two overriding objectives of the commission were to look into the elimination of poverty and discrimination in the labour market.

Poverty would be tackled by the creation of more and better jobs as part of the restructuring process. However, "this notion that we should create a second-tier labour market as a way of getting people out of poverty is a naive notion," he said.

Labour 'must be protected in processing zones'

Mbonení Mulaudzi

IN ORDER to protect workers, a country's labour laws should also apply to export processing zones, International Labour Organisation southern African multidisciplinary team director Peter Peek said yesterday.

Harare-based Peek was speaking at a Johannesburg workshop on workers' rights in such zones.

He said zones were relatively new in the region, but stressed that they would disappear within five years, because governments had begun offering general incentives to companies.

Peek said that it was not labour costs that encouraged prospective investors to invest in zones, but factors such as political and policy uncertainty, problems with basic infrastructure and foreign exchange regulations were high considerations.

He also said it was difficult to predict whether SA would establish zones, but if it was hard for government to attract investors it could resort to them.

On whether these zones benefited the economy, Peek said it depended on government's generosity in terms of the package offered to investors.

(173)

BD 17/7/96

Cosatu sets up probe on future

Sowetan 18/7/96 (173)

Commission will find ways of adapting to global labour market

By Abdul Mirazi
Labour Reporter

THE CONGRESS of South African Trade Unions yesterday announced the establishment of a commission to investigate the future of the federation and find ways of adapting to a changing global labour market.

Cosatu vice president and head of the September Commission investigating the future of the unions Ms Connie September said Cosatu would not remain the biggest federation forever and would have to take up the challenges of a changing environment.

September said the commission's task would be to ensure that Cosatu defined its structures and shop-floor and political vision in ways that were appropriate to a democratic South Africa.

"The birth of democracy in our country, our aspirations for transformation and the economic pressures of globalisation and restructuring present us with new challenges on many fronts," said September.

