

MANPOWER - GENERAL

1996-97

~~AUGUST~~ ~~DEC.~~

(2) (a) and (b) No grants were made to South Africa in respect of these projects. The total cost is funded by the British Development Division in Southern Africa and the Swedish International Development Co-operation Agency.

(3) The Government is responsible for the operating costs in South Africa such as internal travel, car rental, telephone and office accommodation.

Department of Finance

(1) There are no foreign advisers working in the Department of Finance. However, two technical assistants on secondment from the United Kingdom treasury and United States

Treasury respectively, are assisting the Department with the Medium Term Expenditure Framework and Provincial and Local Government financing.

(2) (a) and (b). No grants were made to South Africa in respect of these projects. The technical assistants are paid by the British Development Agency and the United States Treasury, respectively.

(3) The Government is responsible for the operating costs in South Africa such as internal travel, car rental, telephone and office accommodation.

Central Statistical Service

See attached schedule.

Technical-assistance involvement with CSS

Component	Swat Sweden	ABS (Australia)	UNFPA
General strengthening of CSS	Planning; upgrading provincial services; implementing restructuring; cost accounting; information services		
Demography and socio-demographics	Implementation of household survey programme; primarily in provincial offices	Survey design in social statistics; primarily in head office	
National accounts and associated economic series	Implementation of new System of National Accounts, especially training; improve business register; extensions of c.p.i.	Revise questionnaires, data-handling and reporting of selected major economic series	
Census '96	Strategy and implementation of processing; associated information systems	Strategy and implementation of field activities; design and test of questionnaire	Two-year senior adviser Sampling advice
Funding assistance	Household & I&E survey; subsistence agriculture survey; central-place study		
Size of assistance	SKR 34,2 m (R19,4 m)	A\$ 0,6 m (R2 m)	US\$ 0,6 m (R2,7 m)
Consultancies June 1996 to May 1997	4		1
- Long-term			
- Short-term	38	17	UN volunteers

Persons in formal employment (173)

610. Mr K M ANDREW asked the Minister of Labour:

(a) How many persons are currently in formal employment in South Africa, (b) how many

of these persons are employed by the State (i) in total and (ii)(aa) at (aaa) national, (bbb) provincial and (ccc) local government level and (bb) in parastatals and (c) in respect of what date is this information furnished?

N1041E

The MINISTER OF LABOUR:

(a) For reliable data on the number of persons formally employed in this country at any point in time we have to refer to the October Household Survey (OHS) results published annually by the Central Statistical Services (CSS).

Unfortunately the 1996 OHS results are not yet available. However, according to the 1995 OHS the economically active population aged over 15 included some 14.4 million people. Of these 8.7 million were workers in the formal sector. We can conclude that more than one and a half million economically active persons were estimated to be in the informal sector.

(b)(i) The latest available data from the Central Statistical Services (CSS) puts the total number of persons employed in the public sector (also including universities and technicals, and agricultural marketing boards), as of December 1996, at 1,9 million. This includes both full-time and casual workers but in the table below we will also show the full-time equivalent staff complement. It seems that whilst public sector employment has grown between 1995 and 1996 this has been a modest increase of 1,2%.

(ii) Of the 1,9 million public sector employees

(aa) some 593 753 are employed at national level
(bbb) at provincial level - 693 064
(ccc) at local government level - 237 499

(bb) in parastatals: 293 543

Universities, technicians and agricultural marketing boards employed 80 159 persons.

(c) This data is for December 1996.

A table to illustrate further the requested breakdowns in public sector employment:

	National Department	Local Authorities	Public Corporations	Total
Total employees	593 753	693 064	237 499	1 913 763
Full-time equivalent	590 598	691 102	236 155	1 895 965

Amounts paid to certain firm for services rendered

613. Mr M J ELLIS asked the Minister of Education:

Whether any amounts were paid in 1996 to a certain firm, the name of which has been furnished to his Department for the purpose of his reply, for services rendered to his Department; if so, in each case, (a) what was the nature of the services so rendered, (b) which employee, partner and/or consultant attached to the said firm was retained for this purpose, (c) over what period were the services rendered and (d) what amount was paid to the firm? N1053E

The MINISTER OF EDUCATION:

(a) Yes. He was appointed as a correspondent of the State Attorney to assist in negotiations and the drafting process of the South African Schools Act and the Higher Education Bill because of his knowledge and expertise of provincial schools legislation. Payment by the Department was made to the Department of Justice, as it is the normal procedure whenever legal assistance is obtained through the office of the State Attorney.

(b) Mr B Barry

(c) Services were rendered during the period October 1995 to December 1996.

(d) The amount paid was R230 795,87 (Two hundred and thirty thousand seven hundred and ninety-five rand and eighty-seven cents).

Lower Tsitsana Comprehensive High School: school building

619. Mr G O M DOIDGE asked the Minister of Education:

(1) Whether, with reference to a certain letter, a copy of which has been furnished to his Department for the purpose of his reply, he or his Department has been informed of an application for a school building for the

an amendment to the Agreement in 1996. The establishment of the National Youth Commission in 1996 led to the Department of Education reconsidering its involvement in this area. The programme for Youth Development has been handed over to the National Youth Commission. The Agreement has also been amended to include support for Further Education, which will be funded by the \$3 666 000 allocated to GMTA. \$3 000 000 has been allocated for Youth Development activities, \$2 500 000 for Training Management Services and \$150 000 for PME.

(d) *The Tertiary Education Linkages Project Agreement:*

In 1995 an amount of \$7 800 000 was provided and in 1996 an additional \$7 800 000 was allocated to bring the total to \$15 600 000. An amount of \$1 006 800 was committed for the National Commission on Higher Education. The remaining funds are being used to strengthen the Historically Disadvantaged Institutions through grants.

(3) No.

New jobs: GEAR

605. Mr P G MARAIS asked the Minister of Labour:†

(173)

(1) (a)(i) What net number of new jobs were created in 1996 and (ii) in this respect what number was projected by the Government in the macro economic policy framework (GEAR) and (b)(i) what is the objective in respect of job creation in 1997 and (ii) what do the relevant statistics to date indicate in this regard;

(2) whether he will make a statement on the matter? N1035E

The MINISTER OF LABOUR:

(1)(a)(i) The latest data from the Central Statistical Service (CSS) indicates that in

the non-agricultural formal sectors an increase in employment of 0.2% was recorded for 1996. This is the figure that has been widely reported in the local media. It represents net employment opportunities of about 11 000 between December 1995 and December 1996.

On the other hand, historically comparable data (i.e. data which has consistently included the former TBVC states) such as those produced by the South African Reserve Bank, points to a net decline in employment opportunities in the non-agricultural formal sectors during 1996. Figures for the fourth quarter in 1996 have not yet been released but during the first three-quarters of the year this set of data showed a decline in employment averaging 1% per quarter.

However, despite these gloomy projections we have to keep in mind that all these data do not include the agricultural sector. Blessed by good climatic conditions this sector's output grew by 26% in 1996, according to the Reserve Bank, compared with the 2% output growth experienced by non-agricultural sectors. Hence we have reason to believe that there has been substantial employment creation in this sector though not yet formally recorded.

(ii) GEAR projected the creation of 126 000 new formal sector jobs in 1996 and an average of 270 000 new jobs annually during the years 1996-2000. However, the model on which these projections are based consisted of several assumptions about the pace of policy implementation and the behaviour of variables such as foreign and local private investment. It assumes that government policy will stimulate enough private investment to meet the projected targets such as an average GDP growth rate of 4.2% per annum for the period 1996-2000.

We are confident that given adequate time and effort these targets can be realisable.

(b)(i) In GEAR the government has committed itself to a framework aimed at putting in place the necessary environment and facilitative policies to promote growth in investment, output and employment.

During 1997 the Department of Labour will continue to pursue policies that promote an efficient labour market through; labour market regulation that ensures flexibility while providing adequate protection for all participants; skills development; and employment equity.

An efficient labour market is meant to improve worker-employer relations on the shopfloor, facilitate greater labour productivity which improve the competitiveness of South African industry, leading to increased production for the domestic and export markets, further leading to more jobs and higher incomes.

The enabling environment for substantial employment creation, in line with GEAR, does not solely depend on labour market policies. It also depends on the successful implementation and impact of complementary government policies such as fiscal and monetary policies, policies to improve industrial competitiveness, and support for small and medium enterprises, land reform and increased agricultural output.

(ii) Unfortunately the latest CSS employment data is for December 1996. We are not yet able to adequately assess the impact of our policies on job creation this year.

(2) No.

Persons employed in private/public sector: wages/salary bills

609. Mr K M ANDREW asked the Minister of Finance:

What was the wage and salary bill in respect of persons employed in the (a) private sector in total and (b) public sector (i) in

total and (ii) (aa) at (aaa) national, (bbb) provincial and (ccc) local government level and (bb) in parastatals as at the latest specified date for which information is available? N1040E

The MINISTER OF FINANCE:

- Wage and salary bill information regarding the public sector and the non-agricultural private sector are given for the year 1996. The latest available information for the agricultural sector refers to the year ended February 1993.
- The information for the private sector relates to formal businesses only. Information on the wage bill of the informal sector is not available.

Sector	Reference Year	Wage and Salary Bill (R millions)
(a) Private Sector		
(i) Agriculture	1993	R 3 630
(ii) Non-agricultural businesses ¹	1996	R32 412
(b) Public Sector	1996	
(i) Total public sector		R93 355
(ii)(aa) (aaa) National government		R30 771
(bbb) Provincial governments		R26 803
(ccc) Local governments		R10 168
(bb) Parastatal institutions		R 1 362
(cc) Other public sector institutions ²		R24 251

1. The Non-agricultural private sector includes the mining, manufacturing, construction, wholesale, retail and motor trade, hotel and the transport sectors and banking institutions, building societies and insurance companies. Information on businesses in the real estate, business services and community, social and personal services are not available.

2. Including universities and technicians, agricultural marketing boards and public corporations such as Transnet Ltd, Telkom Ltd, Denel Pty Ltd, Eskom, etc.

- (c) SBC Warburg and Goldman Sachs International are London based merchant banks whilst White and Case have their head offices in New York. The companies involved in the transactions are SBC International and Telekom Malaysia based in the United States of America and Malaysia respectively.
- (2) No.
- (3) The costs for these advisers will be borne by Telkom SA Ltd and no direct cost to the Government is involved.

The Acting Managing Director and Chief Executive Officer of Telkom SA Limited has informed me as follows:

- (1) There are currently no foreign advisers in the literal sense involved in projects within Telkom.
- (2) and (3) Fall away.

The Acting Chief Executive Officer of the IBA has informed me as follows:

- (1) There are no foreign advisers currently involved in projects with the IBA.
- (2) and (3) Fall away.

The Chairperson of the SABC has informed me as follows:

- (1) There are currently no foreign advisers involved in projects with the SABC.
- (2) and (3) Fall away.

The Managing Director of SAPOS Ltd has informed me as follows:

- (1) Yes.

(a), (b) and (c) The South African based consulting firm Price Waterhouse is currently conducting a strategic review of the South African Post Office and has involved certain of the employees in their World Postal Industry Group in the project. Apart from these people who are based overseas no other foreign advisers are currently involved in projects for the South African Post Office.

(2) and (3) The cost of the strategic review by Price Waterhouse is borne by the South African Post Office.

A feasibility study into the development of Postbank was completed during March 1997 by the Savings Banks Foundation for International Co-operation of Germany.

The study was funded by the German Federal Ministry for Economic Co-operation and Development. There was no cost to the South African Post Office. No details of the funding were made available because all the arrangements were made between the Foundation and the Ministry in Germany.

It was confirmed that the financing of the study would not affect the South African Country quota for German International Aid, as it was funded within the framework of a special sector programme of the German Federal Ministry for Economic Co-operation and Development.

Dept: foreign advisers

595. Mr A WATSON asked the Minister of Finance:

- (1) Whether any foreign advisers are currently involved in projects for his Department; if so, (a) how many, (b) what are the particulars of these projects and (c) which countries are involved in these projects;

- (2) whether any foreign countries have made grants towards these projects; if so, (a) which countries and (b) what is the (i) nature and (ii) extent of such grants;

- (3) what is the total cost of these projects to the Government? N981E

THE MINISTER OF FINANCE:

Department of State Expenditure:

No. (1), (2) and (3) fall away.

South African Revenue Service:

- (1) Yes

(a) Number of advisers	(b) Particulars of projects	(c) Countries involved
17	Assist in investigations regarding Customs Fraud	United Kingdom (UK)
1	Assist in formulating Information Technology (IT) strategy and identifying IT projects	Sweden
1	Strategy planning and identifying of projects in support	UK

Job creation programmes: irregularities with projects (173)

599. Mr C M GEORGE asked the Minister of Labour:

Whether he or his Department detected any irregularities in respect of projects conducted as part of job creation programmes in 1996; if so, (a) what was the extent of the irregularities, (b) what amounts were involved, (c) how many programmes were affected and (d) what steps have been taken following such irregularities? N985E

THE MINISTER OF LABOUR:

I firstly wish to indicate that my Department is not responsible for the administration of job creation projects. The Department was, however, used as a conduit for the former National Economic Forum (NEF) - Job Creation Programme for which R225 million was made available in 1993. A committee of the NEF was commissioned to evaluate and approve job creation projects against

the criteria approved by the NEF. The Development Bank of Southern Africa (DBSA) was tasked with concluding agreements with the recipients whose job creation project applications were approved. The Department of Labour, as the funding conduit, had to enter into an agreement with the DBSA as far as the transfer of the funds was concerned between the two organisations. The DBSA was required to provide the Department with quarterly progress reports, as well as to the NEF.

According to information received from the DBSA the progress on the completion of the NEF projects, as at 31 March 1997, were as follows:

Province	Projects approved	Fully disbursed
KwaZulu/Natal	81	64
Mpumalanga	59	38
Northern Province	111	78
Gauteng	14	11
Western Cape	24	20
Eastern Cape	206	191
Northern Cape	8	8
Free State	32	24
North West Province	35	28
Grand Total	570	462

Further, I wish to report as follows:

In a report received from the DBSA it was indicated that the following irregularities occurred with regard to the NEF-Job Creation Projects, namely:

(See attached schedule).

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No	(c) Projects	(a) Extent of Irregularities	(d) Steps taken	Allocated Amount	Amount Disbursed	(b) Irregularity
1	<u>Gauteng:</u> Mamelodi Labour Intensive Road Construction (NEF 12). Recipient: National Labour Intensive Project Trust.	An audit revealed that R1 378 524.00 could not be accounted for or was incorrectly applied outside the intended project description.	<p>1. The Internal Audit Division of the DBSA audited the project during 1995. Their findings on irregularities were reported to the DBSA-Management in November 1995. The DBSA took the matter up with the Recipient on 15 February 1996 who indicated on 7 March 1996 that they do not agree that large sums of money were irregularly or incorrectly applied.</p> <p>2. The DBSA referred the matter to NEDLAC on 25 March 1996 for a resolution in terms of clause 7 of the signed agreement between the DBSA and the Recipient (i.e. the agreement approved by the NEF).</p> <p>3. The Department of Labour only became aware of the dispute between the DBSA and the Recipient on 29 August 1996. The Department took the matter up with the Office of the Auditor-General on 9 October 1996 and also requested an opinion from the State Attorney, Pretoria. The State Attorney confirmed that NEDLAC had to address the dispute. Copies of a report of the Office of the Auditor-General regarding this project and the opinion of the State Attorney were submitted to NEDLAC on 21 November 1996.</p> <p>4. The DBSA was instructed on 10 March 1997 to suspend the disbursement of the balance of the project funds, i.e. R43 845.</p> <p>5. The Department addressed a further letter to NEDLAC on 22 April 1997, after it was established that this matter has not been resolved, with a recommendation that NEDLAC instruct the DBSA to proceed with the recovery of the money and to immediately report the matter to the SA Police Service.</p>	R5 043 756	R4 991 911	R1 378 524

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No	(c) Projects	(a) Extent of Irregularities	(d) Steps taken	Allocated Amount	Amount Disbursed	(b) Irregularity
2	<u>Eastern Cape:</u> Ngxaraxa Road Project (NEF 1032).	Financial records disappeared with the bookkeepers. Proof of expenditures of R25 000.00 was not provided.	<p>The DBSA terminated the project in June 1996. Balance in the DBSA account amounts to R33 972,89 and will not be disbursed.</p> <p>The project was overseen by the IDT. The DBSA forwarded a letter to the IDT requesting proof of the expenditures of the R25 000,00.</p>	R100 000	R100 000	R25 000
3	<u>KwaZulu/Natal:</u> Mapumulo Roads Project (NEF 1267).	An amount of R125 000.00 of the R526 816.00 disbursed to date could not be substantiated. Further investigation by the DBSA revealed that the Chairperson of the Mapumulo Development Committee may have absconded with some of the funds.	The DBSA suspended the disbursements of the balance of R233 184 for the project. The Committee of the project has despite several requests failed to institute any legal action against the Chairperson. No response has been received in terms of letters of demand for the repayment of the amount. DBSA will now refer the matter to NEDLAC for a ruling on the institution of legal action.	R750 000	R526 816	R125 000
4	<u>KwaZulu/Natal:</u> Madlebe Roads Project (NEF 556) and Madlebe Gardens Project (NEF 478).	This project has been suspended due to charges of suspected fraud laid by the Madlebe Tribal Authority in respect of a portion of the R2 736 424 disbursed on the project to date.	The Tribal Authority has instituted criminal proceedings against some of the members and requested an audit to be undertaken to determine the nature and extent of the suspected fraud. DBSA suspended any further disbursements of the outstanding balance of R380 976.00 pending the outcome of the court case.	R3 117 400	R2 736 424	DBSA must still determine but will not exceed R2 736 424.
5	<u>KwaZulu/Natal:</u> Obanjeni Road Project (NEF 295).	An audit revealed that an amount of R30 000.00 of the R357 700,00 disbursed could not be accounted for and possibly misappropriated by the Chairperson of the Obanjeni Development Committee.	A charge of fraud has been laid by the Obanjeni Development Committee against the said Chairperson.	R357 700	R357 700	R30 000

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No	(c) Projects	(a) Extent of Irregularities	(d) Steps taken	Allocated Amount	Amount Disbursed	(b) Irregularity
6	<u>Northern Province:</u> Mafeke Stream Protection (NEF 1260).	The auditor appointed by the Mafeke Employment Creation Committee is suspected of fraud involving a portion of the R599 432.00 disbursed. The accused has absconded with the financial records and the extent of possible fraud is still under investigation.	The DBSA suspended the disbursement of the balance of R251 900.00 and the Committee of the project has instituted a criminal case against the auditor.	R851 332	R599 432	DBSA must still determine but will not exceed R599 432.
7	<u>Eastern Cape:</u> Zezela Road Project (NEF 1238F).	This project has been completed but the Community refused to pay some of the project agency fees. Possible misappropriation of funds are suspected.	The DBSA suspended the disbursements pending the outcome of the investigation. Balance in the DBSA account is R44 200.00.	R176 800	R132 600	DBSA must still determine.
8	<u>Eastern Cape:</u> Cathcart Daliwe Community Hall (NEF 985).	The previous Committee of the project committed fraud of about R150 000.00. The amount involved from NEF is approximately R16 500.00. The balance of the funds have been granted by IDT and Stormberg District Council.	The Community of Cathcart made a civil case against the Committee of the project. A new Committee was elected and Phase I of the project is nearing completion.	R66 000	R16 500	R16 500.
9	<u>Western Cape:</u> Uthango Lotyebiselwano (NEF 676A).	The project is completed and fully disbursed but due to lack of interest to operate the Community Hall, the building is presently being vandalised and in a state of neglect.	Various attempts to get the implementing committee to re-convene were initiated with no results. Despite RDP-Forum involvement to regain interest the initiating parties seem to have lost interest and the asset is subjected to gross vandalism.	R998 271	R998 271	

RDP: donation by American Government

602. Mrs T J MALAN asked the Minister of Education:†

(1) What portion of the R256,7 million contribution by the American Government towards the Reconstruction and Development Programme was allocated to his Department;

(2) whether he or his Department will spend any amounts from the portion allocated to his Department, on (a) pre-primary and primary education, (b) adult education, (c) youth development and/or (d) the transformation of tertiary education; if so, what amount in each case;

(3) whether he will make a statement on the matter? N988E

The MINISTER OF EDUCATION:

(1) The amount of R256,7 million mentioned in the question does not correspond to the records of the Department of Finance. The United States, according to the Department of Finance, obligated an amount of \$212 million in 1994, \$186,9 million in 1995, \$163,5 million in 1996 and an indicative amount of \$100,5 million in 1997 for support to South Africa.

These funds have not been allocated to the Department of Education to use as it deems fit. Bilateral Agreements in terms of which funds are allocated to projects aimed at contributing to the achievements of RDP objectives, have been signed. No funds are transferred through the RDP Fund to government departments. The funds are managed by the US Agency for International Development (USAID), which is accountable to the US Government for the utilisation of these funds.

(2) The Department of Education, representing the South African Government, in 1995 signed four Bilateral Agreements with the United States acting through USAID. These Agreements include:

(a) *The South Africa Basic Education Reconstruction (SABER) project:*

In September 1995, \$3 900 000 was provided under the SABER Agreement to provide assistance to the Department of Education and selected Provincial Departments of Education to support capacity to address the needs of basic education which includes pre-primary and primary education. An amendment in the SABER Bilateral Agreement, dated 26 September 1996, increased the funding to an amount of \$14 770 000. Of the \$14 770 000 an amount of \$3 870 000 was allocated to be used by USAID for direct contracting of services in the two areas, Grants Management and Technical Assistance (GMTA) and Performance Monitoring and Evaluation (PME). The rest supports Bilateral objectives. This Agreement is in the process of being amended to respond to President Mandela's Education Initiative (PEI) in teacher education.

(b) *The Education Support and Training (ESAT) Bilateral Agreement:*

Signed in 1995, this Agreement provided \$5 000 000 for the purpose of furthering the transformation of Adult Basic Education specifically at the provincial level. The funding level was increased to \$8 000 000 in 1996 by an amendment to the Agreement. Of this \$8 000 000, an amount of \$3 000 000 was allocated to be used by USAID for direct contracting services in GMTA and PME. This Agreement is the primary vehicle for USAID support to the Adult Basic Education and Training sector.

(c) *The Support to Tertiary Education Project Agreement:*

The Agreement signed in 1995 provided funding of \$3 000 000 in support of Youth Development Programmes. This amount was increased to \$9 316 000 by

(2) whether any pensioners in Maluti have in the past months not been receiving their pensions as a result of pension cheques being stopped; if so, (a) why was this situation allowed to develop and (b) what are the further relevant details;

(3) whether he or the Department of State Expenditure intends taking any steps to combat the ongoing theft of pension cheques in the Eastern Cape; if not, why not; if so, what steps? N1857E

The MINISTER OF FINANCE:

(1) No.

The matter at hand is a provincial responsibility and the Honourable Member is requested to forward the question to the Eastern Cape Provincial Legislature for a response from the responsible Member of the Executive Committee.

(2) Information not available at National level.

(a) This is a provincial responsibility.

(b) Falls away.

(3) Yes. An Eastern Cape Task Team had been established by the MEC of Finance. Eastern Cape and myself to address financial management such as budget preparations, expenditure control, reporting on expenditure trends, financial systems, closing of books, cashflow management, provisioning administration, information technology support and personnel matters.

As far as steps to control theft and fraud of cheques are concerned, the Task Team advised the Director-General: Eastern Cape to reduce the number of bank accounts, to bring in a 7 day clearance period at First National Bank before cheques are paid out, and to shift the computer bureau, where cheques are printed, to the Provincial Treasury.

Public Service: number of employees

*16. Mr J A JORDAAN asked the Minister for the Public Service and Administration:

(1) How many persons were employed by the State on 30 June (a) 1996 and (b) 1997;

(2) whether the Government's plans to streamline the Public Service are on track; if not, why not;

(3) whether he or his Department intends taking any action in this regard; if not, why not; if so, what action? N1858E

The MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION:

(1) The number of persons employed by the State on:

(a) 30 June 1996 was 1 264 863, and

(b) 30 June 1997 was 1 179 419.

(2) The conversion of the eleven public services that existed prior to the adoption of South Africa's new constitutional dispensation, was a massive task. It required the co-operation of a large number of role-players. Although the Public Service Commission played a decisive part by putting in place a framework to guide the process, the biggest challenge was faced by the provincial administrations - especially those that inherited functions and staff from the former homelands.

Most provinces are still struggling to come to terms with the rationalisation process. In many cases they inherited outdated and incompatible management and information systems, duplicated organisational structures and staff with diverse backgrounds. The task to build new organisations that would be able to support the Government in achieving its objectives, might have been underestimated. The Provincial Review Report has confirmed this.

(3) The Ministry is working closely with the respective provinces to address the problem areas and it will do its best to mobilise the resources of national departments to assist the provinces. International assistance has also been made available.

Economic accord with Libya

*17. Mr C W EGLIN asked the Minister of Foreign Affairs:

(1) Whether he has signed any economic accord with the government of Libya; if not, what is the position in this regard; if so, what is the text of this accord;

(2) whether the accord is consistent with the Government's stated commitment to promote democracy and human rights; if not, what is the position in this regard; if so, what are the relevant details? N1859E

The MINISTER OF FOREIGN AFFAIRS:

(1) The Department of Foreign Affairs has not signed any economic accord with the Government of Libya.

The Department is currently investigating entering into economic accords with a number of countries, according to a particular set of priorities. Future accords, if any, with Libya, will be addressed on the basis of those priorities.

(2) Because of the negative reply to the first question the second question falls away.

SA: foreign aid

*18. Mr K M ANDREW asked the Minister of Finance:

(1) What total amount in foreign aid did South Africa receive during the period 1 January 1995 up to the latest specified date for which information is available;

(2) whether any of the amounts received in foreign aid were not spent within the time-frames specified by the relevant donor countries; if not, (a) why and (b) what amounts;

(3) whether the Government has taken any steps in this regard; if not, why not; if so, what steps;

(4) whether any action has been taken by the donor countries concerned in this regard; if so, what are the relevant details? N1860E

The MINISTER OF FINANCE:

(1) The total amount of foreign aid received from the various donors through the RDP Fund for

the period of 1 January 1995 to 5 August 1997 totals R346 167 214.

(2) All the amounts received prior to 31 March 1997, (1995/1996 and 1996/1997 financial years) have been transferred to the "Spending Department/Province/Agency by way of the Adjustment Estimates. Each Department/Province/Spending Agency is directly responsible to the Donor with regard to the spending of these funds. Each separate Agreement that has been signed, stipulates when and the manner in which financial and progress status reports regarding the projects/programmes are to be forwarded to the donors. The Department of Finance does not monitor the spending of the donor grants.

(3) Not applicable.

(4) Not applicable.

Labour market: greater flexibility

*19. Mr K M ANDREW asked the Minister of Labour:

Whether, with reference to provisions contained in GEAR, specifically clause 2.2, the Government took any action during the period 1 June 1996 up to the latest specified date for which information is available, towards creating greater flexibility in the labour market; if not, what is the position in this regard; if so, what action? N1861E

The MINISTER OF LABOUR:

1. It is only a little over a year since GEAR was adopted by government and it takes time to formulate and implement policies that require negotiation with social partners as much as labour policy does. The department is considering a number of policy proposals to align ourselves with the macroeconomic strategy.

2. Flexibility in Collective Bargaining: The Department has committed itself to reviewing the new Labour Relations Act which was officially promulgated in November 1996 to ensure that it is efficient and flexible especially with regard to the granting of extensions to non-parties. Amendments to this effect are being formulated for negotiation with social

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partners. The Department is aware also that the collective bargaining process that has been achieved so far cannot be merely legislated away without a social upheaval, so that any proposals in this regard have to be compatible with our commitment to collective bargaining as the mechanism for ensuring stable and sound industrial relations. Nevertheless, ministerial discretion with regard to the extension of collective bargaining agreements is exercised to the degree allowed for by the law to allow for greater variability in application and compliance.

3. Wage Determination

3.1. The Department has already accepted the recommendations of the Comprehensive Labour Market Commission in this regard that future wage determinations should take cognisance of differences based on the capacity and ability of firms to shoulder the higher remuneration (e.g. with regard to small scale firms and those in which unit labour costs are already high); based on the possible impact of such higher remuneration on vulnerable segments of the labour force (such as youth and women); and based on the possible general impact of such higher remuneration on employment of unskilled and semi-skilled workers especially in regions with high rates of unemployment. It should be noted that these are considerations that already inform wage determinations in any case even if they are being pursued much more pro-actively at present.

4. Employment Flexibility

4.1. Measures concerning the need to promote greater flexibility in employment and the utilisation of labour have been proposed in the draft bill on Basic Conditions of Employment and they relate to the reduction in working hours, an increase in the overtime premium, averaging hours of work, re-alignment of shifts to allow for more workers to be employed and for continuous operations, overtime, and the lifting of restrictions on Sunday work. These and other provisions in the draft bill

are currently being negotiated with social partners.

5. The Social Agreement

5.1. It is government's intention that a social agreement should be the outcome of a general consensus on an Employment Strategy which should bind the social partners to particular commitments with respect to delivery of public services, formulation of targeted incentive packages, stabilisation of wages and prices, and deployment of private sector investment. A committee of ministers has been appointed to oversee the formulation of an Employment Strategy, which should be the basis for a social agreement that will be cemented at a Presidential Jobs Summit. Background research and interdepartmental consultation pertaining to the Employment Strategy has already begun and the Executive Council of NEDLAC has accordingly been briefed.

6. In sum then, there are policy processes under way to put into effect a coherent labour market policy. We will in the not too distant future, publish a consolidated labour market policy document.

Road building projects: completion
*20. Mr A E REEVES asked the Minister of Transport:†

(1) Whether any road building projects cannot be completed in time this year due to a shortfall in the budget allocated therefor; if so, what projects;

(2) whether he will make a statement on the matter? N1862E

The MINISTER OF TRANSPORT:

(1) Some projects identified by the pavement management system which should have started this financial year were delayed because the allocation received from Treasury for non-toll roads was insufficient to cover all the urgently needed rehabilitation and maintenance needs on national roads. While some projects had to be delayed others are being investigated as

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possible toll roads. The delaying of projects also has a knock-on effect as projects which should start in the following years have to be delayed as well. Each delay results in rehabilitation and maintenance becoming more costly. 25 Projects have already been delayed or will be delayed if more funds are not made available. Rather than take up the Houses valuable time I would like to request permission to file the list.

Project	Original Start date	Delayed until
N1/7 Special maintenance: Koedoesloep - Seynstasie	Apr 1997	Apr 2000
N1/7 Special maintenance: Sleystasie - Beaufort West	Apr 1997	Sep 1998
N1/7 Special maintenance: Platoning river - Nelspoort	Jun 1997	Feb 1999
N1/21 Reseal: Brakfontein - Rigel Ave	Jun 1997	Oct 1998
N1/29 Rehabilitation: Punch Bowl - Wyllespoort	Apr 1999	Jun 2000
N2/2 Special Maintenance: Sir Lowry's Pass - Palmiet river	Apr 1997	Feb 1999
N2/6 Reseal: Mosselbay west - Groothak river	Apr 1998	Apr 1999
N2/6 Reseal: Albertina - Gouritz mouth	Apr 1998	Apr 1999
N2/6 Reseal: Mosgas - Mosselbaai	Jun 1998	Apr 2000
N2/9 Reseal: Wierbos - Karredow	Jun 1997	Jul 1998
N2/16 Special maintenance: Beacon Bay - East London	Jun 1998	May 1999
N2/21 Rehabilitation: Harding - Izingskwent	Jun 1998	Jan 1999
N2/25 Durban Southern Gateway Phase II	Jul 1997	Jul 1998
N2/25 Reseal: Isipingo I/C - E B Cluette I/C	Apr 1998	Oct 1999
N2/29 Joint seals: Msimuzi - Kamgela	Jan 1998	Jan 1999
N2/31 Rehabilitation: Mkuzi - Pongola river	Apr 1999	Apr 2000
N3/1 Reseal: Candillian road - Pinetown	Apr 1999	Apr 2000
N3/7 Reseal: Van Reenen - Blacksmith	Aug 1999	Jan 2000
N3/12 Reseal: Geldenhuys I/C - Gilloelays I/C	Jun 1998	Oct 1999
N3/12 Repair rutting: Dwyers - Geldenhuys I/C	Jul 1999	Jul 2000
N3/12 Reseal: Medterfontein - Bucecluch	Apr 1997	Oct 1998
N3/1 Reseal: Homeligh - St. Lukke	Apr 1997	Jan 1999
N3/8 Surface: Alexanderfontein - Avondster	Apr 1997	Jan 1999
N1/4 Rehabilitation: Cypress Grove - Middleburg (Cape)	Jun 1999	Oct 2000
N1/3 Reseal: Nkuazi - One Tree Hill	Jun 1997	Sep 1998

Impact of Lotteries Bill on welfare organizations

*21. Mrs T J MALAN asked the Minister of Trade and Industry:†

(1) Whether a study has been made of the impact that the proposed Lotteries Bill will have on welfare organisations; if not, why not; if so, what are the relevant details;

(2) whether he will make a statement on the matter? N1863E

The MINISTER OF TRADE AND INDUSTRY:

(1) Yes. In the investigation and research during 1994/95 by the former Lotteries and Gambling Board to advise Government on appropriate policy and legislation relating to gambling and lotteries, thorough attention was given to this matter. The Board's main report submitted to government contains its views in this regard.

As a general observation it seems that the introduction of a national lottery may negatively impact on the capacity of welfare organisations to raise funds through voluntary contributions.

This potential negative result will be tempered if not eliminated by the direction in the Lotteries Bill that a percentage of the distributable income of the national lottery will be paid to charitable organisations.

Furthermore, the Lotteries Bill provides for the introduction of small, private and society lotteries which for the first time establishes a legal framework and therefore a new opportunity for welfare organisations to collect funds legally through lottery competitions.

(2) No.

Upgrading of N1 from Matoks to Louis Trichardt

*22. Mr A FOURIE asked the Minister of Transport:

(1) When is it envisaged that the upgrading of the N1 road from Matoks to Louis Trichardt will be completed;

(2) whether he or his Department has had a change in viewpoint in respect of the upgrading of the road between Louis Trichardt and Beit Bridge; if not, why not; if so, what are the relevant details? N1864E

Hansford

Hansford

(1) Whether she was present in the House during Question Time on 4 June 1997; if not, (a) what was the reason for her absence, (b) who granted leave of absence to her and (c) what were her whereabouts at the time;

(2) whether any Minister or Deputy Minister was acting on her behalf during her absence; if so, who;

(3) whether the reasons for her absence were made available to the public; if not, why not; if so, what are the relevant details;

(4) whether she was on a visit abroad at the time; if so, (a) who did she meet, (b) what was the purpose of the visit, (c) how did such visit benefit South Africa and (d) what advice did she obtain from the Minister of Foreign Affairs concerning such visit;

(5) whether she met with any institutions and/or bodies during this visit; if not, what is the position in this regard; if so, (a) which institutions and/or bodies and (b) when was the last time a Minister visited each such institution and/or body?
N1522E

The MINISTER FOR WELFARE AND POPULATION DEVELOPMENT:

(1) No,
(a) to attend to funeral arrangements of my father, Mr A H Fraser.

(b) the Whip was informed that due to the reason mentioned in (a) I would not attend Parliament during that specific week and

(c) Cape Town;

(2) yes, the Minister of Health,

(3) yes, as far as official appointments were scheduled;

(4) no,

(a) to (c) fall away;

(5) no,

(a) to (c) fall away.

*6. Mr D DE V GRAAFF - Trade and Industry, [Written Question No 909] [Removed.]

Commuters using motor cars/minibuses taxis/trains/buses

*7. Mr G M E CARELSE asked the Minister of Transport: [Written Question No 919]

(a) How many and (b) what percentage of South African commuters in urban areas made use of (i) motor cars and/or motor cycles, (ii) minibus taxis, (iii) trains and (iv) buses in 1995 and 1996, respectively?
N1615E

The MINISTER OF TRANSPORT:

Information is not available on the basis for the years as requested, but the current estimated market share split is as follows:

Bus	25%
Trains	25%
Taxi	50%

This market share split represents only the commuter market excluding private motor vehicles.

Market share percentages applicable to all modes of transport can only be calculated correctly if a common denominator such as passenger kilometers or passengers per day is given as a standard reporting format. Information is, however, not available in this format. It is believed that this information will only become available once authorities at lower spheres of government have compiled transport plans for their areas.

Black farmers: land taken away without compensation

*8. Mr A S BEYERS asked the Minister for Agriculture and Land Affairs:† [Written Question No 930]

Whether his Department has details in regard to black farmers whose land according to the White Paper on Land Policy, was taken away from them without compensation; if so, what are the relevant details?
N163E

The MINISTER FOR AGRICULTURE AND LAND AFFAIRS:

No, restitution claims are lodged with the Commission on Restitution of Land Rights which deals with each claim according to the merits. Because of the extent of claims already received (currently more than 16 000 claims), keeping statistics of the kind referred to in your question is administratively almost impossible and will place an unbearably burden on the Commission.

Much historical research has been done on the scale and nature of dispossession of black farmers from their land. A consistent picture of cruelty and insensitivity emerges. This is why we are engaged in a restitution process today - to in some way compensate people for the losses they suffered under the racially discriminatory laws of the land which dispossessed mainly black people of their land rights.

Department: payments to non-statutory service providers

*9. Mr A S BEYERS asked the Minister for Agriculture and Land Affairs:† [Written Question No 931]

(a) What is the total amount spent by his Department in payments to non-statutory service providers during the period 1 January 1995 up to the latest specified date for which information is available, (b) to which service providers were such payments made and (c) what amount was paid to each such service provider?
N1632E

The MINISTER FOR AGRICULTURE AND LAND AFFAIRS:

The Departments of Land Affairs and Agriculture employ many non-statutory service providers. However, the kind of information requested by the hon member is not readily available. The Financial Management System of the Public Service is designed in such a way that it is not easy to retrieve such information.

In order for me to respond fully to the question posed by the hon member, each contract entered into by the Department since January 1995 must be checked manually and the information correlated with the information on the Financial Management System. Such a task would involve

several weeks of work by a number of officials.

*9. Mr A S BEYERS - Agriculture and Land Affairs:† [Written Question No 931] [Question standing over.]

Benefits paid out from UIF

*10. Mr A WATSON asked the Minister of Labour: [Written Question No 933]

At how many pay-points in the Republic were benefits paid out from the Unemployment Insurance Fund in 1996.
N1635E

The MINISTER OF LABOUR:

There were 500 applications and pay-points in the Republic where benefits were paid out from the Unemployment Insurance Fund in 1996

*11. Mr J J DOWRY - Posts, Telecommunications and Broadcasting, [Written Question No 937] [Removed.]

Job creation

12. Comdt A BLAAS asked the Minister of Labour: [Written Question No 938]

(1) How many jobs were created in (a) total and (b) each specified industry (i) in (aa) 1995 and (bb) 1996 and (ii) during the period 1 January 1997 up to the latest specified date for which information is available;

(2) whether he will make a statement on the matter?
N1640E

The MINISTER OF LABOUR:

(1) The Department of Labour does not have figures for the number of jobs created. However, we have statistics on people employed on a specific date. The number of people employed on a specific date compared with the number for a previous date can indicate how many jobs were created or lost during a particular period.

Our employment figures cover only the formal non-agricultural sectors and the public sector's community, social and personal services.

(a) Total

A total of 4 850 jobs were lost during 1995 in

the formal non-agricultural sectors.

In 1996 a total of 105 300 jobs were lost and during the first quarter of 1997, 41 946 jobs were lost.

Total Non-Agricultural Sector	Formal Business Sector
1994 Dec 5 343 820	1995 Dec 1 477 819
1995 Dec 5 338 970	1996 Dec 1 430 426
1996 Dec 5 233 670	1997 Mar 1 416 344
1997 Mar 5 191 724	
Jobs created/lost	Jobs created/lost
Dec 1994 - Dec 1995: - 4 850	Dec 1994 - Dec 1995: -13 937
Dec 1995 - Dec 1996: - 105 300	Dec 1995 - Dec 1996: -47 393
Dec 1996 - Mar 1997: - 41 946	Dec 1996 - Mar 1997: -14 082

(b) Specific Industries

In this table we show the number of people employed for December 1994, 1995, 1996 and March 1997. The table also shows the differences between the number of people employed in December of a particular year and the number employed in December of the previous year.

Note: A plus sign (+) indicates the number of jobs created

A minus sign (-) indicates the number of jobs lost.

Mining	Wholesale, Retail, Hotel and Motor Trade
Number of people employed	Number of people employed
1994 Dec 600 619	1994 Dec 760 328
1995 Dec 582 766	1995 Dec 787 245
1996 Dec 558 578	
1997 Mar 556 779	
Jobs created/lost	Jobs created/lost
Dec 1994 - Dec 1995: -17 853	Dec 1994 - Dec 1995: -24 188
Dec 1995 - Dec 1996: -24 188	Dec 1995 - Mar 1997: -1 799
Dec 1996 - Mar 1997: -1 799	

1996 Dec 775 577

1997 Mar 756 957

Jobs created/lost Dec 1994 - Dec 1995: +26 917

Dec 1995 - Dec 1996: -11 668

Dec 1996 - Mar 1997: -18 620

Transport, Storage and Communication

Number of people employed

1994 Dec 284 865

1995 Dec 280 235

1996 Dec 280 031

1997 Mar 278 763

Figures for the March 1997 quarter are preliminary.

Jobs created/lost Dec 1994 - Dec 1995: -4630

Dec 1995 - Dec 1996: -204

Dec 1996 - Mar 1997: -1 268

Banking, Building Societies and Insurance Companies

Number of people employed

1994 Dec 197 742

1995 Dec 208 352

1996 Dec 213 174

1997 Mar 212 378

Jobs created/lost Dec 1994 - Dec 1995: +10 610

Dec 1995 - Dec 1996: +4 822

Dec 1996 - Mar 1997: -796

Public Sector Community, Social and Personal Services

Government sector, parastatals, agricultural marketing boards, universities and technicians and laundries and dry-cleaning services

Number of people employed

1994 Dec 1 612 526

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1995 Dec 1 624 566

1996 Dec 1 623 976

1997 Mar 1 615 810

Jobs created/lost Dec 1994 - Dec 1995: +12 040

Dec 1995 - Dec 1996: -590

Dec 1996 - Mar 1997: -8 166

(2) The above constitutes my statement on the matter.

*13. Mr P I BIKITSHA - Home Affairs. [Written Question No 939] [Removed.]

*14. Mr B C BESTER - Home Affairs. [Written Question No 942] [Removed.]

*15. Mr F J VAN DEVENTER - Home Affairs. [Written Question No 943] [Removed.]

*16. Mr W L FOURIE - Home Affairs. [Written Question No 944] [Removed.]

Members of medical aid schemes/access to private health care services

*17. Past Z K MANGALISO asked the Minister of Health: [Written Question No 946]

What percentage of the South African population (a) belonged to a medical aid scheme and (b) had access to private health care services on a regular basis in 1996? N1648E

The MINISTER OF HEALTH:

(a) Approximately 15 - 18% belong to registered medical schemes. This figure is based on the latest census figures published by the Central Statistical Services and information regarding those belonging to medical schemes that we can account for as at December 1995.

(b) The above percentage does not include persons who fund their own health care expenses and those who make use of alternative insurance policies. An estimate of almost 23% of South Africans have some form of access to private health care services.

Cases of malaria in South Africa
*18. Mrs P W CUPIDO asked the Minister of Health: [Written Question No 947]

97 declares of land of their own on Sunday. Another example is Joe Slovo Village, where, just a week before, about 1 600 poor families got land of their own on which they will build their own houses. That cost the Department of Land Affairs R1.5 million. It is an amount well spent on empowering communities to get on with their own lives.

As far as the State land is concerned, there are some policy issues which are of concern which I think we need to address together. Firstly, I should say that the information that we already have as to where the State land is and what the status of that land is, is freely available to any MP.

However, the crucial question that is of concern to me is that in some instances this State land is not being wisely allocated to those who really need it the most. That is a matter of concern. For example, it has just come to my attention that the TLC of Slagrvier in the Western Cape has in this case allocated 80% of land to white farmers in that area ... [Interjections.] [Time expired.]

Mrs M L NGWENYA: Madam Speaker, I am sure the hon the Minister is aware that this is a highly complex issue in respect of which we must proceed cautiously.

At the same time there can be no doubt that the rural women, in particular, have been the most disadvantaged by the previous regime which marginalised them as far as landownership was concerned. Rural women are the most insecure, the most vulnerable people in our country.

The Extension of Security of Tenure Bill, which we will debate tomorrow, begins to address the plight of the rural poor. Further measures will be necessary. We need to take more rapid steps towards giving women more access to productive land for viable farming to eliminate poverty, hunger and dependency.

Would the hon the Minister please comment on how the inventory of the State-owned land can be used to help identify opportunities for small and medium-sized community projects that would set the example for increasing the security of women in the rural areas?

community processes. What I am going to do is to take much more personal responsibility for the way in which we are dealing with this thorny issue - even though the provinces have power of attorney - in order to ensure that those most in need of land, especially women, get priority in the allocation of such State land.

Debate concluded.

Labour measures conducive to job creation

2. Comdt A BLAAS asked the Minister of Labour:

- (1) Whether any data and/or statistics indicate that the labour measures implemented by the Government since May 1994 are conducive to job creation in South Africa; if so,
- (2) whether he will furnish any corroborating data and/or statistics in this regard; if not, what is the position in this regard; if so, what are the relevant details?

N1875E.INT

The MINISTER OF LABOUR: Madam Speaker, there is no statistical indicator to demonstrate the direct correlation between the labour market measures of this Government and job creation. However, a great deal of careful analysis is undertaken to consider the impact of such policies on job creation and on the economy in general. It is an established view that labour market policies on their own cannot be the sole determinant of the labour absorptive capacity of the economy.

The current mandate of the Department of Labour is such that its policies can only affect job creation indirectly. The major policy concerns of the department relate in particular to ensuring a stable and effective collective bargaining system. The new Labour Relations Act is the major policy instrument for achieving this particular objective. It impacts on job creation indirectly through the prevention of conflicts in industrial relations, especially in regard to forestalling strike action and lockouts.

The institutional vehicle for the realisation of the goals of the new Labour Relations Act is the Commission for Conciliation, Mediation and Arbitration. Between 11 November and

31 December 1996, the CCMA conciliated over 1 244 matters, of which 86% were resolved. I would like to believe that the resolution of these cases must have had a beneficial impact on the economic situation confronting particular firms, on employment retention, and the minimisation of time likely to have been lost through protracted disputes at the enterprise level.

Secondly, the department is in the process of proposing a number of important Bills, such as the Basic Conditions of Employment Bill, the Skills and Training Bill and the Employment and Occupational Equity Bill, in order to help in the improvement of the conditions of work for our people.

The foregoing proposals are still under discussion and until they are promulgated their effect on employment cannot be easily assessed. The Bills are being proposed in the strong belief that they are not inimical to employment creation.

Comdt A BLAAS: Madam Speaker, we listened carefully to what the hon the Minister said. Actually, he sort of drifted away from the real question.

It is our humble submission that the labour measures implemented since May 1994 have not been conducive to job creation in South Africa. This is based on the fact that the unemployment figures showed a negative growth over the period under review. This places the Gear objectives, which were very optimistic, even further out of reach. The main reason for this is that South Africa has a structural unemployment problem, and that employers prefer capital investment over labour intensive investments. While one accepts the fact that technological development has a tendency to promote this phenomenon, there are, however, factors in the South African labour environment that should be addressed before this issue becomes relevant. We suggest that the Minister and Government are extremely unsuccessful and unwilling to manage these variables.

The fundamental problem is a tendency towards an overregulated environment and a lack of coordination between Ministries. If we can look at some examples, the continuous demand for higher wages and unrealistic minimum conditions of employment inflates labour costs and bars South

Africa from international competitiveness. If demands are not met then strikes follow, forcing industrialists to reduce the risk of an unstable labour force by opting for capital investments. This has already resulted in the loss of 50 000 jobs in industry.

With reference to flexibility, we can note that for a developing country with an oversupply of labour, flexible labour regulations are fundamental. In South Africa the tendency is towards more rigid measures. Here again, the unions are instrumental in destabilising and preventing flexibility. The interests of the unemployed and the objectives of Government are not recognised or understood or accepted by the unions.

With reference to co-ordination between Ministries, I think that there are a fair number of very important examples which can be quoted, of which I will give just one or two. The legislation of the Minister for Agriculture and Land Affairs and the attitude of Sam Shilowa caused a 40% reduction in jobs in the agricultural sector alone. The possibility of a loss of 70 000 jobs in the mining sector at present exists because of the way in which Government is handling the water issues in the East and West Rand that were brought to their attention by the mining industry. [Time expired.]

Mr A J LEON: Madam Speaker, I think that the hon the Minister of Labour might be guilty of some bland euphemisms here today. The hon member Comdt Bhasis is guilty of hypocrisy because, in fact, the NP joined forces with the ANC two years ago, as I recall, in supporting the very regulatory framework which is creating these stifling conditions in our labour market, namely the Labour Relations Act. I find it strange that that hon gentleman stands up and points out what is wrong, when his party was party to the very structural situation about which, two years later, he is complaining.

Perhaps I could assist the hon the Minister with some statistics. Last year the Gear document promised that there would be 126 000 new jobs created in South Africa. This year the formal sector, in the same period, announced that 100 000 jobs had been shed. Now, that is not only a problem in terms of Government labour policy tripping up Government's macroeconomic policy or not being in concert with it.

I think it is a real shame and a scandal for the millions of South Africans who are dispossessed, because what the hon the Minister knows is that we can create First World, first-class, Rolls-Royce conditions of employment – and everyone aspires towards that – but the cost is paid in terms of redundancies every single year.

Only last weekend the SA National Coalition of Nongovernmental Organisations indicated that 2.3 million South Africans are malnourished, including 87% of African children under 12. Surely that is the greatest crisis facing this country, and surely we now have to scrutinise our labour policies and ask whether they are assisting in getting to those people and creating jobs for the most unemployed sectors, or whether they are simply empowering the already empowered.

I want to tell the hon the Minister, with respect, that he has a prime responsibility and he should tell us what he is going to do about it. [Time expired.]

The MINISTER OF LABOUR: Madam Speaker, perhaps I should start off by saying to the hon member Leon that no number of publicly-seeking statements has ever created a single job, and therefore he should confine himself to dealing with what to do in terms of the issues that we face in the country.