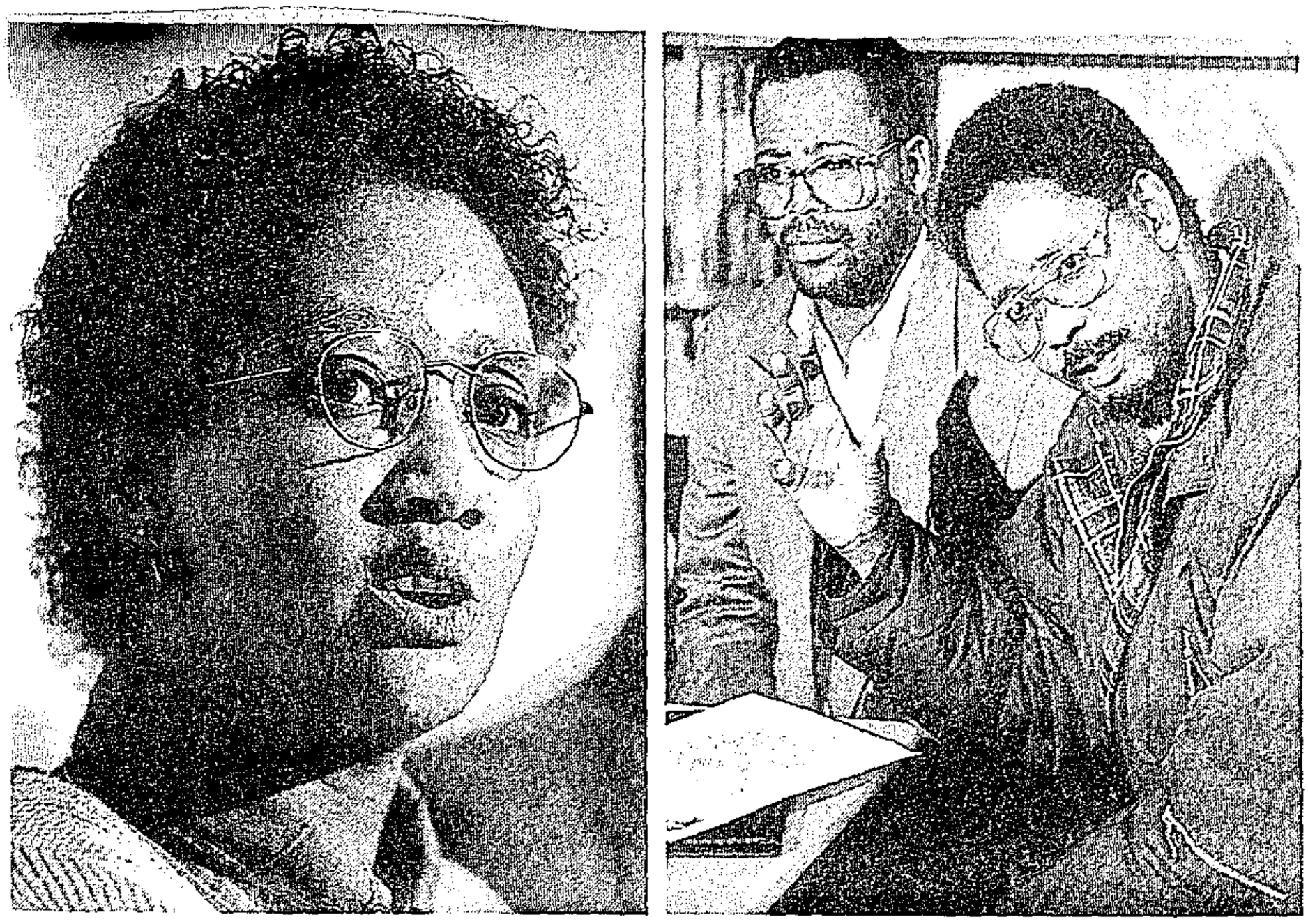
Advisory body

September said the commission would act as an advisory body to Cosatu and would not take over the function of its existing structures.

"It aims to analyse the issues and options. It will seek input from a range of sources including business, trade unions and former unionists."

Other members of the commission include federation general secretary Mr Sam Shilowa, former editor of the *SA Labour Bulletin* Mr Karl von Holdt, National Union of Metalworkers of South Africa president Mr Enoch Godongwana and National Union of Mineworkers president Mr James Motlatsi.

Shilowa said Cosatu's role was proactive and it did not merely react to events.



Cosatu vice-president Connie September, left, Southern African Clothing and Textile Workers' Union representative Freddie Magugu and assistant general-secretary Zwelinzima Vavi, right, at yesterday's announcement that Cosatu has appointed a 14-man commission to investigate the future of labour. Picture: TREVOR SAMSON

(173)

Cosatu to probe future of labour

BD 18/7/96

Reneé Grawitzky

COSATU has appointed a 14-man commission to investigate the future of labour in the current changing political and economic environment to ensure its continued survival and growth into the next century.

The commission's chairman and Cosatu vice-president Connie September — hence the commission being dubbed the September commission — said yesterday the aim of the project was to "look at the changing context within which unions are operating and key organisational and policy challenges facing them." The project was being conducted in conjunction with the National Labour and Economic Development Institute (Naledi).

These could include the political challenges facing labour as it operates under a democratically elected government, the future of alliances and the economic pressures in the face of globalisation and restructuring.

The commission is being co-chaired by Abraham Agulhas of the Chemical Workers Industrial Union and includes 12 unionists and ex-unionists now in Parliament including MP Philip Dexter and recently appointed Deputy Mineral and Energy Affairs Minister Susan Shabangu.

Former SA Labour Bulletin editor Karl von Holdt, who will be assisting the commission, said in developing new strategic positions, Cosatu would draw heavily on its experiences from the past and the history of social movement unionism.

September said workers, shop stewards, unionists, independent experts and even businessmen would be called on to make submissions to the commission.

This week Richard Hyman, an industrial relations professor from Warwick University in the UK, addressed the commission on a wide range of issues.

Hyman said that in periods of stabilisation it was difficult for a union to be a social movement as it was first and foremost an organisation representing people in jobs. He said it was difficult to adopt an agenda which took into account worker demands and those of communities. It had been difficult in the past, however, for unions not to focus on broader social programmes. "Labour has to do its best to deliver on bread and butter issues as well as connect with broader communities", he said. If labour intended appealing to a broader constituency, it would require the adoption of more finely tuned demands.

Hyman said in discussions on a social accord it was all to easy to talk about unions selling out. On a daily basis trade unionists and shop stewards were involved in various forms of negotiations and making compromises on issues.

Agreement did not necessarily imply selling out. However, if unions did not carry the rank and file, any agreement reached would be seen as a sellout position.

European unions, he said, faced major challenges as a result of the intensification of competition, multinationals, budgetary cuts from governments, the changing structure of the labour force and the increased sophistication of management. The changing structure of the labour force made it necessary for unions to review their recruiting strategies.

(173)

Job creation new mayor's priority

Farouk Chothia (464)

BD 24/9/96

DURBAN — Newly elected Durban metropolitan council mayor Obed Mlaba yesterday pledged to make job creation his priority, saying that this was the only way to win the "titanic battle" against poverty and crime.

Mlaba said in his inaugural address that the new council had inherited a divided society, and it was unfortunate that race continued to be the dividing line between poverty and affluence.

"If we are not careful, the yawning donga which forms the gulf between poverty and affluence may become our common grave," he said.

Mlaba said one of the first tasks of the council would be to map out a strategy to attract large-scale investment, and in turn, create job opportunities. "There can be no lasting peace in the midst of poverty and there can be no safety and security in the midst of joblessness," he said.

MAIL & GUARDIAN
June 28 to July 4 1996

Social pact to get SA back on track

(64) (173) M+G (pm) 28/6-4/7/96

Guy Standing sets out the principles for a social accord, labour creation and wage levels

IN recent days there has been much talk about an incomes policy or social accord to help realise the government's economic growth strategy. It is important to appreciate the rationale for such a policy, and to know what type of policy is feasible in South Africa's conditions, as well as what should be wanted from it.

Let us begin by considering issues on which there is little need for an incomes policy. In an International Labour Organisation (ILO) review of the South African labour market issued after more than a year of intensive work, we question some influential assertions.

Commentators should stop parroting unproven claims that do a disservice to the country's economic prospects. The labour market is flexible, in most senses of that overused term. Most workers face employment and income insecurity, while wages at the bottom are low and unprotected by the standards of many countries. To the Jeremiahs who assert otherwise, at least demand the evidence.

Most claiming that economic growth is impeded by an "inflexible labour market" are affluent, and it ill-becomes the privileged to advocate making wages and working conditions of the poor more flexible, unless they are very confident of their evidence. How often do commentators argue for more flexibility for themselves or colleagues?

So, an incomes policy is not yet required to make the labour market more flexible for ordinary workers.

What about labour legislation? It is ironic that some blame the new Labour Relations Act for unemployment and low growth, when it has not come into effect. The Basic Conditions of Employment Act is also mild in its application. Others claim that industrial councils are a source of inflexibility and excessive wages. The trouble is that these cover a small and declining minority of workers, and many of those are covered only partially. Wages are mostly determined within firms.

'It ill-becomes the privileged to advocate making wages and working conditions of the poor more flexible, unless they are very confident of their evidence'

Talk about "exemptions" is the stuff of after-dinner waffle. Thousands of exemptions are granted by the Department of Labour every year. As for the Wage Board, intended to set wages for those not covered by collective bargaining, it has scarcely functioned for years, and recent wage orders have set minima at about R400 a month, or about the level of the social pension.

There is also little need for an incomes policy to deal with labour laws and collective bargaining. Similarly, the idea that lower wages for job entrants or youths would lower unemployment is misguided. First, it already exists in practice, yet youth unemployment is high. Second, if you lower the relative wage of one group you induce a distorted substitution of that group for others, so that any effect on total employment would be limited. Third, the proposal is a prescription for more regulation, which would be costly and complex.