Mr A J LEON: How many jobs have you created?

The MINISTER: No amount of heckling has ever created a single job, so the hon member will be much better off listening to what I have to say.

The issue at hand here is that the measures which have been introduced by the Labour Ministry include in particular the Labour Relations Act. No one can point out to me anything else that has been major and has resulted in the loss of jobs. I do need to indicate that as far as the Labour Relations Act is concerned, its key contribution has been in trying to stabilise the labour relations framework.

The next point I would like to make is that it is not only the responsibility of labour-market policies to create jobs. It is the responsibility of the entire array of policies, including macroeconomic and industrial policies. The behaviour and approach of

the private sector and indeed of the trade union movement are also involved in this process. That is why we have now put forward a proposal that we should all participate in a job summit, hopefully before the end of this year, where all the parties will commit themselves to a programme of action, in many instances to enhance what currently exists and in other instances to put in place measures which do not exist. [Time expired.]

Mr A WATSON: Madam Speaker, the hon Tony Leon is trying to score points and nothing else. The NP has always stated that it is in favour of a labour framework that will ensure a stable labour market, but has constantly warned against rigid labour standards and regulations.

But it is also obvious that the Minister is doing his best to avoid the issue of unemployment. We would welcome the summit that he has referred to, but may I remind him that the recent IMF working paper has again underlined a basic reality, namely that higher labour standards are primarily the consequence of economic growth and not the reverse. In other words, higher labour standards could never cause or stimulate economic growth.

The rigid labour standards introduced by this Minister since 1994, coupled with the continuous demands of trade unions, has an ever bigger impact on the situation. The position is clear and catastrophic. An unemployment figure of around 30%, which has, for example, deteriorated by 31% during the eight-month period ending June 1996, is an indictment that cannot be justified in any terms. May I add that that is virtually the same period quoted by the hon the Minister with regard to the 1 244 matters of mediation conducted in terms of his own rigid labour laws.

In contrast thereto, it is, however, also a proven fact that a relatively moderate and economically accepted labour rate stimulates and promotes labour-intensive production methods, which in turn impact positively on unemployment and stimulate economic growth. The reverse situation, as experienced at present under the ANC Government, has the accumulative effect that the entire economic activity in this country is constantly moving towards capital-intensive production methods, which are labour-extensive and cause further unemployment. [Time expired.]

Comdt A BLAAS: Madam Speaker, with reference to what the hon the Minister has said, yes, I can fully agree with him that the responsibility for creating jobs requires a commitment by everybody participating. Unfortunately, he put a lot of emphasis on the Labour Relations Act, which I think is irrelevant or of lesser importance in this debate.

It is in the interests of South Africa that drastic decisions be made to ensure the creation of jobs to accommodate the population growth and stabilise our economy. I am convinced that the hon the Minister is aware of this, as he indicated, and knows what should be done. The question is: Why do we not see results? What are the forces that prevent him from proceeding with what is necessary? We can but speculate.

Certainly, the hon the Minister has to make unpopular decisions. He will have to manage the labour environment in such a way that it contributes to the benefit of all South Africans, and it is also the responsibility of all South Africans to participate and make a commitment. Up to now there have been no meaningful results... [Time expired.]

The MINISTER OF LABOUR: Madam Speaker, I would have no problem listening to advice from any hon member of this House, but from those who have a record in the previous government, and actually did nothing themselves to create jobs, that is something that I cannot accept. [Interjections.] During the time of the NP, this country faced many crises, and they really do stand accused of having failed during their time in government. So there is nothing that they can advise us on in these matters.

I would have thought that members of Parliament would generally familiarise themselves with the issues before they came and spoke here. They are saying that there have been certain measures introduced by the Ministry of Labour which have created bottlenecks and rigidity, but they have not been able to mention one single thing that has done that. What is that measure that they are talking about? They have not done any research, and have no information before them. They are just publicity-mongering, and that is all that they are trying to do.

The fact of the matter is that we as the Government have put in place many programmes – infrastructure development and housing programmes,

and industrial policies – in order to stimulate the economy and empower our people. These are important initiatives, such as the Maputo Corridor and many others, aimed indeed at the creation of jobs.

The last point is that when hon members try to familiarise themselves with what we do in the Ministry of Labour next time they ask questions, they would be well advised to check the competence of the Ministry of Labour, which will indicate to them the kind of work we are supposed to do, and not what they may have read in this or that publication. We resist very much the accusation that labour market policies are the problem child of economic policy. [Time expired.]

Debate concluded.

Legislation on mandatory imprisonment of persons who go into liquidation

3. Mr M F CASSIM asked the Minister of Justice:

Whether the Government will give consideration to introducing legislation to provide for the mandatory imprisonment of persons who go into liquidation in a manner designed to prejudice creditors as much as possible; if not, why not; if so, when? N1877E.INT

The MINISTER OF JUSTICE: Madam Speaker, in answer to the questions which were asked, I respond as follows. The Government is not considering introducing legislation which would allow for mandatory imprisonment for those, and I quote the interpellant, "who go into liquidation in a manner designed to prejudice creditors as much as possible". A person who, according to his words again, goes "into liquidation in a manner designed to prejudice creditors as much as possible" would be guilty of fraud. Fraud is a serious criminal offence, and our courts have the power to impose prison sentences, and they often do exercise that power in appropriate cases.

At the same time I want to draw attention to the fact that the SA Law Commission recently published an issue paper on mandatory minimum sentences for comment. The closing date for comments is 30 August 1997. In respect of other offences, the Portfolio Committee on Justice is

presently considering the Criminal Procedure Amendment Bill, which makes provision for minimum sentences for certain serious offences, but fraud is not one of them.

Mr M F CASSIM: Madam Speaker, the noted jurist, Prof Ellison Kahn, when he wrote his book on mercantile law, made the observation that the law of insolvency proved to be virtually "a congeries of discrete dooms". That was in 1936, and from then up to now very little has changed.

What I am introducing here in Parliament today is a very wide social evil, one in which debtors choose to denude their assets so as to prejudice creditors to such an extent that, if one looks at all the recorded cases, one asks oneself one critical question: How much in the rand goes to creditors when an insolvent estate is disposed of? If it is 80 or 90 cents in the rand, one can understand that the problem at the heart of the liquidation is one of unusual trading circumstances. However, in a number of such liquidation only a few cents in the rand go to the creditor, and the mounting number of cases every single year proves that the law of insolvency, which was first conceived in 1936, is unequal to the demands of the modern computer age.

I believe that in England steps are now being taken for people who seriously prejudice the economy of the whole country to have sanctions imposed on them, and these should be sanctions of a really serious nature. This is why I have asked the hon the Minister to consider, in extreme cases of fraud or negligence, where the debtor knowingly induces a supplier to provide him with goods – not for normal trading, but with the specific intent, the criminal intent, of defrauding the person who supplies the goods – whether such a person should be allowed to continue to undermine not only the creditors, but also the economy of the country.

It is a recognised fact that in order for us to attract investments, and particularly international investments, people need to believe that the laws are adequate to today's demands. I wish to submit to the hon the Minister of Justice that this Act, the Insolvency Act, which has been amended no fewer than 20 times, and is probably one of the most extensive on the Statute Book, is in need of

revision to bring it in line with the demands of modern trading. [Time expired.]

Mr L M GREEN: Madam Speaker, our party believes that steps should be taken against purposeful or wilful liquidation and that effective legislation might be an option for Government to consider. The following criteria for debtors and safeguards for creditors could be considered in the formulation of possible legislation. Firstly, all legal implications in the event of liquidation must be spelt out to a debtor. There must be some sort of commitment on the part of the debtor to ensure that creditors are paid on a regular basis. Loans and supplies to debtors must be granted only in relation to the capital produced and monthly takings.

A monthly profit-and-loss statement could be produced to ensure that both the debtor and his or her suppliers are protected. Proper documentation must be prepared to ensure that in the event of liquidation, the debtor is aware of the contents and relevant implications. The debtor, creditor and law office must have copies of the signed documents, and in the event of liquidation, the true reasons for that must be reflected in the documents. If the debtor has investments in overseas or offshore accounts, this must also be reflected.

Proper checks and balances must be put in place to ensure that creditors are not affected. The contents of the documents must include pro rata payouts in the event of liquidation. Copies of all correspondence sent to debtors must be sent to the creditors as well. This would forewarn creditors about the possibility of liquidation, and maybe prevent it. They could then take steps to ensure that their losses were not as severe as would otherwise be the case if liquidation were to take place. It must be remembered that liquidation does not only involve a loss of money, but a delay in payouts as well, which can sometime drag on for years.

The introduction of a debtors' insurance cover, in the event of liquidation, could be considered. Listing those with bad credit ratings could also be made available, and those appearing on such a list should incur a penalty. [Time expired.]

The MINISTER OF JUSTICE: Madam Speaker, hon members, I think it is important that we should not confuse different things. I wish to say,

regarding the question of mandatory sentences, that we are not even considering them. I believe that in cases of fraud our courts do have sufficient powers, and that we should leave it to their discretion to decide on appropriate sentences.

The confusion comes about when we speak of liquidation in respect of debtors. Only statutory bodies such as companies can be liquidated – fortunately, in our country individuals cannot be liquidated in terms of our law. Individuals run into debt and become debtors, and we need a law to ensure that those who can pay do pay. Whether it is an individual debtor or a company, anyone who enters into a transaction to obtain goods from creditors with the intention of not paying, hoping to go into liquidation or become insolvent, is obviously committing fraud. Our common law actually covers that kind of situation.

At the same time, as the interpellant and the hon member Mr Green know from the SA Law Commission reports that were made available to the committee, the commission is examining the law of insolvency at present. The suggestions they are making are matters which can be placed before the SA Law Commission for its consideration.

Mr H J BEKKER: Madam Speaker, it is a known fact that South Africa does have some shrewd operators and fly-by-night businessmen who willingly and knowingly deceive innocent clients or fellow business people. A favourite pastime is to sell products, which have been bought on credit, or for cash or otherwise, to customers, sometimes even at a price which is lower than what they originally paid. It is only a matter of time before they would fail to pay their creditors and opt for liquidation.

The creditors are then left with no option but to accept payment of so many cents to the rand. Sometimes, if they are unlucky, they might even find themselves having to contribute towards the costs where these exceed the debtor's assets. Needless to say, the so-called pyramid schemes which have been springing up all over the country follow the same trend. Eventually, the Mercedes Benzes, BMWs and Porsches of the bosses would be repossessed or confiscated, but at that stage, technically, millions would have been stolen from the gullible public.

are currently renting plush offices in Johannesburg at a rate of R75 000 per month. The chairperson's salary has been boosted to more than R400 000 per year - about R33 000 per month - which is just about in line with that of a Cabinet Minister. The question is: What does one have to show for this?

In that commission, so far, there has been an inability to even set up a register for complaints, even though they have received quotes in this regard. I am advised by legal practitioners that not one single case has been brought before the Constitutional Court by this commission on behalf of indigent litigants or people who do not have the ability to approach the court.

We move on to the Gender Commission as another example, which is highly relevant. The powers of this commission are essentially the same as those of the Human Rights Commission. [Time expired.]

Mr D H M GIBSON: Madam Speaker, for many years in South Africa there has been a myth that our country is a rich country. The reality is quite different. We have vast disparities between rich and poor. [Interjections.] The great task which all of us in this House have is to try to ensure that we use our national resources in such a way that we actually achieve a better life for all. At the same time as we create the conditions which will enable the poor to uplift themselves, we have to make sure that we do not tax those who are better off to the extent that the country becomes even more uncompetitive than it already is in world terms. We also have to ensure that we do not waste the limited resources which our country has.

If the proper use of resources is the yardstick, then the ANC is not doing very well as a government. Some of our money is being squandered to the detriment of both the poor and the rich, and without anything concrete to show for it. Many of our standing and constitutional commissions seem to the DP to be nothing more than lavish exercises in self-indulgence, delivering not much more than grossly overprivileged lifestyles for a few fortunate friends of the ANC, with a leavening of a few others to keep some of the opposition political parties quiet.

The DP will not keep quiet. Someone has to cry halt. [Interjections.] Someone has to say that we

are not serving the interests of the poor, or of the rich for that matter, if we squander our resources on paying salaries and perks which are often totally out of proportion to the worth of the commissioners or the value of the work which they do. [Interjections.]

The MINISTER OF FINANCE: Madam Speaker, the key question that neither the DP interpellant nor Mr Gibson has answered is how the agreements were struck. I am reliably informed that in respect of all the commissions, save the Gender Commission, the DP supported their establishment in the constitutional negotiations.

In respect of the Youth Commission - I imagine that the hon Leon's next set of questions will relate to that - I want to quote his party member and follower M J Ellis who, on 19 March last year, said in relation to the Bill:

... the DP made up its mind right from the start, when this Bill was first published, that we would support this piece of legislation, and I stand here today in support of it.

Therefore, the accusation levelled against Comdt Blass by the hon Leon in respect of hypocrisy applies as much to him regarding the commissions. They supported the establishment of the commissions, they participated in the negotiations and, in fact, in the hearings on the Youth Commission as well. But now he seeks to change his mind. The Pontius Pilate outfit does not fit the hon Leon.

Mr A J LEON: Madam Speaker, just for the edification of the hon the Minister of Finance, Mr Ellis never supported, at any stage, the fact that the chairperson would receive a salary of R352 366 a year or R30 000 a month. That is an obscenity, because the Minister is comparing the chairman of a commission which has done very little so far to a judge president of the High Court, when no such comparison is justified and there is no obligation in terms of the legislation for such obscene amounts of public money to be squandered on such a post. That is the reality. Nowhere can one find any textual or Hansard support for that concept.

We have always tried to bring these matters under some kind of regulatory control in terms of the amounts that are being spent on them. Indeed, as

far as the Gender Commission is concerned, the question that we have to ask is how we can justify a separate commission to deal with gender issues which are, in essence and by their nature, human rights issues, whilst simultaneously having a Human Rights Commission, a parallel structure in Parliament ... [Interjections.]

We have some very vocal members who serve on it. We have the Ad Hoc Joint Committee on the Improvement of the Quality of Life and the Status of Women, and indeed, in the hon the Deputy President's Office there has been a specific designated post dealing with the same issue. Yet another R4 million of that hon Minister's money, indeed the taxpayer's money, is expended on that.

We then come to the Pan South African Language Board. Here it is not so much the money, but the nonallocation thereof. According to our information, the board has a budget of R11 million. This money has not been made available to the board, not even for the payment of commissioners' salaries. As a result, commissioners operated in the first year without pay, which is at least a selfless example. The chief executive is the only appointment made so far. Yet they have expended R55 000 so far on domestic transport needs.

We go on to the Volksstaat Council. This provides for 20 members elected by members of Parliament who support the idea of the volksstaat. It must issue a report on its findings. That is all well and good; there is nothing wrong with that. That has cost a total of R9 809 000 since its inception. This is a concession which has been made, but is it worth R10 million? How do we justify or quantify it?

Let me also say something else for the hon the Minister's edification: The figures are widely divergent. The Human Rights Council gets R400 000, the Gender Commission R212 000, the Youth Commission R352 366. What is the basis for these distinctions and differences, and what attempts are being made to regulate matters or provide something which is a measurable standard against which the payment and remuneration are set, or are there no standards? Is there no remuneration, because this does not impact on independence, but rather on efficiency? [Interjections.] [Time expired.]

The MINISTER OF FINANCE: Madam Speaker, in many instances one would find reference in the specific statute. It is certainly there in the case of the Human Rights Commission. The Government may not reduce the salaries of serving members of the Commission. The salary of the chairperson of the Youth Commission is R212 400 a year and is in line with that of the Gender Commission. These figures have been set by the internal governmental structure known as the Central Evaluations Committee, and thereupon implemented. The perks would apply equally in respect of the Gender Commission and the Youth Commission, and in fact a number of the lesser-funded commissions.

The question of justification and quantification are matters to be dealt with in this House. This must be seen in the context of the separation of powers, and it is not for Government to turn around and say to the commission that it does not like what it is doing, because then the same Tony Leon is going to get up and say that this Government has cut resources of this commission because they are afraid that it will expose what they are doing.

More importantly, I want to ask if this is the same DP which, in the Western Cape, supported, in addition, the establishment of a provincial electoral commission, an environmental commission in the province, a children's commission and an enlarged provincial executive council. Can it be the same party? I believe not.

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

President of the Republic:

Combating corruption: national priority

*1. Mr S J DE BEER asked the President of the Republic: **(24)** **(304A)**

Whether he intends declaring the combating of corruption a national priority; if not, why not; if so, what steps is he considering to combat corruption? **(24)** **(304A)** N1795E

of Needs Survey. Annual information on educators will become available through the National Education Management Information system, which is being constructed from the nine Provincial Education Management Information Systems.

Business interrupted in terms of Rule 199(3) of the Standing Rules of the National Assembly.

Building of prisons: tendering process monitored

*11. Rev K R MESHIOE asked the Minister of Correctional Services:

Whether the awarding of contracts to foreign contractors for the building of prisons is to be monitored as far as the tendering process is concerned; if not, why not; if so, what are the relevant details? N1571E

THE MINISTER OF CORRECTIONAL SERVICES:

Yes, the State Tender Board, Department of Public Works, and the Department of Correctional Services will, jointly be monitoring the tendering process.

*13. Dr K RAJOO - Health. [Question standing over.]

State money spent on Lekkerwater

*26. Mr W A HOFMEYER asked the Minister of Public Works:

(a) What amount in state money was spent on the house Lekkerwater that was made available for the exclusive personal use of the former State President and (b) on what was such amount spent? N1588E

THE MINISTER OF PUBLIC WORKS:

(a) and (b)

The National Department of Public Works has received the following information from the Western Cape Provincial Administration.

The following expenditure was incurred by the Western Cape Provincial Administration during the upgrading of the house at "Lekkerwater" in 1990:

Expenditure	R
Salaries	35 588
Travel and subsistence expenses	9 844
Transport	1 688
Bore hole and pump	17 185
Stove (Gas)	3 485
Freezer (Gas)	1 155
Refrigerator (Gas)	1 376
Small stove	192
Key holder	10
Transport of furniture	2 900
Geyser	2 128
Gas installation	6 208
Road and site works	38 503
Helped	2 216
Total	R 122 478

The following amounts were expended by the Provincial Administration on maintenance of the bore hole and the gas and water installations:

1992 : R 10 908-92
 1993 : R 9 299-04
 1994 : R 2 150-27
 1995 : R 6 429-58

Total : R 28 787-81

An amount of R59 000-00 was budgeted in the 1996/97 financial year, for essential maintenance of the residence, as a result of its exposed location on the coast.

Lekkerwater for exclusive use of former State President

*27. Mr W A HOFMEYER asked the Minister of Environmental Affairs and Tourism:

(1) Whether his Department or the relevant provincial department of the former Cape

Province ever discussed a proposal that the house Lekkerwater in the De Hoop Nature Reserve should be made available for the exclusive personal use of the former State President; if not, what is the position in this regard; if so, (a) when did such discussions take place and (b) what decisions were taken;

(2) whether any proposals in this regard were made to the Administrator of the former Cape Province or any other organ of government; if so, what are the relevant details;

(3) whether he will make a statement on the matter? N1589E

THE MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM:

(1) The Department of Environmental Affairs and Tourism was never involved in any discussions.

(2) A former official of the Cape Provincial Administration advised this Department that the Executive Committee of the Provincial Council discussed the matter and made a submission to the Administrator in the late 1980's.

Lekkerwater was donated by a private individual to serve as a resort for the former State President. The donor stipulated that should the State President not use the facility it should be utilized as an environmental training facility.

(3) No.

*41. Mr J A JORDAAN - Public Works. [Question standing over.]

Questions standing over (transferred for oral reply in accordance with Rule 202):

*3. Mr L D CHUENYANE - Public Works [Written Question No 64] [Question standing over.]

Special pensions: applications received/accepted

*10. Mr K M ANDREW asked the Minister of Finance: [Written Question No 235]

Whether any applications for special pensions in terms of the Special Pensions Act, 1996 (Act No 69 of 1996), have been received and/or accepted; if so, (a) how many applications in each age category had been (i) received and/or (ii) accepted as at the latest specified date for which information is available, (b) what will be the cost to the state of paying the pensions which have been accepted to date in each year

over the next ten years and (c) for how many pensions has provision been made? N376E

THE MINISTER OF FINANCE:

(a) Total number of applications for special pensions received as at 4 August 1997.

	35 - 49	50 - 59	60 - over	Total
Living	5 021	1 528	2 145	8 694
Deceased	774	252	1 438	2 464
Total	5 795	1 780	3 583	11 158

(a) (ii) The total number of Special Pensions paid to date are 1 169 persons.

(b) To date R59 million was paid out to the accepted 1 169 persons. Subject to increases that may be granted by the Minister of Finance in terms of Section 12 of the Special Pensions Act the cost will remain the same.

(c) Based on actuarial estimates (demographic and statistical) provision was made for a total of 28 000 potential Special Pensions persons. The projected cost for these are:

Year	Annual Cost (R. Million)
1	270
2	300
3	330
4	360
5	400
6	435
7	480
8	525
9	575
10	625

*19. Mr L D CHUENYANE - Public Works [Written Question No 399] [Question standing over.]

Public works: projects initiated

*39. Mr J A JORDAAN asked the Minister of Public Works: [Written Question No 631]

Howard

(173)

Howard

Howard

(a) How many public works projects have been initiated by his Department since 27 April 1994 and (b) how many persons in total have been or are being employed in implementing these projects? N1071E

The MINISTER OF PUBLIC WORKS:

(a) The current total number of projects stands at 1 106.

(b) Various community dynamics make it impossible to capture total numbers of people employed in the program. For example, as a general trend, communities tend to demand rotational employment in a project in order that a large number of the community members can benefit in terms of employment from one project. Consequently if our monitoring captures total numbers of people employed in one project double counting is bound to occur giving unrealistic picture.

To avoid double counting on the one hand and loss of valuable statistical variable on the other, our monitoring captures the overall total of workers days which stands at 6,3 million at present.

*52. Dr M S APPELGRYN - Foreign Affairs. [Written Question No 695] [Question standing over.]

*62. Mr K M ANDREW - Finance. [Written Question No 794] [Question standing over.]

New questions:

Affirmative action: instructions regarding implementation of policy

*1. Mr A J LEON asked the Minister of Justice:

(1) Whether, in view of the ruling of Mr Justice J Swart in the Pretoria High Court on the affirmative action policy of his Department, he has issued any instructions regarding the implementation of that policy and the filling of the 30 senior posts referred to in the judgment; if so, what are all the relevant details; if not, why not;

(2) whether he or his Department intends taking any action in this regard; if not, why not; if so, what action;

(3) (a) which of these 30 posts have already been filled and (b) what steps are being taken regarding the persons appointed to these posts;

(4) what was the total cost to date to his Department incurred in respect of this court case? N1759E

The MINISTER OF JUSTICE:

(1) and (2) The ruling of the Pretoria High Court is presently on appeal to the Supreme Court of Appeal, Bloemfontein. Instructions have been given that transcripts and law must be compiled with in the filling of all posts, including the posts referred to in the judgment.

In September 1996 already a new policy document on Affirmative Action was negotiated in the departmental Bargaining Chamber. Based on the agreed policy, action plans are being developed. It is hoped that agreement will be arrived at in the departmental chamber on the action plans.

In the meanwhile posts have already been advertised and steps are being taken to fill the 30 posts referred to.

(3) None of the 30 posts have as yet been filled, but they are expected to be filled shortly.

(4) 350 000,00.

Investigation into contract to distribute social pensions

*2. Mr A J LEON asked the Minister of Justice:

Whether the investigation initiated in February 1996 by the Office for Serious Economic Offences into a certain person, whose name has been furnished to his Department for the purpose of his reply, in connection with the awarding of a contract to distribute social pensions, has been completed; if not, (a) what progress has so far been made and (b) when is it envisaged that the investigation will be completed; if so, what was the outcome? N1760E

The MINISTER OF JUSTICE:

(a) and (b) The investigation has not been completed. The Office for Serious Economic

Offences (OSEO) has indicated that its hope is that the investigation and report will be ready by the end of September 1997. The outcome cannot be anticipated or predicted.

Sports teams: participation by previously disadvantaged groups

*3. Mr M J ELLIS asked the Minister of Sport and Recreation:

(1) (a) What is his Department's policy in respect of the promotion of the participation by previously disadvantaged groups in sports teams and, (b) what is the status of this policy;

(2) whether he or his Department intends taking any action to regulate the selection of national teams; if not, what is the position in this regard; if so, (a) what action, (b) when and (c) in respect of which sports teams? N1761E

The MINISTER OF SPORT AND RECREATION:

(1) (a) Through its funding policy the Department prescribes that at least 60% of the annual grants allocated to National Federations be spent on development programmes that are aimed at redressing historical imbalances which will eventually lead to more representative national teams.

(b) In line with this policy, the National Sports Council (NSC) recently announced affirmative action guidelines, in terms of which each National Federation is expected to develop its own policy on representativity, with clearly defined time scales for implementation. The response of the National Federations is awaited in due course.

(2) No. The Department takes the view that day to day matters are left to individual sports bodies within the agreed framework prescribed by the aforementioned guidelines.

Sarafina II: anonymous donors

*4. Mr M J ELLIS asked the Minister of Finance:

Whether Chapter X of the Treasury Instructions has been amended to deal specifically with the question

of anonymous donors in order to comply with recommendation 1 of the Public Protector's report on Sarafina II; if not, what is the position in this regard; if so, how has it been amended? N1762E

The MINISTER OF FINANCE:

No.

After consultation with the Auditor-General and the Public Protector Chapter X will be amended during September 1997 as follows:

"X1.3 Identity of Donor

X1.3.1 "When a donor requests to stay anonymous, the accounting officer of the department concerned shall submit to the Treasury a certificate from both the Public Protector and the Auditor-General that the identity of the donor has been revealed to them, that they have no objection thereto and that they have taken note thereof. (This provision shall in no way limit the Auditor-General or the Public Protector to supply this information to his/her staff, and where in the public interest, he/she deems it necessary to report in relation to this.)"

X1.3.2 When a donor objects to the stipulations in X1.3.1, the donation shall be rejected."

Meetings between Ministers/Attorneys-General

*5. Mr D H M GIBSON asked the Minister of Justice:

(1) Whether there is any formal arrangement prescribing meetings between himself and Attorneys-General in order to resolve matters of mutual interest; if not, on what basis do meetings take place;

(2) whether he intends introducing such an arrangement; if so, what are the relevant details;

(3) how many such meetings took place during the period 1 July 1996 up to the latest specified date for which information is available? N1763E

MANAGEMENT

Business Day Reporter

SA's pressing economic problems, such as unemployment and low foreign reserves, could be solved if local management embarked on a policy of beneficiation.

This is the view of Rex Glanville of international management consultant Decision Processes International.

He says prime examples of products which could be beneficiated are gold and platinum.

"Although final gold refining is processed by

Beneficiation 'will solve unemployment'

Rand Refinery, international marketing is controlled by the Reserve Bank.

"Apart from hedging, mines have no influence over the gold price, but they would influence prices if they added value," he said.

Referring to platinum, he said the trend in motor manufacturing was towards the introduction of catalytic converters.

"When SA legislation makes them mandatory locally, platinum will be sent offshore, and converters will have to be imported at substantial cost," he said.

The solution to this was simply to investigate the feasibility of manufacturing them locally, creating a new industry, more employment and ultimately, saving the country foreign exchange.

(173) (20) MD 1/8/96
SA companies had to search for opportunities in world markets for value-added goods and identify which had the greatest potential for success, Glanville said.

It was essential that companies invested in research and development, and the final step was to pursue opportunities using local and international marketing tactics in order to compete successfully, Glanville said.

"There is a tendency for SA businessmen to take the short term view of marketing, and viewing it as a cost rather than as an investment.

"It takes years of investment in brands and products to develop them to the level where they can add more value to a company's worth than is evident in the tangible asset base," Glanville pointed out.

enrolment returns, when they are confirmed. The National Business Initiative for Growth, Development and Democracy (NBI) used the Department's latest (1993) enrolment figures available on age groups and the population data from the Education Foundation's COREMOD and calculated the figure of children between the ages of six and 16 years who did not receive any schooling at 822 869.

(b) The information is in respect of 1993.

(2) The Department has at this stage no information available on vacancies at schools. A consortium of companies was appointed to collect information needed to compile a school register of needs. This information will only be available towards the end of the year after which it will be possible to calculate vacancies at schools.

Prisoners awaiting trial: backlog

386. Mr M F CASSIM asked the Minister of Correctional Services:

(1) Whether a backlog in respect of the number of prisoners awaiting trial is currently building up; if not, what is the position in this regard; if so, what is the extent of this backlog;

(2) whether this backlog has resulted in prisoners being incarcerated for unnecessarily long periods; if not, what is the position in this regard; if so, what are the relevant details;

(3) whether he will make a statement on the matter?

N685E

The MINISTER OF CORRECTIONAL SERVICES:

(1) Since the judicial process falls under the Department of Justice, I cannot comment on whether there is indeed a backlog. It can be confirmed that the total number of awaiting trial prisoners has increased rapidly during the past ten (10) months. On 30 June 1995, 21 527 awaiting trial prisoners were detained in South African prisons. This number has escalated to 29 070 on 30 April 1996. The escalation in the number of awaiting trial prisoners has a direct

impact on the already grossly overcrowded prisons in South Africa.

(2) The Department of Correctional Services cannot comment as to whether the detention of prisoners for long periods is unnecessary. Although detailed statistics are not available on a national level, the statistics for the Pretoria and Pollsmoor Command areas, as gathered on 4 March 1996, may give an indication of how many awaiting trial prisoners are detained for certain periods:

	Pretoria	Pollsmoor
(i) less than two months	865	1 505
(ii) between two and four months	369	369
(iii) between four and six months	458	190
(iv) longer than six months	150	153
TOTAL	1 842	2 217

Although the view is held that cases of unconvicted persons should be dealt with speedily, a random sample showed that the average length of detention of awaiting trial prisoners at Pretoria Local prison is in the region of 101 days.

(3) No.

Government hostels

395. Mr J T ALBERTYIN asked the Minister of Housing:

In each of the provinces, (a) what was the total number of (i) government hostels and (ii) beds provided in such hostels as at 31 December 1995, (b)(i) how many government hostels have been upgraded since March 1994 and (ii) what were the costs involved in each case and (c) how many single units have been converted into family units since March 1994?

N706E

The MINISTER OF HOUSING:

(a), (b) and (c)

Information on Hostels from March 1994 to 31 December 1995

Province	Hostels:		Beds: Total		No of hostels upgraded		Costs involved		Single units converted into family units (c)
	Total (a)(i)	(a)(ii)	(a)(i)	(a)(ii)	(b)(i)	(b)(ii)	(b)(i)	(b)(ii)	
Northern Cape	9		1 829		4		R6 838 290		171
Eastern Cape	5		11 160		1		R163 000		8
Western Cape	24		32 202		3		R4 048 982		100
*North West	11		8 041						
Northern Province	14		6 568		0		0		0
Gauteng	51		156 048		6		R83 411 900		140
Mpumalanga	22		18 469		0		0		0
Free State	22		21 833		0		0		0
KwaZulu-Natal	23		67 089		7		R39 186 750		57
Total	181		323 239		21		R133 648 922		476

*Despite strenuous efforts no information could be gathered from the province.

Provinces: RDP projects implemented

415. Mr D M BAKKER asked the Executive Deputy President:†

(a) What RDP projects were implemented during the last financial year in each of the provinces and (b) what was the cost involved in each such project?

N726E

The MINISTER OF FINANCE (for the Executive Deputy President):

(Reply bound in Annexures of House—see M410-96)

Number of pupils leaving school before Std 6

423. Mr T D LEE asked the Minister of Education:†

How many pupils left school before standard 6 in (a) 1993, (b) 1994 and (c) 1995?

N734E

The MINISTER OF EDUCATION:

The Department does not have any information available on pupils who left school before Standard 6. The question has been referred to

the Provincial Education Departments and no replies have been received to date.

Labour: statistical information

428. Mr A J LEON asked the Minister of Labour:

(1) What (a) equipment, (b) facilities, (c) procedures and (d) staff are in place for the collection and analysis of statistical information relating to labour; (173)

(2) whether these resources have been found to be adequate; if not, (a) why not, (b) what are the consequences of the inadequacies and (c)(i) what steps will be required to bring resources to an acceptable level and (ii) what will be the cost involved;

(3) whether his Department has made any efforts to improve these resources and/or obtain new resources; if not, why not; if so, (a) what efforts and (b) with what result?

N742E

The MINISTER OF LABOUR:

We inherited an inadequate system in which information was not centralised, organised or communicated to the public in ways that would assist policy proposals, analysis or monitoring.

(1) For the collection and analysis of statistical information relating to labour:

(a) Relatively adequate information technology is available, supported by the Department of Labour's Information Technology system.

(b) We are at the initial stages of establishing a Labour Market Information Directorate.

(c) The data collection and analysis capacity within the department is being rationalised and centralised under the new Chief Directorate: Labour Policy.

(d) The process of staffing the new Chief Directorate is proceeding in accordance with departmental plans.

(2) The adequacy or inadequacy of the resources at our disposal will be a subject of constant review and evaluation to be determined primarily by the needs of end users. At this stage of the development of the new Chief Directorate: Labour Market Policy, that is difficult to determine.

(3) This question has already been answered in (1).

Gelvandale police station: police dockets stolen

433. Mr D H M GIBSON asked the Minister for Safety and Security:

(1) Whether any police dockets were stolen from the Gelvandale police station during the period 1 May 1995 up to the latest specified date for which information is available; if so, (a) what were the names of the people or parties concerned, (b) what crimes were they alleged to have committed and (c) what were the circumstances surrounding the theft of the dockets;

(2) whether any of the dockets have been recovered; if so, which dockets; if not,

(3) whether duplicates of any of the dockets have been compiled; if not, why not; if so, what are the relevant details;

(4) whether action has been taken against any persons in connection with the theft of the dockets; if not, why not; if so, (a) what action and (b) against whom;

(5) whether any steps have been taken or are to be taken to ensure stricter control over dockets; if not, why not; if so, what steps?

The MINISTER FOR SAFETY AND SECURITY:

(1) (a), (b) and (c) No.

(2) Not applicable.

(3) Not applicable.

(4) (a) and (b) Not applicable.

(5) Not applicable.

Department: cellular telephones

437. Mr K M ANDREW asked the Minister of Housing:

(1) (a) Which members of staff of her Department have been (i) issued with or (ii) given cellular telephones by the State and (b) what was the monthly cellular telephone account for each of these persons during the latest specified period of six months for which information is available;

(2) whether the entire amount referred to in paragraph (1)(b) was paid by the State; if not, what portion of the account was paid for by the State in each case? **N751B**

The MINISTER OF HOUSING:

(1) (a) (i) (A) Director-General

(B) Deputy Director-General

(C) Director: Communication

(D) Director: Residential Environment

(E) Director: Housing Delivery Support

(F) Deputy Director: Information

(G) Private Secretary

(H) Driver (Pretoria)

(I) Driver (Cape Town)

(J) Pool Telephone

(ii) None

(b) See Annexure A

(2) Not in all instances. The State pays the rent and all official calls as indicated in Annexure A.

ANNEXURE A

Month	Director-General Account	Deputy Director-General Paid by the State Account	Director Communication Account	Director Residential Environment Account	Director Housing Delivery Support Account
Nov '95	631,05	290,13	290,13	580,64	215,84
Dec '95	534,54	534,54	205,43	327,25	327,25
Jan '96	246,36	194,09	227,66	310,65	170,65
Feb '96	625,12	503,88	226,63	313,22	170,97
Mar '96	473,10	473,10	359,21	225,16	310,76
Apr '96	1 113,20	1 026,10	231,25	231,25	542,34
					440,04
					278,95
					278,95
					463,89
					463,89

Month	Deputy-Director Information Account	Private Secretary (Minister) Paid by the State Account	Ministerial Driver (Pretoria) Account	Ministerial Driver (Cape Town) Account	Pool Telephone Account
Nov '95	268,41	268,41	—	—	—
Dec '95	203,15	203,15	360,58	360,58	425,45
Jan '96	346,73	318,53	630,08	630,08	565,04
Feb '96	286,77	274,17	733,88	539,18	621,81
Mar '96	250,97	237,57	418,95	418,95	148,20
Apr '96	267,16	267,16	566,52	566,52	395,20
					395,20
					431,63
					431,63
					148,20
					148,20

Application for permanent residence

440. Ms M SMUTS asked the Minister of Home Affairs:

(1) Whether all the requirements in terms of the relevant statutes and regulations were met in regard to the granting of the application for permanent residence by a certain person, whose name has been furnished to his Department for the purpose of his reply; if so, what are the relevant details; if not, (a) why not and (b) what requirements were not met;

(2) whether he or his Department has been informed of any allegations of improper conduct or criminal activity on the part of the said person while residing in foreign countries; if so,

(3) whether these allegations were taken into account in the decision to grant him permanent residence; if not, why not; if so, how were they taken into account?

The MINISTER OF HOME AFFAIRS:

(1) Yes. The hon member is referred to section 25(4) of the Aliens Control Act, 1991 (Act No 96 of 1991), which authorises the Immigration Selection Board to issue a permit for permanent residence if the applicant—

- (a) is of a good character; and
- (b) will be a desirable inhabitant of the Republic; and
- (c) is not likely to harm the welfare of the Republic; and
- (d) does not and is not likely to pursue an occupation in which, in the opinion of the Board, a sufficient number of persons are available in the Republic to meet the requirements of the inhabitants of the Republic.

(2) and (3) Cognisance was taken of such allegations contained in media reports. These allegations were weighed against the information furnished by Mr. Thatcher

N755E

- (1) (a) How many causes of bank robbery occurred in each of the provinces during the period 1 January 1995 to 30 April 1996, (b) what was the total value of the money that was stolen in each of these robberies and (c) what (i) general *modus operandi* was and (ii) weapons were mainly used in such robberies;
- (2) whether any persons were (a) killed, (b) seriously injured and/or (c) arrested during any such robberies; if so, how many in each case?

S368E

THE MINISTER FOR SAFETY AND SECURITY:

- (1) (a) The crime code list previously used by the SAPS did not provide for a specific category of robbery related to bank robberies, but only for robbery with aggravating circumstances in general. According to the Daily Crime Review, which contains cases of a more prominent nature, 137 bank robberies had been reported during 1995, with a further 44 cases being reported between 1 January 1996 and 30 April 1996:

Provinces	Jan-Dec 1995	Jan-Apr 1996
Western Cape	2	1
Eastern Cape	24	7
Northern Cape	1	—
Free State	5	—
Northern Province	—	—
North West	4	2
KwaZulu-Natal	44	9
Mpumalanga	2	3
Gauteng	55	21
Total	137	44

- (b) For the reasons mentioned above, as well as the fact that amounts are not reported in all cases the correct figure cannot be provided. The institutions concerned are further more reluctant to divulge such information, for fear of stimulating this type of crime and harming their professional image.
- (c) (i) Perpetrators employ different sets of *modus operandi*. The most prominent *modus operandi*

associated with robberies committed between 1 January 1995 and 30 April 1996, were as follows:

- The perpetrators wait for security guards to open the premises doors at the time scheduled to commence business. They then usually push the guard inside the premises and order the personnel to lie down on the floor and keep quiet. The assailants then jump over the counter and force the personnel to hand over all the money in the cash drawers.
- The assailants pretend to be customers, stand in the queue and either hand over a threatening note or simply point a firearm at the persons behind the counter.
- Bank robbers seldom wear disguises outside the banks. They usually put on such disguises inside the premises.
- Gangs of bank robbers usually consists of four to seven persons.

(ii) Bank robbers generally make use of 9 mm firearms and AK 47 rifles. A few incidents involving the use of hand grenades had even occurred.

- (2) (a), (b) and (c) Research has indicated that violence is more prevalent during robberies of cash in transit and that such robberies are accompanied by a higher mortality rate than bank robberies. As a result of the factors mentioned in paragraph (1)(a) and (b), available figures do not portray a true reflection of the mortality rate and financial losses accompanying the above-mentioned crime. The same applies to arrests made.

Shortage of artisans in trade/industry sectors

231. Sen Dr G MARAIS asked the Minister of Labour:

- (1) Whether the trade and industry sector in South Africa suffers from a shortage of

- artisans; if so, (a) to what extent, (b) in which discipline do shortages occur and (c) what are the reasons for such shortages;
- (2) whether he or his Department has taken or intends taking any steps in this regard; if not, why not; if so, what steps?

S369E

THE MINISTER OF LABOUR:

- (1) (a) It is difficult to estimate shortage and as a result, it is difficult to isolate reasons. The Central Statistical Service is responsible for conducting Human Resource Surveys on a regular basis. The report on such survey contains information on the total personnel strength and vacancies according to the major occupational groups and selected individual occupations. The last survey has been undertaken during 1992. Comparative statistics on vacancies for artisans in the major industries for the undermentioned period appear in the following table:

Industry—Trades	1989	1990	1992
Building Trades	1 391	1 273	1 497
Electrical and			
Electrical Trades	2 265	1 879	1 249
Metal and Engineering			
Trades	4 459	3 452	734
Motor Trades	1 850	1 355	446

It will be noted that there is a decline in the number of vacancies. This could be ascribed mainly to the fragmentation of trades and insufficient economic growth. This tendency could also be an indication that there is a shortage of artisans in certain sectors.

- (b) According to the 1995 annual report of the Department of Labour, to be tabled shortly, there is a definite decline in the number of artisans trained and tested. In order to substantiate the statement I would like to give you the following statistics.

(i) *Apprenticeship contracts registered*

1986	1987	1988	1989	1990	1991	1992	1993	1994
9 660	8 185	7 919	9 891	9 054	10 758	7 492	6 247	5 002

From 1991 to 1994 there has been a decline in access of 50% in the registration of apprenticeship contracts.

(ii) *Trade Tests*

Year	Tested	Passed	% Passed
1986	14 757	7 693	52
1987	13 082	7 149	55
1988	10 849	6 286	58
1989	8 423	4 708	56
1990	8 052	4 319	53
1991	8 545	4 527	53
1992	9 983	5 588	56
1993	11 880	7 283	61
1994	7 013	4 297	61

There has been a decline in access of 50% in the number of apprentices tested during the above-mentioned period.

It is difficult to give details of the disciplines in which shortages occur and the extent thereof.

- (c) The reasons for the decline in training of artisans are complex:

- Companies only train during periods of economic growth and tend to close down their training function in economic downswings.
- Trade training is expensive, the old tax incentive scheme was discontinued in the early 1990's by the previous government, which meant that a major incentive to train was taken from employers.
- More and more new technology and new forms of organising work have resulted in certain trades being "fragmented" and being performed by lower skilled workers, or alternatively, they have required even higher levels of skill—at technician level for example. This has squeezed the traditional trades.
- New technology and forms of organising work have also required more flexible skills that the traditional trade provided—this is evidenced by the burgeoning number of new categories such as electro-mechanic and instrumentation mechanic. Old demarcations be-

tween trades simply do not prepare people to work in the modern work-place.

- The old apprenticeship system did not cover key areas in the services areas—and growth in these areas have not been reflected in trade statistics.

(2) I have recognised this problem and have requested my Department and the National Training Board to prepare a new Human Resources Development Strategy, following on from the National Training Strategy Initiative report prepared by the National Training in April 1994. I am planning to present a new White Paper on this matter this year and will follow it with legislation in 1997. I believe that a complete overhaul of our training system is required if we are to meet the challenges of growth and development. A central component of this strategy is the proposed introduction of a new system of "leanership" which build on the strengths of the current apprentice-

ship system used to train artisans, but which enable us to use the opportunities provided by the National Qualification Framework to introduce a more flexible and responsive system which can meet the needs of a far wider range of learners and be responsive to a far wider set of economic and social objectives. The re-training of artisans could also be given attention. I plan to release a Green Paper in October 1996.

Daily prison population in provinces

232. Sen R J RADUE asked the Minister of Correctional Services:

What was the daily prison population in each of the provinces at the end of (a) each month in 1995 and (b) each of the first four months in 1996?

S370E

The MINISTER OF CORRECTIONAL SERVICES:

(a) and (b) Please refer to the attached table.

ANNEXURE A

Date	Free State	Mpumalanga	KwaZulu-Natal	Eastern Cape	Western Cape	North West	Northern Cape	Northern Province	Gauteng	Total RSA
(a)										
31-01-1995	11 748	8 358	17 875	13 391	22 236	7 823	3 604	2 626	29 492	117 153
28-02-1995	11 885	8 269	17 599	13 552	22 482	7 872	3 681	2 722	29 551	117 613
31-03-1995	11 902	8 375	17 646	13 406	22 766	7 709	3 712	2 786	29 903	118 205
30-04-1995	11 631	8 078	17 019	12 487	22 018	7 956	3 453	2 648	28 422	113 712
31-05-1995	10 548	7 452	15 556	11 756	20 080	7 018	3 234	2 358	27 207	105 209
30-06-1995	10 587	7 561	15 467	11 679	19 893	6 913	3 237	2 343	26 969	104 649
31-07-1995	10 647	7 545	15 724	11 628	19 964	7 053	3 212	2 203	27 569	105 545
31-08-1995	10 953	7 773	15 868	11 820	20 309	7 366	3 281	2 654	27 529	107 553
30-09-1995	10 911	7 942	16 328	12 026	20 217	7 662	3 643	2 663	28 171	109 563
31-10-1995	10 986	8 071	16 577	12 393	20 202	7 268	3 327	2 904	28 081	109 809
30-11-1995	11 085	8 028	16 582	12 673	20 325	7 791	3 441	2 973	28 910	111 808
31-12-1995	11 159	8 275	16 709	12 608	20 171	8 057	3 493	3 189	28 911	112 572
(b)										
31-01-1996	11 312	8 239	16 505	13 041	20 773	8 090	3 722	3 144	29 407	114 233
29-02-1996	11 266	8 210	17 633	13 312	20 875	8 244	3 647	3 221	30 348	116 756
31-03-1996	11 338	8 412	17 772	13 529	21 058	8 377	3 693	3 222	30 679	118 080
30-04-1996	11 429	8 314	16 801	14 084	21 060	8 263	3 755	3 561	30 957	118 224

Minister/wife: gifts received

237. Sen J SELFE asked the Minister of Correctional Services:

Whether he and/or his wife received any gifts in an official capacity during the period 1 January 1995 up to the latest specified date for which information is available; if so, in each case, (a) from whom were the gifts received, (b) what was the (i) nature and (ii) value of these gifts and (c) why were these gifts given?

S382E

The MINISTER OF CORRECTIONAL SERVICES:

Yes.

(a) Small gifts are usually exchanged when the Minister and his wife go on official overseas visits. On local visits, when the Minister and his wife, for example, visit a prison command or officiate at the opening of a facility or in cases where he would deliver the keynote address at a function, small memorabilia are sometimes presented to the Minister and his spouse.

(b) (i) Pens, books, cufflinks, pen-standers and other memorabilia.

(ii) The above-mentioned gifts are usually small and insignificant in terms of monetary value and because they are more often than not memorabilia, no real financial value can be placed on them.

(c) As a gesture of goodwill but also to show culture and good manners.

Advisers/consultants employed by Department

238. Sen E K MOORCROFT asked the Minister of Agriculture:

(1) Whether he or his Department employs any (a) advisers and/or (b) consultants; if so, (i) what (aa) is the name and (bb) are the qualifications of each such adviser and/or consultant, (ii) for what (ca) purpose and (cb) period was each appointed and (iii) what remuneration package and/or other fee is being paid in respect of each;

(2) whether any provision is made for (a) housing allowances, (b) business class travel, (c) home telephones, (d) overseas (i) travel and (ii) accommodation, (e) car allowances, (f) entertainment allowances and/or (g) any other specified fringe benefits for such advisers and/or consultants; if not, what is the position in this regard; if so, what are the relevant details in each case;

(3) whether any (a) organisations, (b) bodies and/or (c) persons are paying the costs of any advisers and/or consultants; if not, what is the position in this regard; if so, what are their names? S383E

The MINISTER OF AGRICULTURE:

(1)(a) Advisors: 4

(i)(aa) Prof N C Owen

(i)(bb) BVSC

(ii)(aa) Utilised on a continuous basis to advise the Director:

(ii)(bb) When requested

(iii) No Remuneration package

Prof N P Kriek

BVSC M.Med. Vet. pathology

Animal Health Utilised on a continuous basis to advise the Director:

When requested

No remuneration package

Prof C Steward

BVSC Msc. Parasitology

Animal Health Utilised on a continuous basis to advise the Director:

When requested

No remuneration package

Prof C Cornelius

BVSC H. BVSC Hon. B.Sc.Hon.

Animal Health Utilised on a continuous basis to advise the Director:

When requested

No remuneration package

Team to review labour commission's recommendations

Reneé Grawitzky

A TEAM of experts was named by Labour Minister Tito Mboweni yesterday to review the recommendations of the labour market commission report released two months ago.

The ministry said the team's task was to review and advise the minister on which recommendations should be "accepted, rejected or modified for the purposes of adoption and implementation".

At the heart of the commission's recommendations were proposals to ensure a "regulated" but flexible labour market which would be underpinned by an accord on employment and growth. This would be negotiated between labour, government and business.

The team is headed by Guy Mhone of the labour department. Other members are Neva Makgetla of the department's labour market research, policy and planning unit, labour relations chief direc-

tor Jeremy Baskin, Unemployment Insurance Fund commissioner Shadrack Mkhonto, and Wits professor Eddie Webster.

The team's task is to review the commission's recommendations, taking into account a number of considerations — the state of the economy; available financial, personnel and institutional resources and the implications of inter-departmental co-operation where the implementation of policies require this.

BD 23/8/96 (173)

JOBS

Skilled workers a drop in large pool of unemployed

(173) ST (SAT) 25/8/96

THE government, new to the pitfalls of democratic politics, is not yet shy of setting itself ambitious public goals; the latest on the macroeconomic front being the achievement by 2000 of a sustained 6% annual growth rate.

As the economy accelerates towards this objective, a total of 833 000 new jobs will be created, says the government.

The country certainly needs the work. Unemployment, at 33% of the workforce, is still increasing.

Only a small percentage of the young people seeking work for the first time this year will find formal employment. With the economy growing at only 3%, the jobless total will hit 37% by 2000.

But the numerical simplicity of the government's targets masks a far more complex reality, which is in turn strongly affected by other official ambitions. It is not just jobs that are needed, especially for the unskilled, but an employment profile that reflects the country's racial composition.