Although one may be sceptical about labour inflexibility, there is an "image" problem. If you say you have an inflexible labour market often enough, people will believe it even if they have no evidence.

Unfortunately, creating an image abroad is important. South Africa is blessed with many advantages and I for one am convinced that economic growth will be impressive. There are short-term problems, not helped by ill-informed comments on what are teething pains of a new order and by posturing by some in positions of public responsibility.

Social pacts could help, in part, by altering the chemistry of policy dialogue. Ultimately, they are desirable to help improve labour market efficiency and socio-economic equity. And they should help boost employment and community development.

A statutory incomes policy is out of the question, and the business community would be right to be wary about that. Policy should build on the South African capacity for dialogue. Although the National Economic Development and Labour Council (Nedlac) has had a difficult baptism, it must evolve into a co-ordinating body for national negotiations on ways of improving efficiency, equity and industrial democracy.

The main economic challenges facing this country are inequality, unemployment and inefficiency in production. Industries are adjusting to economic liberalisation, which is accentuating insecurity. The Reconstruction and Development Programme has been an uneven process, with recrimination about delivery and co-ordination. And there is fear among economists, this one included, that potential benefits of the rand depreciation could be dissipated unless there is a national agreement to limit price rises in sectors making "windfall" gains and to control costs.

At the national level, one could envisage a National Employment and Development Pact (NEDP), whereby employers, unions and government could make some short- and medium-term "trade-offs". Quiet diplomacy is needed before the process starts.

Unions might be prepared to negotiate on strikes and efficiency, employers might agree to limit price rises, government might use its leverage to set transparent rules for fiscal redistribution. Here is not the place to set out what should be in the package.

But basic principles are vital. The parties must be clear about objectives, and they must know and agree to the rules of the game before the process is launched. The national agreement should include negotiations over indirect labour costs, which are a worrying aspect of the labour market and a source of inflexibility.

An NEDP could set the framework for lower-level agreements. Thus it could be complemented by sectoral agreements, whereby industrial (bargaining) councils set minimum standards for their sector.

These could be complemented by what might be called Regional Employment and Development Councils (Redacs). There are the beginnings of this in some parts of the country, and they must be nurtured into an integrated strategy.

One appreciates the historical baggage that comes with regionalised policy and the need for national cohesion. Yet the latter could be weakened unless meaningful Redacs were set up.

One lesson from the European Union is that there is much democratic, equity and efficiency sense in the principle of subsidiarity. A potential advantage of regional bodies is that they could bring representatives together who feel an identity with their community. Put bluntly, the local football team is our football team.

Redacs could improve the societal sharing of costs and benefits of adjustment and economic growth. Although individual firms might not like the idea, because it runs against their narrow short-term interest, employers as a group could bring to the bargaining table a willingness to shift some social and development functions from their own preserve to the community, perhaps in return for wage restraint and efforts to raise efficiency from unions, and measures to improve infrastructure by the local authorities. Unless there were a communal bargaining structure such desirable changes would be unlikely.

A localised negotiating process — which may not look glamorous to national politicians or commentators — is the way local labour market adjustments could be co-ordinated. Otherwise one fears that under pressure to cut costs to become "competitive", firms would abandon social functions, which would wither, while productive efficiency will continue to be stagnant, and there will be a continuing problem of "confidence", which is disturbingly fragile.

Structured and guided by national agreements, sectoral and regional employment and development pacts could limit co-ordination failure and improve the climate of opinion at home and abroad. We may lament the influence of confidence and credibility in international finance markets, but surely a way of moderating their effect would be to lower the tone of negotiations between employers, unions and the government.

In that spirit, employment and development pacts would address the twin problems of equity and efficiency, to boost growth and employment while reducing the awful inequality that characterises South African society.

Guy Standing, director of labour market policies at the International Labour Organisation, co-ordinated the report *Restructuring the Labour Market: The South African Challenge*. This article is written in his personal capacity, so views

Inequality stunts growth

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Madeleine Wackernagel

OFFICIAL unemployment may not be as drastic as previously thought, according to the International Labour Organisation (ILO) report released last week, but levels of inequality are still abnormally high. And while there has been some progress on redistribution between the races, intra-racial inequality is growing.

"The gap between the haves and the have-nots is widening," says Dr Azar Jammine, chief economist at Econometrix. "Otherwise, why would sales of food be underperforming sales of luxury goods?

"It is no longer only a racial issue; the distribution of earnings is becoming increasingly unequal, leading to skewed consumption patterns in favour of durable goods for the haves and away from 'essential' non-durable goods for the have-nots."

Inequality affects poverty, as well as growth prospects. Says the ILO: "Modern economic theory has established, with strong empirical support, that severe income inequality of the type found in South Africa hinders economic growth, and that a reduction in inequality would in itself increase the rate of economic growth ...

"If more impressive economic growth and development are desired, then lessening the degree of inequality would be a way of achieving them."

On a 20-year trend, the income gap between black and white workers has narrowed but the differential between unemployed and employed blacks has been growing.

Redistribution is not simply a matter of creating more, low-wage jobs, believes Murray Leibbrandt, of the University of Cape Town's economics department. "All this talk of a flexible labour market being the solution to all our poverty and unemployment problems amounts to nothing more than platitudes.

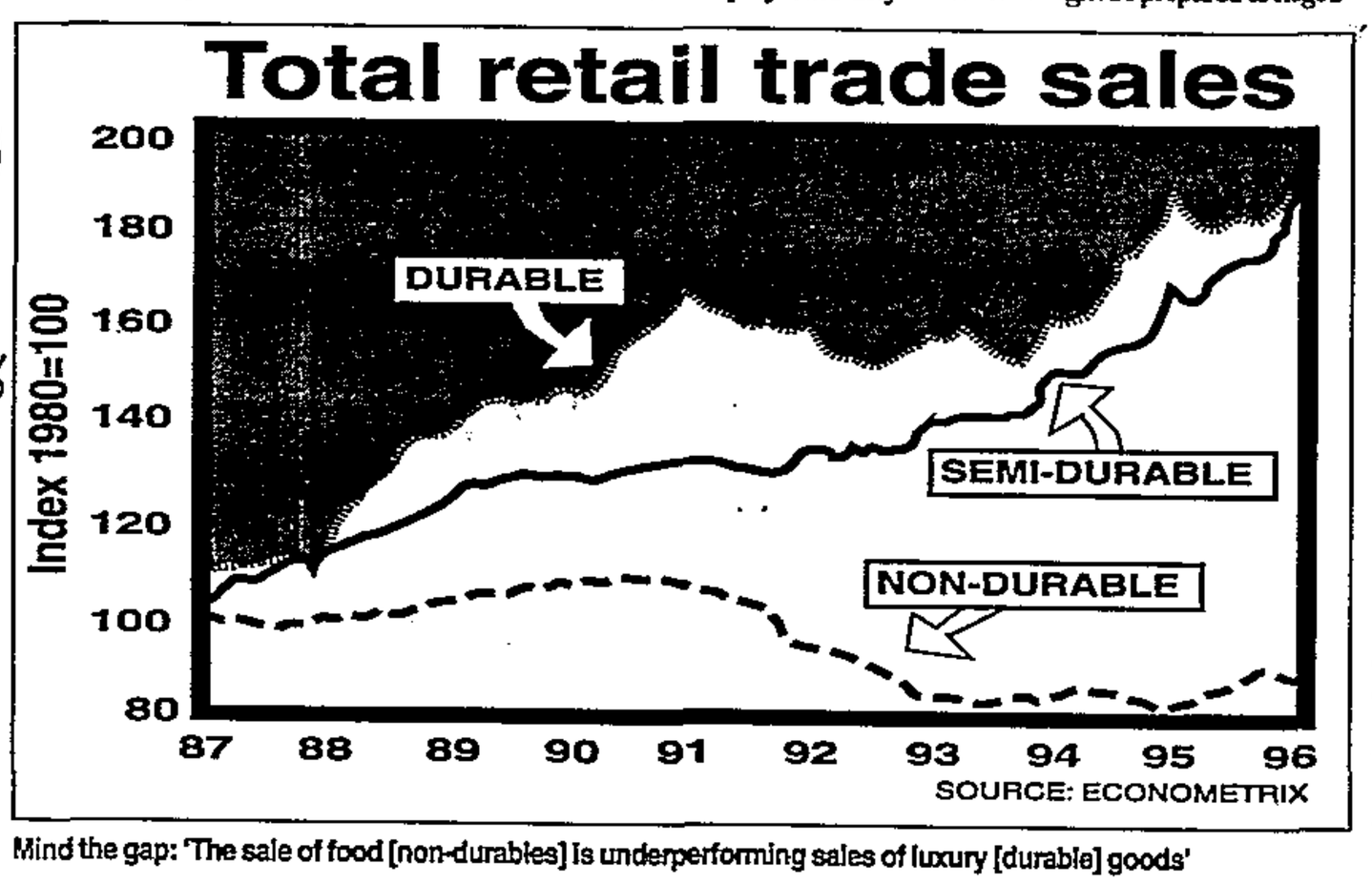
"Unemployment is worst in rural areas, yet most jobs are created in urban areas. Without incentives, you won't get the jobs in rural communities; most rural people can't just up and leave in pursuit of a job miles away in the city. And cutting wages alone is not going to do the trick.