Under apartheid, job functions were largely dictated by race. According to a survey carried out by human resources consultants FSA-Contact, nearly 90% of senior managers are white, a change of less than 1% over the past three years. But this is predicted to drop to 79% by 1999, with similar falls in the percentage of whites filling middle management and professional jobs.

FSA-Contact reports: "More companies this year feel that the formulation and implementation of an affirmative action policy is a strategic business decision. Previously, companies had stated that it was due to the desire to overcome the inequalities of the past."

Employers are concerned about the shortage of qualified candidates available in the South African job market, writes **ROGER MATTHEWS**.

More than 80% of companies in SA now have affirmative action policies, although the level of commitment varies considerably. A study of 150 leading companies by the Graduate Business School at the University of Cape Town shows the top 10% in terms of black recruitment have far outstripped the rest.

The number of non-white managers in those 15 companies has more than doubled in four years, and should reach 35% by the end of the decade. Others appear unlikely to reach much beyond 10%.

Recruitment agencies also report that about 20% of jobs they are trying to fill stem from employers insisting on a black person for a particular vacancy, although many have become more cautious about who they will accept. "What has changed most over the past two years has been the absolutely chronic shortage of candidates of almost all types," says Janet Labberte of the DAV personnel group. "SA might have an enormous number of unemployed, but so many of them are unskilled."

In common with other agencies, DAV has had to spend more heavily on advertising and to intensify its headhunting activities. "In our executive division where we are looking for people who command a salary of over R300 000 the response is still not too bad. But we did not get a single reply for advertisements for a chemical processing engineer with a salary of

R100 000 plus a car," says Labberte. "When a good candidate does come along, a company can no longer afford to wait. They have to move fast and make an attractive offer."

This particularly applies to chartered accountants where the premium that can be asked by a well-qualified black professional with two years experience is considerable. "A young white chartered account just out of articles would be looking to receive about R200 000 a year. A black person, at exactly the same stage, might receive R300 000," says Labberte. "But things will level out. This difference will not last forever."

The emphasis is increasingly on quality, and there is a growing wariness about recruiting candidates who have moved jobs several times to take advantage of higher salaries. Kessel Feinstein Consulting divisional manager Debbie Bradley says: "We would not interview someone with that record unless it was clear they had good reasons for moving."

John Lambrou of Emmanuels staffing services believes that employers are most likely to retain the staff they have expensively acquired if the accompanying package is attractive. Most professionals would be looking for a competitive salary plus pension, medical insurance, car allowance, help with housing, and perhaps profit sharing, says Lambrou. "What could be as important are

the career development opportunities, and increasingly whether a company has an international dimension which could lead to overseas employment."

Emmanuels will not, however, recruit directly for overseas employment because the company does not believe it should assist talented people to leave the country, he says. But just as the government is hoping that skilled people, black and white, will return home, so foreign companies are stepping up their recruitment drives in SA. With the rand having fallen by 20% against the dollar since mid-February, a salary denominated in a foreign currency is attractive.

"There are quite a lot of people coming back, and quite a lot leaving," says Bradley. "For South Africans returning home there is no problem. But for others who, for example, come here on holiday, are impressed by the high standards of living and want to stay, it is more difficult, mainly because the government has become tough on work permits."

Official figures for the past two years show a steady increase in emigration, which outstrips by more than 50% the number of immigrants. Britain, Australia, Canada, US and New Zealand remain the top five destinations. The reasons for leaving are typically those which afflict a society in transition, such as an increasing crime rate and a perceived decline in other standards, especially education. Informal surveys have also shown that young black graduates tend to be much more optimistic about career prospects than their white counterparts. — *Financial Times*.

SEEKING HARMONY FROM CONFLICT

FM 30/8/96

(173)

Quest for flexibility is bogged down in protecting worker rights

Labour Minister Tito Mboweni is not a socialist ideologue, though he is of the left wing of the ANC, which is soft on unions and harsh on the jobless.

An indication of this comes from the divergent tone of the Mboweni-authored chapter in the new macro-economic policy from the rest of a document which is not all that union-friendly.

Mboweni's approach diverges from the policy's overall emphasis on the primacy of job creation through growth, wages linked to productivity and inflation and less regulation. He is perceived, especially among employers, as being sympathetic to the unions — though any ANC Labour Minister is likely to be seen as such.

Eventually, however, if government's policy is implemented, the ruling party will have to stare down the

unions, whether over privatisation, wage demands or labour deregulation. That is when Mboweni's true colours will show.

But it will not necessarily mean that he has rejected

his attempt to try to harmonise the discordant interests of a socialist labour union, Cosatu, with those of a free market economy.

He calls this approach "regulated flexibility." It entails the "regulation of the labour market in a manner that allows for flexible collective bargaining structures, variable application of employment standards and voice regulation," which is, broadly speaking, seeking consensus through discussion.

Mboweni is a confident Minister pleased with the progress he believes is being made to bring his vision of a new labour market to reality.

That, however, is not the view among much of business, the unions or labour consultants. For a start, it's pointed out that still waiting to be promulgated is the new Labour Relations Act, the centrepiece of Mboweni's endeavours, into which he urged business and labour and then rushed through parliament in December as "one of the most significant pieces of legislation to come out of the new government."

But, no doubt to the Minister's chagrin, some labour experts say that the proposed Act has been "a bit of a disaster." They point to a preponderance of amendments, though technical in nature, to an Act that has not yet become law.

There have also been problems in the setting up of its key institutions, such as the Commission for Conciliation,

Mediation & Arbitration (CCMA), the budget of which has been cut, raising doubts about whether it will be able to carry out its functions competently.

There are concerns, too, over the

calibre of some of its trainee commissioners. Three appointments have yet to be made to the new Labour Court, which some speculate could be deluged by reviews and appeals from the inexperienced CCMA commissioners' findings.

Nor is it clear whether the Constitutional Court will declare the Labour Relations Act consistent with the Constitution. There could be a conflict over the lockout provision, which, together with the right to strike, is contained in the Act

but not, after Cosatu chief Sam Shilowa's initiative, in the basic law. If this happens, Mboweni will have to make further amendments. Even without that complication, the Act is likely to come into operation only in October at the earliest, possibly even as late as January.

More serious, of course, are doubts over the substance of some of the key provisions of the Act. For instance, the proposed workplace forums are aimed at promoting a shift from adversarial bargaining to joint problem-solving and participation on certain nonwage subjects such as restructuring because "unless workers and managers work together, they will fail to improve productivity and living standards."

Though that sounds equitable, it strikes some as a Utopian vision. Moreover, the unions do not seem too interested in the forums, which are meant to supplement, not supplant, collective bargaining. And to some employers, they suggest an interference with their right to manage.

Mboweni argues that co-operative efforts and flexibility are crucial to restructuring. Then he says flexibility cannot erode workers' rights and job security: "Management cannot expect to enjoy the flexibility to adapt the workplace . . . unless employees have a voice in designing these adaptations."

The Act's closed-shop provisions could also be the basis of challenges through the Constitutional Court on the grounds that they infringe the right of freedom of association. And despite leeway to exempt nonparties and small firms from bargaining council agreements, similar challenges could emerge.

But Mboweni is sanguine. Labour law, he observes, has passed through similar "furnaces" elsewhere and is "by nature controversial." He claims his focus has been on developing new policies aimed at making the labour market more efficient and thus supportive of growth, development and equity. This is being done by establishing "a new regulatory



Tito Mboweni

QUOTES

"We are one of the most unequal societies on earth. Inequality, far from being a precondition for economic prosperity, serves to inhibit the growth process."

environment compatible with the new imperatives in the economy and polity, and by creating new institutions to facilitate nonadversarial relationships."

The centrepiece of Mboweni's quest is the new Labour Relations Act, the operation of which depended on the establishment of institutions, such as the CCMA, a labour court and a labour appeal court. The Act is intended to ensure "a labour market that is able to respond to rapidly changing markets and technologies, to global product and capital markets."

Apart from grassroots interaction in work forums, Mboweni insists that his proposed law on employment standards will ensure greater flexibility but stresses that "the mechanisms for settling on the precise regulation appropriate to any given circumstance are mechanisms of negotiation and compromise."

On government's affirmative action thrust, Mboweni believes that the employment equity document "would lead (to the removal of) discrimination as 'an imperative for justice,' allow better use of human resources and improve business efficiency." This achievement appears to assume a degree of common purpose among the social partners which has not yet proved evident.

But Mboweni is not discouraged. Out of the clash between "the bearers and beneficiaries of apartheid, and the unions and their political allies, a fragile consensus has developed and is reflected in the successfully negotiated Act."

What he does find disturbing is what he calls "posturing" on labour issues. "From some quarters, it appears that government is to be judged by its willingness to roll back gains in worker rights and working conditions in the name of economic growth and employment creation — in the name of labour market flexibility."

He says this "amounts to little more than a rationalisation for distribution away from wages and working incomes as a precondition for growth and employment creation."

"The propagators of these views forget that we are one of the most unequal societies on earth. Inequality, far from being a precondition for economic prosperity, serves to inhibit the growth process."

He says the Labour Market Commission has, through consensus, distilled its overriding objectives: to eliminate poverty and end discrimination.

"We will not embark on an employment-creating path that comes at the expense of worker rights . . . this is neither feasible nor desirable." But is it possible.

However, realising only too well the seriousness of the unemployment problem and the need to achieve higher rates of productivity growth, he "recognises

these problems will not be overcome without major challenges to accepted practices, including practices associated with the union movement."

Mboweni's vision is to attain a "critical balance between the absolute

need to attain social justice for workers and the need to achieve higher levels of economic growth and development, creating jobs and ensuring that the economy is competitive."

On labour market flexibility, Mboweni distinguishes between that arising out of apartheid regulations — such as job reservation and poor training — and what he calls regulated flexibility or progressive forms of regulation which allow for the quick movement of workers within and among grades, reducing grades and leading to the removal of income inequality inflexibility.

But he does not subscribe to the type of flexibility that entertains completely deregulated labour market where unions and minimum standards are seen as a problem and where collective bargaining is discouraged. "That is a view put across as if it is going to create jobs and I think it is not right."

"Of course, discussion about wages also relates to the cost of living, which forces people to demand more, but that must also be related to productivity improvements and a sense that when workers work smart, they will get a share of the productivity improvement."

Mboweni sees what he calls a basic, permanent contradiction between business and labour and defines management of this, through the institutions, laws and regulations which he is implementing, as the path to a compromise that will provide temporary equilibrium in crises.

He has great faith in the fact that business needs profits and labour requires wages and that they will eventually realise the need for a settlement that has been mutually agreed to.

His next objective is, through the proposed employment and occupational equity statute and a Green Paper on human resources development (which will result in a new law), to alter what he believes to be ingrained prejudices and attitudes. Through an Employment Standards Act, he plans to embrace what he calls unprotected workers.

The controversial issue of the extension or nonextension of industrial agreements, he points out, is a Labour Relations Act matter and open to negotiation. The Act proposes that when a bargaining council agreement satisfies various criteria, such as representivity, it should be extended to nonparties. Where it doesn't fulfil the criteria then the exemptions committee can decide.

Despite beefed-up provisions for resolving conflicts, Mboweni says his regime won't reduce conflicts but should foster quicker resolution through mediation, conciliation and arbitration.

The whole point of modern labour practices is not to despoil workers — or distribute away from work incomes — but to allow business to reduce costs. There are means — especially a productivity increase — that enable this to be done equitably and to the greater eventual benefit of the work force.

Accords involving business, government and labour have not been effective enough anywhere to spur entrepreneurial investment and create jobs. Such pacts inevitably lead to ever-increasing costs.

His ideas of labour flexibility are similar to what Harold Wilson's labour academics introduced. And they certainly failed in their endeavours.

Mboweni should be introducing equity into the bargaining process by discouraging political and sympathy strikes and insisting on secret ballots — to curb intimidation.

He is now simply exacerbating the regulatory regime which, with its bias in favour of industry-level bargaining, will hamstring small business.

Mboweni dislikes criticism. It is a pity. If he listened, he might have been persuaded that a supply-side approach is preferable to institutional complication and regulation. Only entrepreneurs create jobs — and they detest bureaucracy. ■

QUOTES

"A critical balance (is desirable) between the absolute need to attain social justice for workers and the need to achieve higher levels of economic growth and development, creating jobs and ensuring the economy is competitive"

Brain drain

hits crisis

proportions

ARL 2/10/96 ~~173~~
Job turnover spiralling (173)

SUNDAY FINANCE REPORTER

Rising staff turnover is costing South Africa R7,6 billion a year and the brain drain which continues unabated is an increasingly significant part of this.

Figures released by central statistics show that South Africa's net loss of professional, semi-professional and technical people has risen to almost 40 percent in the past year.

And for those consultants helping people to emigrate this is a growing business. This week alone three different seminars were held in Durban to explain the in-and-outs of moving to Australia, New Zealand or Canada.

South Africa's brain drain is currently one of the most significant causes of staff turnovers, says PE Corporate Survey managing director Martin Westcott.

At the moment 60 percent of the staff turnover is voluntary with staff seeking better employment conditions, pay and career prospects. But 10 percent of this turnover is a result of people seeking opportunities overseas.

Attorney Ivor Feinberg, a partner in the Pretoria based firm Berkow, Feinberg and Suliman says their seminar on October 27 had been attended by up to 120 people while another agency, Australia and New Zealand Opportunities says they have at least 80 people a week at their seminars.

A further concern is that a number of black professionals are now included amongst those leaving South Africa - a serious problem given the country's already small pool of black executive talent coupled with difficulties organisations are having implementing affirmative action policies and meeting targets in this area, according to Mr Westcott.

The flip side of the coin is that staff shortages and organisations' inability to find skilled employees is rocketing from eight percent two to three years ago to close on 40 percent in PE's latest survey.

Mr Feinberg says the Durban seminar on emigration to Canada had been attended by professional people, engineers, accountants, teachers, social workers, people in medical related fields (but no doctors); some business people and a high level of marketing people in leading retail companies.

Of those who attended just under 10 percent were very serious about moving, Mr Feinberg said.

Canada is becoming increasingly popular as an emigration destination as Australia becomes increasingly difficult to get into.

At present there is a backlog of about 60 000 people from all over the world waiting to get into Australia says Glen Jackson of the Durban based Australia and New Zealand Opportunities.

The processing time has been pushed out from a year to 2,5 years and there is talk that it may have to be extended to four years.

One of the dominant reasons being given for people wanting to leave South Africa is they fear for the future of their children.

Mr Jackson says the plummeting rand does not help either as people begin to feel trapped and they believe that if they don't do something now they won't be able to in the future.

Mr Westcott says the reason most commonly cited for leaving includes uncontrolled and rampant crime as well as the uncertainty about the deterioration in basic services such as health, security, education and infrastructure.

Classes in boxes give squatters hope

(173)

Star 5/11/92

ANNA COX

Gardener had
Std 3 - now he
has a matric and
teaches others

By Anna Cox

A former gardener with only a Std 3 education is honing his teaching skills.

After spending his days attending to his employers' gardens, Kenneth Mosotho burned the midnight oil and blossomed at literacy classes.

Now he's a fulltime teacher of English and computer skills, sharing his knowledge with others at a Dipsetoot adult education project which is turning other people's lives around and giving them the hope they had almost given up on.

The new Dipsetoot informal settlement camp north of Randburg is a bleak place and although they now have a piece of land and a roof over their heads, most are unemployed and many are starving.

But the Lene La Thuto adult literacy and skills training project has become the light in an otherwise grim existence.

"The project not only offers residents the opportunity of being trained in skills, but also offers them some kind of hope for the future and a sense of belonging to a community," said co-ordinator Jackey Maorohanye.

The project is sponsored by the Kagiso Trust and the Joint Education Trust. Safmarine donated 16 containers in which classes are held. The training scope is wide, offering literacy and life skills - like welding, breadmaking, computer skills, brickmaking, and even kung



Bread of life ... Nino Mogale, Elizabeth Mpele, Mavis Mazinbandela and Joyce Mashiga share their skills and feed the hungry.

sewing, driving and entrepreneurial skills - and social activities such as soccer and a choir.

The money from the manufactured goods is used to pay students a nominal amount and the rest is put into a bank account for the students should they eventually need money for a deposit for a small business.

"We have become a community centre which offers residents a bit of relief from their otherwise empty lives. Many used to wake up in the morning with nothing to look forward to the whole day.

"They would sit in their shacks with no food and live meaningless lives. Now they have something to look forward

to everyday.

"We give students two slices of bread and a cup of black tea each day. Often this is the only meal they have in 24 hours. This is a problem we did not foresee. We intended selling the bread but we are now using it to feed people," said Maorohanye.

The project has received an overwhelming response from the community, which has adopted it as their own. She said they showed great pride in it and spent many hours welding windows into the containers, making gates and keeping the place clean. There had been no chefs since the start, she said.

"We work under really try-

ing conditions, which teaches people how to survive with nothing. We have no telephones, no running water and no ablution facilities in the centre but we have learned to make do.

"One of our aims is to inform people that once they have acquired the skills they should consider returning to their homes in the rural areas to start small businesses there," she said.

Joyce Mashiga moved to Dipsetoot from Alexandra's Far East Bank where she was squatting. She is involved with the baking of bread and teaches others her skills.

"It's good to be doing something everyday. I teach others to bake. I get up very early every

morning because I'm so happy to have a place and job to come to. I have a matric and could not find work for a year but now I am happy I have my job," she said.

Elias Phalane, also from Alexandra, now an English teacher, was also unemployed. "I enjoy helping people to improve their lives. I like coming here everyday," he said.

Mosotho, who still works in gardens over weekends to keep his room, said: "I wanted to have more than a Std 3. I like to study and teach others what I have learnt."

Anyone wanting to assist Maorohanye can telephone her on (011) 942-3453.

'ILO must lead as industry goes global'

STUART RUTHERFORD

Durban — The International Labour Organisation (ILO) needed to distribute specific information on the quantity and quality of employment in the textile, footwear and clothing industries (TCF) worldwide and promote the adoption of codes of conduct to prevent worker exploitation during the globalisation process.

These were some of the conclusions reached last week in Geneva by delegates attending the ILO tripartite meeting on the effects of globalisation on employment and working conditions on TCF industries.

The delegates felt that, while TCF industries played a basic role in development as early steps in the industrialisation process, globalisation that was not

accompanied by a social dimension could lead to serious problems.

"In an environment characterised by relatively stagnant demand and stronger competition among manufacturers, retailers and countries, TCF enterprises need to adapt in order to survive.

"This requires more flexibility than before in the operations of enterprises and therefore a certain degree of flexibility in labour practices.

"Innovative business strategies are required to improve the level of productivity.

"In adopting and implementing these new strategies, employers should take into consideration not only the economic and financial implications but also their social effects."

ET(BR)8/11/96

Patel calls for massive public works and housing programme

BUSINESS EDITOR

Trade unionist Ebrahim Patel has renewed the labour movement's call for a massive public works and housing programme to tackle unemployment and basic needs in the country.

Addressing the Bureau for Economic Research conference yesterday, Mr Patel, who is deputy general secretary of the South African Clothing and Textile Workers Union (Sactwu), said the construction of 300 000 housing units each year for three years could create up to 550 000 jobs at a cost of R30 billion.

The programme should be financed by the Government, business and labour, with business paying a five percent levy over three years on pre-tax profits, Mr Patel said.

Labour's contribution would be covered by a requirement that pension and provident funds invest five percent of assets in special Government bonds to finance housing.

The recommendation on prescribed

assets had not been taken lightly by the labour movement, Mr Patel said, because it could mean lower returns for members of the funds.

Responding to Mr Patel, Finance Minister Trevor Manuel admitted the Government was not on track with its housing programme.

But this was not only a matter of money, he said.

Funds were available but had not been absorbed and the rollover of funds for housing from one year to another was one of the "saddest" parts of Government accounting, Mr Manuel said.

He told Mr Patel that the trade union movement's investments so far had not included any "greenfields" projects. The movement had invested only in established companies, he said.

Mr Patel said he agreed that the union movement's rush to invest in the "commanding heights" of the economy was not consistent with its development goals.

But it could be argued that the movement needed to build up resources before making other investments, he said.

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Tshepong Centre joins job creation project

(173) Sowetan 11/4/96

By Isaac Moledi

TSHEPONG Stimulation Centre, the multipurpose institution for mentally handicapped children in Katlehong on the East Rand, has become the latest beneficiary of the NEF job creation project.

The centre, the only such facility in Katlehong, accommodates up to 50 children between the ages of three and 16 years.

About 150 jobs were created for both disabled and able members of the Katlehong community.

The NEF has funded the development of Phase One to the tune of R1,6 million, which comprised of R600 000 for skills training and R1 million for capital funding.

Through the project people have been trained in bricklaying, carpentry

and plumbing.

The Tshepong Stimulation Centre consists of therapy rooms, dining facilities and staff offices.

The development of the centre will be able to accommodate more than 100 children when it is fully completed.

"The centre clearly meets the direct objectives of the NEF job creation programme of contributing to the welfare needs of various communities through the provision of income and the development of hard skills," the NEF says.

Since its inception in 1993, the NEF has funded about 570 projects to the tune of about R215,3 million throughout the country. This represents 89 percent of R256,8 million, which are the funds allocated to the NEF's

job creation projects.

The NEF job creation programme has also created more than 345 000 jobs since it was established.

Various non-governmental organisations, including the Germiston Rotary Club, have played vital roles in bringing Tshepong Centre into the job creation project and ensuring its success.

The National Economic Development and Labour Council (Nedlac), which is part of the NEF, says it is to undertake an extensive evaluation of the job creation project in February next year.

This evaluation will examine each aspect of the project in terms of management ability, levels of skills created, value and sustainability of the assets created.

Rapid decline in number of manufacturing jobs

Greta Steyn

MANUFACTURING employment fell again in July, with 7 260 jobs lost compared with June as their tries continued scaling down their workforce. Statistical Service figures released yesterday confirmed the rapid downward trend in manufacturing employment, with almost 35,800 manufacturing jobs having been lost since January. The sharp decline in jobs is only

partly explained by the slowdown in manufacturing production, with economists saying even healthy economic growth is unlikely to result in a major rise in jobs in industry. Engineering Industries Federation of SA economist Michael MacDonald said the trend worldwide was for manufacturing employment to fall. "The figures are pretty worrying but not unexpected. Manufacturing has become much more

capital intensive." He said it was obvious that manufacturing would not absorb unskilled labour to any significant extent. Unskilled workers employed by SA industry in the early 1980s had made up about 69% of the total workforce, compared with only 32% at present. The only growth in manufacturing employment could come from the middle level of skills. MacDonald noted that in the US, less than 1% of the workforce

was employed in manufacturing, with employment growth now focused firmly on the services sectors. "SA is one of the most under-served places in the world to create jobs easier and cheaper in the service industries and in the service." However, he thought government was not doing enough about encouraging small business, which he regarded as being seriously underfunded. It is impossible to make accurate

comparisons to last year's rate employment from this year manufacturing from this year, as the figures TBVO states. The CSS figures show that the total decline in jobs in July from June in the manufacturing sector, construction and electricity was 14 754 workers, with the biggest percentage decline occurring in the mining industry. Economists have noted that the services industries, especially financial services, and the public

sector, are bucking the trend and creating jobs. A CSS review of the year to March said increases had occurred in financial services, real estate, trade catering and accommodation services, and personal services. The CSS said employment in the formal non-agricultural sector had fallen by 1% — or more than 52 500 workers — in the year to March. The biggest decline had been in the construction sector.

COMMENT & ANALYSIS

Don't blame unions for economic woes

IN SEARCHING for guilt-free explanations for SA's poverty, the neo-liberals in the SA Foundation and elsewhere have dusted off the hoary labour aristocracy thesis which holds unions centrally responsible for unemployment.

The thesis shifts blame for poverty from those who ran the economy over the past century on to the most powerful formation committed to redistribution. However, the thesis is empirically flawed and the policies it justifies are inappropriate for SA.

The labour aristocracy thesis originated among late-19th century socialists who argued that a section of the working class had forsaken its revolutionary destiny in order to ally with the class enemy to maintain the status quo. In post-colonial Africa, some Marxists believed urban African workers, bureaucrats and expatriate entrepreneurs were co-participants in peasant exploitation.

This latter interpretation gained currency in the 1980s debt crisis. The international financial institutions saw the supposed "rent-seeking" behaviour of urban elites — including unionists — as a central cause of the crisis. Structural adjustment programmes aimed to remove policies favourable to urban workers, hitting wage earners directly through de-industrialisation and increased unemployment and indirectly through cutbacks that reduced the social wage.

The thesis influenced development thinking in SA via the programmes of international financial institutions and it has become an article of faith in right-of-centre economic arguments, such as the SA Foundation's Growth for All document.

Strong unions bid up the price of labour in comparison to the pre-

vailing supply and to workers' contributions to productivity. In turn, the relatively high cost of labour persuades managers to invest in labour-saving machinery rather than labour-absorbing processes suitable to our economy.

Industry becomes too capital-intensive and growth yields high incomes for union members but does not alleviate unemployment. SA goods are thereby less competitive internationally and the country becomes vulnerable to increased imports — further deepening unemployment. Unions are at fault for their commitment to a living wage and to centralised bargaining which generalises gains.

Neo-liberals hope to weaken unions' ability to produce and generalise wage gains by:

- Curtailing bargaining councils' ability to extend wage agreements to non-parties;
- Introducing a second, deregulated tier in the labour market;
- Reducing the social wage through cutting state transfer payments; and
- Linking wage increases to productivity results.

These policies aim at a curious redistribution: from unionised formal sector workers to non-unionised workers and the unemployed. Strangely, little attention is drawn to other forms of redistribution, notwithstanding the SA Foundation's discovery that in 1993 the richest 10% of the population enjoyed average incomes approximately 67 times as high as the poorest 20%.

But does the labour aristocracy

thesis fit SA reality? The best source on workers' incomes is the Central Statistical Service's October 1994 household survey, which will be used to describe average monthly incomes of formal sector workers.

Black unionised workers have an average monthly income of R988, while black non-unionists' income is R591 — about 40% less. On the face of it, this appears to be a significant difference. However, average monthly income for white unionists is R2 651, while white non-unionists' income is even greater: R2 698. Both groups of white workers earn roughly 170% more than black trade unionists and about 350% more than black non-unionists.

The results are sharpened by taking education into account. Black unionists with high education (secondary or more) have an average monthly income of R1 305, while their non-union counterparts earn 37% less, or

Unionisation and collective bargaining have allowed millions of black workers to advance towards the long sought goal of a living wage, overcoming generations of deprivation. But the effect of unionisation is considerably less than the labour aristocracy thesis would suggest. The effect is strongest among better-educated

Racial privilege in the labour force plays a greater role in distorting and hampering SA's economy than does organised labour's wage demands, argues Glenn Adler

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Blacks, weaker among less educated blacks and completely absent among whites.

Overall, unionisation has less effect than race, which continues to remain the most powerful determinant of income.

Indeed, less-educated whites who are not members of unions have incomes of R1 838, compared with R1 305 for black unionists with secondary education or more — a gap of 29%.

Income data does not support neo-liberals in their efforts to reverse union gains by deregulating the labour market. After all, it would be difficult to argue that the most significant differences are produced by the industrial relations system or by trade unions.

Nonetheless, black union members do receive more than their non-union counterparts. Given the low base of comparison, how significant is this difference? Does it give them a better life?

Whereas all white workers live in formal housing, nearly 25% of black workers, whether unionised or not, live either in shacks or hostels. The mean value of a white worker's home is five times that of his black counterpart.

Indeed, for both white and black workers, the mean value of non-union members' homes is greater than for union members. The labour aristocracy thesis would expect the reverse.

Furthermore, while there are no differences in building and household size between black workers, all white workers live in

homes with two more rooms and two fewer people than their black counterparts.

The pattern repeats itself with respect to other amenities, such as ablution facilities and telephones. Finally, nearly 50% of all black workers reported that at some point in the year before the survey, they did not have enough money to feed the children in their households. The figure for whites was less than 10%.

Black workers, as a whole, experience similar conditions of life, defined more by their status as township residents than by their occupation or trade union membership. If you are a black worker, it clearly pays to be a union member, but not nearly enough to differentiate you significantly from your non-union counterparts. Nor to lift you out of poverty, intermittent hunger and overcrowded township life.

The findings cast doubt on the deregulation policies the thesis was constructed to justify: redistribution from unionised workers to the non-unionised will merely rearrange limited resources among the underprivileged.

The findings suggest the need for other adjustments, such as addressing the racial divisions of labour and redistribution from the richest 10% of the population. By dispensing with the labour aristocracy thesis, perhaps we can stop rounding up the usual suspects for economic problems and begin addressing the real causes of people's distress.

Adler is senior lecturer in sociology at Wits and a part-time senior researcher at Naledi, a Casatu-linked research unit. This is a condensed version of a chapter he co-wrote in the recent publication *Against the Current*, edited by Jeremy Baskin.

Average monthly income (rands), by race and education				
Union status	High education (secondary or more)			
Blacks	Whites			
Members	541	2 733	1 305	2 650
Non-members	472	1 838	818	2 713

Graphic: KAREN MOOLMAN Source: CSS

Tackling the jobless

(173) M+G (Psm) 29/11-5/12/96

South Africa's labour market is labelled 'inflexible'. The facts refute this, says the ILO's **Guy Standing**

In the 1990s, most governments are almost prisoners of international opinion, even in medium-sized countries such as South Africa. Economic policy is determined not only by realities, but by impressions that filter through a small community of commentators.

Those in responsible positions need to recognise that unless they take account of the credibility factor in their statements and actions, they may suffer the consequences. This does not mean they must accept orthodox policies, merely that they must have a strategy for maintaining credibility.

The labour market is a good example.

We are told South Africa suffers from "labour market inflexibility", that investors are put off by the regulations and trade union power, and that it has "the highest unemployment in the world". Although there is no evidence to support those claims (except for what all agree are woefully inadequate data), the images feed into financial brochures and shape perceptions of the country's policy. In turn, policymakers are pushed into contemplating reforms to gain credibility.

To counter the problem to some extent, a reforming democratic government can respond by generating up-to-date, legitimate information. Take employment. Critics claim South Africa has "jobless growth" and "ever-rising unemployment".

Only last week, a leading international financial newspaper stated that "official unemployment is 33%". In fact, there have been no unemployment figures since October 1994.

As we show, the figure then was exaggerated by over-estimating the number of unemployed and under-estimating employment. Since then, there has been economic growth, and there is reason to believe employment has risen, much of it unrecorded, because of its informal character, the growth of out-sourcing, contract labour, and so on.

Yet invalid claims of jobless growth are used to justify draconian proposals, including lower wages for low-paid (black) workers. Unemployment is serious, but it does not help anybody to exaggerate.

Similar problems arise with the assertion that the labour market is inflexible. Our review concluded that there is no evidence to support this.

Rather than repeat the arguments, let me mention some examples. Some observers make much of industrial (bargaining) councils as a source of inflexibility and unemployment. However, not only are a dwindling minority of workers covered by them, but the number covered by "extensions" may be matched by the number covered by "exemptions". The scope and application of council agreements are such that it is a system of flexibility, which may wither away.

Take clothing. There are seven main industrial council agreements, two others negotiated between employers and the South African Clothing and Textile Workers Union, and one wage determination, divided into four areas.

For any grade there are about 60 minimum wages differentiated by area, including traineeships. There are numerous "exemptions", granted on an ad hoc basis. The minimum wage for a labourer varies from R285,50/week in the greater Cape



Streetsellers: There is reason to believe employment has risen because of the growing informal sector

PHOTOGRAPH: RODGER BOSCH

Town area, covered by the Western Cape industrial council, to R163,00 under the Isithebe agreement.

The wage determinations set much lower wages for the same jobs, and different minima co-exist within small geographical areas. With little bureaucracies all over the country, the system is so flexible that one wonders whether it is worth having.

Another example is the flexible arrangements that apply to industrial estates scattered across the country. The Temporary Removal of Restrictions on Economic Activities Act of 1986 ceased to have effect in March 1994. But as proclamations issued under the Act have not been withdrawn, they still apply.

Firms operating in those areas are thus exempt from wage regulations and key sections of the Labour Relations Act, Wage Act, Basic Conditions of Employment Act, and Machinery and Occupational Safety Act.

Although one can document the flexibility inherent in South Africa's labour market, an image of "inflexibility" is created by assertions and a too-literal reading of labour laws, leading us back to the issue of credibility.

Globally, as employment and payment systems become more flexible,

labour forces are fragmented, whereby more people are detached from statutory regulations, welfare systems and institutions. Insecurity is rife, taxes and welfare contributions are avoided or evaded, and inequities are glaring.

While there is no dichotomy of "insiders" and "outsiders", there are diverse patterns in which the core of full-time employed workers is a dwindling proportion of the total. As laws are modified to protect non-core groups, the statutory system is likely to become so complex that the capacity to implement it and to monitor its outcomes is eroded.

Critics say regulations create a straitjacket, while workers feel they have inadequate protection.

Statutory regulations must set broadly accepted parameters of decency. To complement those, there should be encouragement for what we call voice regulation — mechanisms for bargaining between representatives of all labour groups, in conditions conducive to security, flexibility and

economic efficiency.

Achieving a good balance between statutory and voice regulation is delicate. That is why a negotiated incomes policy is needed, based on a national, regional and company level policy.

At national level, the much-used term "social accord" is unfortunate, conveying an impression that government, business and labour representatives will go into a huddle and emerge with a blueprint involving wages, prices, taxes, interest rates, and much else. This could at best be a credibility-raising experience that would dissolve in mutual recrimination.

What is needed is a step-by-step process in which representatives bargain over desirable trade-offs. The National Economic Development and Labour Council has been moving in that direction. International norms should be the guiding principle. For example, agreement might be reached on reducing the undeniably long workweeks in return for measures to lower labour costs and raise productivity. Similarly, there might be negotiations on fiscal measures to compensate regions and enterprises hit by economic restructuring, or on narrowing the income gap.

Many issues could be negotiated at national level through such pro-

gression bargaining (the opposite of United States-style concession bargaining). Others would be better negotiated at regional or sub-regional level, which is why we hope regional employment and development councils will emerge.

To succeed, there must be a programme of worker education and genuine effort to involve those on the margins of the business and worker communities.

In flexible labour markets, incentives to good practices have more prospect of success than sanctions against bad. Of course, laws should identify and penalise unacceptable practices. Yet encouraging the good would discourage the mediocre as well as the bad, and shame the perpetrators of both. And encouraging good practice is also in the spirit of the era.

Guy Standing was co-ordinator of the recently published ILO Review, *Restructuring the Labour Market: The South African Challenge*. Views should not be attributed to the ILO

An image of 'inflexibility' is created by assertions and a too-literal reading of labour laws

SA seeks World Bank loan to help finance job creation

Star 2/10/96

(173)

BY RICH MKHONDO
Star Foreign Service

Washington - The South African government has applied for a World Bank loan to help the Ministry of Trade and Industry to finance global competitiveness and job-creation projects, but will not be asking the International Monetary Fund (IMF) for a standby facility, a high-ranking government official said yesterday.

Maria Ramos, director-general of the ministry of finance, said World Bank officials would be travelling to South Africa soon to inspect the projects which would be financed by the bank.

"I cannot release any details at this stage, not even the figures or type of projects. All I can say is that we have applied for the loan to be used by the ministry of trade and industry to enhance international competitiveness and job creation. We are at the pre-appraisal but sensitive stage.

"After the visit by World Bank officials, we will sit down with them to discuss the terms of the loan," she added.

Ramos, flanked by deputy Reserve Bank governor Timothy Thahane, said they believed there was no need for South Africa to ask the IMF for a standby facility.

"There is sufficient space to

breathe and sufficient capital inflows.

"We feel we can still manage the situation," she said.

Ramos and Thahane said the South African delegation had been well received by colleagues attending the IMF and World Bank annual general meeting and by potential investors.

"Everyone we have met is upbeat about South Africa's economic prospects. They welcome our macro-economic strategy as a way of setting the stage for growth," Thahane said.

Ramos said: "Everyone understands our gradual approach towards lifting exchange controls. Everyone is worried about crime but they also understand government strategies to curb it."

■ World Bank president James Wolfensohn yesterday lashed out at corruption in industrial and developing countries, calling it a cancer and vowing not to tolerate it in the projects his organisation finances, Reuters reports.

By throwing a spotlight on a problem often hidden out of sight in the past, the plain-speaking Wolfensohn risks raising the hackles of developing nations that may view his broadside against bribery as just an attempt to meddle in their affairs.

the move left the Middle East

Cape chamber welcomes decision on public works

BUSINESS REPORTER

The plan to transform the Department of Public Works into a businesslike operation is most encouraging, says Alan Lighton, executive director of the Cape Chamber of Commerce and Industry.

Mr Lighton said he hoped similar programmes would be carried out not only in other national departments, but also in provincial and local government where urgent restructuring was just as essential.

"The chamber warmly welcomes the Government's recent announcement that the Department of Public Works is to cut its staff by 5 000, and transfer half of its functions to the private sector over the next five years.

"Director-General Siphon Shezi says

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that this is the upshot of two performance audits which highlighted shocking maladministration, including inefficient use of facilities, excessive waste, cost over-runs, and poor project management."

He said the chamber had lobbied Government "way back in 1986" to appoint an independent task group to implement a programme of performance audits to achieve greater discipline and efficiency in state spending.

"We urged the private sector consultants to be involved in the critical performance process to highlight wasteful and inefficient practices.

"The Government took the chamber's advice and, over the years, studies have undertaken in various departments - including Public Works - to pinpoint areas where cost savings could be achieved."

Building the road to recovery

mtg 11-17/10/96 (173)



The Department of Public Works has been actively engineering reconstruction, argues Minister **Jeff Radebe**

SINCE 1994 the Department of Public Works has been engaged in two major projects. It was given the task of introducing a new, community-based public works programme; and it has made enormous strides in modernising the state's management of its fixed property assets.

The overall mission of the department has been to link reconstruction and development of infrastructure to human-resource development and to socio-economic upliftment. This overhaul was made all the more necessary because of the inheritance of old-fashioned operational methods, a Cinderella status within government itself under apartheid where the priorities were identified as simply keeping the ship afloat, and a narrow focus on state assets which were scattered across a plethora of government departments in a manner which ensured that the department gained a reputation for lethargy, corruption and mismanagement.

Happily, with the injection of new blood and the co-operation of thousands of employees in the department, we are confident that public works has left that legacy behind and is moving rapidly towards a total renovation of its image, status and role in assisting to build the vision of our new democracy.

A new director general, Siphoshezi, was appointed in August 1995. Since then the department has conducted a major examination of its internal structures, human resources and operational methods. Over the next five years, 5 000 positions will be shed, including 2 000 or so which have already been lost as a result of vacancies and voluntary severances.

The process of reducing the size of the department goes hand in hand with a programme to commercialise many functions which lend themselves to private-sector involvement. People will not simply be dumped in the street either: the private sector will be encouraged to absorb our staff in line with a scheme to provide sufficient contracts for work from the department.

Before May 1995 senior management in the department was 100% white male. As of October 1996, excluding vacancies, their representivity stands at 45% from the position of director upwards, and at 63% from chief director upwards.

The National Public Works Programme (NPWP) was adopted by the new government as part of the Reconstruction and Development Programme and is incorporated into the recently adopted Macro-Economic Strategy as well. Its primary aims are sustainable job creation, human-resources development, the creation of quality infrastructure in areas of greatest need and community participation in project definition and implementation.

The Department of Public Works is integrally related to the construction industry. The gov-



Giving workers a chance: The Department of Public Works has created 1,5-million labour days for over 70 000 people since the 1994 elections

ernment is not only a regulator but also a major client. In our attempts to emphasise the NPWP approach to spending on infrastructure, we are currently managing the implementation of a number of pilot projects to a value of R145-million. These projects are aimed at testing labour-intensive construction methods, new contract documentation, the management of vocational and generic training and community participation. These projects are located in all provinces, and the provincial departments are included in their operation.

A crucial element here is the small contractor development programme. It aims to expand the contractor base of government work to small and medium enterprises, particularly those which were previously disadvantaged. We have established a database of such firms which is accessed from all our regional offices.

Small contractors have become instrumental in our maintenance and renovation programmes.

All our contracts are packaged according to the government's 10-point plan. We are currently engaged in discussions with the industry and stakeholders to expand this programme, as well as in producing a Green Paper. One example of small contractor involvement is the Malmesbury Prison Building Programme worth R173-million.

A second leg of the NPWP is the community-based public works programme. Essentially a short-term programme, it is aimed at poverty alleviation, capacity building and the creation of urgently needed roads, buildings and other assets in rural areas. The target group is women, youth and poor households. An amount of R250-million is dedicated to the programme. Jobs last for approximately six months at a time, but there is an emphasis on training and skill cultivation to enable recipi-

ents to enter the formal market or even to form their own small enterprises. About R155-million has already been committed to over 800 projects. We have already spent R99,5-million, and have created over 1,5-million labour days for over 70 000 people. When we include the families and other beneficiaries of these workers, over two million people are affected positively.

This programme has been assisted by the active and ongoing participation of the Independent Development Trust, which, for example, manages the Community Employment Programme which is funded by the department to the tune of R70-million, the South African Sugar Association, South African Breweries and the "Keep SA beautiful" campaign.

Rural Arts and Crafts is another innovation of the department's job-creation projects. Steered by the deputy minister, Eileen Shandu, it aims to provide training and assistance for marketing products internationally.

The other major leg of the department's work consists of state property management and development. During the 1995/6 financial year, the department awarded 392 contracts, totalling about R700-million. In the past, effective management was sorely lacking. To counter this,

the department is shifting towards an integrated project management approach. Furthermore, the final steps are being undertaken to establish a specialised built environment consulting service within the department.

The department also operates a pilot roster for the appointment of built environment consultants to ensure the accelerated development of previously disadvantaged professionals and firms. To date approximately R50-million has been directed to this programme with approximately 70 architectural, quantity sur-

veying and engineering practices gaining appointments. The programme also focuses on those established firms who run appropriate human resource development programmes within their companies.

One foundation of the new policy is a new procurement system. During the last three months nearly R400-million has been directed into projects assessed in terms of the government's 10-point plan for procurement. Essentially, the plan has removed a number of constraints such as the old provision for sureties for contracts of less than R1 10 000, and the introduction of certain preference mechanisms for contracts of R2-million and below.

Central to the department's new role is the compilation of a comprehensive register of state assets which co-ordinates information about state property in one place for the first time. It also allows a more professional approach to be taken to assess which state properties should be maintained, sold or leased, and, in the process, establishes a much more efficient and cost-effective property management. Savings to the taxpayer should be significant.

Part of the process also involves being able to do the best we can to maintain government buildings, given inadequate funding and the severe maintenance backlog which exists. A more sophisticated approach to property management which has already been introduced will ensure further progress in this regard.

All in all, we believe that the two-and-a-half years from 1994 have established firm foundations for a new approach to public works in South Africa. The department is at the cutting edge of public-sector reform in South Africa. Its public works programme is a core element of government strategies to alleviate poverty and create jobs. Its property and construction initiatives likewise promote efficiency.

Jeff Radebe is the minister of public works

Reducing the size of the department goes hand in hand with a programme to commercialise many functions

Labour standards 'vital to sustain economic growth'

Lukanvo Mnyanda

A SET of minimum and socially acceptable labour standards and redistributive policies did not compromise economic growth as suggested by critics but were necessary for sustainable and long-term success, Labour Minister Tito Mboweni said yesterday.

Mboweni said in a speech read on his behalf at the World Trade Centre yesterday that the Labour Relations Act — which comes into effect next month — recognised the existence of strong trade unions as a precondition for industrial stability.

He called on government's social partners to acknowledge SA had a demanding labour force aware of its rights and vocal about its grievances.

"Let us acknowledge this fact openly as the Act does. A well-treated workforce can become a national asset."

SA Clothing and Textile Workers' Union assistant secretary Ebrahim Patel called for the strengthening of tripartism as represented by the National Economic, Development and Labour Council (Nedlac).

Patel, who is also overall labour convenor at Nedlac, said the body had achieved some success in its aims of

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finding common interest between diverse groups and was also instrumental in enabling stakeholders to address their differences through a process of "active and formal engagement".

Some of its achievements — which included negotiation of a labour relations Act — were unique and came at a time when the rest of the world was moving away from consensus building. "It is becoming a ruthless age and we need to strengthen tripartism."

Sacob director-general and overall business convenor at Nedlac, Raymond Parsons, said the body had to structure its agenda on the foundations provided

by government's macroeconomic strategy and "focus on the implementation rather than on the return to a debate about fundamental economic direction".

It was Nedlac's duty to "match and not renegotiate" the strategy, he said.

Like Patel, Parsons called for the strengthening of Nedlac which he said was the "economic dimension" of reconciliation and nation-building.

"Business remains committed to Nedlac as one key structure to facilitate change and transformation in economic and social policy — and to ensure its proper implementation."

One Director left the service in terms of section 16(6)(a) of the Public Service Act, 1994.

One Assistant Director left the service in terms of section 16(1) of the Public Service Act, 1994.

One Assistant Director left the service in terms of section 17(2)(a) of the Public Service Act, 1994.

One Deputy Director left the service in terms of section 17(2)(c) of the Public Service Act, 1994.

32 Assistant Directors, 23 Deputy Directors, one State Legal Advisor, 16 Directors, four Chief Directors and three Deputy Directors (General retired prematurely in terms of section 17(2)(b) of the Public Service Act, 1994.

Two Assistant Directors, one Deputy Director and one Director resigned from the service of the Department.

Draft Schools Act: advertisements

*31. Mr R S SCHOEMAN asked the Minister of Education:†

What costs were incurred in respect of (a) advertisements in the national and local media and (b) other methods of publishing with the publishing the draft Schools Act and section 247 of the Constitution and the nationwide meetings in this regard?

N1919E

The MINISTER OF EDUCATION:

The question is not entirely clear I presume Mr Schoeman is referring to the costs of advertising and the costs of publishing documents in connection with the process of negotiation undertaken by my Ministry with public school governing bodies, in order to fulfil the requirements of section 247 of the Interim Constitution. If so, the answers are as follows:

(a) R771 131.52. The details were given in my oral reply to Question Number 29 by Mr T D Lee on Wednesday, 21 August 1996.

(b) R785 428.98. This figure is made up of two parts. The first covers the cost of printing the Draft South African Schools Bill, 1996, the Memorandum by the Department of Education on a Draft School Finance Policy and the document entitled "Proposed Alterations to the Rights, Pow-

ers and Functions of Public School Governing Bodies", which were published by the Government Printer in April 1996 at a combined cost of R650 597. The second covers the distribution of these documents to more than 29 000 public schools during April and May 1996 at a cost of R134 831.98.

*32. Dr E A SCHOEMAN — Agriculture and Land Affairs:† [Question standing over.]

Housing: accommodation rented

*33. Mr J A RABIE asked the Minister of Housing:†

(1) Whether her Department is contemplating a scheme whereby accommodation may be rented; if so, how will the rent be determined;

(2) whether such rent will be determined by a tenant's income; if not, what is the position in this regard; if so, what are the relevant details;

(3) whether she will make a statement on the matter?

N1921E

The MINISTER OF HOUSING:

(1), (2) and (3) The Department of Housing is, in terms of the Constitution, responsible for the formulation of national housing policy and strategy whilst the execution thereof takes place at provincial level. Government's Housing Subsidy Scheme already provides for institutional subsidies which may, *inter alia*, be utilised by developers to provide rental accommodation to persons eligible for housing subsidies. Moreover, the Department of Housing has secured an amount of R525 million from the Reconstruction and Development Programme Fund to be utilised to support scale delivery of housing in joint ventures with the private sector which will also stimulate the provision of rental opportunities. Comprehensive rental policy will be announced as soon as investigations in this regard, have been completed.

Integration of HIV-positive prisoners

*34. Dr M S APPELGRYN asked the Minister of Correctional Services:

(1) Whether the policy of integrating HIV-positive prisoners with the rest of the prison population has led to an increase in the incidence of Aids; if so, (a) how many HIV prisoners were incarcerated during the period 1 March 1995 to 31 May 1996 and (b) what was the increase during this period compared to the period 1 March 1994 to 31 May 1995;

(2) whether he will make a statement on the matter?

N1922E

The MINISTER OF CORRECTIONAL SERVICES:

(1) As the policy of desegregation was only implemented as from 17 May 1996, it is still too early to determine whether it has led to an increase in the incidence of AIDS. (a) and (b) Fall away.

(2) No.

Weekend passes to prisoners

*35. Dr M S APPELGRYN asked the Minister of Correctional Services:

(1) Whether any prisoners were granted weekend passes during the period 1 March 1995 to 31 May 1996; if so, (a) how many and (b) of which offences had these prisoners been found guilty;

(2) whether he will make a statement on the matter?

N1923E

The MINISTER OF CORRECTIONAL SERVICES:

(1) Yes.

(a) Specific information with regard to weekend passes is not available. I can, however, mention that during the period 1 January 1995 to 15 March 1996, a total of 4 419 prisoners were granted temporary leave, in terms of section 92 of the Correctional Services Act No 8 of 1959, which was inclusive of weekend passes.

(b) This information is not readily available and can only be obtained through a costly and manpower-intensive

country-wide survey. Should the hon member require particulars about a specific case, he is welcome to approach me.

(2) No.

National Public Works Programme task group

*36. Mr D K PADIACHEY asked the Minister of Public Works:

(1) Whether the members of the National Public Works Programme task group are still employees of his Department; if so, (a) what is their mandate, (b) for what duration will they be employed, (c) what has been the cost to his Department in this regard and (d) in respect of what date is this information furnished;

(2) whether he will make a statement on the matter?

N1924E

The MINISTER OF PUBLIC WORKS:

(1) No.

(a) Fall away.

(b) Fall away.

(c) R1 341 674.

(d) 31 December 1995.

(2) I refer Mr Padiachey to the answer I gave in the National Assembly on 6 September 1995 to a Question from Mrs Chait (Hansard Col 1753). Furthermore, I wish to make it clear that the Task Team was appointed to put in place the policy and institutional mechanisms for the implementation of the NPWP. It comprised of 11 people at its largest, while 3 were employed by December 1995. The expenditure covered remuneration, subsistence, travel and operational costs.

Public Works: consultants in KwaZulu-Natal

*37. Mr D K PADIACHEY asked the Minister of Public Works:

(1) Whether his Department has appointed any consultants for the Province of KwaZulu-Natal; if so, what amount is being paid to these consultants;

HANSAARD

- (2) whether the Province was consulted in this regard; if not, why not; if so, what are the relevant details;
- (3) whether the Province approved these appointments; if not, what is the position in this regard; if so, what are the relevant details;
- (4) whether he will make a statement on the matter?