"What we need is proper targeting, with particular emphasis on the agricultural sector, to address rural unemployment."

The ILO found that the worst-hit group was rural women, "who deserve very high priority in the targeting of labour market and social policy. Improving the lot of African women, particularly in rural areas, would ... reduce poverty, assist in human development and reduce inequality."

According to the ILO, 53% of the unemployed live in households with no wage-earners, relying instead on social transfers and informal activities. But the rural level is nearer to 70%.

Jammine says this finding shows that lower wages in the formal sector would help to boost employment, de-



Mind the gap: 'The sale of food [non-durables] is underperforming sales of luxury [durable] goods'

John Kane-Berman, head of the South African Institute of Race Relations, is not convinced. The correlation between wages and unemployment may not be that clear-cut, he says.

"If real wages are held down in order to speed up the rate of job creation, we may find that not too many people are prepared to work at lower wages.

"This is certainly the case in domestic service and agriculture — often illegal immigrants perform the jobs that locals are not prepared to do because the wages are too low."

Kane-Berman says there is evidence that a number of the officially unemployed rely on the support of a wage-earner within the household, supplementing their income with informal activities, including crime. According to this theory, the extended family system operates in the same way as the social security safety net in Europe. And it has the same effect — people on the dole are less likely to seek formal employment at low wages.

Leibbrandt disagrees: "Surely anyone would prefer a formal job to hawking vegetables on street corners? If wage employment is available, people will take it up. Granted, at ridiculously low wage levels, it would not be worth it, particularly if one's costs outweighed the benefits."

While it did not call for a national minimum wage, last week's Labour Market Commission report highlighted particular sectors as suitable for target wage levels, especially agriculture. "Minimum wages set at appropriate levels, combined with a de-emphasis on capital intensity in most sectors of agriculture, may eliminate extremely low wages, encourage the more productive use of labour and increase total employment ...."

In this context, the commission recommended that the wage board be given the power to determine regional and local conditions and set suitable wage levels.

A sectoral policy makes sense, says Leibbrandt, but it must form part of an holistic approach, combining macro-economic, industrial and labour policy.

"Industrial policy must set out to encourage labour-intensive projects, instead of following the capital-intensive route. Then, sectoral policy can step in to address localised conditions and wages. Redistribution must form part of that holistic approach, with the