N1925E

THE MINISTER OF PUBLIC WORKS:

- (1) Yes.
R1 867 556,36.
- (2) Yes.

The province was consulted through the then MEC for Finance and Public Works, Mr S J Mhlangu. The consultation began in a meeting held on 30 October 1995 in Pretoria, between the National Department of Public Works represented by Messrs S K Shezi (Director-General), N Grewgaw (Deputy Director-General) and S Zulu (Programme Manager) and the Provincial Department of Finance and Public Works, represented by Messrs S J Mhlangu (MEC) and E Ngubane (Private Secretary).

- (3) The decision taken in the meeting referred to above was that the National Department should speedily appoint consultants, which was fully done. During the appointment of the consultants the MEC was kept informed and raised no objection to all the steps that were followed in the appointment.

- (4) No.

Immigrants' Selection Board

*38. Mr I J PRETORIUS asked the Minister of Home Affairs:

- (1) Whether the Immigrants' Selection Board is to be replaced at the end of November 1996; if so, by what new structure will it be replaced;
- (2) whether he will make a statement on the matter?

N1926E

THE MINISTER OF HOME AFFAIRS:

- (1) Yes. The Aliens Control Amendment Act, 1995, brought about a restructuring of the Immigrants Selection Board. Section 24 of the Act provides for the establishing of a Board consisting of—
- (a) a central committee (at least five members) seated in Pretoria; and
- (b) at least one regional committee (at least three members), for each of the provinces of the Republic, seated in each province at an office of the Department as designated.

- (2) No. However, regarding the consideration of persons nominated to serve on the various committees of the Immigrants Selection Board, hon member is referred to the media release, issued on 15 October 1996, a copy of which is enclosed for the hon member's information.

DEPARTMENT OF HOME AFFAIRS

Private Bag X114, Pretoria 0001. Tel: (012) 314-8105. Fax (Media Liaison): (012) 326-6521

Media Release

Embargo: Immediate

Ref: 135

The selection panel tasked with the consideration of persons nominated to serve on the various committees of the Immigrants Selection Board had its first meeting in Pretoria yesterday.

The panel consists of Prof Wilnot James of IDASA, Prof Mike Hough of the Institute for Strategic Studies of the University of Pretoria, Mr Desmond Lokey, chairperson of the Portfolio Committee on Home Affairs, Senator Dr S C Cwele, chairperson of the Select Committee on Health, Welfare and Population Development, under the patronage of the Director-General of Home Affairs, Mr Piet Colyn.

During August the Department of Home Affairs placed advertisements inviting nominations for the various regional committees of the Immigrants Selection Board in all major newspapers. Through interviews and through evaluation of their *curricula vitae* and through personal interviews the panel will now screen nominated candidates and submit a shortlist of recommended names to the minister of Home Affairs, Dr Mangosuthu Buthezi. The interviewing of nominees will be open to the public.

The next meeting of the selection panel will take place in Pretoria on Tuesday, 22 October 1996.

Further enquiries in this regard can be addressed to Mr Piet Engelbrecht at tel: (012) 314-8141.

Issued by:

Subdirector Communication, Department of Home Affairs

Place: Pretoria

Date: 1996/10/15

Provinces: irregularities in tender boards

*39. Mr L D CHUENYANE asked the Minister of Finance:†

- (1) Whether any irregularities occurred in the tender boards of any of the provinces during the period 1 March 1995 to 31 May 1996; if so, (a) in which provinces and (b) what did the amount involved in these irregularities amount to in each of these provinces;
- (2) whether he will make a statement on the matter?

N1927E

THE MINISTER OF FINANCE:

- (1) Regarding the State Tender Board — No.

The provincial tender boards are autonomous and members on these boards are appointed by the MEC. Finance of each province. The question should therefore be addressed to the various Provincial Governments.

- (a) and (b) Fall away.

- (2) No.

*40. Mr A G MOHAMED — Public Service and Administration.† [Question standing over:]

Inability to collect tax

*41. Mr A H NEL asked the Minister of Finance:†

- (1) Whether the State is losing money annually as a result of an inability to collect tax; if not, what is the position in this regard; if so, (a) what is the amount involved and (b) what are the reasons for this loss;

- (2) whether he or his Department has taken or intends taking any steps to resolve this problem; if not, why not; if so, what steps;
- (3) whether he will make a statement on the matter?

N1929E

THE MINISTER OF FINANCE:

- (1) The State could, in all likelihood, collect more tax than at present.

- (a) The amount involved cannot be quantified. However, R226,25 million income tax was written off as irrecoverable during the 1995/96 financial year for reasons such as:

- insolvency;
- debtors were impossible to trace;
- debtors had no assets or income;
- legal action would be uneconomical;
- the State Attorney was unable to collect outstanding debts.

- (b) The current personnel situation is poor and a great number of staff are inexperienced. Staff are faced with an increased workload.

- (2) Yes. The major reason for the establishment of SARS is the upgrading of collection and control functions. A great reliance will be placed on more modern systems and procedures including computerised systems. In this regard, it is important to note that the amount to be voted in order to finance the current and capital expenditure of the new SARS, has been increased by 37% for the 1996/97 financial year in comparison with the 1995/96 financial year.

365 additional personal computers with linkage to the main frame have already been supplied to various sections of all Revenue Offices.

The development of a separate system for PAYE was introduced which will provide more effective recovery procedures by means of a modern computer system. The system is being developed on the same

LABOUR

Union at Gold Fields mine in negotiations deadlock

Northam could face more trouble

GUY OLIVER

Johannesburg — The result of a National Union of Mineworkers strike ballot expected today will determine whether Northam platinum mine begins the fourth quarter in the same grim vein in which it finished the past quarter.

The union at the Gold Fields mine has reached a deadlock in wage negotiations after a third quarter racked by violent conflict.

Northam is not party to the Chamber of Mines wage agreements; wage negotiations are conducted at mine level. The union has about 3 400 members at the three-year old mine, from a workforce of about 5 350.

Northam was one of three Gold Fields mines hit by mine violence resulting in the death of 42 miners and injuries to 203 others. The others were East Driefontein and Leeudoorn.

Union members reached a deadlock late last month after non-unionised workers accepted

the 10 percent wage increase offered by the management.

Mahlakeng Mahlakeng, the union's Rustenburg co-ordinator, said that though the union had demanded 15 percent, it was willing to accept 10 percent if the management moved towards parity with other mines. He said the R556 monthly minimum wage was a few hundred rand below other mines, and the union had refused a 1 percent quarterly profit scheme because Northam was a new mine and it was not making a profit.

The wage deadlock has further increased volatility at the mine following the findings of Judge John Myburgh's commission, which called the Northam union leadership maverick.

Myburgh recommended suspending the branch committee, especially Joseph Moloko, the branch chairman.

One of the consequences of the violence at Northam, which is one of the few Gold Fields mines to have integrated all its hostels, was the eviction of 660

Zulu-speaking miners. The commission found that the workers were evicted for ethnic reasons, and it considered Moloko a key instigator in the bloody affair.

Mahlakeng said yesterday that Moloko remained active as the branch chairman and was part of the wage negotiation team. He said Moloko could not be suspended until the union had completed its own investigation into the allegations.

Myburgh said in his report to President Nelson Mandela that "it is impossible for management to deal with a branch committee on the issue of the return of the Zulu-speaking employees when members were involved in inciting the violence which caused (their) eviction.

"The mine management and the branch committee, led by Mr Moloko, are in the process of negotiating wages. That is an untenable situation."

Michael de Kock, the Gold Fields spokesman, said the company had advised the union's head office about Myburgh's rec-

ommendation that Moloko be suspended from his duties. He declined to comment further.

But the troubles that haunt Gold Fields have been brought on by the mine company itself, according to analysts. One analyst told Reuters that "all other (mining houses) give you an indication of what their strategy is. Gold Fields doesn't seem to have a plan. We can't keep moaning about it not being a perfect world. Everybody knows that, and other companies manage to perform."

On Monday, Gold Fields said Northam had recorded a net loss before capital spending of R7,39 million in the September quarter, after turning a profit of R8,17 million the previous quarter. The mine produced 75 365oz of precious metals and concentrates in the quarter.

Peter Janisch, the mine's chairman, said during the presentation of the results that the mine hoped the labour tensions would not lead to a strike, but the mine would be prepared for it.

Nedlac launches labour workshop programme

FROM SAPA

Johannesburg — The National Economic Development and Labour Council (Nedlac) announced in Johannesburg yesterday that it had launched a R2 million programme of labour-management workshops to meet the challenge of South Africa's workplace.

The aim was to enhance co-

operation between workers and management to boost the country's competitiveness and employment creation by improving industrial performance and productivity, the council said.

The workshops would be operated in co-operation with the National Productivity Institute and crafted with the participation of labour, business and the trade and industry and labour

departments, Nedlac said.

The productivity institute has committed R1 million in initial funding and this was expected to be matched by the trade and industry department.

Strategies

Jayendra Naidoo, Nedlac executive director, said "there is an urgent need to devise workplace

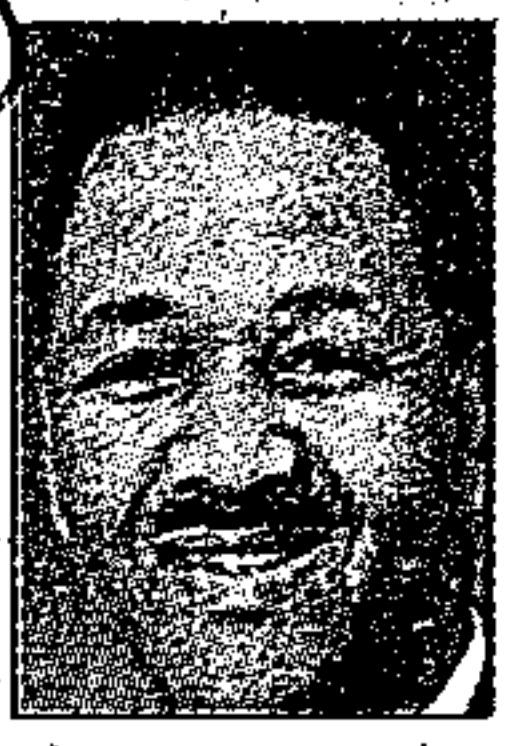
strategies which will allow South African industries and companies to develop in an internationally competitive, labour and skills-intensive fashion." The programme will be in three phases, with the first starting at Badplaas in Mpumalanga province tomorrow.

Phases two and three will begin in February and September next year.

CF (BR) 25/10/96

GREEN PAPER CALLS FOR (173) PUBLIC WORKS SHAKE-UP

Johannesburg — The public works department said in a Green Paper, which would be released to the public today, that a total restructuring of the department's management of projects was necessary.



The department, which was headed by Jeff Radebe (pictured), said problems in project management included a lack of accountability, slow project execution, an inability to innovate in key project areas, cost overruns on project budgets and an inappropriate management structure. The Green Paper said that the restructuring needed to focus on project management as a specific profession. It also planned to commercialise cleaning, security and maintenance functions managed by the department. — Jonathan Rosenthal

Formal job sector must move into Gear

(173)

M+G (PMM) 25-31/10/96

Madeleine Wackernagel

SUBSTANTIAL falls in formal sector employment levels are threatening to undermine the government's Growth, Employment and Redistribution (Gear) strategy, which aims to create 400 000 jobs a year by the turn of the century, assuming economic growth of 6%.

Two disturbing trends are coming to light — total employment, according to Central Statistical Service data, fell almost 1% in the first quarter of this year, a loss of 66 000 positions. Over the year to March, despite some fluctuations, total employment fell by just over 1%.

Second, the few jobs that have been created since 1994 are in the public sector. In the year to March, the private sector shed about 95 000 jobs, while the state employed an additional 40 000 people.

This emphasis on the role of the state is highlighted in the new Green Paper — *Public Works Towards the 21st Century* — unveiled yesterday by the Public Works Department (PWD): "Employment in the formal sector in South Africa is not keeping pace with the growth in the economy. This is true today, even taking into account the recent economic upswing."

Of the 14,3-million economically active people identified in the 1994 October Household Survey, 9,6-million were in work, while 4,7-million were unemployed. The census currently under way should shed more up-to-date light on the figures but the message is clear.

Says Dr Neva Makgetla of the Department of Labour: "Jobless growth is a worldwide phenomenon but what we are seeing in South Africa is under-employment, with low productivity and low incomes, exacerbating our already very skewed pattern of income distribution. The alternative to formal employment is the informal sector, which means poor pay and poor conditions — that is no way to go."

And while the private sector has been concentrating on capital-intensive investment, it is left to the state to take the labour-intensive route: "Job creation through the national public works programme is based upon two strategic approaches: changing the rules governing the pro-

vision of infrastructure to increase labour-intensity, and promoting community-based public works," says the Green Paper.

The department's role in job creation is especially important because it is targeted at the unskilled and low-skilled — who often suffer the highest unemployment rates.

"It is envisaged in the government's Gear policy document that 'a quarter of the new jobs will be created through accelerated labour-based infrastructural development and maintenance of public works in urban and rural areas' ... As highlighted in the national public works programme, both direct and indirect effects of PWD activities will be crucial for the introduction and promotion of labour-based technology in development and maintenance of state assets."

So far, the PWD is pleased with its progress. Says a representative: "At provincial level there are a few snags, so they will not meet their budget targets by the year-end, but they should be on track for next March. But even so, one million labour days have been created in short-term programmes, with a five-to-six month duration, which provide people with training and the opportunity to enter the formal market or start their own businesses."

But with the closure of the Reconstruction and Development Programme office, the department is unclear if this year's budget allocation of R250-million will be repeated in 1997-98. "We are awaiting clarification and will approach State Expenditure for funds next year."

The real worry now is that as the economy contracts — growth forecasts for next year are already being downgraded to about 2,5% from 3% this year — the prospects for large-scale job creation become increasingly dim. But if the government is to meet its Budget deficit target, it certainly cannot afford to take the lead.

The private sector, says a union source, must play its role. "The emphasis on capital-intensive industry is a hangover from the apartheid era; machines were less trouble than people. But the private sector must take its share of responsibility for getting this country on its feet; it is no longer feasible to invest in machines alone."

Shake-up in public works dept policy

BD 25/10/96

Ingrid Salgado

THE public works department has proposed a broad restructuring process which includes reduced capital expenditure, commercialisation, greater private sector involvement and staff cuts.

The proposals were presented by Public Works Minister Jeff Radebe in Midrand at the launch of the department's green paper yesterday.

The focus on core activities would reduce the department's staff complement from 8 000 to 3 000 posts, public works director-general Siphoshezi said. This would be effected through severance packages, attrition, commercialisation — in which some staff could be absorbed into new structures — and retrenchment.

Administrative staff were expected to be most affected by the effort to do away with duplication and fragmentation. The department hoped to minimise retrenchments, which were nonetheless "a reality", Shezi said.

Radebe said right-sizing would deliver substantial savings in the salary bill and operational expenses. Capital spending would also be cut by using a focused capital investment strategy, proper financial controls and the possible scaling down of capital projects to use accommodation space optimally.

The green paper proposed a greater role for the private sector in maintenance services to address a massive maintenance backlog. Small, medium and micro enterprises should be given priority when out-sourcing, and limitations imposed by the procurement system should be reduced. Cleaning, security, gardening, maintenance and

property administration functions could be commercialised.

Shezi said the department envisaged working more closely with the construction industry in property development — public works spent more than R700m a year on capital projects alone — and hoped to co-ordinate industry involvement in this sphere. This presented scope to improve job provision and to develop skills and small, medium and micro enterprises.

From the 2002/03 financial year, departments would be able to source property and management of facilities services from the private sector.

The department's core function was infrastructure delivery but job creation would be facilitated by changing the rules governing the provision of infrastructure to increase labour intensity and to focus on community-based public works programmes.

Property management, which was haphazard, should be consistent with broader policy objectives. For example, it would be fruitless to build extra correctional services facilities when the crime prevention strategy could curb crime over the next few years. The department, which ~~also needs to establish a~~ comprehensive assets register, hoped to sell or lease superfluous properties and land holdings within its portfolio.

The green paper said social objectives should inform property investment decisions. This included packaging properties up for sale into smaller units for easier acquisition by small business, increasing labour-intensiveness in the construction industry and paying more attention to government facilities in underserved areas.

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Industry welcomes Green Paper

CT (SA) 28/10/96 (173)

MAGGIE ROWLEY

PROPERTY EDITOR

Cape Town — The property, building and construction industries have warmly welcomed the public works department's Green Paper released last week, saying it will usher in a new era of co-operation between the public and private sectors.

Brian Kirschmann, the executive director of the South African Property Owners Association, said the association had helped the government before, but

this would be first time the ANC government was actively seeking private-sector participation.

He said the association had formed a committee to assist the public works department.

Ian Robinson, the executive director of the Building Industries Federation of South Africa, agreed with him. "The recognition that previous adversarial relationships between the department and the construction industry have not been conducive to economic

growth and the paradigm shift to co-operative approach is very evident and we look forward to a co-operative and productive future."

He said the federation welcomed in particular the director-general's plan to cut staff from 8 000 to 3 000 and hoped it would set an example for other government departments.

He said, however, that the emphasis on achieving socio-economic objectives would delay the delivery process in the short term and would increase costs.

Brain drain puts skilled workers on the wanted list

ST(BT) 1/9/96

(173)

RECRUITMENT

By DON ROBERTSON

THE picture for the unskilled job market looks increasingly gloomy, but the demand for skilled workers is showing no sign of abating.

Figures compiled by Standard Bank on the recruitment advertising market reflect the shortage of skilled workers — from engineers and educationalists to senior administrative staff and accountants.

In the first six months of this year, South Africa's major newspapers published 816 000 column centimetres of recruitment advertising.

This is more than 60% of the appointment advertisement figure for the whole of 1995, when a total of 1,41-million column centimetres were sold.

An important reason why skilled staff are still at a premium is soaring crime, which has caused the emigration of skilled workers to pick up considerably. On average, well over 1 000 people emigrate to safer pastures each month.

Adcorp managing director John Barry believes the number of staff vacancy advertisements will pick up considerably when the new Labour Relations Act is promulgated.

In an effort to circumvent discrimination, the new legislation will require that all competent and capable individuals living in reasonable proximity of a particular job should be notified of the vacancy.

Up to now, "head hunters" have often avoided newspapers, instead employing their own contacts to find suitable appointees — particularly for the top positions with large salary pack-

ages which will have to be advertised in terms of the Act.

The Standard Bank figures show that employers continue to use Business Times as the main medium for their staff needs.

In the first six months of this year, Business Times carried 338 634 column centimetres of staff vacancy advertisements, compared with 590 136 for the whole of last year.

Its nearest competitor, The Star, chalked up 120 258 column centimetres in the first half of the year against 239 328 in 1995.

Sunday Times' Afrikaans rival, Rapport, managed only 114 264 column centimetres in its Sake Rapport section in the six months to June, compared with 185 136 column centimetres for the whole of last year.

Business Day, a sister publication of the Sunday Times, saw an increase in the first six months of the year to 9 666 column centimetres, from 11 880 column centimetres in 1995.

Barry says Business Times is by far the favoured medium for staff vacancy announcements.

Business Times has also been used by the government for almost all its staff requirements — a trend which strengthened during the past two years of the transformation process.

Despite the fact that many key positions have been filled recently, the number of vacancies in the public sector is still well over 100 000.

These unfilled posts will continue to boost the recruitment advertising market.

AMONG the muddle of economic statistics supplied by Reserve Bank Governor Chris Stals this week, one stands out: 280 000 people joined the jobless queues last year.

"Unemployment remains the most intractable economic problem of South Africa and drastic measures are needed to raise the labour absorption capacity of the economy," Stals told the Reserve Bank's annual meeting.

Stals never springs policy surprises when he delivers his annual address, but his review is always an appropriate time to take stock of the performance of the economy. The picture that emerges on the jobs front is a gloomy one.

The Bank's annual economic report, released simultaneously, adds to the tale of woes. It estimates that 5-million people were without formal jobs by the end of last year, "yielding an unemployment rate of about one out of every three economically active South Africans". This estimate is based on the Central Statistical Service's 1994 Household Survey, which reported that 4.7-million people were unemployed in October of that year.

The Bank says between the end of 1988 and last year the private sector shed about 440 000 jobs — a figure which was only slightly offset by the 130 000 additional civil servants employed over the same period.

The average level of formal-sector employment last year was roughly equal to that in 1982 and 6.4% below the peak in 1989, says the Bank.

The widening gap between population growth and job creation is illustrated in the accompanying graph — and it is a gap that is showing no signs of narrowing.

The picture for the past four years of economic growth — the longest economic boom period since the Second World War — is particularly worrying.

It is estimated that only 50 000 new private-sector jobs were created during the past four years. Against this, the yearly growth in new entrants to the job market was 2.8%.

Inflexible labour market pushes jobless to the back of the queue

STCMT 7/19/96

UNEMPLOYMENT BY SVEN LUNSCHKE

The Bank says the economy's ability to boost investment was seriously hampered between 1985 and 1993 because of the outflow of capital and sanctions. "The removal of these growth-inhibiting factors nevertheless did not strengthen the labour absorption capacity enough to reduce unemployment," it says.

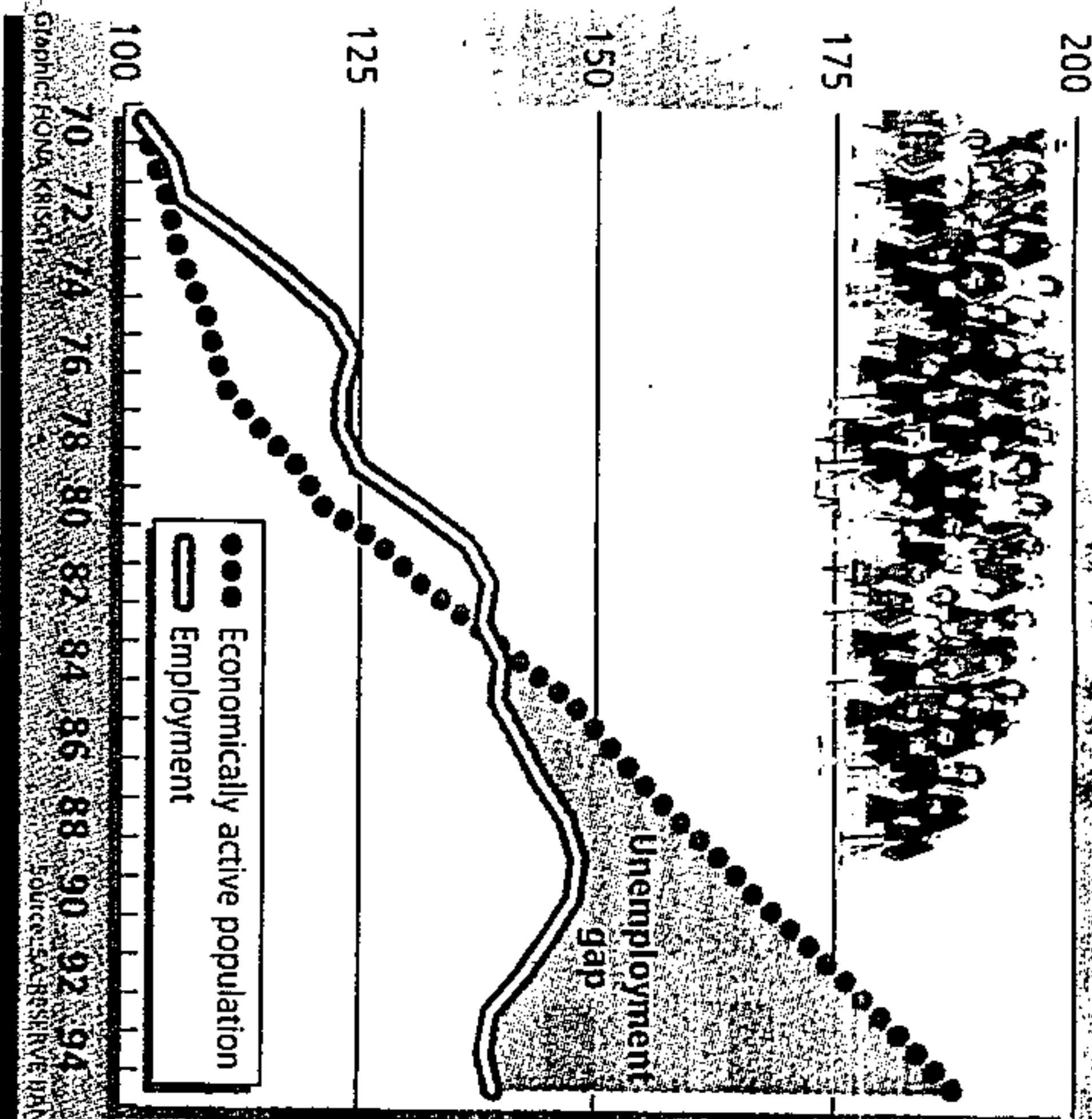
What then lies at the heart of rising joblessness? "Inflexibility of the existing labour market," says the Bank, picking up on a consistent theme in its latest pronouncements on the economy.

"In many countries it has been found that steps taken to provide workers with greater job security often tend to undermine the labour absorption capacity of the economy."

The report says investors have switched to capital-intensive

TOTAL NON-AGRICULTURAL EMPLOYMENT

Index: 1970 = 100



'In many countries steps taken to provide workers with greater job security often tend to undermine the economy's capacity to absorb labour'

methods "rather than being burdened by a multitude of labour regulations". The Bank's figures draw further attention to an anomaly that seems peculiar to South Africa, and is a clear reflection of the bargaining powers of the trade unions. During the first half of the 1990s, wage increases exceeded inflation, despite the high unemployment rate.

Even taking into account some modest gains on the productivity front, unit labour costs — wages adjusted for productivity improvement — have increased continuously this decade.

A slowdown in the pace of unit cost increases — from 17.3% in 1990 to 6.1% last year — con-

tributed significantly to the recent fall in inflation.

The steady acceleration of wages without a commensurate improvement in productivity implies a persistent weakening of the competitiveness of SA industry, says the Bank.

An international study of man-



Picture: RUSSEL ROBERTS

BLEAK PICTURE . . . Chris Stals has called for the speedy implementation of the government's macroeconomic policy

ufacturing companies in various countries shows that unit labour costs in South Africa rose by 12.4% a year between 1970 and 1994 and labour productivity by a mere 1.4%. The respective figures for France are 5% and 2.4%, for Italy 8.9% and 4.4% and for the United States 3.8% and 2.4%.

The Bank urges the speedy implementation of the government's macroeconomic strategy, which aims to create 400 000 jobs a year by 2000. However, this can be achieved only if wage demands are moderated and improvements in productivity are promoted, say the Bank.

SHAKE-UP FOR PUBLIC WORKS

Dept to cut 5 000 jobs

ONE of the most notoriously inefficient government departments is about to be stripped of 5 000 staff and half of its functions, in a bid to solve problems of maladministration that have cost taxpayers millions. **HENRY LUDSKI** reports.

THE Department of Public Works — long considered one of the most grossly inefficient and bureaucratic government departments — is to have its staff numbers slashed and more than half its functions transferred to the private sector.

The plans to transform the department into a business-like operation, considered by many to be virtually impossible, were disclosed to the Cape Times by director-general Mr Shipo Shezi.

The central thrust of the departmental "unbundling" — expected to take between three and five years and lead to a drastic cutback in its staff complement from 8 000 to 3 000 — was its commitment to using small and medium-sized companies, particularly from previously disadvantaged communities,

to carry out repair and maintenance and other routine work.

"We intend commercialising all those functions which lend themselves to private sector involvement. This could easily result in more than 50% of our functions being outsourced," said Shezi.

He listed information technology and property management as among the responsibilities most likely to be hived off to the private sector, in a move he believes will save taxpayers millions of rands.

"The department has a 20-year maintenance backlog amounting to billions of rands which could also be allocated to the private sector. This will unlock the potential to create hundreds of thousands of jobs and at the same time provide a tremendous boost for the economy."

Two separate performance

CT 10/9/96
audits of the department in the past two years — one by the Auditor-General and another by an independent firm of management consultants — came across "shocking" maladministration that included unacceptable standards of service, extraordinary financial losses due to the inefficient use of state facilities, excessive waste, cost overruns, a rise in theft and an "abhorrent" lack of appropriate administrative procedures.

A confidential Public Works document that formed the basis of a recent presentation to Deputy President Thabo Mbeki outlines serious problems that have resulted in millions being spent on unoccupied accommodation, a disregard of policy in decisions which had major cost implications, a lack of management information and formal procedures and poor project management that resulted in delays of up to 18 months.

In the transformation plans — devised with the help of international business and management

consultants and several overseas governments — Public Works is expected to be transformed into a business-like operation with a new emphasis on client services, benchmarking, best practice and management excellence.

Shezi said certain areas falling within the ambit of Public Works, which currently administers one of the largest departmental budgets, could be better and more efficiently managed by the private sector.

Specific areas of responsibility would be "outsourced", allowing the department to offload staff on to companies which would be urged to provide jobs, particularly for people from previously disadvantaged communities.

"The private sector will be encouraged to take over our staff and the department will in turn give them guarantees of enough work to ensure that it becomes a viable proposition," said Shezi.

Asked what the savings and costs would be, he said this was still being investigated.

(173)

Law to ban workplace bigotry

By Gerry Rellly

LEGISLATION banning discrimination at the workplace and requiring employers to conform to the Government's employment equity plans will be tabled in Parliament early next year.

So says the head of the Labour Department's equal opportunities directorate Mpho Makwana.

A draft Bill is scheduled to be completed by the end of this month.

Based on a Green Paper published in July, the Bill's objective is to open channels for advancement closed to blacks for generations.

"It will revolutionise an intolerable system which has consigned black workers to an inferior status in the labour market.

"We will strive for a balance between sanctions and incentives to encourage employers to cooperate in implementing the equity plans," he says.

The Bill will set out employment, training and development standards as guidelines for employers.

The apartheid baggage that forced black workers to the bottom rung of the earnings ladder would be dumped.

There has to be a free flow of information from Government to workers so that workers are made aware of their rights.

Makwana says the legislation will be the catalyst to drastically reform a rotten racial system which still persists widely in the white-dominated private sector.

He promises what he terms "unpleasant consequences" for employers who failed to cooperate. However, the Government, wherever possible, will avoid being prescriptive unless circumstances dictated otherwise.

On the other hand, the legislation is not going to be the panacea for all the evils of past discriminatory policies.

A glaring gap in income distribution in South Africa demonstrates that there are no quick fixes.

He says the policy will be sustained until all vestiges of economic deprivation have been removed.

Progress, or lack of it, would be monitored.

The extent to which a company promotes the employment equity policy, says Makwana, will become a factor in the awarding of Government and parastatal contracts.



Mpho Makwana promises tough action against those who do not conform.

(173) Sowetan 12/9/96

R50-m saved as Labour abolishes 500 posts

'Painful process'

ESTELLE RANDALL
LABOUR REPORTER

(173) ~~270~~

ARG 13/9/96

The Department of Labour says it has saved nearly R50 million by abolishing 500 posts.

"We made a lot of progress but it was a painful exercise," said Department of Labour director-general Siphon Pityana of the restructuring process so far.

"People who were transferred are finding it difficult to settle down. We also asked people to leave so we could create representivity in the department."

He said that by February his department had abolished about 200 posts in the old (homeland) departments and another 150 after all the departments were integrated. Despite the difficulties of the process, Mr Pityana said it had been possible to strike a partnership between the old and new staff.

What also helped was involvement of trade unions, who the department has continued to include in further strategic restructuring plans.

"We've established a steering committee to develop and co-ordinate our strategic restructuring. We also have a project management team, on which all the unions are represented, to see that the restructuring plan gets implemented."

To prepare its strategic restructuring plan, the department did a survey among its 5 600 staff members. It also commissioned a survey - recently completed - among 400 people who use its services. Indications are that further realignment of its institutions is necessary to boost service.

Since the "right-sizing" plan to prune the civil service started in May, the department had abolished another 111 posts. About 200 applications for severance packages were also made by staff in his department - part of the general right-sizing exercise in the public service, Mr Pityana said.

Review committee starts work today

Reneé Grawitzky

THE committee appointed last month by Labour Minister Tito Mboweni to review the recommen-

dations of the labour market commission begins deliberations today against the backdrop of government's commitment to its macroeco-

nomic framework.

At the heart of the labour market commission's recommendations released in June was the view that the development of a comprehensive labour market policy was dependent on a negotiated "employment and development accord" between social partners.

The commission — it is headed by Dave Lewis and Moss Ngoasheng — took the view that an accord was crucial to regulate the "effective distribution of productivity gains".

The commission argued that an accord depended on the parties — government, labour and business — being able to

BD 13/9/96

(173)

commit themselves to a national policy on wages, prices and investment, with government being able to contribute in terms of RDP expenditure, other social benefits and industrial and trade policies.

Other core recommendations related to mechanisms to achieve labour market flexibility, a social plan Act, proposals on employment equity, the establishment of wage boards to set sectoral minimums where effective collective bargaining did not exist, and recommendations on productivity and migration.

Besides the call for an accord, the other contro-

versial area was the attainment of labour market flexibility relating to the extension of agreements to non-parties and the drafting of separate "less onerous" schedules to take into account constraints faced by small to medium enterprises.

Whether by design or otherwise, both these elements were included in government's macroeconomic framework. The commission's report does not contradict but complements the macroeconomic framework.

A labour source said possible government delivery in terms of a social accord could be in the area of trade and industry policy and health.

Cosatu raps Liberty Life boycott of rates 'before trying to negotiate'

Star 18/9/96

Cosatu has no copyright on strikes, but big business is not following its own advice of holding discussions before embarking on any action, says spokesperson

By **FKILE-NTSKELELO MOYA**
City Desk

South Africa's main federation of trade unions has come out strongly against the Sandton rates boycott because it believes residents and businesses are not going about the protest in the correct manner.

Reacting to Liberty Life Properties' move to join the Sandton rates protest, Congress of South African Trade Unions (Cosatu) spokesman Nowetu Mpati condemned big businesses for not following their own advice of discussing disputes before embarking on strike action.

"We have not read anywhere in the newspaper of them (Sandton ratepayers and council) negotiating and reaching deadlock," she said.

She said Cosatu did not claim to have copyright on strike action but only embarked on it after negotiations failed and a deadlock had been reached.

A meeting between provincial authorities and a delegation of the Sandton Federation of Ratepayers (Sanfed) on Tuesday evening failed to map a way forward on the rates issue. The provincial government said it had not gone to the meeting to negotiate the rates increase, only to hear resi-

dents' complaints.

Mpati suggested Sandton residents pay for their services while negotiations with the council continued, especially as the boycotters were enjoying better services than their counterparts in the townships.

She said township residents had always "subsidised the rich with their taxes" and it was time that Sandton residents gave something back to township residents who lived in areas which were "not even Third World".

Mpati said it was not just Sandton residents who would suffer due to the rates increases, but also township residents who

would be paying for the first time.

Mpati said the boycott undermined the Masakhane campaign which had recently gained momentum after Sanco called off its bond boycott.

She refused to be drawn into whether the federation believed that the hikes were reasonable, but added "you must understand we are talking about people who can afford here".

Mpati said the federation had not planned action against Liberty Life, but stressed that "sometimes we need to protect our own government".

Liberty Life Properties said it had no comment to make.

Bid to help unemployed start own businesses

Star 18/9/96

(173)

By **PATRICK PHOSA**

Thousands of self-employment opportunities are to be created to reduce the estimated 70% rate of unemployment on the West Rand following a project to teach people how to start their own small businesses.

Kim Clarkin, a spokesman for the project, said an Informal Business Training Trust Centre (IBTTC) aimed at offering regular, practical courses to people in the mechanics

of micro enterprises was to be opened in Randfontein next month.

The initiative has been made possible by a R260 000 donation from the Johannesburg Consolidated Investments Limited Chairman's Fund, which is also revamping the former Battery Reef Training Centre, at Randfontein Estates Gold Mine to accommodate the centre.

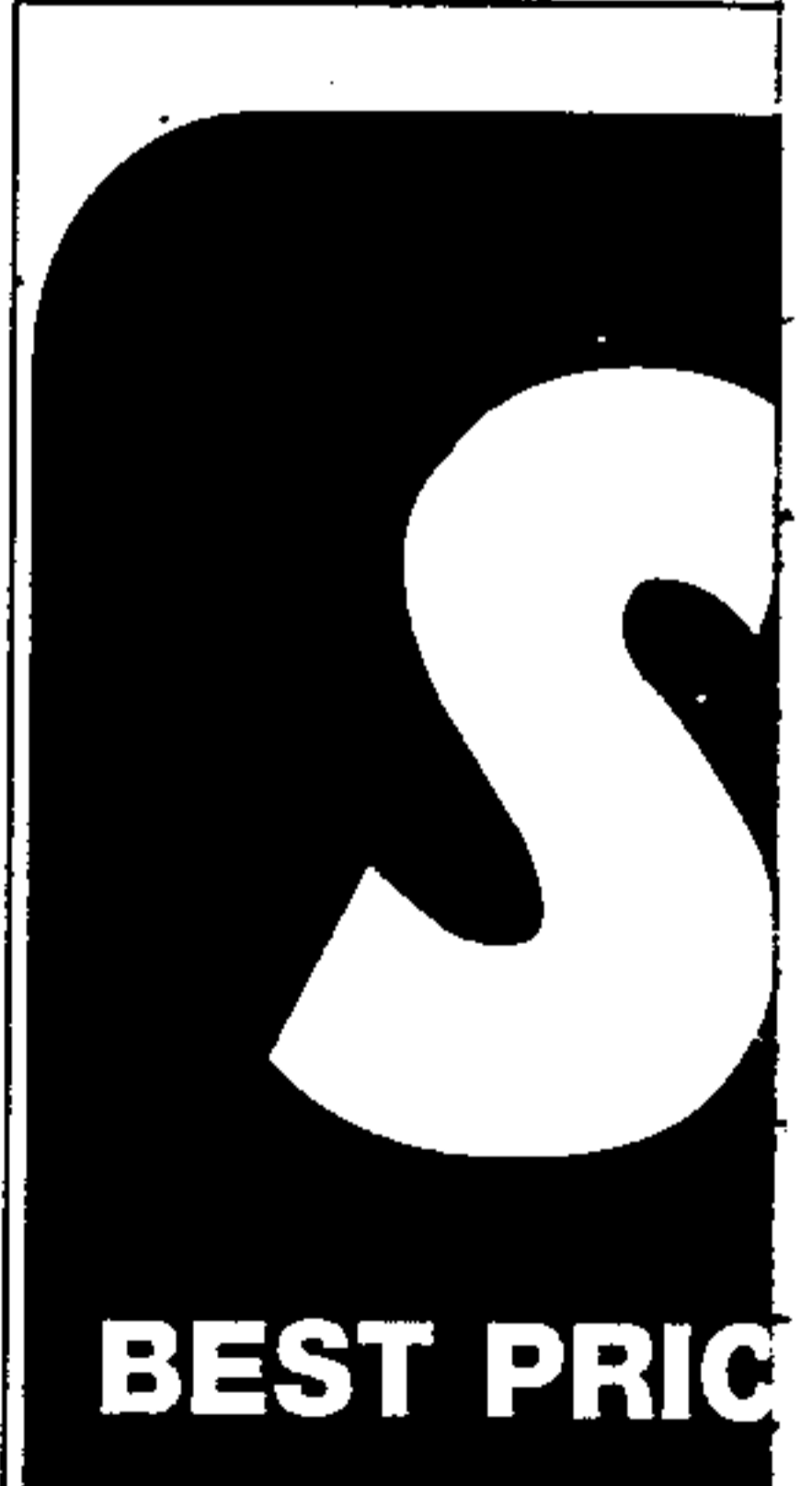
IBTTC Gauteng training manager Dix Xipu said there was a great demand for entrepreneurial education on the West Rand because of

unemployment in the area.

Students pay a refundable deposit of R100 for the one-week training, workbooks, briefcase, book-keeping material, calculator and diploma. They also gain access to financial muscle through the Start-Up Fund.

The fund offers trainees a series of increasing loans, which total R5 400 over 30 months and R4 000 per year thereafter.

For more information contact Dix Xipu on (011) 403-3758.



NEWS

Construction and computing sectors the exceptions

Department can't find jobs for trainees

(173) ~~173~~ CT(BR) 19/9/96

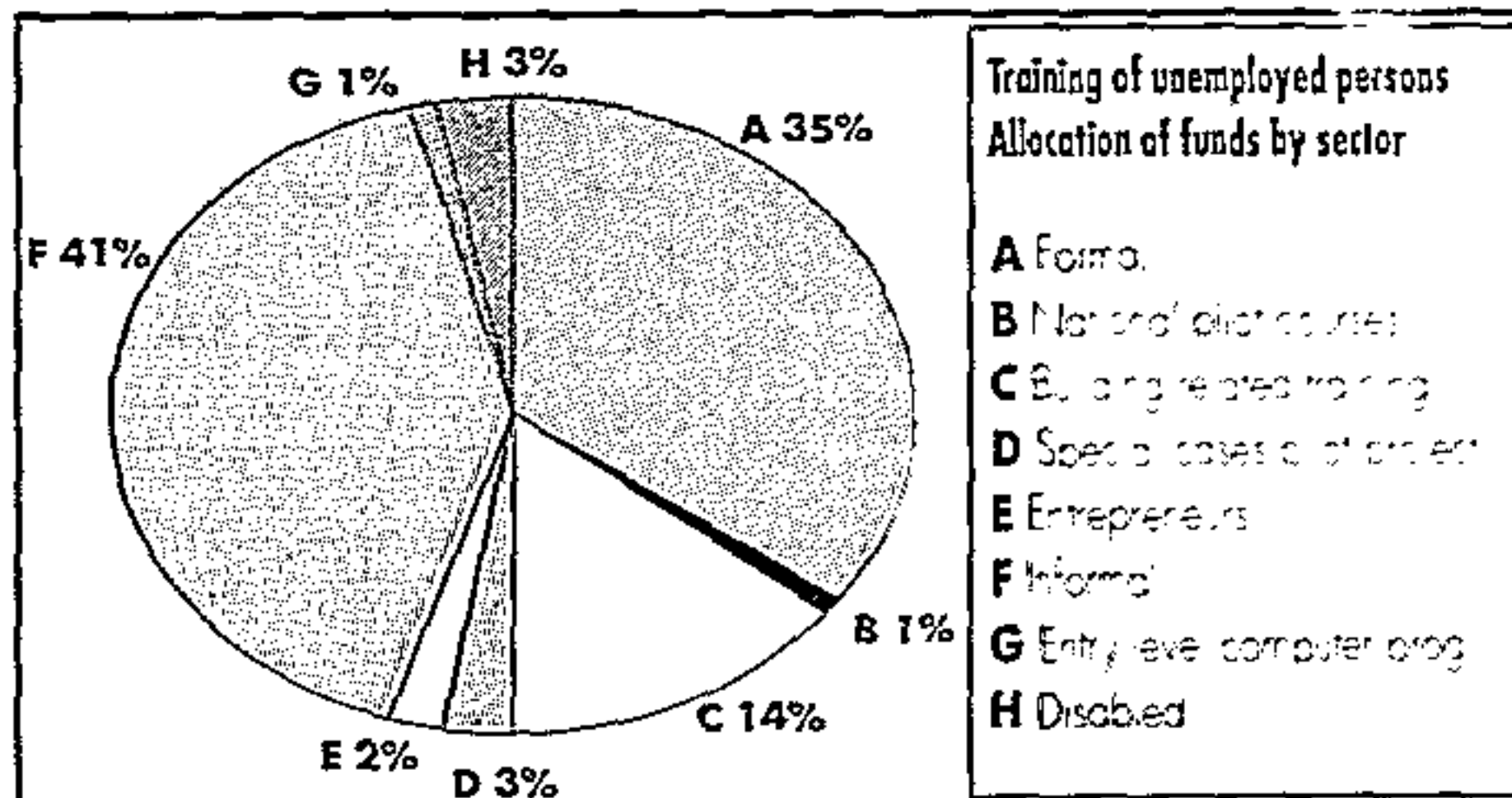
By Thabo Leshilo

Johannesburg — Efforts by the labour department to help the unemployed find jobs in the formal sector are being frustrated by the lack of employment opportunities, the department said in its annual report for last year.

Though R32,2 million was spent training about 49 000 people last year, only 10 201 people, or 20,9 percent, found employment.

The department also spent R37 million on giving about 54 000 people skills to eke out an existence in the informal economy. The report says 15 068 of these are active in the informal sector.

Training



The department's efforts have been successful in the training of the unemployed for jobs in the construction sector. Of the 9 500 people trained at a cost of

R12,7 million, 54,9 percent found employment.

"To ensure that training in building-related skills is presented in a more meaningful way, con-

tractors are required to be accredited by the Building Industries Training Board," the report said.

The training was most successful in helping trainee computer programmers find jobs. A total of 35 entry-level computer programmers were trained at a cost of R100 144. Of these, 28 people passed the examination and 24 were placed in jobs.

About R1,7 million was spent on the training of 1 246 people with disabilities, of whom 275 were placed in jobs. At least 693 of the 1 804 unemployed people trained in entrepreneurial skills at a cost of R1,2 million have started their own businesses.

Strategy to

create jobs

(173) *Source* 3/12/96

By Abdul Milazi

CREATING A WORKING nation, instead of a nation of workers, is Labour Minister Tito Mboweni's major task in his quest for employment.

Mboweni says he is looking forward to the day when people create employment for themselves instead of waiting for somebody else to give them a job.

"If a person is self-employed, that person is likely to create employment for another person as the business grows. The problem with us in South Africa is that when a person completes matric, he goes to university or technician and then waits for somebody to offer him a job," argues Mboweni.

Mboweni has major plans for skills training programmes for the multitudes of unemployed people and school leavers.

"First of all, we want to work closely with the private sector, which is the major employer, so that we train people in skills that are needed in the labour market," Mboweni says.

He says the problem with current training programmes is that people are being trained but cannot find jobs afterwards, because there is no connection between skills training and the availability of jobs.

This, Mboweni says, will change as soon as the Department of Labour completes its work on a new human

Skills training a vital prerequisite

resource development policy.

He says that the training programmes should also be in line with changing trends of a globalising labour market and world economy.

Department of Labour director-general Siphso Pityana says there is a need to consider what kind of employment the Government wants to create and how its various policies will impact on employment.

"A strategy that works well in formal manufacturing could have little or negative effects on the self-employed or informal sector," says Pityana.

Effective policies

Pityana says an important step in designing effective policies is to define the causes of joblessness. "Only then can we come up with effective remedies."

He says the unequal distribution of assets limits the ability of the majority of people to generate their own employment. "The distribution of assets in South Africa is even more skewed than the distribution of income."

Pityana's argument is supported by current estimates which suggest that 15 percent of the population owns over 90 percent of the national wealth, while a single conglomerate controls almost half the shares on the stock market.

Studies have shown that the existing formal sector cannot create enough jobs for all the unemployed in the foreseeable future.

According to Pityana a range of Government policies seeks to address these problems, including the macro-economic strategy which is aimed at encouraging investment.

Mboweni has major plans for skills training programmes for the unemployed and for school leavers

people on the move



Phutuma Ntleko has been appointed a director of Plessey Corporation.



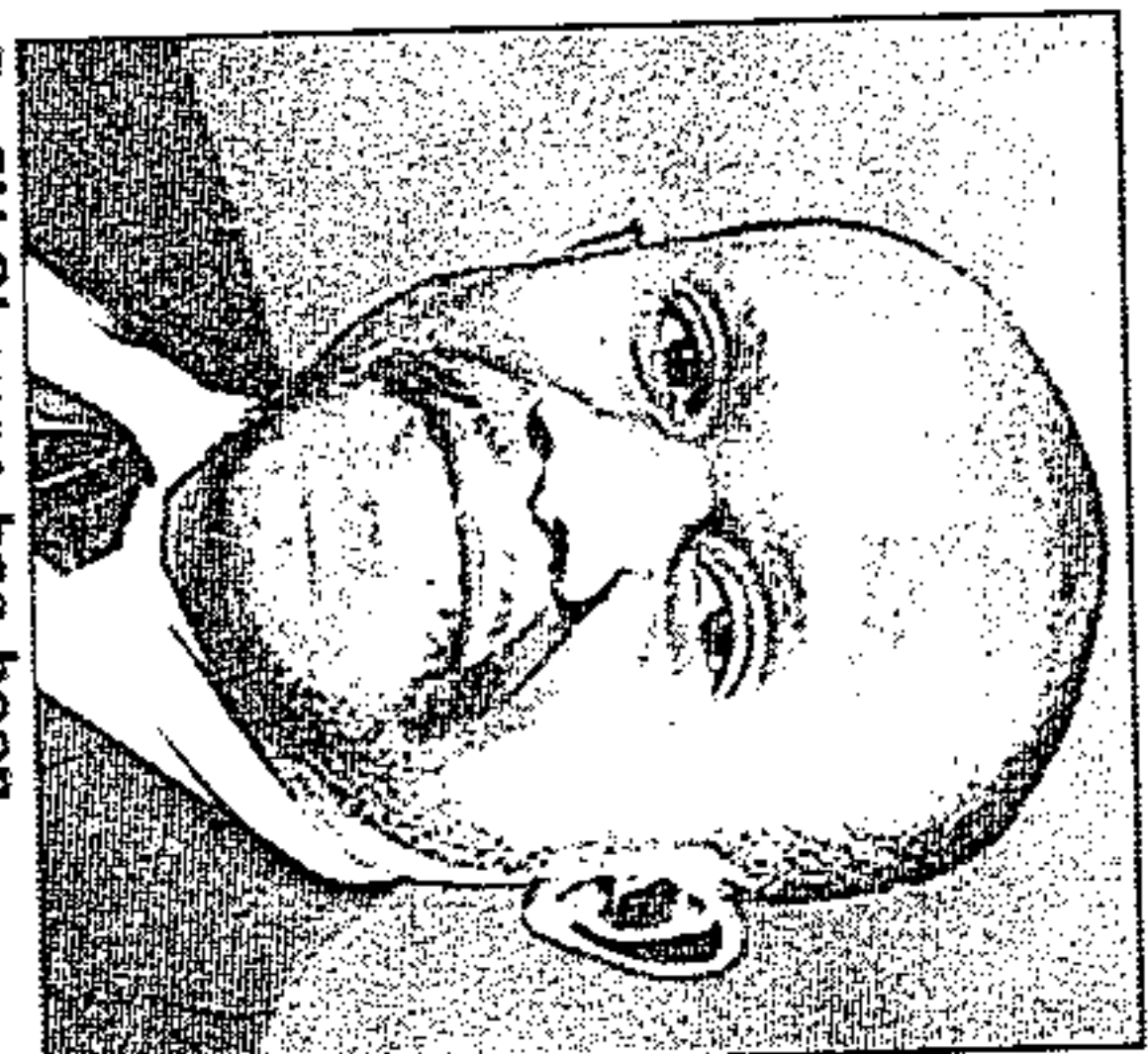
Cyril Gwala has been appointed new business development director on the board of Amalgamated Construction.



Tiny Rulash has been appointed a productivity analyst at the National Productivity Institute in Pretoria.



Robinson Legoabe has been appointed a consultant at the National Productivity Institute in Pretoria.



Dr SV Chonco has been appointed deputy managing director of Denel business planning and marketing and board executive director.



HD du Potgieter has been appointed Denel's deputy managing director of operations.



Professor Wiseman Nkuhlu has been appointed deputy chairman of Plessey Corporation.



Kathleen Lyner has been appointed sales training manager of Avroy Cosmetics.

'Job creation the way to help low income earners'

LABOUR REPORTER

Job creation, rather than increases in state welfare spending, is the way to raise low incomes, says Siphho Pitjana, director-general of the Department of Labour.

But job creation had to take account of differences in conditions of employment and earnings.

"Looking only to create jobs, any jobs, could leave the majority of our people permanently with poverty wages and as unskilled labourers," Mr Pitjana told an inter-denominational church meeting in Bloemfontein.

"Our people would remain mere suppliers of cheap labour, with little or no say in key economic decisions and with little improvement in the long run." Pointing to differences in wages and

working conditions between different sectors of the economy, he said in the auto industry, which employed about one percent of South Africa's workforce, workers started at R2 000 a month, had built strong unions and internationally competitive technologies.

But domestic workers' earnings earned from a few hundred rand to R1 000 a month.

The poorest group of people, about three million, were self-employed rural women whose incomes were about R500 a month and whose work was often not recognised.

A job creation strategy which worked well in formal manufacturing could have little or mostly negative effects on the self-employed or those who worked in less well-organised and less productive sectors.

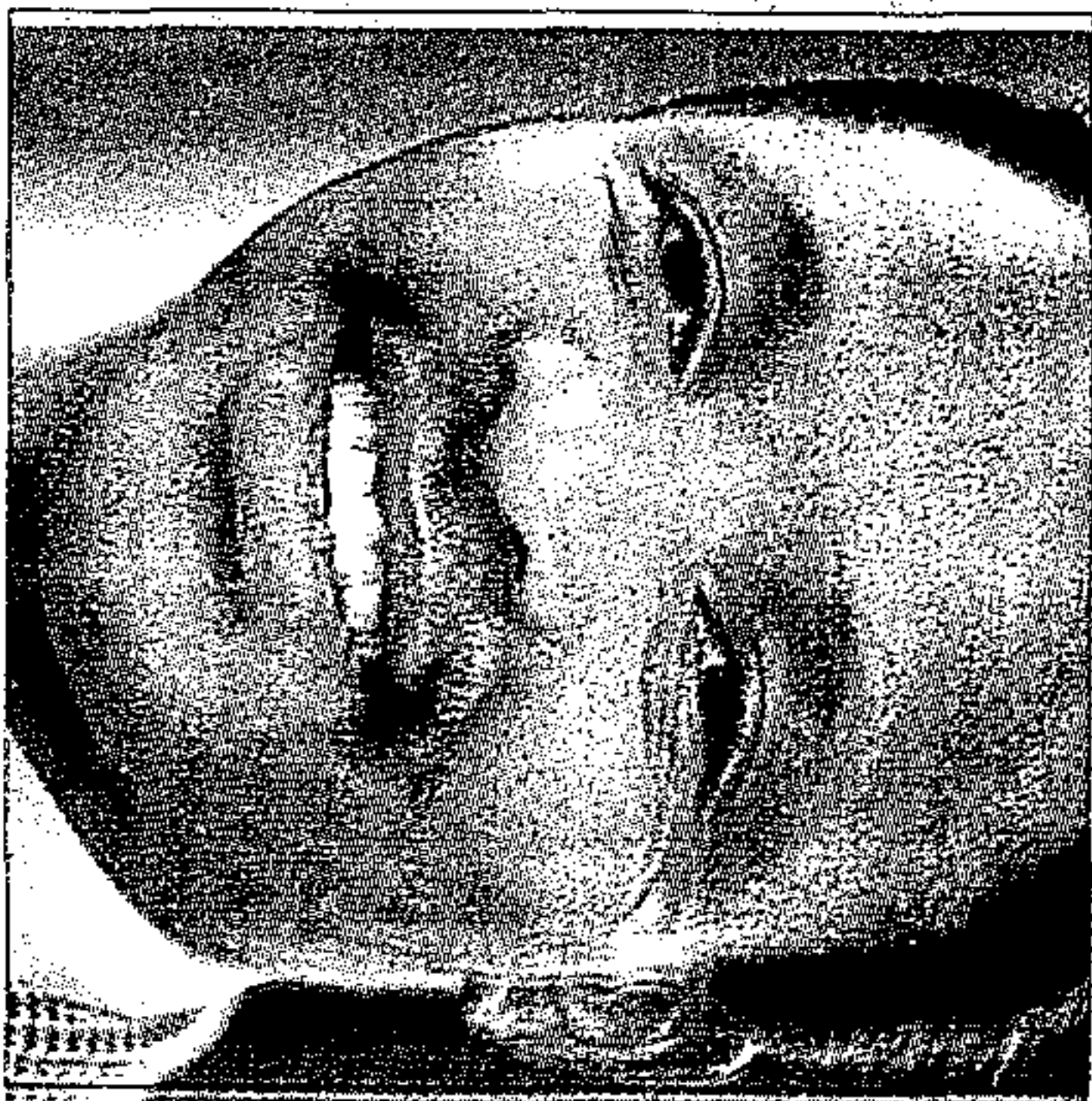
The high cost of living meant employers had to pay more for labour, Mr Pitjana

1733 ARG 5/12/96
said. Poor social services and inadequate training also meant that labour productivity was often low.

Provision of housing and basic services nearer places of work could help alleviate the cost of living and improve productivity, he said.

The Department of Labour's plan to improve workplace training and human resource development would increase basic education and skills and new laws regulating relations between bosses and workers would also help to create jobs.

The new laws would help bargaining over wages and working conditions to become more efficient and effective. The new legislation would also foster flexibility to accommodate new employers, protect vulnerable employees and also help to end discrimination in employment, Mr Pitjana said.



Siphho Pitjana: 'Improve workplace training'



Not a banker of the unbanked masses ... Unibank's managing director Gerrit van der Merwe. PIC: CLEMENT LEKANYANE

'Globalisation not helping workers'

173
Senehan 10/12/96,

By Abdul Milazi

THE current World Trade Organisation-driven globalisation process lacks a social commitment and threatens jobs in countries with fair labour standards.

This is the warning from South African Clothing and Textile Workers Union (Sactwu) assistant general secretary Ebrahim Patel who adds that globalisation also breeds exploitation in countries without basic standards.

Patel, speaking at a Cosatu conference on workers' rights at the weekend, said: "Globalisation holds potential benefits for workers, but it extracts real costs from society and holds real dangers in its current form."

He said over the years globalisation had been shaped by investors to suit their own interests. Of late, these investors had found a new voice in the form of the third world elite.

"These voices argue against the observance of trade union rights, against the abolition of child labour, an end to discrimination as well as the scrapping of forced labour."

The duty of the trade union movement was to ensure that increased

trade was accompanied by benefits to workers of all countries, and particularly to workers in the so-called third world.

"This will ensure that increased trade is accompanied by a massive increase in demand for goods and services in the new high-growth economies," Patel said.

Social advances

The WTO wanted to take the world back to social conditions of the 19th century. "Our vision as a trade union is to build on the social advances made in the last 100 years and to advance these globally."

He said to have a greater impact, the trade union movement needed to solicit help from lobby groups with influence such as consumers, women and environmental groups.

"We need visible and active demonstrations of support by workers for the union programme so that we complement a lobbying strategy with a fighting strategy."

"Currently, struggles tend to be isolated or local in character, even if they deal with the consequences of global policies."

products that will come into effect when minimum specific tariffs are removed.

The clothing industry and retailers objected to the proposal on the basis of the cost raising effect in respect of higher priced products not available locally. The textile industry on the other hand pointed out that it was an important objective of the strategy to move out of the lower end of the market into manufacturing of medium to higher priced fabrics. In order to achieve this objective it is necessary to create an incentive for timeous investment to move into this market segment via an increase in duties from the low levels (in *ad valorem* equivalent terms) currently applicable to these fabrics. In addition it was pointed out by them that a higher percentage increase was actually required in order to achieve the desired effect of narrowing the gap between the *ad valorem* and specific duty at the phase out point.

In reaching a decision on the matter due consideration had to be given to the negative impact that the cost-raising effect of this measure could have, particularly on clothing manufacture. At the same time Government had to be sensitive towards international trade ramifications.

It has accordingly been decided to rather drop the proposal to increase the maximum specific duties by 5% per annum. Maximum specific duties will therefore remain unaltered for four years and then be removed.

The clothing industry and distributive trade will therefore have to prepare themselves for the effect of the increased tariff levels that will come into effect when the maximum specific duties are removed in 4 years' time as there could be no question of retaining these duties beyond that period.

REBATE PROVISIONS

The proposals released on 12 June 1995 provided for the phasing out of rebate provisions over 10 years. This was an oversight as it is only logical and was all along the intention that the phasing out of rebates should occur over the same period as the phasing down of tariff levels. All rebate items are therefore to be phased out over eight years except for those rebate items which have fallen in disuse which will be withdrawn with immediate effect. This decision does, however, not affect the rebate provisions providing for export manufacturing (470.03) and the DCCS.

DUTY CREDIT CERTIFICATE SCHEME

The proposals released on 12 June 1995 provided for the continuation of the Duty Credit Certificate Scheme for a period of 3 years. The clothing industry submitted strong representations for the retention of the DCCS over a longer period as well as to extend it to value-added outward processing activities. The industry's request was motivated by the anti-export bias argument and a desire to benefit from the current international practice by developed economies to increasingly utilise off-shore manufacturing contracting.

Proper administration and verification of value added activities has proved to be complex and problematic in the case of other programmes. Apart from human resources considerations the DTI as the accountable institution to Parliament is strongly opposed to extending an unsatisfactory verification situation to DCCS administration.

It is not considered economically sound to address structural deficiencies in the economy that contribute to an anti-export bias via temporary subsidies. In order to be sustainable in the long term the initiative should develop naturally and out of its own comparative advantage strength rather than through temporary subsidisation. It is for the clothing industry to rise to this challenge as it has been the beneficiary from a considerable kick-start measure over a number of years, first through the SAP and currently through the DCCS. Value-added activities can already be accommodated adequately under other rebate provisions such as item 470.03. Research has indicated the clothing industry generally to be globally competitive on direct cost and with the removal of raw material price disadvantages via rebate item 470.03 it should be able to manage on its own to exploit value-added/contracting opportunities.

Depending on the size of value-added operations, DCCS benefits arising therefrom could create distortions in the domestic market through a surge in duty-rebated imports.

It has accordingly been decided not to extend the DCCS beyond the 3 year period and not to include value-added activities in the scheme.

SUPPLY SIDE MEASURES

The textiles and Clothing Panel recommended a set of supply side measures to support restructuring, increased competitiveness and growth in the textiles and clothing industries. It consisted of support measures in respect of:

HANSARA

- management consultancy
- upgrading technology
- training
- the social dimensions of restructuring
- stabilising the cotton price
- wool beneficiation

It is also recommended that a support programme for MSME's be developed.

SACTWU, whilst in broad terms supporting the tariff phase down proposals released on 12 June 1995, proposed that a small working group be formed to further pursue the development and implementation of supply side measures within a period of two to three months. SACTWU further suggested that the tariff phase down be postponed and be implemented only in conjunction with supply side measures.

The MSME sector reiterated its request for a support programme based on the cost of fabrics owing to high tariff levels.

The Government has already indicated that the set of supply side measures recommended by the Panel was not affordable. However, general supply side measures are being developed for which the textiles and clothing industries would also qualify. A critical issue, namely training, is being addressed via a study currently in progress while the Department of Trade and Industry is about to engage in discussions with the Department of Labour on this issue. The Department has already given some support for enhancing training by making participation in the DCC scheme conditional upon increased expenditure on training with 4% of the wage bill as the target.

The subsidisation of management consultancy has been approved and an amount of R5 million per annum has been set aside for this purpose. Participation in a productively monitoring and improvement scheme has also been set as a condition for benefits from the DCC scheme.

The IDC already has schemes in place for financing the upgrading of technology, while various schemes to assist exporters are in place or being developed.

A national strategy for the development and promotion of MSME's has been almost completed and is to be implemented soon. MSME's in the textiles and clothing sector will benefit from the strategy. The decision on the tariff phase down

schedule, particularly the removal of minimum specific tariffs after four years, accommodate the needs of the MSME sector as far as was considered possible.

Various initiatives are, therefore, in progress and the measures will be implemented as soon as possible as the Government considers such support measures as extremely important to boost job creation and competitiveness.

It is considered essential, however, that the tariff phase down should be finalised and implemented as soon as possible in order to give certainty to all interest groups and encourage industrialists to finalise investment decisions.

The proposal by SACTWU for the appointment of a small working group to pursue supply side measures has been accepted and such a working group will be appointed.

Labour: Green Papers (173)

589. Mr D W MAKHANYA asked the Minister of Labour:

- (1) Whether his Department has released any Green Papers since 27 April 1994; if so, when, in each case;
- (2) whether any comments have been received on these Green Papers; if so, what was the (a) nature and (b) extent of such comments in each case;
- (3) whether any steps are envisaged with regard to such comments; if not, why not; if so, what steps?

N1041E

The MINISTER OF LABOUR:

(1) This Department has released the following Green Papers since 27 April 1994:

1.1 Green Paper on Policy Proposals for a New Employment Standards Statute. This was released on 23 February 1996.

1.2 Green Paper on Employment Equity: Policy Proposals. This was released on 1 July 1996. The deadline for public comments is 31 August 1996.

(2) With respect to the Green Paper on Employment Standards, written comments were received from 88 trade unions, staff

associations, employers, employer organizations, individuals, local government authorities, government departments and non-governmental organisations.

(3) The comments were very wide ranging: covering all the proposals raised in the Green Paper. Some of the most prominent issues raised included:

3.1 Whether or not higher paid workers should be excluded from Employment Standards legislation.

3.2 Whether or not basic conditions of employment should be extended to part time workers, contract workers and small business.

3.3 The relationship between collective bargaining and statutory minimum standards.

3.4 The reduction of working hours and the lifting of the prohibition of work on Sunday. There was also opposition to increasing the over time rate and introducing premiums for night work.

3.5 The need for paid maternity leave.

3.6 Whether or not the notice period should be extended for four weeks.

(4) The comments were brought to the attention of the Minister, Director-General, senior management of the Department, the chairperson of the labour portfolio committee, NEDLAC chairperson and the labour and business negotiators at NEDLAC.

(5) A summary of the comments was drafted and considered as an input in the negotiations. During the negotiations, the views of the public have been referred to and cognisance taken of them.

Government Garage: vehicles hired from private companies

632. Mr A J LEON asked the Minister for Provincial Affairs and Constitutional Development:

Whether any vehicles were hired by the Government Garage in Cape Town from private companies during the period 1 June 1995 up to the latest specified date for which information

is available in order to provide ministerial staff attached to his Department's offices in Cape Town with vehicles, if so, in respect of each car so hired, (a) by which member of the ministerial staff was the vehicle used, (b) for (i) how many days and (ii) what purpose was it hired and (c) what costs were incurred during that period in respect of (i) daily rental and (ii) mileage?

N1140E

The MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT:

Yes. One vehicle from 15 January 1996 until 28 March 1996.

(a) It was at the disposal of all seven members of the Minister's staff.

(b) (i) 74 days.

(ii) Officials who have to work outside normal office hours when no other transport is available between their office and their places of residence, are entitled to official transport. The vehicle was used for this purpose. It was also used for other official transport during office hours. The Government Garage, Cape Town hired the vehicle as no other government vehicles were available at the time.

(c) (i) and (ii) The Government Garage was not able to furnish separate figures in respect of daily rental and mileage. The total amount charged for the hire of this vehicle for this period was R3 745,82.

Olympic Games: Minister's visit to Atlanta

691. Mr S J SCHOEMAN asked the Minister for Provincial Affairs and Constitutional Development:

(1) Whether he went on an overseas trip to Atlanta, USA, during the duration of the Olympic Games; if so, (a) who invited him, (b) who funded the trip, (c) what was the purpose of his visit, (d) what was the duration of the trip and (e) what was the total cost of the trip, including accommodation;

(2) whether any members of his (a) staff and/or (b) family accompanied him; if so, what are the names of these persons;

The MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT:

(3) whether he attended any official appointments; if so, what appointments?

N1264E

(1) No.

(2) Falls away.

(3) Falls away.

symposium at the Volkswagen Centre, Midrand, on 18 and 19 November 1996.

Job opportunities created

*40. Mr D W MAKHANYA asked the Minister of Labour:†

- (1) How many job opportunities were created in the (a) 1994-95 and (b) 1995-96 financial years: **(173)**
- (2) whether he will make a statement on the matter? N1592E

The MINISTER OF LABOUR:

- (1) On the basis of the only available data from the Central Statistical Services which covers non-agricultural employment between the second quarter of 1994 and the first quarter of 1995, corresponding to the financial year 47 000 new jobs were created with an average employment level of 5 170 000 persons per quarter over the period; and between the second quarter of 1995 and the first quarter of 1996 the data appears to show that 59 000 new job opportunities were created with an average of 5 151 000 jobs per quarter over this latter period.
- (2) A comparison of the average figures per quarter shows that employment declined by about 19 000 persons over the period. It should be noted that the data does not include employment in the agricultural sector and nonformal employment, and that employment in the manufacturing, construction, and electricity sectors of the former TBVC states is not included in the quarters prior to the first quarter of 1996 which might account for the apparent increase in employment reflected above between the second quarter of 1995 and the first quarter of 1996.

Sarfu: annual financial contribution

*41. Mr A WILLIAMS asked the Minister of Sport and Recreation:†

- (1) Whether his Department makes an annual financial contribution to Sarfu; if not, why not; if so, what was the amount paid to this body in the past financial year;

(2) whether he will make a statement on the matter? N1593E

The MINISTER OF SPORT AND RECREATION:

- (1) Yes. My Department has allocated a total amount of R89 420,00 to Sarfu for this financial year.
- (2) No.

Education: posts filled before closing date

*42. Mr L LOUW asked the Minister of Education:†

- (1) Whether any senior posts in his Department were filled before the closing date for applications expired; if so, what posts;
- (2) whether he or his Department intends taking any steps in this regard; if not, why not; if so, what steps? N1594E

The MINISTER OF EDUCATION:

- (1) No.
- (2) Falls away.

Sale of SA-manufactured arms to Nigeria

*43. Mr C W EGLIN asked the Minister of Defence:

- (1) Whether it is consistent with the policy of the Government to permit the sale of South African-manufactured arms to General Sani Abacha's military government in Nigeria; if so,
- (2) whether this policy is consistent with (a) that of the Commonwealth and (b) South Africa's commitment to democracy and human rights; if so, what are the relevant details; if not,
- (3) whether the Government has advised General Abacha's military government that it will not permit such sale of arms; if not, why not; if so, what are the relevant details? N1595E

The MINISTER OF DEFENCE:

- (1) No. It is not Government policy to permit arms sales to Nigeria. The self-imposed

ban by South Africa on 15 November 1995 has not been rescinded and is being applied stringently.

- (2) Yes. This policy formulated by the National Conventional Arms Control Committee is consistent with that of (a) the Commonwealth and (b) with South Africa's commitment to democracy and human rights.
- (3) To date no request for sale of arms has been received from Nigeria therefore it has not been necessary to formally advise General Abacha's military government that South Africa will not permit such sales.

Matriculation examination/evaluation process: problems

*44. Mr R S SCHOEMAN asked the Minister of Education:

- (1) Whether any (a) factors are threatening the effectiveness and credibility of, and/or (b) problems are being experienced in regard to, the 1996 matriculation examination and evaluation process, particularly in those provinces conducting the said examination for the first time; if not, what is the position in this regard; if so, what factors and/or problems;
- (2) whether he or his Department intends taking any steps towards ensuring that the 1996 matriculation examination proceeds without obstacles; if not, why not; if so, what steps;
- (3) whether he will make a statement on the matter? N1605E

The MINISTER OF EDUCATION:

- (1) There do not appear to be any factors threatening the effectiveness and credibility of the examinations, for which safeguards have already been put in place. Day to day difficulties arise but are being handled by experienced provincial officials. The provinces have reported that the necessary plans are in place, that everything is under control with the process well on track and continuously monitored by the Heads of Department.

The major safeguards concern security measures such as:

- a senior official of the examination section is always on duty in the printing room while the examination papers are being printed.
- all examination papers are sealed and will only be opened in the presence of the candidates, by duly appointed and trained independent Invigilators who are fully aware of their tasks.

— the examination papers are stored in the departmental strongrooms at present and when delivered will be stored in the strongrooms at schools. Where a school does not have a strongroom, it will receive its examination papers on a daily basis.

As far as effectiveness is concerned, schools have been provided with examination guidelines in each subject; the examiners are all people who have the necessary qualifications and experience and the sub-examiners/markers will only be appointed if they meet laid-down qualifications and experience criteria.

The issue of remuneration for markers is one of several matters receiving attention at this stage.

(2) The provincial matriculation examinations are the responsibility of the provincial education departments. The provinces had mentored capacity-building, hands-on training and experience until May 1996, to prepare them for this year's work. Until the end of July this year the Department of Education's Provincialisation Unit assisted wherever it could. During 1996 an *Ad hoc* Inter-provincial Examinations Committee (IPEC) has monitored progress and made recommendations to the Heads of Education Departments Committee (HEDCOM), on which the national Department of Education is represented. Various issues are currently being reviewed by the HEDCOM. It is not the intention of the Department of Education to intervene in a provincial matter, but it is monitoring the situation.

According to the provinces, the following steps have been put in place to ensure that

Subdividing land will create jobs, says

CPD 16/1/97

Louse Cook

JOB creation would be boosted by subdividing land rather than by expecting large commercial farmers to solve the problem of unemployment, Land and Agriculture Minister Derek Hanekom said this week.

Detailing government's latest thinking on land reform, he told a gathering of agriculturalists and land reform stakeholders "it stands to reason" that the size of SA's average land holding would

be reduced and that a degree of mechanisation on commercial farms was to be expected. "Larger farm units are generally less labour-intensive. Some farmers who feel this will cut out strike action will invest in labour-displacing machinery," he said.

Hanekom and farmers' unions had been at loggerheads over farm size and mechanisation on commercial farms for some time. Last year farmers' unions threatened large-scale mechanisation and sacking of workers in the face of

new land reform and labour legislation. They warned of a 30% overemployment rate for humanitarian reasons on some farms.

The SA Agricultural Union (SAAU) has repeatedly dismissed the economic viability of small farms. The union last year criticised the green paper on land policy for proposing scrapping of the Prohibition on the Subdivision of Agricultural Land Act. In terms of the act, ministerial approval was required before cutting up a farm. Hanekom replied that by sub-

dividing land, switching to smaller units, streamlining tenure reform and providing for land to be used for farming as well as other livelihood-supportive activities, significant numbers of informal jobs would result. "Even modest reform measures will make an immeasurable difference to job creation. Acute land hunger is not conducive to economic growth and stability.

"In practical terms the inclination is to use a small unit intensively, thus the labour on it inten-

sifies as well." He said the SAAU's long-held principle that too-small farms were not economically viable was a "questionable notion".

Critics of land reform policies (including the National African Farmers' Union representing 500 000 mostly emerging farmers) claimed in the past that emerging black farmers should be allocated land before other beneficiaries who "wasted" the land.

However, Hanekom said SA needed a range of diverse land reform models. "One way is to buy a

single farm, subdivide it and set aside part of the land for group settlement and another for those seriously interested in farming." He dismissed arguments that government should undertake a stringent selection process to screen would-be farmers before they qualified for land, saying that a self-selection process was adequate. However, he conceded there were difficulties with group ownership of land due to the fact that it required consensus being reached on "difficult" issues.

Labour workshop explores job creation

Reneé Grawitzky

AT A time when SA is grappling with unemployment and job creation, representatives of 24 African countries gathered yesterday in Pretoria at the start of a five-day International Labour Organisation (ILO) workshop to explore job creation strategies.

ILO director in Addis Ababa, Vremudia Diejomaoh, said if macroeconomic policies were mismanaged it could prove counter-productive to economic growth, investment and employment.

While inflation should be kept low, interest rates should not discourage investments, he said.

An SA delegate said one could

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not just look at the labour market in isolation from broader macro-economic strategies.

Diejomaoh highlighted the dilemma in the views of the World Bank and International Monetary Fund that employment was determined in the labour market and the ILO view that employment was primarily determined by growth and investment policy.

He said "accelerated economic growth would not automatically translate into accelerated and adequate employment growth if the labour absorption rate was low".

This elasticity of employment with respect to output in some African countries was as low or less than 0,25. This was much

(173)
higher than in the case of SA.

Africa, he said, faced far greater challenges in creating jobs because of the rapid growth of the labour force. Its labour force grew at an average 3,2% annually between 1980 to 1994, 60% higher than developing countries, and was expected to rise from 308m in 1995 to 486m by 2010.

ILO Pretoria office director Kenneth Andoh said the unemployment problem must be the concern of all social partners.

National Economic Development and Labour Council (Nedlac) executive director Jayendra Naidoo said SA was nowhere near finding a solution to the problem, worsened by restructuring.

'Fewer firms' plan to cut work force

LABOUR turnover had slowed, emigration was down and the number of companies predicting a decline in the size of their work forces had fallen over the past year, a survey released yesterday shows.

The 1996-1997 Special Survey on Salary and Wage Movements and Labour Trends found that employees resigned to emigrate, citing crime and falling standards in education as their reasons. It said 92% cited violence and falling standards of living.

Most emigrants (29%) had headed for New Zealand, the United Kingdom (26%), the US and Canada (16%), and Australia (13%).

The survey by FSA-Contact found also that information technology, engineering and finance were areas most affected by emigration.

About 32% of respondents predicted a decrease in their overall work force size, compared with 35% in the previous survey 12 months ago, said Herriet Webster of FSA-Contact's Remuneration Information Services.

"Only 1% of labour turnover was attributed to emigration, compared with 8% the previous year," said Webster. While industrial action increased last year, most SA organisations did not expect strike action this year. — Sapa.

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SA labour costs high, productivity low — latest US data

Simon Barber in Washington examines the US commerce department's country-by-country data of the performance of US multinationals' foreign operations in 1994

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THE US commerce department's bureau of economic affairs (BEA) has just released preliminary country-by-country data of the performance of US companies' foreign operations in 1994. The accompanying table takes the BEA's numbers for a representative sample of countries and crunches them further in hopes of shedding light on how the performance of US direct investment in SA stacks up against that in the rest of the world.

The entities covered are technically called US majority-owned nonbank foreign affiliates, or MOFAs. The term covers any foreign business with sales or assets exceeding \$3m and over which a US parent has managerial control. While the data is not as up-to-the minute as one might like, it is some of the most comprehensive available. Some points jump out. First, there

is the one about SA's labour costs. An SA worker cost his US employer \$16 000 in 1994, while generating \$6 000 in net income. A Malaysian cost \$9 600 and generated \$12 000. Labour costs in and of themselves mean little. What counts is productivity. Low labour costs do not guarantee it — see Mexico and India. European labour is expensive, but it still produces the most net income for US firms (\$16 800 an employee), followed by Asian Pacific (\$15 300) and Latin America (\$12 700).

For Africa, the statistics are skewed because US affiliates have relatively few employees in the continent and many of them, especially in Nigeria, are in the petroleum sector which generates higher per-worker income. A second point emerging from the numbers may be a little less obvious. It has been argued that SA has been missing out on US direct investment because its taxes are too high. Breaking out the BEA's company gross product figures into their constituent parts seems to belie this.

BEA defines a US affiliate's gross product as the sum of employee compensation, taxes and interest paid, plus net income (not counting capital gains or losses, or income from equity investments), and capital depreciation. By subtracting compensation and net income from gross product one can get a blunt approximation of what affiliates paid in taxes, direct and indirect, since that is generally by far the largest component of what is left over.

This is not a perfect measure, by any means, but it does appear that in 1994 SA was not putting an abnormally heavy tax bite on US companies, and

could in fact be said to be at the more lenient end of the scale. What is high in SA's case is the share of firms' gross product — more than half — accounted for by labour costs.

BEA designed its definition of gross product to be comparable with national GDP figures. In 1982, the gross product of US-owned nonbank firms in SA was equivalent to 3.1% of the country's GDP. By 1994 that was down to 0.8%. The figure for Singapore was 8.2%.

One important conclusion the BEA draws is that in selecting foreign production sites, US firms are guided more by the proximity of major markets than by access to low-wage labour or natural resources. In 1994, US affiliates overseas posted sales of goods worth \$1 232bn. Exports of US affiliates back to the US, including oil, were equivalent to less than 10% of that.

Performance of US majority-owned foreign affiliates in selected countries in 1994

	Total assets \$m	Sales \$m	Employees (1 000)	Unit labour cost (actual)	Sales per employee (actual)	Income per employee (actual)	Share of gross income represen	Lab cost
<i>Upper middle income countries, as defined by the World Bank</i>								
South Africa	2 654	3 604	29.7	16 027	121 347	5 926	19%	5
Brazil	32 731	32 711	268.2	18 647	121 965	13 863	22%	3
Mexico	27 270	39 525	485.9	10 807	81 344	4 892	24%	5
Malaysia	11 729	11 567	85.4	9 637	135 445	12 084	31%	2
Chile	8 516	4 916	33	15 333	148 970	15 939	30%	2
Korea	5 081	5 570	24.8	27 500	224 597	9 919	18%	4
<i>Other African</i>								
Nigeria	4 096	3 141	7	20 714	448 714	70 714	28%	1
Egypt	2 280	2 144	8.3	10 723	258 313	24 819	31%	1
<i>Other Asian</i>								
Japan	169 465	97 163	162.3	76 525	598 663	18 182	14%	5
Singapore	30 517	45 084	90.2	23 126	499 823	28 902	46%	3
Indonesia	13 866	8 450	54.5	12 128	155 046	23 248	26%	1
Taiwan	12 330	13 343	55.9	20 286	238 694	12 576	26%	4
China	5 183	3 143	45.7	5 252	68 775	4 136	29%	3
<i>European</i>								
UK	524 750	209 956	763.1	34 957	275 136	14 706	19%	4
Germany	152 253	159 416	537	52 903	296 864	6 145	7%	5
Portugal	4 127	5 827	26.8	22 649	217 425	8 172	10%	2
Turkey	2 281	3 604	16.6	18 253	217 108	(3 554)	-7%	3
<i>Continents</i>								
Europe	1 184 638	795 139	2 528.7	42 946	314 446	16 836	19%	4
Asia Pacific	379 555	280 470	997.1	28 139	281 286	15 328	23%	4
Latin America	209 432	134 695	1 093.6	14 315	123 167	12 739	34%	3
Africa	17 231	14 791	76.5	13 412	193 346	17 948	25%	1
World	2 009 129	1 432 412	5 572.6	32 483	257 046	14 554	21%	4

SA's share of US MOFA income worldwide: 0.22%
Share of US MOFA assets in SA: 0.13%
Source: US commerce department and own

Accord on job creation 'a key priority'

(173)

BD 24/1197

Reneé Grawitzky

LABOUR, government and business would have to begin negotiating an accord within six months on a range of issues aimed at establishing an environment conducive to job creation, labour department director-general Siphon Pityana said this week.

Pityana said the finalisation of an employment strategy and enactment of legislation on human resource development were the department's key priorities. There was a sense of urgency about job creation and the success of the growth, employment and redistribution (Gear) strategy depended on it.

Job creation, he said, depended on combining macroeconomic strategies, industrial policy and labour market issues. The labour department alone could not be responsible for job creation nor did deregulated labour markets necessarily ensure job creation.

The department was finalising an employment report which would be combined with a trade and industry department investigation on cluster studies to form the basis of discussion on an employment strategy at a proposed job conference.

The committee appointed by the labour ministry to review the labour market commission report released in June had completed its work.

Pityana emphasised that the recommendations would be consistent with the approach of government's macroeconomic strategy. Some controversial recommendations related to the exten-

sion of bargaining council agreements to nonparties and the drafting of separate schedules to take into account constraints faced by small to medium-sized enterprises. This schedule could also apply to trainees.

Pityana said the main recommendations on employment standards, human resource development and employment equity were being translated into legislation while the key recommendation focused on a proposed "jobs summit" with the evolution of an accord around which to generate jobs. An accord would have to focus on a range of issues including wages, prices and investment. The challenge, he said, was so great that "we are all going to have to make major adjustments".

An employment strategy required an integrated approach and had to be seen as an element within overall government policy. In an unplanned economy, it was difficult to calculate the number of jobs which could be created. "All we can do is create the conducive environment through a set of policy interventions and making resources available to give effect to policy intervention." The draft green paper on human resource development — to be released soon — would focus on a new approach to skills generation, which would be demand driven. The intention of the green paper was to link skills generation to market needs and to enhance the opportunity to determine the skills required in each sector.

Comment: Page 11

Time for SA to develop its people power

(173) Star 27/1/97

BY WINNIE GRAHAM

A leading international authority on job creation has advised South Africa to "internationally remain as labour intensive as possible".

The suggestion comes amid predictions of increased retrainments and continuing unemployment. The Central Statistical Service in Pretoria has confirmed that nearly a third of South Africa's economically active population is unemployed - and the figure is rising.

Distinguished Professor Arlen Lessin of the United States - a multi-career entrepreneur and marketing pioneer who visited this country last year - has offered to return to initiate training courses in entrepreneurship along with other job-creation initiatives. He has prepared a four-pronged plan, which he believes will go a long way in addressing joblessness in this country.

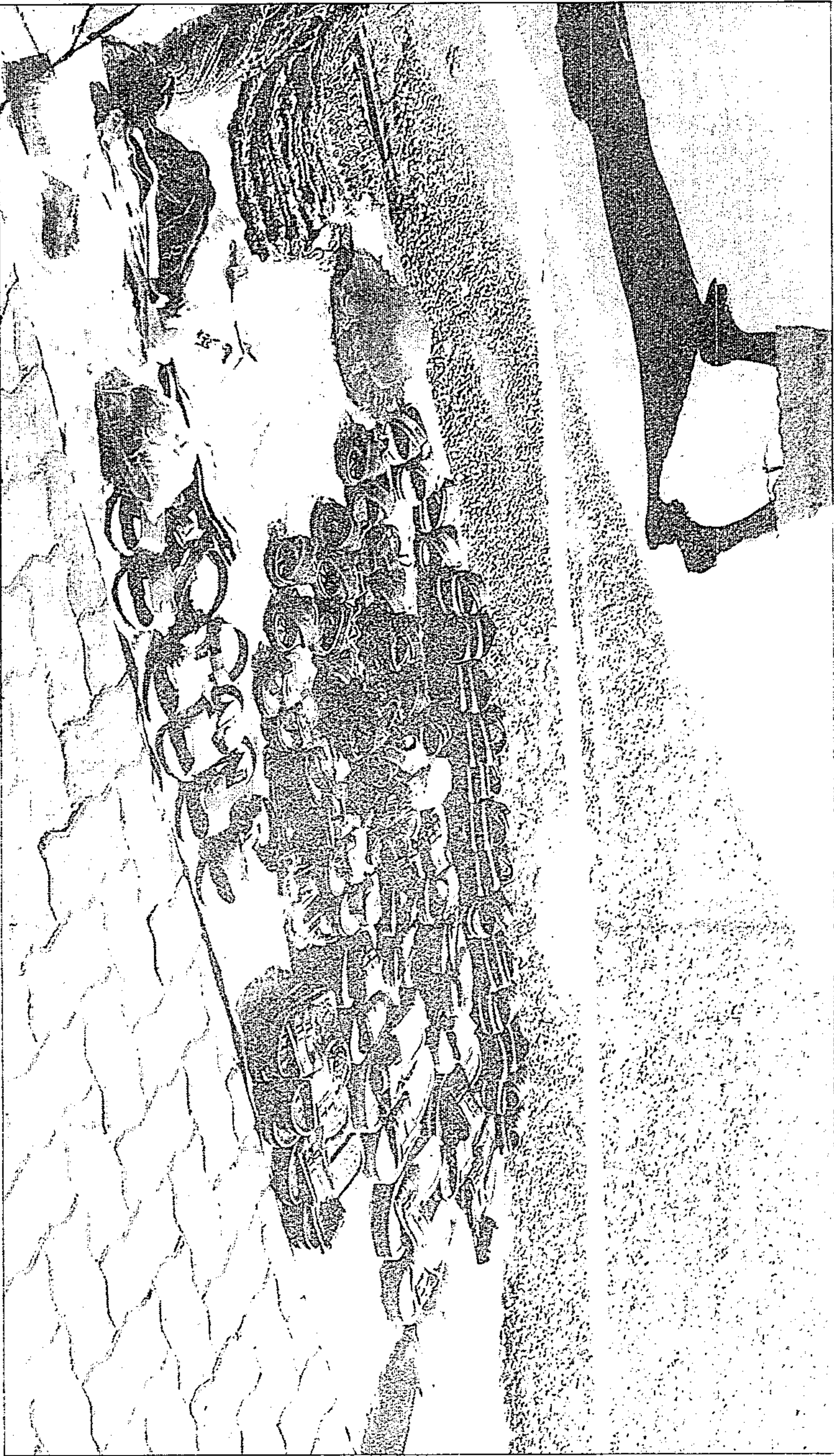
He admits that his suggestion for the workplace to remain labour intensive is contrary to today's international trend. However, Lessin, himself an information technology guru, says it is vitally important that as many people as possible are employed until an economic infrastructure of new enterprises and viably employed people has been developed in South Africa.

Speaking from New York this week, he said the trend throughout the world was unquestionably towards capital-intensive computerisation and automation. But this process would be most beneficial to South Africa if it were pursued in carefully measured steps.

"Businesses everywhere are cutting back by downsizing their personnel requirements," he said. "But even First World countries are having difficulties adjusting to this development as the widespread recessions in Western Europe show. It will take considerable confidence on the part of people to create a viable economic infrastructure in your country. This kind of confidence is now visible in many eastern European and some Asian countries which are moving from command to demand economies."

In the United States, where there was selective employment growth by the end of 1996, there was nonetheless a net loss of some 300 000 jobs. The one viable way to counteract the effects of the economy in the professor's view, is the implementation of a plan

US professor Arlen Lessin says despite the worldwide trend away from labour-intensive practices, in South Africa's case it is vital for as many people as possible to be employed until an economically viable infrastructure is created



HIVS DUBI AAKI

Making a plan... barbers, tailors and other informal traders avoid high rentals and overheads by conducting their business on the streets using cash in exactly the ways Lessin would approve of, but there is still room for more of this kind of entrepreneurship, according to this expert from New York.

programme of entrepreneurship, teaching and the motivating of people to learn about their opportunities and discover their capabilities.

Lessin points out that unemployment is generally accepted as a major factor in anti-social behaviour.

He says: "It is possible, and very likely, that the current increasing crime and violence patterns in Johannesburg and even Cape Town, are substantially attributable to the unemployed, many of whom become depressed, disconsolate and hopeless. Others may even tend to be hostile and violent. They act out

better economic circumstances or even against their neighbours. Or they may commit crimes to survive. Clearly this is not an acceptable solution."

He lists four factors necessary to increase employment: education in entrepreneurship; an internal worker programme; the initiation of government programmes; and the temporary reversal of the rapid trend to automation.

"Entrepreneurism is the major source of new jobs," he says. "The question often anguished over as well-paid jobs disappear is: can entrepreneurship be taught? Some claim entrepreneurs are

would strongly disagree. Potential entrepreneurs can be taught how to recognise their own capabilities, to do things for themselves, to use their natural senses of personal initiative and career fulfilment."

He says he has accomplished this with many of his students. A question, however, remains: can education wean people from their ingrained corporate dependency (which he describes as a variation on drug co-dependency)? The condition, he says, can probably be ascribed to the "big business brother" mentality of post World War 2 industrial growth provided full employment to everybody.

He quotes statistics from the US Department of Labour which show that virtually all new jobs in the past few years have emanated from small start-up businesses. Many displaced workers are continuing to work in their own

ers into the 1980s. In eastern European countries, the government has been the employer.

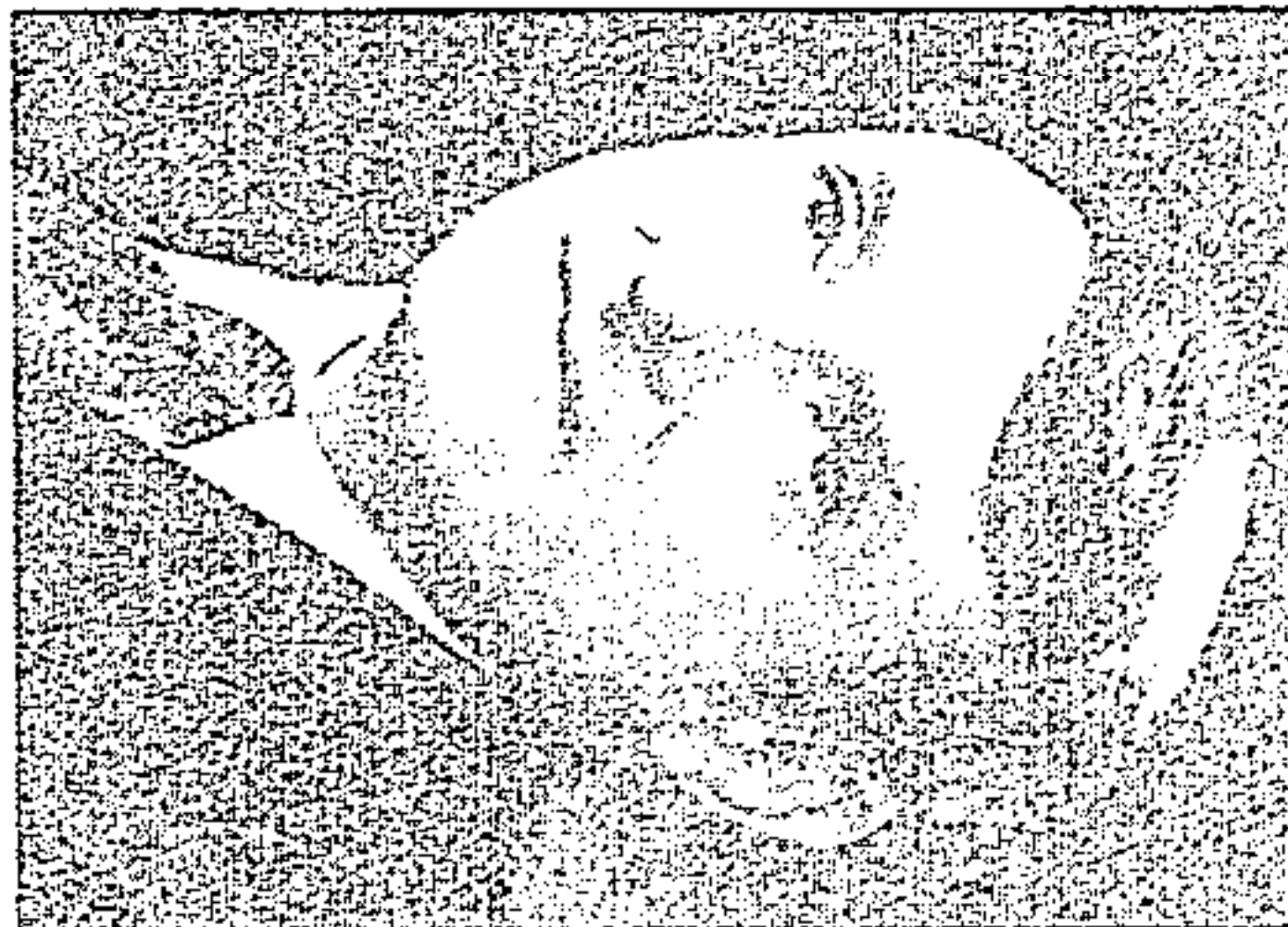
The effect on workers of "being taken care of" by their employers, however created corporate co-dependence instead of self-reliance.

Now, however, free enterprise appears to be undergoing a post-languishing period, other than in technology in America."

are starting self-owned enterprises. "Some entrepreneurs are born but many more are made in the cauldron of circumstances," he says. "This is particularly true in eastern Europe today."

Lessin believes that though many others do it, the most effective teachers of entrepreneurship are people who have hands-on experience.

When a training programme in entrepreneurship was established at the Allan Kirby Centre at Wilkes University, the primary textbook was a mandatory subscription to The Wall Street Journal. This was supplemented by hand-outs of "real-time" articles



High-powered... Arlen Lessin gives sensible business advice.

from various news and business sources. The primary instructor was not only a working professor of entrepreneurship but, concurrently, a practising international entrepreneur.

Highly interactive classes (instructor and students) were also a key educational element.

In initiating a private-internship worker intern programme, Lessin says private enterprise should be assisted and counselled on how to hire capable but untrained workers keen to learn new skills. These people should be paid a moderate salary during a fixed period internship.

This internship experience can better prepare and qualify workers to be hired as regular employees by their sponsor companies or by other enterprises. At the same time government agencies, with counselling assistance from experienced professionals, should be encouraged to provide potentially upwardly mobile jobs for the unemployed.

"There are many possibilities but they would have to be based on evaluated needs and trade-offs as determined by South African officials," he says.

"This was successfully done in the United States, for example, during the great Depression of the thirties.

"It saved the nation from possible revolution and anarchy. Even today, the US has state, local and federal programmes for some of the unemployed and disadvantaged, such as the US Job Corp

and other programmes." Lessin says he would be willing to take a leading role in assembling a developing programmes South Africa. He would collaborate with experts both in and outside the country.

As founder and CEO of Smart Card International, a US public company, Lessin pioneered smart card (or "computer-in-a-card" technology in North America) globally in the 1980s.

He recently earned a place in the International Hall of Fame his contribution. The European Smart Card Applications (ESCA) Technology Organisation (ESCA) named him its third laureate. In addition, media sources in the cite him as the leading US authority on the technology.

Smart cards are the size plastic credit cards with chips embedded in them. They have a great range of applications and are used throughout the world, including South Africa, public telephones, ID, public transport, retail purchasing, travel and so on.

The professor is the founder, director and chair of the Allan Kirby Centre for Free Enterprise and Entrepreneurship at Wilkes University in the United States. He is also co-founder of the Lessin Technology Group, an entrepreneurial development and technology enterprise, a consultant, author, lecturer and leader advancing innovation and management change.

Lessin has been a strategic technology innovation consultant to major international companies and to such countries as the UK, France, Italy, Spain, Sweden, Japan, Singapore, Australia, NZ, Zealand and South Korea.

He has acted in various advisory capacities to the Carter, Reagan, Bush, and Clinton presidents. He has also served as a telecommunications, smart card entrepreneurship and enterprise development.

"Entrepreneur-driven companies," he says, "are much more than their bottom lines, whether they build better mousetraps or make music videos or write software."

"Entrepreneurs do not view their enterprises just as businesses but as psychological 'babies' which must be nurtured and loved in order to grow and thrive." "I realise there are obstacles overcome but I believe South Africa is fertile ground growing these capabilities in larger population," he says.

Winnie Graham is a freelance journalist and author of several books on entrepreneurship.

Cosatu contemplates mass action over bill

BD 29/1/97

(173) (30)

René Grawitzky

GOVERNMENT and business could face mounting pressure from the Congress of SA Trade Unions (Cosatu) to review their respective positions on proposed employment standards legislation as the organisation contemplates a programme of mass action.

In February last year a green paper on employment standards was tabled for discussion within the National Economic Development and Labour Council.

The process unfolded far slower than anticipated with it becoming evident early on that the main stumbling blocks were the reduction of work hours to a 40-hour week, maternity leave, Sunday work and the variation of standards.

Cosatu acknowledged yesterday that some progress had been made, but the gap on core issues was still very wide. The federation accused business of attempting to

reverse rights enjoyed by workers, and emphasised that the overall policy shift in government at macroeconomic level had created an extra pressure on the negotiations.

All Cosatu structures were called on to review the negotiations and to see whether demands could be modified and whether any compromises could be made.

Labour department director-general Siphos Pityana said last week that the spirit of negotiations had been constructive even though it had "cost us time". A bill would be tabled in Parliament and areas of disagreement would have to be left up to the parliamentary process to resolve.

Business SA spokesman Adrian du Plessis said an important debate on labour market policy issues was taking place. This was necessary to avoid making costly mistakes. Prospects of mass action or pre-emptory legislation would not invite a constructive resolution to labour market challenges.



Labour department director-general Siphosiso Pityana, top left, and ILO director-general Michel Hansenne, top right, in Pretoria yesterday at the labour markets and enterprise conference.

Pictures: GARTH LUMLEY

Labour survey contradicts notions

Reneé Grawitzky

20 31/1/97

(173)

THE SA manufacturing industry is reasonably flexible and wage regulating measures have not created rigidities in the labour market or hampered employment, contrary to perceptions, a survey has found.

This emerged yesterday at an SA labour market conference where intense debate took place on the results of a labour flexibility survey conducted as part of the work of the International Labour Organisation's (ILO's) review of the labour market in collaboration with the Human Sciences Research Council and Wits University's sociology of work unit.

Guy Standing of the ILO, who rejected the argument that SA's growth and investment were being hampered by rigidities in the labour market, said the

survey found the market to be reasonably flexible.

Companies in manufacturing had a considerable degree of employment and wage flexibility and labour relations were relatively decentralised, he said.

The survey came under some criticism with a participant saying that the evidence could not be conclusive as it surveyed manufacturing companies in the formal sector which were not con-

strained by regulations. Other sectors, such as mining and construction, could encounter greater problems in complying with legislation because of the high degree of contracting out.

Standing acknowledged that the two-round survey conducted in 1995 and last year oversampled relatively good companies. He said rigidities in the labour market were not caused by legislation but by a highly paid and inefficient management.

A management delegate said the SA Foundation "growth for all" document, in its examination of the labour market, failed to take into account the role of management and its deficiencies or the structure of the economy. Consequently, undue attention was given to the labour movement and its performance.

Owen Crankshaw of the Centre for Policy Studies, analysing the survey's findings on the use of non-standard forms of employment, found that more than 80% of companies employed temporary or casual workers over the past two years. He said the use of this form of labour was not necessarily motivated by an attempt to reduce costs, but more to manage product-demand fluctuations properly.

However, Frank Horwitz of the University of Cape Town, who was involved in a parallel survey in 1995, found that most SA employees were still in permanent employment. In looking at the casual labour situation in SA, Australia and New Zealand, he concluded that the claims of a pronounced worldwide shift to nonstandard employment had to be viewed with scepticism. However, there was a greater expectation in these countries that the employment of nonstandard workers would increase.

Statistics for the period January to August 1996, are as follows:

	Cleveland	Fairland	Genl Johann Coetzee	Hillbrow
(a)	27	2	37	112
(b)	10	3	10	25
(c)	84	27	182	486
(d)	173	75	797	762
(e)	30	2	74	187
(f)	379	57	245	2 253
(g)	2 471	951	2 314	7 989
(h)	201	57	439	724
(i)	737	285	843	1 113
(j)	86	6	15	118
(k)	14	17	19	167

	Jeppie	John Vorster Square	Langlaagte	Linden
(a)	72	102	16	11
(b)	10	27	9	11
(c)	274	388	127	87
(d)	279	683	169	264
(e)	70	121	36	24
(f)	701	2576	228	194
(g)	3 137	9 128	729	3 714
(h)	303	563	102	407
(i)	829	1 341	283	1 148
(j)	169	356	58	39
(k)	36	205	18	15

	Mondeor	Norwood	Parkview	Randburg
(a)	26	11	6	26
(b)	33	9	3	32
(c)	140	51	30	165
(d)	256	143	70	325
(e)	51	16	10	53
(f)	248	357	149	397
(g)	2 716	2 533	1 954	3 780
(h)	224	311	203	334
(i)	623	721	543	1 727
(j)	66	114	23	81
(k)	17	15	31	34

	Rosebank	Sandringham	Sundton	Yeoville
(a)	2	4	19	13
(b)	8	8	31	6
(c)	21	33	79	67
(d)	57	39	378	207
(e)	5	9	18	34
(f)	161	240	526	317
(g)	2 549	643	5 471	2 164
(h)	244	137	546	304
(i)	225	397	1 205	531
(j)	15	110	154	57
(k)	13	4	46	35

QUESTIONS

†Indicates translated version.

For written reply:

Large-scale public works in 1996

5. Mr M F CASSIM asked the Minister of Public Works:

Whether any large-scale public works were undertaken in 1996; if not, why not, if so, what are the relevant details?

N5E

The MINISTER OF PUBLIC WORKS:

Yes, the Department of Public Works handles a wide range of capital projects ranging from new works to refurbishment and repairs and renovations to existing structures, catering to a number of diversified user departments.

For the purpose of this question we regard "large scale" (a broad term) as projects with a contract value of over R20 million.

Please find annexed a full list of "large scale" services, which were either in a design phase, under construction or nearing completion, during the year 1996, as requested.

(Hansard)

(173)

N Province

set to create

5 000 jobs

(173) Sowetan 3/2/97
MEC says projects worth R250 million are to be implemented in the area

By Isaac Moledi

MORE THAN 5 000 JOBS are to be created in the next 18 months in Northern Province, provided various projects worth about R250 million are implemented.

In an interview with *Sowetan Business* at the weekend, Northern Province MEC for trade, industry and tourism Thaba Mufamadi said the provincial government had put in place various programmes to "turn the economy around".

He said various projects, aimed at creating more than 5 000 jobs over the next 18 months, had been identified and work had already been started on many of them. The amount invested by the private sector in these projects amounted to R250 million.

About 32 other projects, with a total investment of more than R350 million and which would create about 10 000 jobs, were still to be implemented.

Mufamadi said the provincial government's plan was to promote a sustained growing economy by 2005 and make the province a major contributor to the national wealth by 2020.

This was possible because the province was growing faster than the national economy, registering a six per cent economic growth, three per cent more than the national economy.

Infrastructure development

This was despite a backlog in human resource and infrastructure development.

Said Mufamadi: "What we need now is to be able to absorb new entrants to the labour market.

"We also need to increase the level of private sector investment and participation from both big and small businesses and to develop vibrant secondary industries."

He was hopeful that they would achieve their vision because, he argued, "the province is rich in tourism and agricultural opportunities, as well as huge mineral resources - platinum, red granite, diamonds, copper and coal".

One other mechanism that had been put in place to accelerate the growth of the economy was the Northern Province

Investment Initiative, the province's marketing and investment body.

Among the projects the NPII has identified were a R12 million bamboo project and R40 million tomato paste and juice factories which are already at the implementation stages.

"The problem is not that people do not want to invest but that the investment initiative put in place does not have the capacity to deal with all these projects," said Mufamadi.

He said the provincial cabinet had agreed to increase the government's expenditure in capital investment so that infrastructure can be developed.

Some of the capital investment that brings hope to the province included the R650 million road construction between Kranskop and Pietersburg and another investment to extend the road between Pietersburg and Beit Bridge. These projects had created more than 2 000 jobs.

Immense opportunity

It was expected that once the roads were completed at the end of the year, the provincial economy would be integrated into the economic mainstream of the whole country.

The development of Gateway International Airport, which was aimed at enhancing tourism development in the province, presented an immense opportunity. More than 460 jobs had been created during the construction period, Mufamadi said.

The province had also just opened a chrome mine.

Mufamadi said the potential in tourism and ecotourism would link up with the province's economic strategy in terms of the gaming industry.

Feasibility studies were being conducted to determine where to locate casino complexes in the province.

"We are not talking about the gaming industry in isolation to tourism development. Our promotion of gambling is part of the broader picture to address the backlog in tourism facilities and the enhancement of black economic empowerment."

For most people the changing future will

(173)

150 6/2/97

Mteto Nyati

MILLIONS of ordinary, psychological normal South Africans will soon be facing an abrupt collision with the future.

As SA companies strive to become effective global players and the government pursues policies for implementing lean administration, people will be subjected to unintended consequences of the private and public sector actions.

Firstly, initiatives like rightsizing, downsizing, re-engineering, outsourcing and benchmarking will inevitably send thousands of people at all levels into the ranks of the unemployed. Most will be white-collar employees. Already, about 600 jobs have been lost because of "realignment" by certain pharmaceutical companies.

It would be naive to think there will be fewer retrenchments in the future. According to American management guru Alvin Toffler, for companies to survive they will have to reduce their staff by half, pay the remaining half twice as much and have three times more output.

This is already happening in the US and Japan.

The question is whether SA employees are equipped to deal with this new reality. I believe they will find it increasingly painful to keep up with the incessant demand for change that characterises our time.

For most people, the future will arrive too soon.

Secondly, as more and more people get displaced from formal employment, we are going to see an exponential

growth in the service sector. Restructuring of private and public sectors will force on the economy the growth of small to medium size businesses. Ironically, this is something the government has been trying to promote—unsuccessfully, I might add.

This would be one of the positive, unintended consequences of global competition.

However, to most middle managers and staff, it is still business as usual. There are no visible signs that they are preparing for the inevitable.

People are not developing their skills, competencies and connections for functioning independently of their present organisations. It appears they believe they have a diplomatic immunity to change.

Thirdly, as SA moves from an indus-

trial to a service economy, there is a growth also in the information economy. American consultant Rosabeth Moss Kanter argues that in the industrial economy, locations matter to companies because they facilitate control over means of production — capital, labour and materials. The same cannot be said about this new global information economy we are facing. In this economy, power comes not from location but from the ability to command one of the intangible assets that make customers loyal. These are concepts, competence and connections.

Unlike tangible assets, these intangible resources are portable and fluid, and they decline rapidly in value if not constantly updated. Globally competitive companies keep their supplies of these assets current by being more en-

trepreneurial, more learning-oriented and more collaborative. To most SA companies, these values tend to be conspicuous by their absence.

Fourthly, companies have to reinvent themselves in order to be globally competitive. Consultants Gary Hamel and CK Prahalad suggest that the best way to ensure one is not at risk from more imaginative competitors is to be the first to conceive alternative value delivery mechanisms, the first to cannibalise one's own products and services and the first to get to the future, even when that future undermines past successes. They argue that if a top management team cannot clearly articulate the five or six fundamental industry trends that most threaten their company's continued success, then the team is not in control

ARRIVE TOO SOON

of the company's destiny.

Are our top managers and union leaders capable of looking beyond today's successes and enlarging their companies opportunity horizon?

South Africans should not be fooled by the "miracle" of our transformation. We have to build winning organisations and teams. We should always be aware that the only things that evolve by themselves in companies and society are disorder, friction and poor performance. SA will go through a painful period economically before things improve.

It will demand a lot of hard work from all concerned for us to pull it through.

□ Mteto Nyati is a manufacturing consultant.

Swedish proposal to ease joblessness

(173)
AUDREY D'ANGELO

CT (DR) 11/2/97

Cape Town — Swedish businesses regarded South Africa's crime problem as a consequence of high unemployment, which could be solved by the creation of more jobs, Mats Hulth, the mayor of Stockholm and chairman of its development and promotion office, said in Cape Town yesterday.

He was in the city to sign a co-operation agreement between Stockholm's development organisation and Wesgro, the Western Cape Investment and Trade Promotion Agency.

Hulth and Bengt Hedenstroem, the managing director of the Stockholm organisation, said they expected the agreement to lead to joint ventures and the exchange of technology.

Both cities are bidding to host the Olympic Games in 2004. The agreement states that if either city wins the other will support it between late this year and the games, through the exchange of experience gained in the planning phase and the promotion of co-operation between companies supplying goods and services.

The agreement was signed a week ahead of a state visit by the King and Queen of Sweden to South Africa, who will be accompanied by leading Swedish business people.

David Bridgman, the chief executive of Wesgro, said the agreement would encourage joint ventures with small and medium-sized Swedish companies. "Really large companies do not need the services of a development agency."

Hulth said Stockholm companies had technology superior to that in South Africa "because we did not suffer from years of isolation as your business did."

SA workers 'not happy with pay'

Sowetan 12/2/97

(173)

255

Optimism about country's future has also taken dip in last two years

By Mzimkulu Malunga

SOUTH African workers are more dissatisfied with their pay than they were in 1994, according to results of a survey conducted by the Chicago-based International Survey Research Corporation (ISR).

The ISR found that last year, 22 percent of the country's employees said they were satisfied with their pay compared to 30 percent in 1994. South Africa was last of the 10 countries surveyed on the issue.

The yearly international survey, carried out among employees and managers, found that South African employees were generally less optimistic than in 1994.

In addition to pay, working relationships was the other area where employee optimism suffered the most.

Workers' perceptions

Also, workers' perceptions of management and supervisors were less favourable in 1996 than they were two years ago.

On how satisfied they were with the opportunity to input their ideas in companies where they worked, more than half of the employees responded negatively.

More than 22 000 local employees and managers were interviewed.

Presenting the findings in Johannesburg yesterday, ISR presi-



ISR president John Stanek says it is too early to write South Africa off.

dent John Stanek said the research revealed an "after party" situation.

Managers were extremely worried about South Africa losing its ability to compete internationally.

Stanek said managers' concern that the country would be unable to stand its own ground in the highly competitive international markets, was the most startling finding of the research.

Two years ago, 94 percent of managers believed South Africa could compete internationally. In 1996 the

figure had dropped to 67 percent.

"One of the reasons the country does poorly on international competitiveness is that not enough attention is paid to the attitudes of employees.

"If morale is low and perceptions of management are poor, it is unlikely that we will obtain high productivity," said Professor Karl Hofmeyr of the Unisa Graduate School of Business.

Raise eyebrows

However, Stanek warned that although managers' concern should raise eyebrows, it did not mean that South Africa should be written off.

The drop in confidence on the competitiveness front should be measured against the general optimism among managers in areas like customer focus, efficiency, work organisation and working conditions.

In the above areas, South Africa actually polled higher than the United States, Canada, Britain, Italy, Japan, Germany and France.

Contrary to popular belief that South African employees generally do not care about what happens in their workplace, the survey revealed that workers are actually concerned about the future of organisations.

Employee insecurity is rising

THABO LESHILO

Johannesburg — South African employees were feeling less secure about their jobs than they were two years ago, a survey by the Chicago-based International Survey Research (ISR) released yesterday shows.

The finding, announced by John Stanek, ISR's president, comes despite the introduction of South Africa's new Labour Relations Act last November.

The poll found almost half of the country's working people were frequently concerned about being retrenched. One in three worried about being replaced by automation. A significant proportion felt their companies did not value long-serving staff.

Karl Hofmeyer, a Unisa academic who represents International Survey Research, said the results had to be taken seri-

ously. "One of the reasons the country does poorly on ratings of international competitiveness is that not enough attention is paid to the attitudes of employees."

The survey found that one in three employees was not satisfied with their involvement in decisions that affected their work, while half believed their employers had not created a climate to challenge traditional ways of doing things.

Fewer than half the employees felt top management was doing a good job of establishing priorities, taking decisions promptly or providing leadership. They said the management style of their companies was rigid, bureaucratic, intimidating and short-term-orientated.

Workers most negative about management were among the lowest-paid, unskilled and some semi-skilled categories.

(173) ~~555~~
Hofmeyer said it was unlikely South Africa would have high productivity if morale was low and perceptions of management poor. "There is a positive correlation between high-performing countries internationally and positive attitudes of employees and managers."

The poll found South African employees, especially managers, experienced high levels of stress.

The good news was that perceptions of working relationships have remained high since 1994. Almost 90 percent of the employees said they get on well with their colleagues.

The poll found 82 percent of South African employees said they felt assured of having a job with their company while they performed well. This compared with 75 percent in Hong Kong, 68 percent in Italy, 58 percent in France and 52 percent in the United States.

SA employees 'more negative than in 1994'

(173) (205) 00 12/2/97

Lukanyo Mnyanda

SA EMPLOYEES have become more negative towards key parts of their working environment since 1994, although they show more confidence in their organisations compared with employees in other countries, says the Chicago-based International Survey Research Corporation.

The annual survey, representing perceptions of about 22 000 employees, showed that local workers had negative perceptions towards their working conditions, job security and employee involvement in decision making. Employee benefits was the only area which showed an improvement.

But there was not a widespread belief that the "world is coming to an end" and although SA workers were feeling less secure about jobs than in 1994, their level of security was still high.

About 82% of workers surveyed felt assured of jobs as long as they continued to perform well, a better rate than many developed countries including Hong Kong, France and the US where only 52% felt the same.

When asked if they believed they had an opportunity for personal growth in their companies, 61% answered positively compared with only

44% surveyed in the UK, which came at the bottom of the scale.

Managers had an ambiguous attitude towards affirmative action with most acknowledging that increased diversity at supervisory and management levels would give their companies a competitive edge although they felt it was not being implemented well.

University of SA Graduate School of Business Leadership professor Karl Hofmeyer said employees' negative attitude towards involvement in decision making was of concern and had implications for the country's competitiveness. "Despite all the talk about 'participative management', it appears that many companies remain authoritarian and do not tap the ideas of their employees," he said.

Perceptions of management had deteriorated in the two years to 1996, with the number of employees who believed management decisions were often unfair doubling to more than 40%.

The lowest workers — unskilled and some semiskilled — were the most negative, reflecting widescale alienation which could have an important bearing on productivity. Local employees also reported high stress levels with about 60% managers saying they had suffered from excessive pressure.

their request. We believe it is necessary in order to ensure that they come into the net, utilising the opportunity provided by the Act on tax relief measures. In respect of the amounts of money gained as a result of the tax relief measures, I am not in a position to disclose anything in relation to that.

On the autonomy of the SA Revenue Service, the matter is under discussion. It will be before Cabinet very soon, and thereafter we will endeavour to see that legislation through the parliamentary process at the earliest opportunity. We gave an undertaking that we would get it through in the first quarter of this year, and we stand by that. There is going to be less parliamentary time available in the first quarter, but we are working on the issue.

Mr K M ANDREW: Madam Speaker, further arising out of the Minister's reply, is the Government considering, in the light of the appeals of Nafcoz, extending the amnesty in terms of either scope or time?

The MINISTER: Madam Speaker, we have not exactly heard what the appeals are. However, given the need to ensure that the system of tax collection encompasses holism and integrity, it is very unlikely that we would accede to any request or appeal in this regard.

Job creation: objectives

(173)

*7. Mr M F CASSIM asked the Minister of Labour:

- (1) Whether the Government has achieved its objectives in respect of large-scale job creation in the economy; if not, why not; if so, what are the relevant details;

- (2) Whether he will make a statement on the matter? N19E

The MINISTER OF LABOUR:

Since this Government came to power employment has risen from 4,9 million in March 1994 to 5,2 million in September 1996.

The Government is attacking unemployment by, among other things, creating jobs through public works programmes and RDP programmes and through the expansion of basic infrastructural services.

We are also fostering conditions in which jobs should be created by the private sector. This we are doing through our macroeconomic strategy and industrial restructuring programmes.

We are committed to getting as many of our people as possible into work and achieving higher and stable levels of employment.

Mr A J LEON: Madam Speaker, arising out of the hon the Minister's reply, would he not concede that this is in fact a net loss in terms of jobs? The population growth in the period he described in fact outstripped the increase in the number of jobs generated by the economy.

Would the hon the Minister comment on the figures for the last year that we received from the Reserve Bank? These figures show that in the first quarter there was a loss of jobs in the realm of 3,9%, in the second quarter 1,1% and in the third quarter 1,4%. These are Reserve Bank figures. The fourth quarter figures are not yet available. In terms of the targets of Gear, since its introduction, we should already have created 83 300 jobs.

In the RDP document the hon the Minister stated that institutional arrangements had to be supportive of job opportunities. Is he satisfied that the institutional arrangements in his own legislation are supportive and inimical to the kinds of job targets which this Government intends to achieve for South Africa? If not, what is he going to do about this?

The MINISTER OF LABOUR: Madam Speaker, I do not mind sharing television time with the hon Tony Leon. But the fact of the matter is that the data that he has quoted is contestable. Figures have been released by the Central Statistical Service as well, and these are being worked through, in order to get reliable data on these questions.

As I indicated in my reply, the institutional framework is in place and is expected to make a major contribution towards job creation in the country. But, if I may, I would like to take advantage of this opportunity and indicate that job creation, or the creation of an environment conducive to job creation, is the responsibility not just of the Department of Labour, but of all policies of Government. What we are doing is to co-ordinate all the policies of Government to ensure that they move in the same direction to achieve the objectives which we have set for ourselves.

Mr A J LEON: Madam Speaker, further arising out of the hon the Minister's reply, might I ask him whether he is going to consider introducing amendments to existing legislation in order to create what he has termed "regulated flexibility" or "flexible regulation" - I am not sure which is the adjective and which is the noun - in order to enhance and speed up job creation and job-absorption opportunities in this country. Does he believe, for example, that our bargaining council or industrial council system is assisting in rapidly absorbing the number of workers Gear requires into the job market, or does he believe that in some ways it is holding it up? If it is, what is he going to do about it?

The SPEAKER: Order! Are you rising on a point of order, Prof Turok?

Prof B TUROK: Madam Speaker, if I may, this is a follow-up on the same question. I would like to ask the Minister whether he could inform the hon Leon that a very detailed study by the ILO has revealed that there is a much wider base of employment generation in the economy than the ... Interjections.]

The SPEAKER: Order! Hon member, you are trying to answer the question, not ask one. [Laughter.] [Interjections.] Hon Minister, I am sure the House has the fullest confidence that you can answer the question. [Laughter.]

The MINISTER: Madam Speaker, I appreciate the enthusiasm of hon members when it comes to helping out. I am sure it is all in the spirit of comradeship. To answer the hon Leon's question:

Yes, we do intend to look at some of the sections of the Labour Relations Act in order to ensure harmony with the macroeconomic strategy. It is an intention to which we have committed ourselves.

However, the hon Leon would know very well that the Labour Relations Act itself creates a much better atmosphere for economic development and stability, something which has never happened before in this country. I am sure he is fully appreciative of the contribution which the Labour Relations Act is making.

Tourists: increase/decrease in 1996

*8. Mr N J J VAN R KOORNHOF asked the Minister of Environmental Affairs and Tourism:

(1) What was the increase or decrease in the number of tourists visiting the Republic in 1996 in comparison to 1995;

- (2) whether he will make a statement on the matter? N50E

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM:

(Reply partially laid upon Table with leave of House.)

- (1) Unfortunately the Central Statistical Service has not yet released the official traveller data for the period October 1996 to December 1996. The most recent data, that is to say, for the period January 1996 to September 1996, are contained in the statistics I shall table. These indicate the following:

- 2 571 050 visitors entered South Africa from mainland Africa, being 5,9% more than in 1995;
- 799 256 entered South Africa from overseas, being 6,8% more than in 1995; and
- 3 488 016 visitors entered South Africa in total being 6,5% more than in 1995.

SA workers 'not happy with pay'

Isometan 12/2/97 (173)

By Mzimkulu Malunga

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The yearly international survey, carried out among employees and managers, found that South African employees were generally less optimistic than in 1994.

In addition to pay, working relationships was the other area where employee optimism suffered the most.

Workers' perceptions

Also, workers' perceptions of management and supervisors were less favourable in 1996 than they were two years ago.

On how satisfied they were with the opportunity to input their ideas in companies where they worked, more than half of the employees responded negatively.

More than 22 000 local employees and managers were interviewed.

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Optimism about country's future has also taken dip in last two years



ISR president John Stanek says it is too early to write South Africa off.

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Two years ago, 94 percent of managers believed South Africa could compete internationally. In 1996 the

figure had dropped to 67 percent.

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"If morale is low and perceptions of management are poor, it is unlikely that we will obtain high productivity," said Professor Karl Hofmeyr of the Unisa Graduate School of Business.

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Contrary to popular belief that South African employees generally do not care about what happens in their workplace, the survey revealed that workers are actually concerned about the future of organisations.

PROPERTY AUDIT TRAIL

FM 14/2/97

Public Works, responsible for tracking down how many properties belong to the State, has had to grapple with erratic and sometimes non-existent records, Minister Jeff Radebe complained this week.

Still, 130 000 properties have been identified — farms, land, houses, offices, military bases, schools and hospitals.

In late 1995, the Cabinet mandated the ministry to compile the list, which Radebe expects to be complete by the middle of next year. Meanwhile, some startling facts have emerged:

□ Almost 20% of the department's budget (R2,8bn for 1996-1997) is allocated to leaseholds but Public Works does not have enough information on this to guarantee the integrity of its data. Radebe says tenders are being awarded to firms "with the necessary financial back-

Continued on page 48

48 CURRENT AFFAIRS

Continued from page 45

ground . . . to verify the rent payable by the State to landlords."

A "nonuniform accounting process" adds to the complications and the provinces have to complete what Radebe describes as their "reconciliation exercises," though the process is scheduled to be complete by April;

□ An unknown number of properties were acquired "under clandestine conditions" in the past and are not registered as State assets. To compile a full dossier, all government departments will have to sift through their records and report their findings to Public Works;

□ Foreign Affairs has put together an inventory of State-owned properties in more than 100 countries, including their usage and estimated market



Jeff Radebe

values. Bophuthatswana is the only "independent" homeland known to have purchased property abroad, custodianship of which has now passed to Public Works.

Radebe says consultants were instructed to put a property in Paris on the market, the Finance Department had been entrusted with selling off Rome interests and London properties had been sold in 1995 for £2,6m.

Properties in New York, Paraguay and St Petersburg had been identified as redundant and will probably be sold;

□ Redundant properties in SA include 1 100 housing units in the Eastern Cape, more than 2 000 in North-West and 442 in the Northern Cape. Their sale prices will be determined by local conditions, "but it is our declared policy to dispose of assets at market value," says Radebe; and

□ A maintenance backlog of R8,8m has developed. As a result, "we have determined that immediate, drastic action is necessary to ensure the State's valuable property portfolio, which includes some of the finest buildings of their type in the world, does not fall into an irreparable state of decay."

One essential mission of Public Works is to provide for the accommodation, housing, land and infrastructural needs of various national departments. It is evident that, under this cloak, the previous

administration perpetrated a host of follies whose purpose, in some cases, can only be guessed at. Radebe is an efficient Minister but the ministry he inherited is a minefield. *Peter Wilhelm*

A sophisticated state on the cusp

(173)

CT 17/12/97 (BR)

The South African dog is not barking, as is Hong Kong's and the canine that yapped at the time of German unification.

If the dog remains silent for the next couple of years, South Africa faces a splendid future, says Jack Stanek, the president of Chicago-based International Survey Research Corporation (ISR), one of the largest firms of its kind in the world, which has just completed a research exercise on South African workers' attitudes.

ISR surveyed more than 100 000 South African employees after having conducted a similar programme in 1994. The results are summarised in the accompanying chart.

"What's interesting in South Africa is that we don't see anything like the same sort of trauma we've witnessed in other countries going through transition," says Stanek. He likens the merger of east and west Germany to a merger of two companies.

"All the usual fictions were exchanged at the beginning of the coming together. Then the harsh realities began to visit themselves on Germany. The east's capitalist mentality had not only weakened, it had virtually disappeared. So you had two different species joining together. And they tried to do it quickly and, in the end, rather successfully compared to what Russia is going through."

Germany's chart at the harsh reality phase was a lot worse than South Africa's at this juncture. Stanek regards this as highly encouraging.

"What we thought we'd see in South Africa is a Hong Kong, where the rank and file views are sobering, to say the least. They're a lot worse than three years ago. The people of Hong Kong are clearly worried about what's about to happen."

Significantly, the South African research shows that most South Africans are getting along with one another.

Sure, Stanek acknowledges, the figures were higher in 1994. "But the drop is not in the double-digit range. And re-member, 1994 was a sugar high. Therefore it looks like a remarkably successful handling of transition."



JOHN SPIRA

world. Hence expectations are generally higher than than they should be. No country in the world breaks 50 percent on the pay criterion."

Stanek notes that in South Africa's case, expectations were unusually high in 1994, "so you had nowhere to go but down". He predicts the figure will probably creep up. "If it doesn't, you could have a problem."

He says last year's pay statistic was garnered in a year in which the rand was weak — when a currency is strong, people feel like they're making more money.

Stanek says the flag has proved an important unifying force for South Africa. "It's a nationhood phenomenon. I haven't seen anything like it anywhere in the world. Your flag has been an important proxy for what is stopping the chart from looking like Hong Kong."

Also bolstering the chart is that 10 years ago these criteria were quite respectable, which meant that the country entered what could have been a trans-

'We don't see the trauma we've witnessed in other countries' in transition'

matic era from a strong foundation, says Stanek. "Take sport. Everyone thought it would be 10 years before South Africa could compete internationally. You went to the top almost immediately. Whatever you did during isolation, you did not turn into some sort of life form that was not competitive on the world stage. You might have depleted the ladder but you had a very fat ladder."

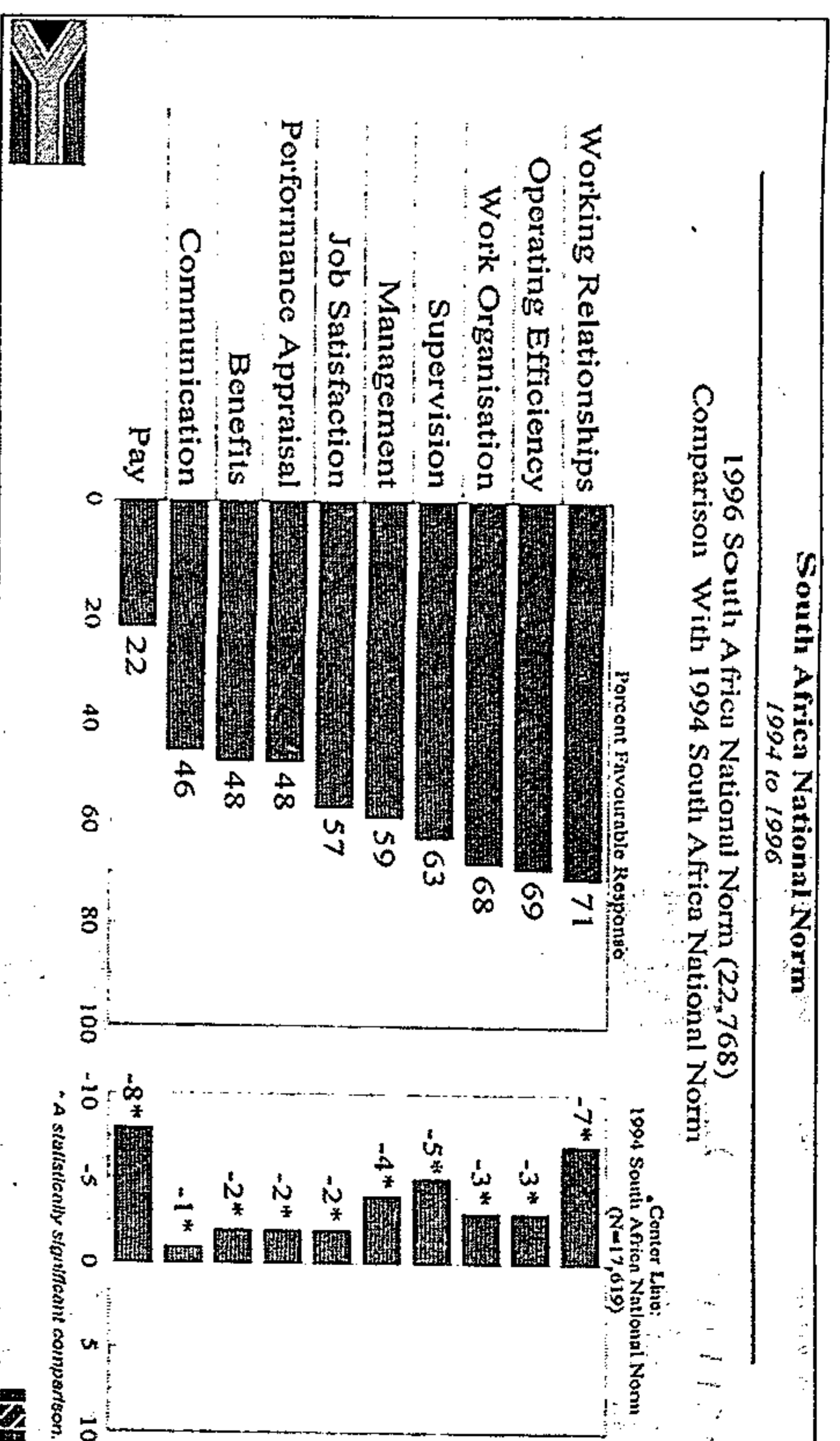
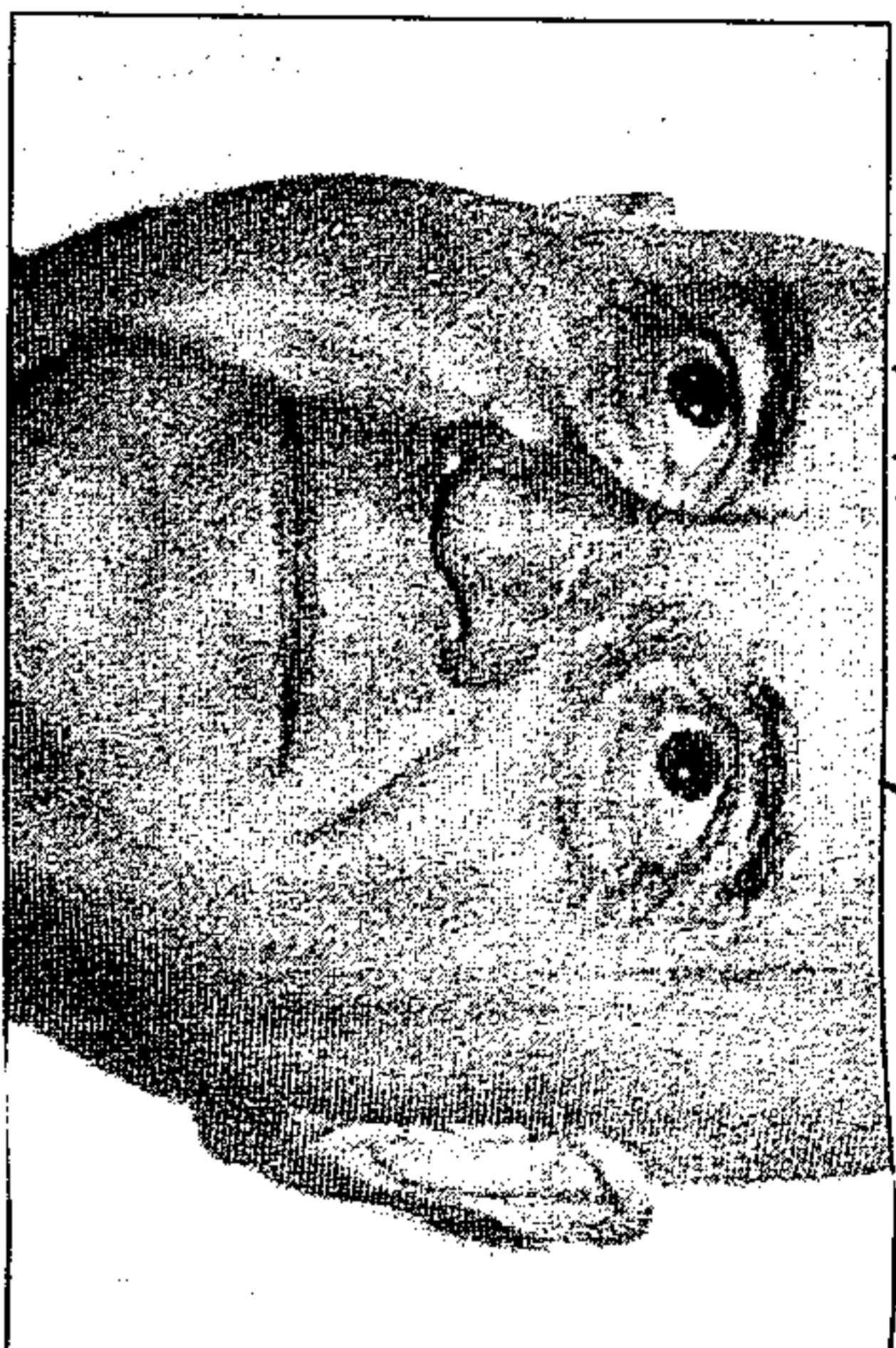
Stanek maintains that South Africa has some of the best organisations in the world.

"Where the US and Europe would have 20 to 30 managers in an organisational pyramid, South Africa would have 50 percent less. And they'd be doing work every bit as good."

Also working in South Africa's favour is its painless transition through the downsizing process.

"In most countries, downsizing has been perceived as driven by carnivorous management intent on growing the bottom line. In South Africa, everyone knew what the game was.

Jack Stanek, the president of International Survey Research Corporation



"If this was an army and I was a general and I had to take them into combat tomorrow morning, I would sleep well tonight."

Stanek says that the survey covers only the large corporations, and had it included middle-sized and small companies, the figures would look better.

"Even so, the picture is so strong that despite the red ink, it seems to me that the country could take more damage and still come out positively. And if some of the figures start to turn green a year or two hence, South Africa faces a prosperous future."

Yet South Africans are manifestly dissatisfied with their pay.

"We find this right across the board, across the world, across the entire spectrum of employees. Even those earning millions of dollars a year are often unhappy with their remuneration. That's because it is easy nowadays to determine what's going on in the rest of the

**During the
isolation years
SA did not
become an
uncompetitive
life form**

"A few years ago, when the number of personnel was reduced, everyone knew they had not been downsized for management to make more money; they knew people had been laid off for other reasons, principally survival in a world which had isolated the nation.

"That's a much different mentality from thinking you're being exploited. You've changed earlier than the rest of the world without incurring the ill-will of the surviving workforce."

Stanek's view of South Africa's future? "South Africa is a very sophisticated industrial state on the cusp.

"Every country lives its life in chapters. You've ended a chapter and you're now well into a new one. If it starts turning sour, you'll see those red lines expand dramatically. But this does not look like an environment where it's going to move dramatically in either direction."

SA employees unhappy in workplace - survey

Pay, lack of consultation slammed

(173) ~~173~~

ARL 18/2/97

LLEWELLYN JONES
BUSINESS REPORTER

Six out of 10 employees in South Africa think they're badly paid, and one out of three feel they're being left out of decisions affecting their jobs, according to a major survey.

The 1996 South African National Opinion Norm survey also found that the majority of company managers accept the need for affirmative action, but feel that it is not being well implemented.

The survey, by Chicago-based International Survey Research (ISR) headed up by John Stanek, studied the attitudes of 22 000 employees, mostly in big companies.

The major barriers to implementing affirmative action as seen by managers were: a lack of experience among potential black managers; perceived lack of ability of blacks; concerns about work standards; a lack of programmes and policies to support advancement; and the values and style of the organisation.

More startling though was the finding that South African employees' attitudes to their jobs and their companies had declined over the past two years, but Mr Stanek noted that they were still more favourably disposed to their organisations and management than their counterparts in the United States, England, Mexico, Brazil, Malaysia or Australia.

The areas most affected by this decline were working conditions, perceptions of management, job security and employee involvement.

The only area which showed an improvement was employee benefits.

Professor Karl Hofmeyer of Unisa's Graduate School of Business Leadership said the results had to be taken seriously.

"One of the reasons the country does poorly on ratings of international competitiveness is that not enough attention is paid to the attitudes of employees," Professor Hofmeyer said.

"If morale is low and perceptions of management are poor, it is unlikely that

we will attain high productivity."

Despite all the talk about "participative management" it appears that many companies remain authoritarian and do not tap the ideas of their employees.

One in three employees were not satisfied with their involvement in decisions that affected their work, half believed that little effort was made to get the opinions of employees in their company and almost half the employees felt their company did not create a climate where people could challenge traditional ways of doing things.

South Africans were also far more likely to feel underpaid, with six out of ten employees feeling they were underpaid.

Although South Africans felt less secure about their jobs in 1996, their level of security was high compared with most other countries.

Nearly 82 percent of South African employees felt assured of having a job with their company as long as they performed well - compared to 52 percent in the United States.

Privatisation should aim to boost jobs (173)

BD 27/2/97

Robyn Chalmers

THE restructuring of state assets should be aimed at boosting employment creation and improving quality, export performance and the competitiveness of end products, says public enterprises office head Siphos Shabalala.

He told the SA-US business development committee that in restructuring public enterprises for better performance, there were several areas that had to be attended to.

These included corporate governance, the autonomy and accountability of public enterprises,

performance contracts, capital restructuring and financial management, as well as market orientation and competitiveness.

"The critical policy issue ... is the development of an equitable, empowering, competitive and efficient private sector working in collaboration with (the) state.

"Competition should promote new entrants to the economic mainstream and should guarantee internal and external efficiency and effectiveness of our industries," he said.

Government had begun a broad restructuring and privatisation initiative.

Shabalala said SA's economy was a poor performer with regard to international competitiveness. The majority of blacks operated outside the main economy and those who were in the economic mainstream were poorly paid, unskilled and semiskilled.

The restructuring of state enterprises should attempt to boost equity and technology ownership by blacks, while funds should be budgeted for black entrepreneurship development.

He said the private sector needed to be restructured to address the problems of poverty, skills and low economic growth.

Huge jobs plan for

Western Cape

CT 28/2/97

(173)

THE LOCAL ECONOMIC Development Programme (LED), once referred to as a lead balloon, looks set to fly. **CHRIS BATEMAN** reports.



NINE Western Cape towns have been targeted for an economic boost aimed at creating 50 000 new jobs in the province annually — through links with foreign investors, skills-building programmes and internal “networking”.

This is the long-awaited “grand plan” of Economic Affairs MEC the Rev Chris Nissen, who launched the initiative yesterday after 17 months of in-depth studies, foreign trips and research.

Nissen pointed to Hong Kong-based textile company Novell Enterprises’ recent R220-million investment in Atlantis, one of the target towns, as evidence of the success of overseas investment promotion trips.

Novell has already built one of the most advanced textile mills in the world there, employing 50 people. In the second phase of development, due to be completed in July, another 100 jobs will have been created.

Mr Tony Ruiters, his deputy director-general, revealed exclusively to the Cape Times that two Mitchells Plain businessmen were signing a “billion-rand” contract with Malaysian backers and were due home from that country today.

One of the businessmen is Mr Isaac Kolbe, an executive committee member of the Mitchells Plain Development Trust, a consortium of Mitchells Plain industrialists.

The project will consist of light

industry, engineering, construction and metal-related activity opposite the Mitchells Plain town centre.

The land earmarked for the project is an open area near the railway station there, and plans are also being made for micro-enterprise (small business) where the town centre’s taxi rank is now.

“We’re looking at realising this investment within 18 months, with several factory plans already approved — and creating 2 000 permanent jobs within two years,” Ruiters said.

The targeted towns/areas are Plettenberg Bay, Beaufort West, Vredendal, Genadendal, Mossel Bay, Montagu/Ashton, Mitchells Plain, Guguletu, Atlantis.

Both Mitchells Plain and Guguletu are targeted for industrial parks, linked to the Lansdowne/Philippi corridor through Retreat to the multi-billion Capricorn Science and Technology Park.

Capricorn Park, near Muizenberg, is due for first-phase construction in July next year, with the long-outstanding enlargement of the M5 carriageway through Grassy Park and Lavender Hill beginning in July this year. Capricorn is worth R2,5 billion over 10 years.

Nissen said he was aiming at growth rate of 8% — from 4,1% at present — for the province by the year 2000, and pointed to 17 000 jobs being created in the 17 months his department had been active as evidence of accel-

erating progress.

He also believed the province could hit the national target of quadrupling exports by 2000.

Detailed social-economic profiles had been conducted on 18 local towns.

In Mossel Bay, skills-building would centre on the petro-chemical, tourism and agricultural sectors, and key big and small business networking and trade incentives would boost growth.

Existing trade incentives such as tax holidays and export incentives would be highlighted to enhance capacity and productivity.

A network of business service centres, supported by the CSIR and universities, was planned, with branches already up and running in George, Plettenberg Bay, Atlantis and Stellenbosch.

The centres advise and assist small businesses and buy machinery for co-operative ventures.

In Montagu and Ashton, a study was under way on restructuring the canning industry, which Nissen described as “outdated by 20 years”.

This, he said, was due to sanctions preventing the import of new technology and the denial of foreign markets to the industry.

Nissen said R8 billion had already been invested in the Western Cape as a direct result of overseas marketing by his department and Wesgro, the Western Cape’s international promotion arm.

More than R500 million in Malaysian investment entered the province last year, mainly in construction, tourism and finance projects.

The Local Economic Development Programme (LED) — once scoffed at with mischievous references to a “LED balloon” by Nissen’s opponents — may after all be ready to fly.

Job creation project for WCape *LED not about promises, but delivery* — *Ruitters*

ALIDE DASNOIS
BUSINESS EDITOR

Guguletu, Mitchells Plain and Atlantis are among nine areas targeted by the Western Cape Department of Economic Affairs for a new Local Economic Development (LED) programme aimed at job creation.

"This is not a programme of promises but of delivery," department head Tony Ruitters said at a briefing yesterday.

The LED programme was a key element in the province's economic policy, due to be released within two weeks, and would be developed in line with the Government's Growth, Employment and Redistribution (Gear) plan.

The province was aiming for the creation of 50 000 permanent jobs a year by the year 2000, economic growth of 8 percent a year and the quadrupling of exports. The Western Cape government was confident that it could beat the national economic growth target of 6 percent a year "by 1,5 percent or 2 percent", he said.

The nine areas targeted by the Led programme are Mossel Bay, Montagu-Ashton, Plettenberg Bay, Beaufort West, Vredendal, Genadendal, Mitchells Plain, Guguletu and Atlantis.

Mr Ruitters said a profile of the population, including data on unemployment, age and economic activity was being drawn up for each area. Key growth industries in each area would be identified and skill

shortages evaluated. A Local Business Service Centre would be set up by the provincial government in each area to boost the capacity of small and medium businesses and help them to network with each other and with bigger business.

The Department of Trade and Industry (DTI) incentives to small and bigger businesses would be used to attract investment to these areas.

The target towns would also be marketed abroad, said Mr Ruitters, with representatives taking part in any trade missions overseas.

Experience had shown that this was a good way to attract foreign investment.

The LED programme would fit in with the DTI's plans for local industrial parks,

one of which is in Lansdowne-Guguletu, Mr Ruitters said.

Provincial Minister of Economic Affairs Chris Nissen said the LED programme was "an economic solution to urbanisation".

The movement of people into Cape Town was not only from the Eastern Cape but also from smaller towns in the Western Cape, he said.

"By developing towns like Vredendal, Beaufort West, Plettenberg Bay and other towns in the Overberg, we are looking for an economic, rather than a political, solution to urbanisation."

Mr Nissen said he would soon be able to announce a major foreign investment in Mitchells Plain, most of it from Malaysia.

(173)

AR 45 28/2/97

Sheltered jobs giving way to contract work at all levels

Contract workers, right up to CEOs, are in business in a downsizing world,

writes **MARCIA KLEIN**
ST(GF) 2/13/97

A FEW years ago, "temping" was the domain of secretaries. But changes in the way companies run their businesses, downsizing and new labour relations legislation have resulted in a burgeoning contract labour force right up to the level of CEO.

Ed Steins, managing director of Axis Interim Management, part of the Renwick group, says the international trend towards leaner and meaner companies has led many to fill management gaps by hiring interim managers or contract senior executives.

Steins explains that these differ from management consultants in that they control and direct resources and implement ideas. They are brought into a company for a limited period of time and with a clear mandate. Often they are brought in as a project manager for a specific project or as a stand-in for an executive who goes away for a few months. Sometimes companies want to try out a manager before creating a new position and some-

times they require an industry expert to steer the company through an expansion or to bed down an acquisition.

"We are finding that companies are shrinking to their core competencies and using contingent methods, like temps, outsourcing, employee leasing, consulting services and interim management to get things done," says Steins.

Previously, a company's workforce was a fixed cost, but with these methods, the size of the workforce can track the company's workload.

Steins says that at first, companies outsourced their "has-sles", like security, and then they started outsourcing information technology as it was moving so fast. But now they are outsourcing everything which does not form part of their core competencies.

International companies thinking of coming into the country often hire an interim manager to see if the business will work out or not.

The Labour Relations Act makes hiring and firing time consuming and expensive, so



PERFORMANCE ANXIETY . . . Ed Steins, who says money is earned for measurable work

companies are keen to hire people on a project basis. In addition to downsizing and restructuring, affirmative action has also had its effect. There is a scarcity of black people with top management experience and interim managers can be used as mentors in the development process until these people are up to speed.

Candidates are people who retired early, people who were

retrenched when companies were downsized, or top executives who prefer independence.

Steins says that since 1990, there has been a fivefold increase in the number of US companies using interim managers and there are no fewer than 10 000 interim managers active in the UK.

According to Fortune magazine, one in four Americans is now a member of the contin-

gent workforce — people who are hired for specific purposes on a part-time basis.

Fortune says that over the past two decades, Fortune 500 industrial companies have eliminated one in every four jobs they once provided.

It is predicted that by 2000 half of all working Americans, about 60-million people, will provide skills or services on a freelance basis.

Job creation concerns Cosatu

Reneé Grawitzky (173)

LABOUR expressed mixed reaction to the budget, with labour federation Cosatu saying although there were positive elements, it was concerned that government was not meeting targets set for job creation.

It said last night the effect of the targets set by government's growth, employment and redistribution strategy (Gear) "are now being clearly seen" as the budget would entail considerable cuts in public spending and further restrict the role of the public sector in transformation.

Despite this, Cosatu welcomed the increased allocation for pensioners and the decision not to increase VAT.

Cosatu general secretary Sam Shilowa said the federation would have liked to see increased taxation for the "super-

rich" and a capital gains tax.

The Federation of SA Labour welcomed government's intention to invest heavily in education but asked how government intended to spend the proceeds of privatisation.

Hospital Personnel Trade Union of SA official Albert Wocke said although his union welcomed the 9,5% increased allocation for health, in real terms this amounted to the same as last year if inflation was factored into the equation.

Although labour had anticipated a phased removal of exchange controls, it was surprised by the extent to which the regulations were revised.

Meanwhile, Labour Minister Tito Mboweni accepted a memorandum from students and public sector workers who marched on Parliament yesterday during the budget speech.

BD 13/3/97

Public works department to get 9.7% raise this year

Wyndham Hartley

(173)

BD 13/13/97

CAPE TOWN — The community-based public works programme had created 97 000 jobs since its inception two years ago, Finance Minister Trevor Manuel said in his budget speech.

Manuel announced that public works would receive 9.7% more this year. The increase translates into a R3,098bn allocation, excluding improvements in conditions of service for public servants.

Provision is made in the new budget for the completion of an "all-encompassing national register of state-owned fixed assets".

Manuel said that "under the auspices of the public works ministry, a fresh approach to the procurement of construction services has improved opportunities for emerging contractors and there is progress in promoting job creation on infrastructure projects".

He said the programme had seen a transfer to the provinces of

R150m, which had facilitated the launch of 391 projects and the creation of a large number of jobs.

The remainder of the original R250m allocation had been used "to fund an array of projects which employed some 97 000 people, 13% in sustainable jobs". The programme ends in May this year.

The Budget Review noted that public works was managing 12 pilot projects for the national public works programme, involving 19 contracts in all of the provinces.

Cosatu slams Budget's job creation 'failure'

(173)

But anti-poverty measures praised

AR 13/3/97

THABO MABASO
BUSINESS REPORTER

The Congress of South African Trade Union (Cosatu) has welcomed Finance Minister Trevor Manuel's maiden Budget but expressed strong reservations about some of its aspects.

Cosatu said in a statement that policies on deficit targets, monetary policy, trade and tariffs and exchange controls had a negative bearing on the Budget.

"We believe that the positive elements could have been strengthened and the negative aspects reduced if it had not been for rigid macro-economic targets set by Government, regardless of their social consequences," the statement said.

In spite of this criticism, Cosatu praised the Government's anti-poverty measures and the fact that value added tax had not been increased and that zero-rating on essentials had not been removed.

"The increase in old age pensions in line with inflation, or slightly higher, is welcome insofar as millions of poverty-stricken South Africans rely on this as their major source of income," the statement said.

The federation reserved its strongest criticism of the Budget for its lack emphasis on job creation.

"Cosatu has set job creation as one of two key components against which the success of the Budget and general economic policy is to be measured. The Budget speech fails this test dismally."

The partial removal of exchange controls also raised the federations ire.

"We have repeatedly warned that such steps may lead to huge outflows of capital, put pressure on interest rates and hamper domestic products, fixed investment and hence development and job creation," the statement said.

Speaking in Pretoria yesterday at a

National Union of Mineworkers congress, Cosatu secretary-general Sam Shilowa criticised the Budget for being confined to the the Government's strategy for growth, employment and redistribution (GEAR).

He said GEAR's policy on labour market flexibility would mean a restraint of workers' wages.

GEAR aims to have the economy growing at a six percent rate by the year 2000.

"Political democracy and transformation can only succeed if it is linked to a programme to eliminate poverty, create jobs, pay a living wage, transform the public service and invest in human capital," Mr Shilowa said.

"For us to co-operate with big business, international finance and the Government in implementing GEAR is like being told to dig our own graves - jump in voluntarily and then wait to have the earth thrown on top of us by the representatives of those interests."

Inspector shortage in labour department

ARL 15/3/97

(173)

Cape Town - The Department of Labour did not have enough inspectors to enforce standards, the department's director-general, Siphosiso Pityana, said yesterday.

Addressing the labour committees of the National Assembly and National Council of Provinces, Mr Pityana said that inspectors would have to play more of a back-up role and share responsibility for

maintaining standards with employers and employees.

His department would need additional resources from Government if it was to implement its goals.

The department was proceeding with its five-year programme, started in 1994, on the assumption that Parliament would vote it the appropriate funds, he said.

The labour relations budget would have

to be doubled to meet the demands of the new Labour Relations Act.

Mr Pityana said a reported loss of R10 million as a result of improper behaviour by department officials in the Western Cape was being investigated by the police.

The department had investigated the matter and did not believe that the amount reported by the media was accurate, he said. - Sapa

Economising on one's most abundant resource makes

Would an employment subsidy scheme help make SA's economy more labour absorbent? Samuel Bowles offers some answers

A RESERVOIR of productive potential in the SA economy is waiting to be tapped. Putting the unemployed to work is the closest thing to a free lunch likely to be found on the policy menu any time soon. Progress in this direction can be made if the right policies are adopted.

SA is losing the battle against joblessness. SA Reserve Bank data show that despite impressive growth of total output over the past four years, private employment has fallen substantially since 1990. Government employment has grown, but not by nearly enough to offset the sharp decline in private sector jobs. The much fretted-about "business climate" is not the culprit: in response to declining unit labour costs and soaring business operating surpluses, buoyant private investment has lifted the capital stock to historic highs.

Yet with each passing year more capital hires less labour: the new SA is replicating the capital-intensive and labour-shedding patterns of the old.

Two factors account for this. First, sectors differ dramatically in their labour absorption — Rlm of investment supports one hundred times as many jobs in the clothing sector as in the chemical sector for example — and relatively little investment has gone to the labour-absorbing sectors. Second, within each sector profit incentives have favoured job-destroying practices and technologies.

As a result, while labour productivity is rising strongly, capital productivity has continued its long-term decline. From the standpoint of macroeconomic efficiency this makes no sense: the SA economy is economising on its most abundant resource — labour — while squandering scarce capital, the opposite of what a reasonable economic strategy would encourage. Reversing this pattern would make a contribution to allocative efficiency and poverty alleviation.

But how? Policy makers have wisely reacted with scepticism to the predictable business mantra: wage reductions. They have been joined in this by a World Bank report which cautioned that such attempts might ignite a spiral of conflict in labour relations, undermining business confidence and thus proving self-defeating as an employment strategy.

It is difficult to fault the common sense proposition — amply supported by SA and international evidence — that in a globally competitive economy such as SA's, higher labour costs will discourage employment.

Rosy scenarios promising that wage increases can fuel job generation by boosting consumer demand typically downplay the dampening effect of wage increases on investment and net exports. Policy makers find themselves, then, in cramped quarters: if the destabilising and self-defeating

effect of wage cuts is the rock, then the employment depressing effect of wage increases is the hard place. The unions, too, find themselves short of elbow room: while needing to advocate for their members' pressing material needs, they can hardly ignore the plight of the jobless. Declining employment reduces union membership and bargaining power.

The challenge they both face is to find ways of reducing the cost of hiring labour while raising the living standards of workers.

The labour market commission recommended the labour department convene an internal working group to study employment subsidies as a way of reconciling these objectives. Here is how an employment subsidy might work.

Covered employers would receive a tax credit equal to a fraction of their wage bill for non-supervisory, non-professional workers. The effect would be to lower the cost of hiring labour without lowering the wage received by the worker, thus raising the demand for labour. The subsidy would apply throughout the economy contingent on employers meeting specified minimal labour standards. It could be financed by a tax on assets: a 1% wage bill subsidy would require about a 0,33% tax on assets.

The average tax rate on business would remain unchanged, the tax credits associated with the

subsidy equalling the assets tax revenues in the aggregate, thus meeting the stringent constraints that the proposal be both "tax revenue neutral" and "average after-tax profit rate neutral".

What effects might such a policy have? Because the average rate of profit (after taxes) would not change, there is no reason to expect a change in the total amount of investment. But the subsidy and tax would set up powerful incentives for a long-term redistribution of capital among sectors, tilting investors' choices away from capital-intensive sectors (where the assets tax would exceed the employment subsidy) to labour-absorbing sectors, where the wage subsidy would exceed the assets tax.

Because the labour-to-capital ratio differs so markedly among sectors, these incentive effects would be substantial: merely a 1% subsidy of the wage bill would raise the after-tax profit rate in the clothing industry by more than four percentage points, even after the assets tax is paid.

At the other extreme, the beverage and chemicals sectors would see their profit rates after taxes decline by one-fifth of a percentage point.

Most workers (about three quarters) currently work for firms that would be net beneficiaries of the policy; many of these workers would enjoy an enhanced bargain-

ing position with their employers. Within sectors, similar labour absorbing incentives would be set in motion.

For example, an employer wishing to expand production would find adding a second shift more profitable than installing more machinery; the effect would be to double the subsidy without increasing the assets tax. Capital productivity and employment would both rise.

A free lunch? Not quite. Any intervention in a poorly working market has costs, but for a well-designed employment subsidy these could be small relative to the output forgone as a result of joblessness. As proposed, the subsidy is simple enough to minimise both the administrative cost and the opportunities for wasteful and corrupt rent seeking. It thus need not repeat SA's dismal experience with regionally targeted labour subsidies.

That the subsidy would penalise some sectors while favouring others cannot be held against it. Indeed this is exactly the point — to favour labour absorbing sectors so as to stem the haemorrhaging of jobs. The labour market commission was right; it is time for a serious look at this approach to jobs.

□ Samuel Bowles is Professor of Economics at the Massachusetts University. He advised the SA Labour Market Commission and is currently a research scholar at the Development Policy Research Unit, Cape Town University.

(173) Bb 2/3/97

NO SENSE

Project aims to create needed jobs ⁽¹⁷³⁾

By Sowetan Reporter

Sowetan 18/3/97

A MASSIVE job-creation project, which also aims to combat crime and upgrade living conditions in Alexandra, has been launched in Johannesburg and Sandton.

Called Pro Jobs - Anti-crime, the project is a joint initiative of Build South Africa and the Alexandra Unemployed Residents Association.

The project claims to have the support of Business Against Crime, the Gauteng departments of safety and security, labour and welfare.

Said Build South Africa national director Dave Jackson: "We are all sick of crime and there is no doubt that better policing and tougher sentencing are part of the solution."

Opportunities

"But while almost half the residents of Alexandra are unemployed, crime isn't going to decrease. We've got to do something about creating jobs and giving people the skills to be able to do those jobs."

The project aims to create jobs in the private, public and small business sectors and it will conduct a survey on job opportunities among 5 000 companies to discover the kind of jobs for which vacancies frequently occur and what the training requirements for these jobs are. Based on the findings, placements and training services will be set up.

Unemployed

"When there's a vacancy, chances are that a person already holding down a job will be employed. It's very rare that a previously unemployed person is drawn into the labour market."

And the longer people stay unemployed, the less chance there is that they will ever be employed. They lose skills and confidence while sitting on street corners," Jackson said.

He appealed to the business community to register as corporate sponsors and individuals to make a "kickstart" donation to the project.

Pro Jobs - Anti-crime can be contacted at (011) 883-0998.

Job creation still a drop in an ocean of need

CT(BR) 19/3/97 (173)

ROY COKAYNE

Pretoria — The goods-producing sectors of the economy — agriculture, mining, construction, manufacturing and electricity — reported a net job loss of 22 400 in 1995 and, excluding agriculture, 53 900 jobs were lost in the first half of last year, the National Productivity Institute (NPI) said yesterday in its annual report.

The NPI said employment growth in the private formal economy of 0,2 percent in 1995 represented about 11 400 jobs and fell far short of the estimated 400 000 job seekers who entered the job market annually. "It is even further removed from the 500 000 jobs foreseen by Gear (the Growth, Employment and Redistribution plan)," it said.

The NPI said only the private economy could create jobs continuously on a sustainable basis as the state depended on the private sector for its income and was

therefore limited by private-sector growth.

It said the largest percentage declines in employment in 1995 occurred in the construction sector (1,9 percent, or 8 000 jobs), followed by the mining sector (1,8 percent, or 10 800 jobs) and the agricultural sector (0,9 percent, or 7 600 jobs).

The NPI said the wholesale and retail trade sector created the largest number of jobs in 1995 at 15 000, followed by the finance sector with 10 700 new jobs.

But it said the increases of 1995 were not sustained during the first half of last year when the largest number of jobs (37 500) was created by the government, followed by the manufacturing sector with 16 300.

The institute said this gain was eliminated by large losses in the mining sector (37 300) and the construction sector (33 200) and a net loss of jobs in the main sectors, excluding agriculture.

Support for campaign aimed at creating jobs in Alexandra

By ANNA COX
Sandton Bureau

A project aimed at creating thousands of jobs in Alexandra has been launched as a joint initiative of Build South Africa – a non-governmental organisation – and the Alexandra Unemployed Residents' Association.

This follows startling revelations that half of Alexandra's residents are unemployed and that up to 3 000 people a day report daily to the Department of Labour in Marlboro looking for work.

The project, called Pro Jobs, Anti Crime, has the support of Business Against Crime, the Eastern Metro Council, and the Gauteng departments of safety and security, labour and welfare.

It will investigate using the unemployed in the private, public and small-business sectors.

Project co-ordinator Dave Jackson said: "We are all sick of crime and there is no doubt that better policing and tougher sentencing are part of the solution. But, while there is unemployment, crime is not going to decrease. We have got to do something about creating jobs and giving people the skills to be able to do those jobs."

The campaign will start by doing a sur-

vey of the 5 000 companies in the northern suburbs to find out which vacancies most frequently occur and what the training requirements are. Based on this, training and placement services will be set up.

The project has five main aims: to create jobs, to combat crime, to control illegal immigrants, to upgrade living conditions in Alexandra and to provide for the desperate needs of the unemployed.

Jackson said almost every vacancy currently in the job market was filled by someone who had already been working. It was very rare that previously unemployed people would be drawn into the labour market, he said. And the longer people stayed unemployed, the less chance there was that they would ever be employed.

The project would also explore ways the unemployed could improve security and policing. Jackson said many property owners in Sandton had expressed willingness to recruit and train unemployed people to patrol the streets and parking areas. Others could be used to do administrative work in police stations, freeing policemen to be on the streets.

Pro Jobs Anti Crime is appealing for individual donations or for companies to become corporate sponsors. For more information, call (011) 883-0998.

Star 20/3/97

(173)

Jobless wait in the queue as employed work harder

AMID the optimism generated by this month's Budget, it is easily forgotten that the ANC government is failing the country's jobless.

Finance Minister Trevor Manuel admitted in his Budget address: "Growth without job creation does not address the challenges we face. Job creation is the one area lagging behind the targets we set ourselves in the macro-economic strategy last year."

The economy has experienced relatively strong growth since late 1992 and has been given renewed momentum by recent investor confidence and signs that the Reserve Bank will relax monetary policy later this year. Yet it seems no matter how strong the economy is it does not translate into job creation. In its latest Quarterly Bulletin the Reserve Bank noted worryingly: "A somewhat disquieting aspect of longer-term employment trends in the SA economy is that the number of job opportunities created during an economic recovery is getting smaller with each successive recovery."

The figures confirm this trend. Total employment in the formal sector has increased only once since 1989 when it rose by 0.7% in 1995. In the first three quarters last year employment fell an annualised 3.9%, 1.1% and 1.4% respectively. In real terms this means employment fell by a further 75 000 in the first nine months of last year, mainly in the mining, construction and manufacturing sectors. Employment in the public sector — ostensibly committed to job cuts — grew by almost 50 000 over the same period. Seen against the background of about 300 000 new school leavers entering the job market every year, this trend is nothing short of catastrophic. Certainly, it makes the targets espoused in Manuel's macro-economic strategy — gradual-

Despite a growing economy and positive sentiment, jobs are not being created, writes SVEN LUNSCHKE

(173) ST(MT) 23/3/97

ly raising the job-creating capacity of the economy to 400 000 a year by 2000 — appear to be wishful thinking. The government seems at a loss on how to explain, never mind solve, the crisis. Rising unemployment has come at a time when new investment is improving at average yearly rates of about 8% over the past three years.

Most economists find the answer in an inflexible labour regime. "It's quite simple," says a senior banking economist, "once you hire workers it is virtually impossible to get rid of them in lean times. The options are to invest in technology and machinery and make your existing staff work harder."

The Reserve Bank confirms that 1996 witnessed strong productivity growth. Real output per worker increased by 3.3% in 1995 — its highest level since 1970 — and rose further by around 3% in the first three quarters last year.

In an interview after the Budget, Manuel was adamant that

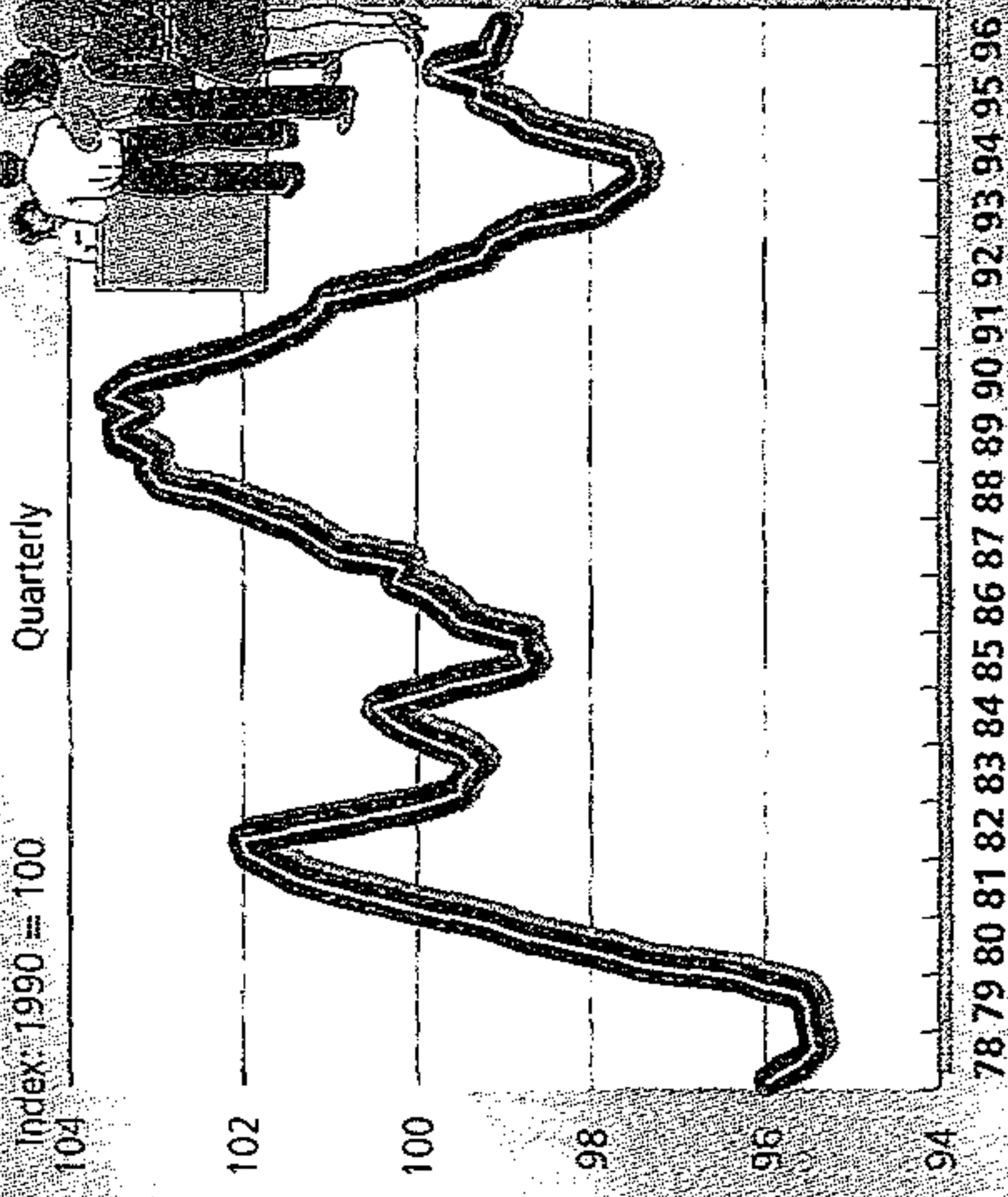
the labour relations regime was flexible enough to facilitate job creation. He was also confident that the solution to the job crisis remained strong and steady economic growth.

He believes that new jobs will flow from the recovery of the manufacturing sector, particularly its newly found enthusiasm for the export market. The easing of foreign exchange controls was a significant step in enabling SA corporations to expand in overseas markets.

The second pillar of government's job-creating strategy was a focus on infrastructure development, says Manuel. Apart from the public works programme, which created 70 000, mostly temporary jobs last year, this strategy includes an 8% increase in the capital budgets of the entire public sector (including local authorities) for 1997/98, and facilitating regional development initiatives such as the Maputo Development Corridor and the Coega Industrial Initiative.

Manuel refrained from introducing new supply-side incen-

NON-AGRICULTURAL EMPLOYMENT CYCLE



NON-AGRICULTURAL EMPLOYMENT CHANGES

Quarter-to-quarter change at seasonally adjusted annual rates

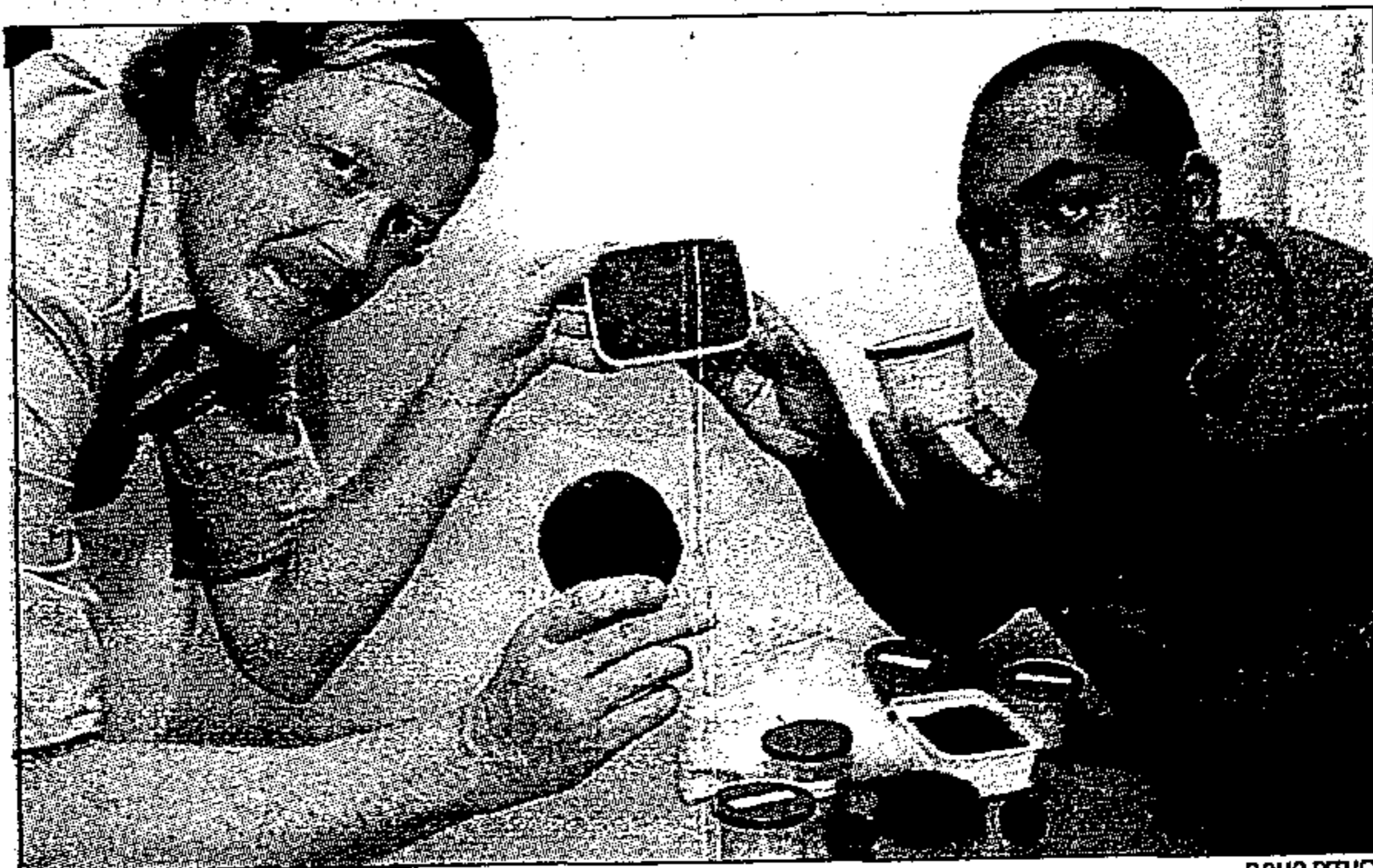
	PUBLIC AUTHORITIES	PRIVATE SECTOR	TOTAL
1995: 1st quarter	0.9	1.8	0.2
2nd quarter	0.7	0.9	0.8
3rd quarter	0.5	1.6	1.3
4th quarter	6.6	-0.6	1.7
1996: 1st quarter	0.2	-5.8	-3.9
2nd quarter	4.0	-3.6	-1.1
3rd quarter	1.1	-2.8	-1.4

Graphic: HONIA KRISCH
Source: SA RESERVE BANK

tives in the Budget, pointing out, rightly, that the take-up rates of existing incentives was "abysmally low". For example, the recently introduced tax holidays for labour-intensive investments have apparently attracted few applicants.

Finally, Manuel questions the statistical base of the unemployment statistics. He argues that until more thorough

figures are available "the jury on the jobless stats will remain out". This line of thinking, also argued by other Ministers, is unfortunate. The Central Statistical Service's official unemployment rate of 29%, which is by all accounts a conservative estimate, ranks us close to last among countries which consider themselves newly developing nations.



DOUG PITHEY

Nature's course: André Linkson, left, and Arnold Schoeman with their seaweed products

Seaweed scheme to aid homeless, unemployed

ARG 24/3/97

(173)

LENORE OLIVER
STAFF REPORTER

Two young men, touched by the plight of the homeless and unemployed, have devised a novel way of contributing to help solve both social problems – and they have been asked to tell a committee in Parliament about their ideas.

Arnold Schoeman and André Linkson have suggested that the seaweed lying on West Coast beaches should be collected and processed – by a method they have devised – into cattle feed and spices.

They have been given permission by the authorities to gather all the seaweed on the coast between Milnerton and Saldanha for their project and are negotiating with other coastal municipalities.

“During a holiday in Melkbosstrand I thought about the poverty and unemployment in Cape Town and while walking on the beach one day I picked up a piece of seaweed and the idea just grew from there,” said Mr Schoeman.

The seaweed is dried, ground and then used as herbs and spices. Molasses is added to the ground seaweed to make feed blocks for cattle.

A small amount of spice extract is added to the ground mixture and spices such as garlic, barbecue and meat tenderiser are produced.

“The gathering of the seaweed will create jobs and the money made from the seaweed products will be put back into the community in the form of soup kitchens and places of shelter,” said Mr Schoeman.

For more information call Mr Schoeman at 591 478.

New break for hard to hire earners

(173) CT(BR)25/3/97

MPHO MANTJIU

Johannesburg—The department of trade and industry (DTI) has set aside millions of rands for business skills training and providing financing to rehabilitated prisoners and people with disabilities, Sizwe Tati, the chief executive officer of Khula Enterprise, said yesterday.

Khula is the body set up by DTI to empower the underprivileged to participate in the country's economy. It works jointly with the department of welfare to rehabilitate and empower prisoners to become self-employed when released.

Tati said job creation for these people was imperative, as finding employment in the established job market would be almost impossible for them.

Tati said Khula had decided this year to start providing finance to people with disabilities, who were more reliable and accounted for a significant segment of the educated people in the country.

For instance, Khula has provided funds to a non-government organisation, the Medunsa Organisation for the Disabled (Mode), to start its own retail finance company.

This move allows the 2,3 million South Africans with disabilities to gain access to finance lending facilities for the first time.

Vivian Zwennis, the development head at Mode, said the programme would also provide capacity building training and vocational rehabilitation to ensure that businesses started by these people would be sustainable.

She said that, following painstaking negotiations with commercial banks, which were not prepared to compromise on interest rates and standards, Mode approached Khula, which helped to set up the retail lending facility and infrastructure.

Khula also provided finance to establish a bank, Karabo Finance, so that people with disabilities could borrow start-up finance without collateral.

Zwennis said the bank would begin operating from the end of May this year.

SATURDAY BUSINESS

MARCH 29/30 1997

Tito OKs accord to boost job creation

Presidential summit this year

ARLT 29/3/97

(173)

ALIDE DASNOIS
BUSINESS EDITOR

Minister of Labour Tito Mboweni has given the green light to preparations for a national accord on wages and prices which would bring business, labour and the Government together in a bid to boost job creation.

In a wide-ranging interview with the Cape Argus this week, Mr Mboweni said the "national social agreement", first mooted by the Comprehensive Labour Market Commission in June last year, would be a common programme of action on employment.

Wage moderation would be one element of the programme, he said.

But business would be expected to bring to the table concrete proposals on investment and pricing and ways to avoid the shedding of jobs.

"It will not be a matter of coming to have a cup of tea or a nice dinner with Nederburg auction wine, and then going away," he said.

Mr Mboweni criticised businesses

'The trade unions must also bring something to the table, not just make demands'

which lobbied for tax cuts, better incentives and more subsidies "and then leave the meeting and announce price increases".

"And the banks go and raise interest rates without any discussion of the impact on people's standard of living and the effect on wages and prices."

Mr Mboweni said the Government would have to offer proposals for the social wage component.

Government and the parastatals - "which are still part of the Government in this respect, let's not make a mistake about it" - would have to make promises about

housing, social service delivery, education, health, water and electricity.

Business would be expected to offer detailed proposals on how many jobs could be created under differing conditions he said.

"The trade unions must also bring something to the table, not just make demands on business and the Government."

Union suggestions on job creation could include job-sharing schemes, for example, Mr Mboweni said.

The Government's employment strategy would be tabled at a presidential summit on job creation towards the end of the year, in line with recommendations by the Labour Market Commission.

The commission recommended that impetus for the accord come "from the highest level of political leadership", suggesting the authority of the president be called on to underline the urgency of a common programme to tackle unemployment.

It also suggested that the appropriate place for the negotiation of the accord was the National Economic Development and Labour Council (Nedlac).

City's levy 'in line with constitution'

Deborah Fine

THE imposition of a R438m levy on the eastern metropolitan substructure, which governs Sandton, to subsidise substructures governing Soweto was a lawful action taken by the greater Johannesburg metropolitan council to upgrade disadvantaged areas in line with constitutional principles, the city's High Court heard on Friday.

The submission was made by senior advocate Clive Cohen, representing the greater Johannesburg metropolitan council and its eastern, northern, western and southern substructures.

The five structures, recognised collectively as greater Johannesburg's local government, were in court to oppose an action by a group of Sandton commercial property owners who have alleged that the levy, as well as an increase in Sandton's assessment rates by up to 385%, was unlawful and unconstitutional.

Cohen said it was important to remember that the constitution was "a bridge between the inequality and the injustices of apartheid and a future in which

men and women of all races can equally enjoy fundamental rights and freedoms and development opportunities".

The constitution had ascribed a particularly important role to equality, both as a good in itself and as a powerful tool of national reconciliation and construction. It also recognised that past inequalities had to be redressed before equality could be achieved.

One of the cornerstones of the property owners' application was that the imposition of a levy to subsidise the western and southern substructures had constituted an unlawful administrative action because the metropolitan council had not been empowered by either the constitution, the Local Government Transition Act or statutes flowing from the act.

A proper interpretation of the act and statutes in line with constitutional principles and provisions would reveal, however, that the metropolitan council had been perfectly within its rights to impose the levy, he said.

The Local Government Transition Act acknowledged the need to move from "the disparities of the apartheid city to an equitable sys-

tem," Cohen said.

Cohen also addressed the property owners' claims that the levy was unlawful because it had not been based on gross or rates incomes as stipulated by statute, and that Sandton assessment rates had been deliberately inflated to 6,45c in the rand to create an artificial surplus to fund the levy.

Describing the claim as a "mischaracterisation" of the budgetary process, he said the rate was introduced throughout the Johannesburg metropolitan area in line with the principle of uniformity. Using this rate, a budget was prepared for the eastern substructure in which its total estimated income was based on income arising from assessment rates as well as other sources.

The eastern substructure had shown a surplus — made up from rates and other sources — which the metropolitan council was entitled to extract as a levy to subsidise the western and southern substructures. The levy was based on the substructure's gross income and was thus within the law.

The local government bodies will continue their argument today before Judge Ezra Goldstein.

Local govt told of responsibility in job creation

Jacob Dlamini

LOCAL government would have to get involved in strategies aimed at stimulating local economies to generate sustainable jobs, National Business Initiative executive director for provinces Henry Jeffreys told a Masakhane workshop in Johannesburg at the weekend.

Jeffreys said the time had come for local government to get involved in economic development initiatives to assist households to raise the income they needed to pay for services.

Jeffreys said local government was confronted with increasing demands for effective delivery of services while high levels of unemployment made it difficult to claim

the money needed for the services.

Jeffreys said local economic development could be backed by a series of measures such as:

- Carefully examining ways of delivering infrastructure and essential services cost-effectively;
- Creating an enabling regulatory environment via by-laws;
- Improving the tendering procedures by making them simple;
- Seeking opportunities to create beneficial links with local and international partners and;
- By offering a well structured incentives package through rates, capital and land.

"The creation of jobs is probably one of the best remedies for the problems the Masakhane campaign is trying to resolve. Local

government can no longer... look at national government policy alone to generate jobs and incomes in their communities."

National Economic, Development and Labour Council (Nedlac) executive director Jayendra Naidoo told the workshop Masakhane was about the creation of a new consciousness and the transformation of people's lives. However, the one could not be achieved successfully without the other.

Naidoo said only through partnerships between government, business, labour and communities could Masakhane achieve its aims of improving the lives of people.

Gauteng officials, and representatives of Nedlac, civic organisations and business attended.

Silence is deafening on urgent jobs summit

CT (Be) 8/4/97

(173)

FRANÇOISE BOTHA

Johannesburg — The presidential jobs summit proposed nine months ago by the labour market commission looks dead in the form in which it was envisaged, Colin Douglas, the parliamentary affairs manager of the South African Institute of Race Relations, said yesterday.

The summit was proposed as an urgent priority to forge a social partnership to regulate wages, prices and investment. It was an employment-orientated alternative to fiscal austerity. However, Douglas said the cabinet would strip it out and convene a job creation conference that would fall short of the commission's original purpose of forming an economic accord.

"Government's silence on the job summit proposal has been deafening," Douglas said.

"Although it was supposed to be an urgent priority, nothing visible has come of it yet.

"It is also clear that Gear (the growth, employment and redistribution plan), which came out at more or less the same time, has committed government to fiscal and monetary discipline."

The commission, which was



CRITIC *The Institute of Race Relations' Colin Douglas*

appointed by Tito Mboweni, the labour minister, to assess labour market conditions, recommended that Nedlac be given the power to regulate wages, prices and the level and composition of investment affecting labour, bringing together the interests of business, government and labour.

According to weekend reports, Mboweni has endorsed the commission's proposals, saying that a jobs summit would be held towards the end of the year.

A spokesman for Mboweni said that no formal decision had been taken yet.

□ Personal View, Page 2

Parsons wants laws tested for labour flexibility needs

Reneé Grawitzky

GOVERNMENT's job summit later this year would have to test if future labour legislation was compatible with the growth, employment and redistribution strategy's (Gear's) goal of moving towards a flexible labour market, the SA Chamber of Business (Sacob) said yesterday.

Addressing the Sandton Chamber of Commerce and Industry yesterday, Sacob's director-general Raymond Parsons said this "test" was crucial if SA was to meet its employment targets, which had been one area of Gear where detailed implementation plans had not been provided.

He said the proposed

(173) (173) employment standards bill would be "an acid test of the measure of commitment of government to the objectives of Gear regarding employment creation."

When the green paper on employment standards had originally been tabled business had expressed its reservations on its cost implications. Parsons said it was government's duty to measure each piece of existing and future legislation against the objective of large scale job creation in the formal economic sector.

SA's labour absorption rate was still a concern, he said, but high economic growth was no guarantee for high levels of job creation.

BD 10/497

Jobs should be test of labour law, says Parsons

(102)
(173)

FRANÇOISE BOTHA

CT(BE) 10/4/97
Johannesburg — All future labour legislation should be tested against the government's growth, employment and redistribution (Gear) strategy if South Africa was to meet its employment targets, Raymond Parsons, the director-general of Sacob, said yesterday.

Parsons told the the Sandton Chamber of Commerce and Industry's annual general meeting, that employment was the one pillar of the overall economic policy where failure could have serious socio-economic and socio-political consequences for the country.

"The need to address labour market flexibility is crucial to creating new jobs ... and a high economic growth rate is no guarantee for high levels of job creation — a reality well illustrated by the jobless growth rate of the past year or two," he said.

Parsons said incorrect handling of the labour market could also effect investment in labour intensive sectors, resulting in no or few new jobs being created.

He said it was government's duty to measure each piece of existing and future labour legislation against the objective of large-scale job creation in the formal economic sector, he said.

Parsons also criticised the skills levy, proposed by government, as a "one size fits all" model, which took little account of sectoral differences, the ability of business to pay or the needs of individual enterprises.

Taking a hands-off approach to job creation

(173) 00114197

IN THE face of mounting pressure, SA's politicians appear to be avoiding taking responsibility for job creation and are trying to pass the buck.

Creating significant numbers of jobs is not a short-term task and requires the development and implementation of clear, co-ordinated national strategies.

Government's growth, employment and redistribution strategy (Gear) is such an initiative, designed to "catapult" the SA economy towards economic growth that could draw greater numbers into the formal labour force. A year down the line, a number of core elements of Gear are being implemented: managing the deficit, relaxing exchange control, reducing tariffs and speeding up state asset restructuring.

However, one of its weaknesses has been a failure to meet employment targets.

As the focus turns to jobs, government ministers seem reluctant to take responsibility for a task which appears unachievable in the short term — especially just two years before an election.

Public works appears ambivalent; labour says it alone is not responsible; finance is concentrating on the deficit; public service and administration continues to pursue right-sizing (which has become problematic), and the voice of trade and industry is not being heard loudly enough.

Labour Minister Tito Mboweni is correct in saying his ministry is not solely responsible for job cre-

ation; that this spans a range of departments and ministries.

Who in the SA government is responsible for job creation, and why is it not happening at the required rate? asks labour reporter **Reneé Gravitzky**

The finance department could well argue that Gear's job creation targets are not being met because of the implementation of policies by other ministries which could act as a disincentive to job creation, such as labour's proposed employment standards legislation which employers argue will raise employment costs still further.

Could this then be one of the reasons finance has raised concerns about the planned legislation — scheduled to be tabled in cabinet next Wednesday? Speculation is that finance wants to squash the bill, and it and other departments have raised questions as to the costs to government and the effects on service delivery and job creation.

In accordance with Gear, finance has concentrated on fiscal management and has tried to curb criticism of the strategy. Sources say the Development Bank of Southern Africa was told not to do any critical work on the model, while pressure was put also on an ANC economic think-tank.

Finance — and government — believed at the time that the best way to handle differences over the strategy was to close ranks and present a unified front, for fear foreign investors would run scared. What were the consequences of stifling debate?

Creating jobs is a national concern and should be discussed openly. Questions have not been asked about how Gear's job creation targets will be achieved and whether the targets are realistic.

Samuel Bowles, economics professor at Massachusetts University, said on a recent visit to SA that he was struck by how little constructive discussion there was about jobs and "how few constructive policies are being put in place to address it. I suspect this may be the result of the fact — true everywhere — that the unemployed have little voice politically."

Ironically, the finance ministry and International Labour Organisation official Guy Standing, who co-authored a recent ILO report on the SA labour market that found it to be relatively flexible, agree that more jobs are being created than are being recorded, especially in service and related sectors such as tourism. If that is the case, it should become a key objective to record them.

The spotlight is now on Mboweni's policies — whether they are compatible with Gear, internally consistent, or act as a disincentive to job creation.

Mboweni unveiled his five-year plan in 1995, prior to the drafting of Gear, and proceeded to implement it, with the first target being the new Labour Relations Act. Subsequent to enactment, the

Labour Market Commission report recommended that certain contentious clauses relating to flexibility be amended.

Mboweni's plan, aimed at achieving a high degree of social justice for workers, which is admirable, could now flounder in the face of a commitment to fiscal restraint and the implications of

raising labour costs.

So, the labour ministry could well be feeling under pressure, and its sensitivity to recent public criticism would seem to indicate so. Insiders certainly believe it is being unfairly singled out for blame on the job creation issue.

Public debate during the initial round of negotiations on the em-

ployment standards bill last year was limited because negotiations were shrouded in secrecy after negotiators undertook not to talk to the media. The debate is only now starting up.

Economists are divided on whether employment is adversely affected by wage increases, with some claiming there is no inverse relationship between wages and employment. Research conducted on behalf of the Labour Market Commission found that a 10% increase in wages could result in a 7% decrease in employment.

Researchers warn that these findings relate only to manufacturing, with constant production, and say a distinction must be drawn between labour costs and union-negotiated wages, as the former includes management salaries.

Where does this leave the job creation debate?

Government is pinning its hopes on a "presidential job summit" later this year which is intended to lay the basis for an accord on employment and growth. Observers and consultants, however, are sceptical and suspect the outcome will be "nice words and good intentions".

To give the lie to this scepticism, government needs to carefully hone its strategy and allocate specific tasks and responsibilities.

However, the job market does have other players — labour itself, and business. They, too, cannot escape responsibility for working towards growth in employment.



Fingers are being pointed ... Labour Minister Tito Mboweni.

No implementation plans for job creation ⁽¹⁷³⁾

Source: 11/4/97

IF SOUTH AFRICA is to meet its employment targets, future labour legislation would have to be tested against the Growth Employment and Redistribution Strategy (Gear), South African Chamber of Business director-general Raymond Parsons said this week.

Speaking at the Sandton Chamber of Commerce and Industry's annual general meeting on Wednesday, Parsons said while the objectives of a more flexible labour market and large-scale job creation over the next few years were contained in Gear, it was unfortunately also an area in which detailed implementation plans were not provided.

The labour absorptive capacity of the economy, said Parsons, continued to be a major concern in South Africa.

"The need to address labour market flexibility is crucial to creating new jobs in an environment where the stripping of protective barriers has already contributed to labour shedding," said Parsons.

"Incorrect handling of the labour market will have negative effects on the current levels of employment and levels of investment," he said.

He said a high economic growth rate was no guarantee for high levels of job creation - a reality well illustrated by the jobless growth of the past year or two.

The draft Bill on employment standards would be a test of the measure of commitment of Government to the objectives of Gear regarding employment creation.

Midrand project to create 4 000 jobs

By Shadrack Mashalaba

MORE than 4 000 permanent jobs are expected to be created by Old Mutual Properties' R3-billion shopping and family entertainment development planned for Midrand before the end of the year.

Old Mutual Properties, the property arm of assurance giant Old Mutual, expect the construction of the 65-hectare Zonk'izizwe (All Nations) project, as the shopping resort will be called, to resume later this year and it is expected to involve foreign participation.

The company says the project expects to create about 6 000 job opportunities during the construction phase. Once completed, an additional 4 000 permanent jobs will also be created.

The project will be situated next to the N1, adjacent to the land stretching from Grand Central Airport to the existing Midrand Town Centre.

During the presentation in Johannesburg at the weekend, Old

Sowetan 15/4/97 (173)
Once completed, Zonk'izizwe will be hub and focal point of dynamic area

Mutual assistant general manager Ian Watt said that the project would have both internal and external spin-offs.

"Once completed Zonk'izizwe will be the hub and focal point of a dynamic area. The project is a millennium initiative which has very few equals globally," he said.

He added that the complex would be aimed at South Africans as much as the tourist market.

Host of options

It would be a 24-hour operating point, providing a host of options for shopping, dining, entertainment and a variety of leisurely activities, said Watt.

The complex, approximately three times the size of the Sandton City precinct, will not include the construction of a casino, "but if it will act as a stimulus then we might consider it",

Watt argued.

The complex is ideally located between Johannesburg and Pretoria.

Midrand is one of the fastest growing cities in the world. Over the last few years the city has invested R100 million in infrastructure projects.

Thirty two hectares of land will be used to build restaurants, retail shops and two hotels. About 22 hectares has been set aside for an amusement and water park, a separate park and residential area with 600 apartments and a business park of approximately 60 000 square metres.

The remainder of the land will house three lakes and a business park.

Watt said an additional 30 hectares of land adjacent to Zonk'izizwe had been set aside for Midrand's Parliamentary bid.

"We will be looking at involving as many parties as possible," he added.

Bureau expects growth, but prospects for the unskilled remain dim

Jobs prospects to improve ⁽¹⁷³⁾

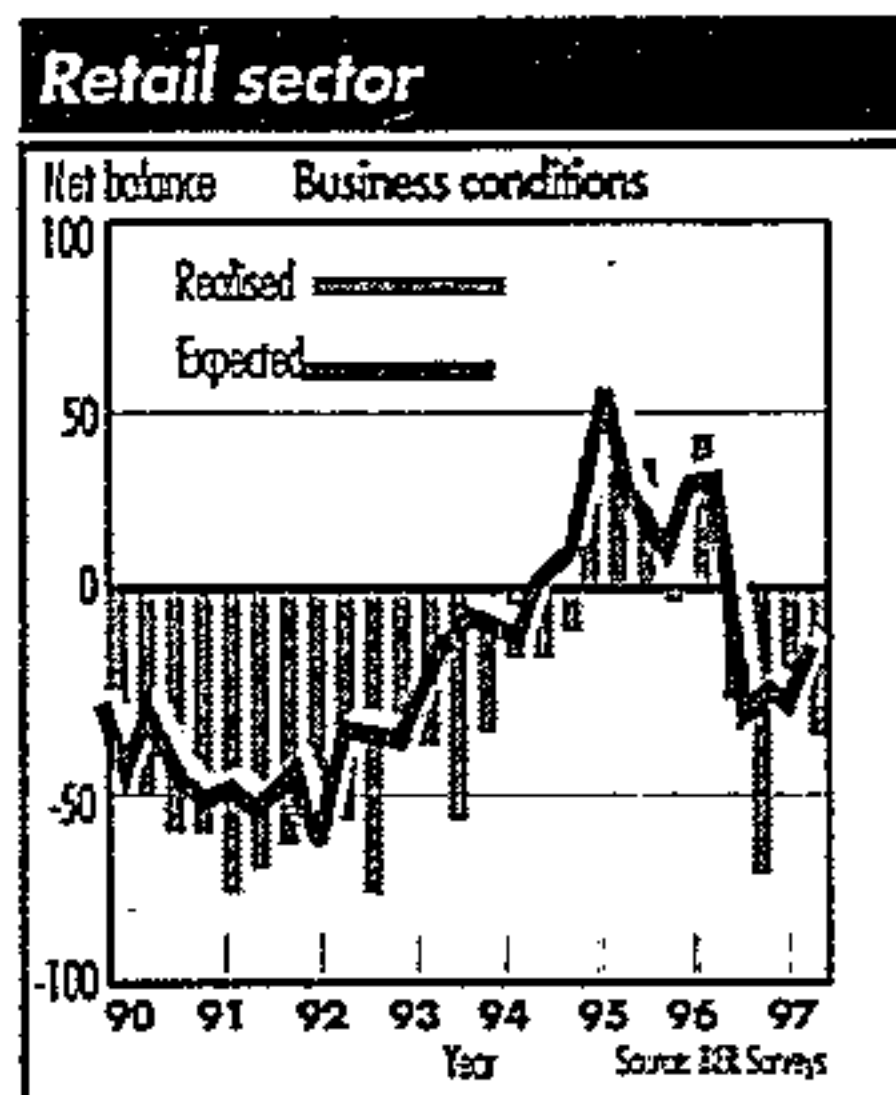
AUDREY D'ANGELO

Cape Town — Employment is likely to start improving in the second half of the year, rising 0,5 percent for the year and reversing the falling trend, George Kershoff, an economist at Stellenbosch's Bureau for Economic Research, said yesterday.

"I think we can expect a continuing decline in employment until the second half of this year, but prospects after that are positive. We can expect a 0,5 percent growth in employment in the second half of this year.

"Unfortunately, the labour force is growing at a rate of 2 percent, so there is little prospect of work for unskilled, unemployed people," Kershoff said.

But he said a growing tendency to subcontract work to people



in the "semi-formal sector", such as the maintenance of university gardens, meant that many had a "fairly secure income".

Kershoff, whose report on a quarterly survey of retailers, wholesalers and motor dealers, would be released later today, said the strengthening of the rand during this year had resulted in

renewed imports of industrial machinery.

He said unlike heavy imports of machinery last year, which were intended for huge new projects, the new imports were aimed ideally at increasing the production capacity of existing manufacturers.

Individuals at the Industrial Development Corporation and the Development Bank of Southern Africa shared his opinion that this would lead to an increase in employment in the second half of the year.

Kershoff said although some manufacturing sectors in South Africa had been hit by competition from imports, others had found niche export markets in Britain, Germany, Japan and other African countries.

"Our manufacturing exports have performed very well in

CT(OR) 16/4/97
Africa north of the Sahara. There have been huge rises in exports to some countries.

"Labour productivity in South Africa has risen strongly in the past few years, although it has been at the expense of employment. It seems as though companies that retrenched people in recent years, retained a core of their most productive workers."

Kershoff said he thought the improvement in manufacturing productivity resulted from international competition.

He said prospects for retail sales were "not particularly rosy" until the fourth quarter. He thought people were consolidating their position after the surge in credit buying last year.

A growth in sales of used cars was helping to compensate for a drop in demand for new cars.

Cosatu undecided on jobs talks

Reneé Grawitzky

THE Congress of SA Trade Unions (Cosatu) has yet to decide whether it will take part in the proposed presidential job meeting later this year.

Cosatu general-secretary Sam Shilowa said this week the federation's participation depended on the meeting's agenda and broader objective. Cosatu did not want the meeting to become a talk-shop, and at the same time "it should not undermine discussions within the National Economic, Development and Labour Council (Nedlac)".

This view was expressed during a news briefing on resolutions adopted at the federation's biannual central executive committee last week.

The committee addressed a wide range of policy issues from a macroeconomic strategy, productivity, workplace reorganisation

and organisational challenges, to a social security policy conference in May. The policy conference would address questions on a social wage, Cosatu's position on job creation and the state's role in job creation.

Shilowa said this conference was not necessarily in preparation for the jobs meeting.

Cosatu's alliance discussion document released late last year, which sought ways of rebuilding the alliance, was also discussed. Shilowa said the document raised a number of issues which were already Cosatu policy, while other issues had not been adopted as Cosatu policy, such as what constituted a social wage.

The document proposed an alliance accord to effect delivery on a range of Cosatu demands, some of which had been included in labour's social equity document published last year.

BD 17/4/97 (173)
Cosatu's assistant general secretary Zwelinzima Vavi said this document had been discussed at the alliance summit on Friday, but due to time constraints had been passed on to a six-man committee to formulate a joint paper for discussion at the June meeting.

The central executive committee also took stock of the organisation's strengths and weaknesses and adopted strategies to assist those affiliates experiencing organisational problems, such as the Construction and Allied Workers' Union.

Shilowa discussed also labour's interaction with the Commission for Conciliation, Mediation and Arbitration.

He said commission staff were contemplating amendments to the new Labour Relations Act which should be opposed, as any amendments should be initiated by the governing body.



CLEAN-UP: Hendrina Arends and companions oversee the burning of rubbish at Sun City, Sir Lowry's Pass. They are involved in a scheme similar to one envisaged for city townships. Arends, previously unemployed, says her income is "a big help". PICTURE: ALAN TAYLOR

Union slams contract work plan for jobless

ET 21/4/97 (173) (174)

A TOWNSHIP battle is raising a stink as 18 000 households wait for their first-ever door-to-door refuse removal service to get going.

Firmly behind the job creation scheme is the Ikapa Town Council and the ANC, backed by local government MFC Mr Peter Marais —

Ikapa townships' current refuse removal service uses skips. The huge metal containers are left on street corners until filled by residents, and are then removed.

The planned job creation project will cost R1 million and be free to residents, although they will be



CLEAN-UP: Hendrina Arends and companions oversee the burning of rubbish at Sun City, Sir Lowry's Pass. They are involved in a scheme similar to one envisaged for city townships. Arends, previously unemployed, says her income is "a big help".

PICTURE: ALAN TAYLOR

Union slams contract work plan for jobless

A TOWNSHIP battle is raising a stink as 18 000 households wait for their first-ever door-to-door refuse removal service to get going.

Firmly behind the job creation scheme is the Ikapa Town Council and the ANC, backed by local government MEC Mr Peter Marais — and solidly against it is the influential South African Municipal Workers' Union (Samwu).

Samwu objects to the low "wage" offer of R750 per person in the scheme and refuses to support the plan to recruit jobless people to *the Clean and Green campaign on year-long contracts.*

It wants the work to go to Samwu members — permanent council employees.

Mr Robert Adams, secretary of the Cape Town branch of Samwu, said R750 was less than half what a municipal worker should earn.

Ikapa townships' current refuse removal service uses skips. The huge metal containers are left on street corners until filled by residents, and are then removed.

The planned job creation project will cost R1 million and be free to residents, although they will be expected to continue to pay existing municipal "flat" rates.

Marais accused Samwu of having a political agenda unrelated to the best interests of workers or the unemployed.

"Samwu speaks for the few who have jobs and not for the many jobless," he said.

Marais said the union was pushing the ANC to pass a law making municipal workers' overtime 1½ times the usual rate, and suspected that this was behind their opposition. — Staff Writers

BD 23/4/97
360 'affirmative' contracts awarded
(173) (278)

MALMESBURY — Nearly 360 contracts worth R182m had been awarded by the public works department to affirmative business enterprise construction firms in the past eight months, Public Works Minister Jeff Radebe said yesterday.

The department had awarded a total of 744 contracts worth R488m in this time, he said at the launch of the Malmesbury prison and housing project through which "we have achieved a participation goal of 38,8%".

The policy, developed and monitored by a task team and the department, aimed to involve small and medi-

um-sized enterprises owned and controlled by previously disadvantaged people.

Main contractors had to subcontract portions of their contracts, obtain supplies and materials from affirmative business enterprises, engage affirmative business enterprise professional, technical or managerial service providers, obtain bonds and insurance policies from affirmative business enterprises or enter joint venture partnerships with one or more such firm.

"Through this policy we are able to implement a key strategy in the 10-point plan," Radebe said. — Sapa.

Small businesses awarded 40% of public works projects

CHRISTO VOISCHENK

ECONOMICS EDITOR

Cape Town — Almost half of all contracts for public-sector construction projects awarded by the department of public works in the past two years have gone to small businesses, Jeff Radebe, the public works minister, said yesterday.

In rand terms, almost 40 percent of a total of R488 million awarded for construction projects had gone to small businesses, he said.

Radebe was speaking at the launch of a housing and prison-building project in Malmesbury.

He said the government's so-called affirmative procurement programme had borne fruit in a short period of time.

The programme was aimed at involving small businesses owned by previously disadvantaged people alongside established contractors in construction projects.

"To date, the programme

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ST (Be) 23/14/97

has led to 359 contracts being awarded to small businesses out of a total of 744 contracts. The contracts to small businesses were worth R182 million," he said.

The programme is in line with the green paper on public works released last year which gives the department the task of "transforming the construction industry" to make it more labour-intensive and to promote community-based public works.

The programme rewards

private-sector contractors who subcontract to small businesses; who buy materials from small-business suppliers; buy services of professional, technical and managerial service providers who are small businesses; obtain bonds and buy insurance policies from small businesses in the banking sector; and enter into joint-venture agreements with small businesses.

"In this way, we unbundle construction contracts for the maximum participation of

small businesses," Radebe said.

"In a short period of time we were able to redirect money to sections of the community which were previously disadvantaged," he said.

Meanwhile, in a debate in parliament yesterday, Sue van der Merwe, an ANC member of parliament, called on large hotel groups to "outsource work to small emerging companies in areas like laundry services, hairdressing and airport transfer services".

Employment in nonfarm sector down to 5,23-million, says report

(173)
Greta Steyn

BD 30/4/97
TOTAL employment in the non-agricultural formal economy amounted to about 5,23-million workers at the end of December last year, marginally lower than at the end of September, according to Central Statistical Service's summary of employment and wage statistics.

The figures released yesterday showed the sectors with the largest number of employees were the community, social and personal services sector with 1,6-million workers, the manufacturing sector with 1,4-million, and commerce and hotels, with almost 776 000 employees.

The release did not cover large sections of the economy — including restaurants, real estate and business services, parts of education services, parts of personal and household

services, or the informal sector.

The last quarter of last year saw a marginal rise in employment in the manufacturing industry and an increase of 2% in the number of people employed in the commerce and hotel sector, mainly due to the employment of casual workers.

All other sectors had shown a decrease in employee numbers for the same period, ranging from 0,2% in financial intermediation and business services, to 3,9% in construction.

The figures for last year as a whole could not be extracted from the release due to the incomparability of figures. This is partly explained by the inclusion of the former TBVC states from January last year in the totals for manufacturing, electricity and construction. Mining showed a decline of about 4% in the year to December.

Labour ministry chiefs criticise national budget

POLITICAL STAFF

ARC 7/5/97

(173)

The Labour Department's two top bureaucrats, in an unprecedented move yesterday, lashed out at way in which Finance's Minister Trevor Manuel's Budget was drawn up and the allocation to the department.

Labour director-general Siphon Pityana and his outgoing deputy Joggie Kastner told members of the National Assembly's labour committee that the debate on how Mr Manuel's Budget was drawn up "has definitely not ended yet".

Mr Kastner said the department's participation in the Budget process was "close to a waste of time as it was clear from the beginning that its views would not be taken seriously".

Mr Pityana said he was unsure whether the Budget delivered by Mr Manuel used the Reconstruction and Development Programme as a framework of departure.

The Labour Department was allocated R620,5 million for the next financial year after it had asked for R708,1 million.

Mr Pityana said the Budget allocation was "driven by numbers, rather than vision".

When his department submitted its

budget to the Finance Department last year it warned that even a small increase of 2,5 percent compared to the year before would not be sufficient to cover expenses for the 1997/98 financial year.

"The plea of the department was to no avail," Mr Pityana added.

He said the budget cut meant that there was a shortfall of R6 million in funding for training of departmental staff.

Funding for training the unemployed and for assistance to state-aided training centres would also have to be scaled down.

He said the budget to the National Productivity Institute had to be cut from R18 million to R10 million. The funding for the Commission for Conciliation, Mediation and Arbitration was reduced to R93 million, although it needed R120 million.

Mr Pityana said the department's chief directorate for Occupational Health and Safety, which according to the International Labour Organisation was already seriously understaffed and under-resourced would have to cut back its inspections because of shortage of funds.

The department faced a tough challenge to maintain standards as large numbers of competent staff were leaving because of the "rightsizing" of the civil service, he said.

SA must focus on training for tomorrow

#9 (179)

pd 8/5/97

DEPUTY president Thabo Mbeki wants to see 400 000 new jobs a year by 2000. Finance Minister Trevor Manuel sees growth from manufactured exports.

Labour Minister Tito Mboweni wants an easier time for workers. And Congress of SA Trade Unions chief Sam Shilowa wants a better deal for his federation's members. The ambitions of all these leaders are unrealistic, given the profound structural forces altering the world of work.

In SA, about one-third of the workforce is unemployed. The formal private sector added only about 11 400 jobs in 1995 — a growth of 0.2%. Last year, there was a net loss of 60 000 jobs. The golden age of mining is gone and there are about as many jobs in manufacturing now as there were in 1984. Each year, 40 000 youngsters leave school to seek work, yet most large companies continue to shed jobs and government plans massive retrenchments.

As desperate as this country's employment situation is, we are not the only ones in trouble. A third of the world's workforce of 2.8-billion people is unemployed or underemployed.

Little wonder that "jobs" ranks as the number one global crisis. Across the planet, a wave of insecurity has engulfed societies. Industries that for decades offered lifetime work for masses of people have dwindled or vanished overnight. Skills that not long ago were in short supply have become obsolete. And as the populations of many countries age and fewer income earners have to support more retirees and people on welfare, social and political stresses will rise to dangerous levels. Unfortunately, SA's policy-

makers do not seem to grasp the new reality. The "information age" has transformed the working landscape, yet they pursue strategies that are guaranteed to fail.

Manufacturing jobs rank high on everyone's priority lists. Much effort is going into attracting foreign investors who might build factories and employ production workers. Technicians churn out people with skills in designing,

work ethic is questionable, whose expectations are high and which agitates at the drop of a hat and you have a recipe for disaster.

The recent strike at Volkswagen illustrates the problem. Faced with the reality that cost cuts were needed to make the company competitive, workers went on strike. According to news reports, the action cost the company R55m in turnover and workers

not count. Skills that were in demand have become obsolete.

This revolution has been happening for about 40 years and the pace of change is accelerating. Every 18 months, the power of computers roughly doubles and the cost falls by half. One estimate suggests that by 2020, a single desktop machine will be as powerful as all the mainframe computers in Silicon Valley linked

SAs strategy for employment should not be centred on manufacturing, but on information technology, writes Tony Manning

making, operating and maintaining products and machinery.

The chances are, though, that SA will never be a manufacturing centre of note and manufacturing will not provide the jobs this country needs. Companies with world-class ambitions place their factories in places that reliably give them more for less — and this just is not one of those places.

Factory productivity in this country drags along at dismal levels. When output does go up significantly, it is cause for celebration. If exports of manufactured goods have risen fairly strongly in recent months, it is because the rand is weak, not because of the superior quality or low cost of our products. And, try as they might, most companies simply will not get costs down and quality up fast enough to be world players.

Many managers are incompetent. Many work practices remain antiquated. Factor in a workforce that is largely illiterate, whose

R1,8m in lost wages. Whatever agreement was reached notwithstanding, sooner or later the hard issues will have to be faced.

Changing any company at any time is hard work. Doing it successfully in SA is like pushing mud uphill. Elevating our workforce to world-class levels will be a long and hard task. No one is waiting for us to catch up. Besides, labour costs are climbing and employers are worried about inflexible employment practices.

Meanwhile, the rest of the world hurtles away from us. Catching up gets increasingly hard. And while we conduct complex cluster studies and draft competition policy and five-year plans, customers vanish.

Who are we trying to catch? Are we in the right race? Thanks to computers, satellites, fibre optics and jet aircraft, the world gets smaller and smaller. Work is being reinvented. Processes that once mattered now do

stroy, not create, jobs.

SA rejoined the world too late to be part of this industrial age. We carry too much social baggage ever to compete with the hungry hordes of Third World workers who are struggling to survive. Hankering after secure factory work will not get us anywhere.

Tomorrow's work is knowledge work. Our best hope lies in leapfrogging factory work and im-

mediately developing our "brainware". This should be the objective of government, educators, employers and every person, who wants a job. "Knowledge mercenaries" are in demand everywhere. Thanks to technology, they can easily export their skills. It does not matter that there is no new factory next door.

The Internet created 1,1-million jobs last year alone. Mauritius has long been an exporter of sugar and textiles. Now, to maintain its high employment, it is selling software and data processing. Ireland has invested vast sums in computing capability and fibre optic communications systems and runs ads selling itself as "a world-class technology centre".

India's software exports rose 53% from 1990 to \$500m in the 1994/95 fiscal year. Over the past five years, Bangalore has become the fastest-growing city in India. One of its many science parks, Electronics City, is home to the re-

search laboratories of companies like 3M, Hewlett-Packard and Motorola. When a single advert for space in one of these parks was run in Fortune magazine, 8 000 inquiries poured in.

A recent Business Week article noted that Washington state gained 3.8 extra jobs for every one created at Boeing (a manufacturer of Microsoft (the quintessential service company) was 6,7.

Of course, sceptics will say that if manufacturing holds no prospect for SA, there is even less chance of making it in the knowledge area. But many knowledge jobs are quite simple, involving no more than rote work. It does not take a rocket scientist to process insurance claims or to feed credit card details into a computer.

To see what can be achieved, look no further than Africa Growth Network's computer school in central Johannesburg, where unemployed — though literate — people are taught computer skills. And consider the fact that this country is already well advanced down the technology road, with huge investments in information technology and a sophisticated telecommunications infrastructure.

Uplifting our largely backward populace will not be easy. But best we equip people for tomorrow's work, not yesterday's.

By focusing on the future, we have a chance of creating opportunities, wealth and social harmony. By dragging our feet and staying stuck in the past, we are guaranteeing our failure. Brain, not brawn, will deliver the promise of the new SA.

□ Manning is an author and consultant in competitive strategy.

Skills shortage seen as self-inflicted

BD 8/5/97

(173)

Business Day reporter

THE pending retrenchment of hundreds of personnel by the information technology sector raises the question whether SA's skills shortage is a self-inflicted myth by corporates that are disinclined to use white-collar temps waiting to demonstrate their skills.

Tower Personnel Group MD Lynne Frost says many of these temps come from the proverbial "pale male and over 40s" who have had to give way to younger people or affirmative action.

Or they might be victims of retrenchments, mergers and acquisitions, or perhaps have simply grown disenchanted with the corporate scene and opted for the life of the independent, with the as-

sociated risks and rewards.

Frost suspects that this pool of talented, skilled, experienced people is actually increasing and that a growing proportion, in turn, comprises middle and senior level managers and executives. There is a large resource that could at the very least partially offset the skills shortage, she says.

"Instead it is a resource that is underutilised, firstly because corporates have yet to appreciate fully how best to tap into it, and secondly, because of the business world's obsession with youth.

"Nobody is suggesting that young up-and-coming executives do not have a huge role to play. However, there is a notional belief, founded more on myth than fact, that after the age of 40 you

are past your prime," she says.

Studies and experience show this is completely fallacious; that fundamentally age has nothing to do with competence or stamina, virtues which vary in degree, irrespective of an individual's age.

It is argued that older individuals are not up to date in terms of the latest methodologies and computerisation, Frost says. "That too is largely a fallacy in my experience and quality individuals remain at the cutting edge of advances, irrespective of age."

The trend towards executive temps suits corporate needs. But many companies are reluctant to hire expensive top permanent staffers because of lingering uncertainty over business prospects, Frost says.

Job creation still off target

FM 9/5/97
Is Gear contradicting itself?

The Growth, Employment & Redistribution framework (Gear) aims for 400 000 jobs a year by 2000. But latest employment statistics indicate that only about 11 000 jobs were created in the nonagricultural formal sector in the year to December 1996.

One school of thought says this highlights a fundamental flaw in the Gear strategy: how can government create growth by using contractionary policies — both fiscal and monetary? Shaving the Budget deficit down to 4% means restricting State spending, and curbing inflation means high interest rates.

The opposing school says the expansionary alternative — as followed by previous policy-makers — is precisely what created the problems SA now faces. University of Cape Town Budget Project director Iraj Abedian argues government is unlikely to achieve growth if it chooses expansion in the face of the Treasury constraints. "It has inherited debt of almost 60% of GDP, which soaks up 25% of budget revenue in servicing costs. And high tax rates and a narrow tax base limit the scope for increasing revenue.

"Expansionary fiscal policy means accumulating more debt, for expenditure that is not guaranteed to generate growth. And it may mean losing control over inflation, scaring prospective investors and damaging government's credibility."

He also argues there's little or no scope for monetary relaxation. "If we reduce Bank rate now, government will benefit from lower interest costs. But our country rating could be revised downward, and the macro-economic cost of that would far exceed the benefits. On the other hand, if no unexpected financial instability occurs, SA has excellent prospects of receiving investment rating this year."

The crux of the argument is that SA can't afford to jeopardise its international standing. The numbers indicate there's no way local investment can achieve Gear's 6% growth target on its own. "SA's savings rate is about 16,5%. Just to grow at 3% we need investment in the region of 25% GDP. So we have an 8,5% shortfall at present GDP levels alone.

"In the short term, there's almost no prospect of changing our income distribution and consumption patterns to generate national savings in the region of 30%. If we want to put the country on a solid base the only choice we have now is to get the right country rating and to attract the investment."

But even though there's no room for policy relaxation, "judging by the amount of new investment — both actual and in the pipeline — SA can probably raise its growth level without relying on government spending," says Abedian. ■

'No development projects planned'

Jacob Dlamini

SD 12/5/97
CAPE TOWN — The SA Sugar Association (Sasa) would not participate in community-based public works initiatives this year, following a government decision to radically change its approach to public works programmes.

Sasa community development manager Joy Mills said the new approach proposed by the public works department was inappropriate for the association's community involvement.

Mills said the department's proposal of a time frame to ensure that all public works programmes were completed and evaluated by March 31 next year would hamper the association.

She said its programmes were dependent on multiyear funding and that community participation in development and the introduction of short-term time frames were incompatible.

The association supported the new approach but would need time to evaluate its programmes and to see if the communities involved in them would be able to adjust to it.

She said the association would consider involvement in community development initiatives once it had assessed the implications of the new approach.

Mills said Sasa's new approach to job creation and community development in sugar-producing

provinces would need to be phased in gradually to succeed.

The new approach will be introduced this year in an attempt to promote efficiency, financial prudence and accountability.

Mills said Sasa, which represents cane growers and sugar mills association, had undertaken 112 projects in the last financial year through Siyakha, a partnership between government and the sugar industry.

The programme, which initially began as a crisis drought relief scheme before it was changed to cater for public works and development, began in June 1995.

It had resulted in 136 community facilities, six environmental projects and nine domestic water provision facilities. It had generated 63 300 labour days, employing 12 persons temporarily for about 55 days each.

Mills said Siyakha had provided life and technical skills training to more than 105 people in KwaZulu-Natal.

He said that the KwaZulu Training Trust had provided training and certification.

Mills said the R12m allocated to Siyakha by the public works department had been boosted a R2,1m contribution from the sugar industry. The association would consider involvement in community development initiatives once it had assessed the implications of the new approach.

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Reduced hours alone 'will not create jobs'

(173) (199)

Reneé Grawitzky

SD 12/5/97

GOVERNMENT would have to do more to stimulate job creation than merely reducing hours of work and increasing overtime rates, a senior Wits University lecturer said on Friday.

Addressing a Sociology of Work Unit breakfast on a study into hours of work and the implications of introducing a 40-hour week, Glenn Adler of the Wits sociology department said that a 40-hour week was not in itself advantageous.

To facilitate job creation it had to be part of a broader overall strategy to address social wage issues, which included an industrial policy.

The interim findings of a number of research projects conducted in association with the National Labour and Economic Development Institute found that if overtime rates were increased, it would be less costly for employers to pay the proposed increase than hire new workers.

In an attempt to stimulate employment growth, the green paper on employment standards proposed a reduction in working hours and a corresponding increase in overtime rates to discourage the use of overtime and encourage employers to employ additional staff.

The Basic Conditions of Employment Bill, published last month, proposed a reduction in working hours from 60 and 48 to 45 and an increase in overtime rates from time and a third to time and a half.

Project aims to find work for Alex's jobless thousands

Star 12/5/97

(173)

By ANNA COX
Sandton Bureau

A project aimed at creating thousands of jobs in Alexandra has been launched as a joint initiative of Build South Africa - a non-governmental organisation - and the Alexandra Unemployed Residents' Association (AURA).

This follows revelations that half of the residents in Alex are unemployed and up to 3 000 people a day report to the department of labour in Marlboro looking for work.

The project, called "Pro Jobs Anti-Crime" has the support of Business Against Crime, the Eastern council and the Gauteng departments of safety, security, labour and welfare.

It will investigate using the unemployed in the private, the public and the small business sector.

Said project co-ordinator Dave Jackson: "We are all sick of crime and there is no doubt that better policing and tougher sentencing are part of the solution. But while there is unemployment, crime is not going to decrease. We have got to do something about creating jobs and giving people the skills to be able to do those jobs."

The campaign will kick off with a survey of the 5 000 companies in the northern suburbs to find out which vacancies most frequently occur and what the training requirements are. Based on this, training and placement services will be set up.

The project has five aims: to create jobs, to combat crime, to control illegal immigrants, to upgrade living conditions in Alex, and to provide for the desperate needs of the unemployed.

Jackson said almost every vacancy was filled by someone who had already

been working. It was rare that previously unemployed people would be drawn into the labour market, he said.

And, the longer people stayed unemployed, the less chance there was they would ever be employed.

Jackson said many property owners in Sandton had expressed willingness to recruit and train the unemployed people to patrol the streets and parking areas. Others could be used in administrative work in police stations. Opportunities in municipal services and community projects would also be investigated.

AURA was investigating the possibility of giving its members identification cards with police clearances. Members would be able to use these cards for discounts on basic foodstuffs.

"If we improve chances of getting jobs in this area without improving the control of illegal immigrants, we are issuing an open invitation to thousands more to settle in the area. Companies which employ illegals are denying jobs to the residents of Alex - it's as bad as buying stolen goods," he said.

"The project will also help the unemployed to start small businesses. It will investigate what products and services are brought to Alex which could be provided from by the community. It will also investigate the possibilities of outsourcing certain jobs from companies to cottage-industries in Alex.

"We cannot succeed unless we get strong support from community groups and business in the northern suburbs," said Jackson. "Pro Jobs Anti-Crime appeals for donations or for companies to become corporate sponsors. The account number is Nedbank Bramley Gardens 1973-008785. Tel (011) 883-0998.

Govt pessimistic about job creation

ED 13/5/97
Lukanyo Mnyanda

GOVERNMENT was unlikely to meet the employment growth targets set out in its macroeconomic strategy after disappointing growth in the manufacturing sector last year, finance department deputy director-general Andre Roux said yesterday.

Answering questions at the SA Property Owners' Association convention, Roux said government was on track to meet all its other commitments in terms of its growth, employment and redistribution (Gear) strategy but was "less confident" about job creation targets.

Roux's statement is the first time a senior government official has publicly admitted the possibility that government will not meet all of its Gear commitments. The strategy, unveiled by Finance Minister Trevor Manuel last year, envisaged the creation of 409 000 jobs a year by 2000, or a total of 833 000 in the five years from last year to the turn of the century.

"Growth in the manufacturing sec-

(173)
tor in 1996 has been disappointing and we have not made sufficient progress in meeting the employment challenges that confront us," Roux said. There was a need for further studies into the labour market, as well as the link between economic growth and employment creation.

Roux, who was standing in for finance director-general Maria Ramos, said government's achievements in the past year had been in line with its other macroeconomic strategy projections, with the growth rate exceeding 3%, exports growing strongly, the deficit target being reached in the last fiscal year and industrial investment continued to take the lead in the expansion of domestic expenditure. Government was still confident of a growth rate of more than 2,5% this year.

The depreciation of the rand last year had left it at a more realistic and competitive level, which would boost manufacturing, agriculture and other export-orientated sectors, he said.

See Page 2

Gear's job targets 'unlikely to be met'

CT (DR) 13/5/97 (173)

MAGGIE ROWLEY

Sun City — The job creation targets of the government's growth, employment and redistribution (Gear) policy were unlikely to be met, Andre Roux, the assistant director-general of finance, said yesterday.

He told the 570 delegates to the 30th annual convention of the South African Property Owners Association that growth in the manufacturing sector during last year had been disappointing and that sufficient progress in meeting the employment challenges confronting the government had not been made.

In terms of Gear, the government had set a target of creating

hundreds of thousands of jobs by the turn of the century.

In response to a question from the floor, Roux said it was an open secret that the government was disappointed by the job creation in the economy over the past few years. Achieving Gear's job creation target was more challenging than other growth targets in the government's macroeconomic plan.

Roux said while the economy was entering a mild slowdown, with a drop in consumption and investment spending, the government expected that to be followed by strong economic growth from late this year through to the turn of the century.

He said while job creation had been disappointing, on other fronts, the record of the past year had been consistent with the government's growth strategy projections.

"GDP growth stayed above 3 percent, exports have continued to grow strongly and the government has kept to its deficit target for the last fiscal year while industrial investment continues to take the lead in the expansion of domestic expenditure."

In spite of the mild slowdown, Roux said, growth in excess of 2,5 percent was expected this year. "Indications are that strong exports growth will be maintained and that manufac-

turing is beginning to recover.

"Whether we can stay above the 2,5 percent level will depend largely on the performance of the agricultural sector. This represents a major change from the past, when downswings meant negative growth."

Roux said the instability in the exchange rate seemed to have subsided. "When the package of Gear reforms were announced, the markets did not respond as positively as one might have hoped.

"Government at that stage seemed to lack a policy credibility which is so necessary in the management of the macro-economy. This is now changing," Roux said.

We'll create 42 000 jobs, says Molefe

(173)

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seweton 13/5/97

THE North West government has set itself a three percent economic growth target by 2000 to create 42 000 jobs a year, said premier Popo Molefe.

The target would be made within the context of the Government's Growth, Economic and Redistribution (Gear) framework, Molefe told a South African Property Owners Association conference at Sun City.

North West believed these targets were realistic and achievable.

Molefe said there was an enormous opportunity for joint investment in public infrastructure needs such as housing, roads, airports, hospitals, clinics, educational facilities, grid electricity, sanitation and storm water drainage, corridor development and rural development.

The joint venture concept will offer benefits for both the public and private sector and will result in the provision of essential services and improve people's quality of life.

Molefe added that progress in these areas would expand economic activity,

job creation opportunities, raise the level of labour productivity and broaden the scope for wealth redistribution.

Priority would also be given to a thorough transformation of the public service, development of finance institutions and local authorities.

Molefe said there was overwhelming evidence suggesting that the national economy was recovering, in sharp contrast to the stagnation of the 1980s.

The Reconstruction and Development Programme's implementation was continuing without compromising the Government's commitment to fiscal discipline.

Reduction in Government borrowing, tax reform and a decision to phase out exchange controls had strengthened the confidence of financial markets, he said.

Molefe said through the privatisation of public utilities South Africa would have more private sector investment in the provision of social infrastructure, as well as other strategic areas. — Sapa.

Union-State clash looms

PM 16/5/97
Cosatu slams preoccupation with
Gear at expense of RDP

Government and the Congress of SA Trade Unions (Cosatu) are heading for a showdown over how the State's R56bn annual public works cake is to be cut.

This follows the release by Minister Jeff Radebe of the Public Works Green Paper and the Green Paper on Public Sector Procurement Reform.

Both documents contain proposals that aim to ensure that the money spent by government falls into line with its economic objectives as spelled out in the Growth, Employment and Redistribution strategy (Gear). The public procurement Green Paper aims to change the system and ensure that the tendering process is easily accessible to smaller enterprises.

It says central government will spend R22bn, provincial government R25,5bn and local authorities R8,5bn on public procurement this year. Extra-budgetary items could increase these amounts by R6bn.

In view of this, "public-sector procurement can be used as a tool by government to achieve economic ideals, including certain socio-economic objectives."

One of the most drastic recommendations of this Green Paper is the scrapping of the tender boards and their replacement by a centrally controlled tendering body.

"Tender Board Acts need to be repealed and a national Procurement Compliance Office needs to be established," it says. This office would act as watchdog for the laws.

Four principles will drive new procurement policy: value for money, proper financial control, weeding out corruption, and businessmen meeting tax charge obligations. It will include training and skills development, partnering, benchmarking, information sharing and collaboration and adherence to new labour laws.

And "strong action will be taken against practices such as ring-forming, fronting, tax evasion and fraudulent preference claims."

The second Green Paper — on Public Works — outlines the Department's role in job creation and other socio-economic objectives.

Cosatu has slammed the Department's priorities on this score. It notes the Green Paper's priority is to call for a "leaner, cost-effective service ... in line with govern-

ment policies on fiscal discipline."

"In other words, the primary RDP objectives of the Department, which are job creation and social development, are forgotten and replaced by macro-economic targets as set out in Gear."

Cosatu wants the funding of "community based public works programmes," which it sees as a major job creator, to become a separate line item in the Public Works budget. The programmes are now funded through RDP funds to the tune of R250m in 1994/1995.

Cosatu also calls for consideration of a sectoral agreement in the construction sector, which will lead to greater job creation through labour-intensive methods.

It says social objectives are merely listed with no indication of how they will be achieved.

"Procurement policy makes no reference to any criteria based on labour relations track record or the adoption of labour-intensive methods," it says. Justice Malala

Shilowa slams government on jobs

(173) CT(BE) 19/5/97

FRANK NXUMALO

Johannesburg — The government has failed to create jobs and missed opportunities of creating them, Sam Shilowa, the general secretary of Cosatu, said at the weekend.

He told a policy conference of the union federation that the working class had not grown in real terms and that "the government is becoming pessimistic about the success of Gear (the macroeconomic strategy) in creating jobs".

Shilowa said it was now 36 months after the ANC promised "jobs, jobs, jobs" in its 1994 general election campaign.

He said the 1997-98 national Budget was a "missed opportunity" to readjust the economic imbalances of the past. Employment had to be created through infrastructural development including the construction of houses, roads and dams especially in the underdeveloped rural areas of South Africa.

Shilowa accused both the National Party and corporate South

Africa of deliberately avoiding putting money into employment-creating programmes in the 1980s, resulting in hundreds of thousands of workers in agriculture, manufacturing, public utilities, construction and mining being made redundant or facing redundancy.

"Little has changed ... we have yet to see a sustainable programme for employment creation." Shilowa said in his view the government was concentrating resources on promoting competitiveness.

Government 'abandoning' job creation' ⁽¹⁷³⁾

seweta 19/5/97
THREE years after the African National Congress promised "jobs, jobs, jobs" in its 1994 general election campaign, there was still no real growth in the labour force, Congress of SA Trade Unions general secretary Mr Sam Shilowa said at the weekend.

The 1997-8 national Budget was a "missed opportunity" for the Government to implement policies which would ensure the redistribution of resources.

Jobs must be created by building houses, roads, dams and developing infrastructure, particularly in the rural areas, Shilowa said in a statement.

The National Party government and big business in the 1980s deliberately scaled down investment in job creation and hundreds of thousands of workers were retrenched or faced retrenchment. This was especially true of workers in agriculture, manufacturing, public utilities, construction and mining, he said.

Little had changed since then. "It is therefore disappointing that three years after the election of a democratic government, we have yet to see a sustainable programme for employment creation," Shilowa said.

Promotion of social equity

Labour Minister Tito Mboweni last year presented the Growth, Employment and Redistribution (Gear) strategy to Parliament, said Shilowa. This was surprising after the African National Congress-led government, voted into power in 1994, rejected the "growth for all" strategy.

Shilowa said Gear greatly resembled a document drawn up by Cosatu, the National Council of Trade Unions and the Federation of SA Trade Unions. In this document, titled "social equity and job creation" the trade union federations identified six pillars needed for the promotion of social equity.

These were a job creation programme, redistributive fiscal policies, proposals to break up economic concentrations, measures to promote workers' rights, a plan to build industrial democracy and steps to promote equity and economic development on a global scale.

"In fact the government is becoming pessimistic about the success of Gear in creating jobs," he said.

The government seemed to be concentrating its resources on enhancing competitiveness, he said. — Sapa.

Labour minister calls for specific actions

Jobs summit aims to uproot unemployment

FROM REUTER

(173)

ET(BR) 20/5/97

Cape Town — South Africa's deep-rooted unemployment problems would be the focus of a presidential jobs summit to be held later this year, Tito Mboweni, the labour minister, said yesterday.

"It is hoped that at this summit the government, together with the social partners, will commit themselves to specific actions intended to promote employment in a manner that is quantitatively and qualitatively different from what has been the case so far," Mboweni said.

Opening the parliamentary debate on his 1997-98 budget vote, Mboweni said discussions at the summit would be based on an employment strategy now being concluded. About a third of South Africa's workforce is unemployed.

He said the aim of the summit, which had been recommended by the Labour Market Commission, would be to thrash out an accord for employment and growth that would commit government, business and labour to stabilising prices, wages and other economic indicators and to developing initiatives at national and regional levels.

Mboweni said it was "quite



TASKMASTER Labour minister Tito Mboweni seeks an accord

erroneous" to believe the task of creating jobs belonged to his ministry alone. It required the participation of government as a whole, the public and private sectors and organised labour.

This was because of the fragmented nature of the labour market as well as its inherited inefficiencies and inequalities, Mboweni said.

He said his department planned this year to present to parliament three new bills which would cover employment and occupational equity, basic conditions of employment and national skills development.

Summit planned to reduce unemployment

(173)

Labour, business and Government committed to project

By JOVIAL RANTAO
Political Correspondent

The Government, labour and the private sector are to hold a major summit, to be known as the Presidential Jobs Summit, at which they will commit themselves to reducing the country's high unemployment rate.

Latest figures show that 32,6% of South Africa's economically active population are unemployed.

Introducing a debate on his budget vote yesterday, Labour Minister Tito Mboweni told the National Assembly that the Government and its partners would bind themselves to creating employment in a "manner that is quantitatively and qualitatively different from what has been the case so far".

Mboweni said the jobs summit, scheduled for October, would be preceded by an employment strategy which would be submitted to the Cabinet soon for consideration.

Mboweni said the strategy, to be prepared with the help of other key government depart-

ments, was in response to the recommendations of President Mandela's Comprehensive Labour Market Commission.

The commission recommended a framework for labour market policy that promoted economic growth while also creating secure and reasonably remunerated employment, the basic conditions of which were subject to statutory protection, including protection against unfair discrimination.

Mboweni said the background research into the constraints and potential for employment promotion in the various sectors of the economy had been completed and the findings would be used as the basis for the preparation of the employment strategy.

The commission also called for a social plan which would act as a safety net and a developmental initiative to rehabilitate communities grossly affected by the decline in economic activity as a result of restructuring.

Mboweni warned Parliament of the organisational and financial implications of the

recommendations. He said the implications related to resources needed to implement measures to underpin employment promotion and resources to finance the social plan.

"The major implications relate, first, to the need to establish, within Government, mechanisms for the co-ordination of macro-economic, industrial and labour market policies, the implementation of the social plan, and the administration and monitoring of it.

"There will be a need for substantial co-ordination and consultation between government departments with regard to the development of the employment strategy," he said.

Mboweni added that in the past year the ministry had, on the administrative front, achieved the implementation of the new Labour Relations Act, the release of the Green Paper on Employment and Occupational Equity, progress in drafting and negotiating the Basic Conditions of Employment Bill, and the launch of the Green Paper on Skills Development.

Star 20/5/97

Cosatu calls for alliance to take lead in job conference

BD 21/5/97

(173)

Reneé Grawitzky

THE Congress of SA Trade Unions (Cosatu) has urged the alliance to take the lead in the proposed job conference scheduled for later this year to ensure it has a clear political direction.

This emerged during the federation's weekend policy conference where discussion centred on a living wage, job creation and the move towards the implementation of a social wage.

Key input by Cosatu leadership highlighted inherent problems within the labour market,

the failure of the new government to meet basic needs as well as its failure to create jobs. Against this, the conference adopted a range of resolutions.

Cosatu general secretary Sam Shilowa said employment strategy had to focus on raising productivity at the lower levels of employment, as well as generating more jobs. It could not look solely at wage moderation but at a strategy which addressed the structure of production as well as productivity.

He stressed that Cosatu had no problem with a forum which

looked at the problems of unemployment and job creation. However, a conference in which "the parties hold positions which are diametrically opposed to one another is a sure formula for deadlock", he said.

Shilowa proposed a series of alliance meetings leading to an alliance policy conference on employment creation in which a "forged consensus on most of the issues underpinning a strategy for employment creation" would be developed. A failure by government to adopt this approach, he said, would lead it to

"take the blame for a deadlock that will ensue".

The conference resolved that a job conference within the framework of government's growth, employment and redistribution strategy would not solve the unemployment crisis.

Noting the deficiencies in the labour market, the absence of social security and the failure of government and business policies to create jobs, the conference believed there was a need to "move away from macroeconomic policies which stifle employment creation and growth".

Summit aims to help SA's jobless

Sowetan 21/5/97 (173)

Sowetan Correspondent

THE GOVERNMENT PLANS to hold a summit in October to unveil plans to create more jobs for South Africa's growing army of unemployed people, Labour Minister Mr Tito Mboweni has announced.

The meeting of the Government, labour and business, to be called the Presidential Jobs Summit, is a spin-off of the Government's employment strategy and will be presented to the Cabinet soon.

Introducing his budget vote in the National Assembly yesterday, Mboweni said the Government, organised labour and the private sector would bind themselves to creating jobs in a way that was "quantitatively and qualitatively

State, labour and private sector to facilitate economic growth accord

different from what has been the case so far".

He said the latest figures showed that 32,6 percent of South Africa's economically active people were unemployed.

The Comprehensive Labour Market Commission, established by President Nelson Mandela, had suggested the Government adopt a labour market policy that promoted economic growth while also creating secure and reasonably paid jobs.

It further suggested that basic working conditions, including protection against unfair discrimination, be established that would be enforced by law.

He said the commission recommended that Mandela convene a jobs summit to facilitate an accord for employment and growth that would commit the Government, business and labour to stabilising prices, wages and other economic indicators and would create developmental initiatives at national and regional level.

Mboweni urged people not to panic because there were differences between the Government, Congress of SA Trade Unions and Business SA over the Basic Conditions of Employment Bill, adopted by the Cabinet recently. Cosatu has called a strike for June 2 to protest against the Bill.

Labour statistics raise key questions

IT IS ironic that SA's financial markets are more likely to react to US unemployment and wage statistics than to our own. While it is safe for traders with their eye on the short term to ignore SA's labour market trends for the moment, these trends are likely to set the tone in the future.

One of the most important reasons why SA's official labour market statistics are often best ignored is the fact that it is difficult to make sense of the figures. This is made clear by the Central Statistical Service's employment and wages summary for last year, released some weeks ago. A superficial glance at the release suggests that some tiny intrads are being made into the problem, that overall employment was up slightly last year and that the manufacturing sector, SA's largest employer, also saw jobs increase.

However, anyone who draws that conclusion has not read the fine print. The inclusion of the former "independent" states in the totals from last year means the year-on-year comparisons are comparing apples with pears. When adjusted to take account of the former TBVC states, the total number of jobs in SA shrank more than 1,5%. In the manufacturing sector, the number of people employed fell a substantial 48 066 to fewer than 1,43-million people.

The way in which the CSS reports the figures has kindled false hope in the hearts of some politicians who also have not been reading the footnotes. As economic consultant Edward Osborn pointed out this week, Trade and Industry Minister Alec Erwin appeared to have been misled by the CSS numbers. He apparently based his claims that employment was growing on a misinterpretation of the statistical service's figures.

There is also talk that government asked the Reserve Bank for an explanation of the discrepancy between its figures and the statistical service's figures, as the Bank has consistently reported employment declines. Sadly for politicians, the figures in the Bank's Quarterly Bulletin are correct. The other problem with the em-

SA's statistics on jobs and wages should become more important as the debate about the labour market heats up, writes economics editor Greta Steyn

ployment statistics is that figures for the public sector are probably wrong. No statistics exist for the provinces, as only two of the new provinces have provided the CSS with numbers. The "estimate" given by the statistical service in its release on the public sector is based on the old provinces and homelands. Thus, the sharp fall in provincial employment reported in the last release merely reflects movement of staff to national departments.

A CSS official acknowledges that the numbers for the provinces are "a thumbsuck, as no one really knows what is going on". The organisation has written letters to provincial directors-general to urge them to provide fig-

ures and is hoping to have a set of statistics for the March quarter.

But historical numbers for the public sector will be a problem and trends will be impossible to discern. The first "correct" official numbers might already exclude some of the thousands of "ghost" workers being "busted" in provinces such as the Eastern Cape and Northern Province.

The official statistical service figures showed the public sector employed almost 1,9-million people at the end of December last year. The official number for December 1995 was 1,88-million (which, needless to say, cannot be used for comparative purposes because of changes in the sample). Who really knows what the num-

ber of people is that government employs and whether it is increasing or decreasing?

The CSS is not to blame for the lack of information on government employment. It is to blame for presenting information on overall employment in an inaccessible way.

The statistical service is also the source of figures for overall wage growth — a key variable in the economy which lies at the heart of the employment debate. But despite the intense focus on SA's "uncompetitive" wages, the release of the official numbers met with little reaction. This might have something to do with the low profile way in which the statistical service releases the figures.

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The release shows that average wages a person fell 1,1% in real terms in the December quarter compared with the same period a year ago. After adjusting for the former TBVC workers, a real decline is still estimated.

For the year as a whole, the picture is different, as there was robust growth in the first and second quarters. As a result, the average remuneration a person is likely to show a slight rise for the year as a whole, but it is likely to be less than the 0,8% recorded in 1995.

According to the growth, employment and redistribution strategy (Gear), a 1% rise in real wages would lower employment by 0,4% with a lag of a year. The converse is not necessarily true — that a 1% fall in real wages will lead to a corresponding 0,4% rise in employment. The causal link between wages and employment is complex but, as the Labour Market Commission found, it exists — excessive wage increases will mitigate against employment growth.

The fact that there are signs of downward pressure on real wages is of major importance. True, it remains to be seen whether the last quarter's decline will be repeated when the next set of official numbers are released months from now. But labour consultant Andrew Levy's most recent survey suggests that wage increases in the first quarter have not beaten inflation. There is some reason to be optimistic about wage trends and to see them as a sign that SA's labour market is not quite as inflexible as is commonly supposed.

Gear has called for "wage moderation" to enable the central bank to ease up a bit in the fight against inflation. It is too soon to say that there are encouraging signs. The biggest dilemma the authors of Gear face is explaining the failure of employment to respond

to all the right policies. They are likely to deal with the dilemma of "jobless growth" by shifting the focus to labour market flexibility. No doubt there will be long debates, some of them behind closed doors, trying to measure the exact degree of flexibility of the labour market.

But there are other aspects to the "jobless growth" debate that also need to be put on the table.

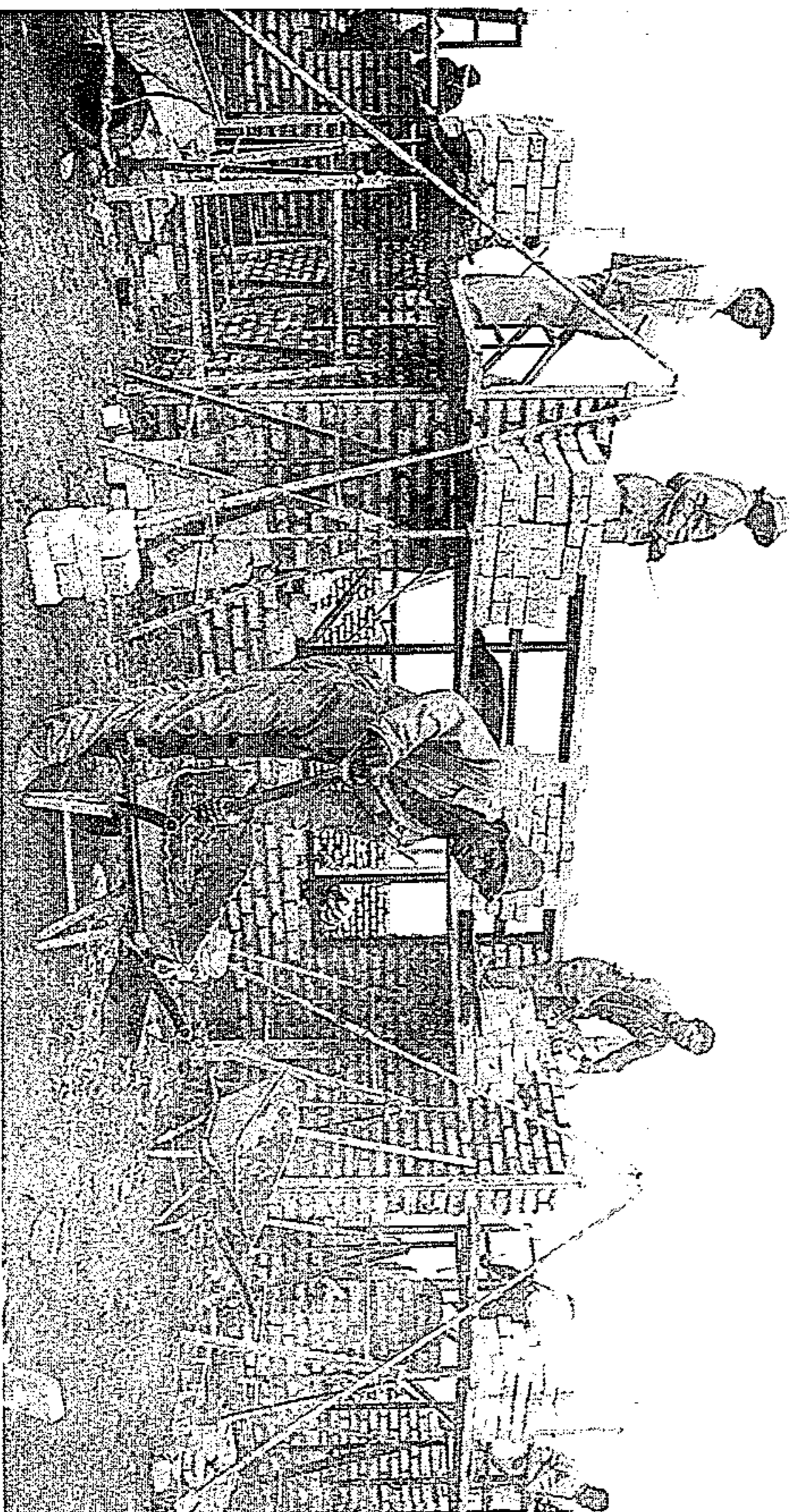
Osborn points out that the reason manufacturing output has been growing while employment is shrinking is the capital-intensive nature of production. Manufacturing growth has been almost entirely attributable to the capital-intensive chemicals industry, dominated by petroleum refining and basic metals industries, dominated by nonferrous basic metals, particularly aluminium producer Alusaf.

Osborn notes the 1990 weights of these industries amounted to 31% of total manufacturing, but they provided only 17% of total employment in manufacturing.

The more labour-intensive industries, which were susceptible to international competition and various forms of illicit imports, had remained static in terms of output. At the same time, they had had to shed labour to remain cost-competitive, Osborn said.

Labour Minister Tito Mboweni this week again mentioned that a jobs conference would be held later this year. Hopefully it will not be a mud-slinging contest in which the winner gets to determine how flexible SA's labour market is. While flexibility is an issue, so is industrial policy.

Let us hope, also, that there will not be too much time spent on trying to prove that official unemployment statistics are wrong. It is true that the statistical service's figures fail to capture a large part of the working population — that was illustrated clearly in last year's October household survey. But they do show the underlying trend in the formal economy and for the moment, they are all we have to go on. Ideally, SA needs regular and clear labour figures so that even the financial markets will be able to make sense of them.



Employment figures have not always been dependable.

Tito's labour of love

Rowe 23/5/97

GOVERNMENT faces major tasks as it tries to undo injustices of apartheid, whose horror stories unfold daily at the Truth and Reconciliation Commission.

These tasks cannot be completed in a few years, as the damage was done over many decades. So achieving a better life for all is not an event but a process.

In the minds of some, these problems flow from the nature of the labour market, and the main solution to these problems are seen as being labour market policies and programmes.

Such perceptions are misleading because they ignore that the fundamental causes of our labour market problems lie outside the range of labour market policies.

For example, it is quite erroneous to believe that job creation lies squarely with the Ministry of Labour. Job creation involves the public sector generally, organised labour and the private sector.

The Labour Ministry's contribution is only one of an array of economy-wide initiatives which government departments are addressing.

Our mission is defined in the context of the Government's larger, national vision to promote democracy, strive for full employment, and to boost economic development and international competitiveness.

Specifically, our mission is to create an enabling environment for economic development and growth and increased efficiency, productivity and employment.

Sound labour relations

This will be achieved through promoting sound labour relations, enhancing skills development, eliminating discrimination in the workplace and improving working conditions.

The Department of Labour's policy intentions were first spelt out in the Ministry's *Programme of Action: 1994-1998*. This set out concrete programmes to be realised through new laws, building and transforming labour market institutions and convening commissions and task forces whose recommendations could lay the basis for labour policies and laws.

Programmes and policies have been developed and implemented in full recognition of the many daunting problems we face: the high rates of unemployment and under-employment and low rates at which productive employment opportunities are generated, the pervasive poverty among non-working and working people of our country and extreme inequality in income and access to income-generating assets, the low levels of education and skills, our still tense labour relations environment and the challenges of the Southern Africa jobs market.

During 1996 our key legislative achievements were the implementation of the new Labour Relations Act, the release of the Green

Decades of apartheid have left South Africa with numerous problems. **Tito Mboweni's** Labour Ministry has set in motion several initiatives to reverse this...



(173)
Paper on Employment and Occupational Equity, progress in drafting and negotiating the Basic Conditions of Employment Bill, and the launch of the Green Paper on a new skills development strategy.

We also established the Commission for Conciliation, Mediation and Arbitration, the Labour Court and the Labour Appeal Court as part of the dispute-resolution system created by the Labour Relations Act.

But perhaps our more fundamental achievements have been in policy development, particularly the work of the President's Comprehensive Labour Market Commission.

The Commission, which presented its report to the Government last year, made far-reaching recommendations about labour market policy.

We need a policy framework that promotes economic growth, creates secure and reasonably paid work, where basic conditions will be protected by law, including protection against unfair discrimination, the Commission recommended.

It called for harmonising labour-market policies with macro-economic and industrial policies so that these reinforce, sustain and underpin economic growth and employment creation.

Policies should aim at strengthening collective bargaining and protecting workers by promoting economic growth and job creation.

The Commission also recommended that the Government regulates procedures to promote affirmative action and employment equity, wage determination and productivity-enhancement based on participatory and self-regulatory approaches, flexibility and variation.

The Commission recommended that the President convenes a Jobs Summit to broker an Accord for Employment and Growth that will commit social partners to stabilise prices and wages and to embark on regional and national development initiatives.

Besides the Jobs Summit, the Commission called for a Social Plan to act as a safety net and a developmental initiative to rehabilitate communities which have been grossly affected by declining economic activities resulting from restructuring.

The Department and Government have generally accepted the Commission's recommendations. These will form the basis of a consolidated labour market policy document which we will publish soon.

Background research has been completed

and will be used as the basis for formulating an employment strategy. Different government departments are working together to formulate an Employment Strategy which the Cabinet will consider shortly.

After the Cabinet has approved the strategy, it will be used as the basis for Government consultation with its social partners culminating in a Presidential Jobs Summit in October.

At this Summit we hope that Government and its social partners will commit to specific actions aimed at promoting employment in a manner that is quantitatively and qualitatively different from what has been the case so far.

Practical implications of implementing the Commission's recommendations are the need for Government to: establish formal mechanisms for coordinating macroeconomic, industrial and labour market policies; implement a Social Plan; and administer and monitor the Accord flowing from the Jobs Summit.

Monitor implementation

The Department of Labour will have to administer and monitor implementation of employment equity, restructure and adequately fund the National Productivity Institute, develop capacity to formulate and monitor labour market policy and maintain and disseminate labour market information and statistics.

For the 1997-1998 period, the Department has been allocated R620,47 million.

This year we will be presenting three new Bills to Parliament: Employment and Occupational Equity, Basic Conditions of Employment and National Skills Development.

Every attempt will be made to minimise creating new institutions and bureaucratic infrastructure except where it is absolutely necessary.

We are already making efforts to restructure and re-orient existing institutions to perform new functions as required.

Our current and future policy recognises that labour market policies must be an integral part of a broader package of policies designed to resolve the problems manifested in the labour market, but not necessarily or primarily caused by the labour market.

(This is an extract from an address by Labour Minister Tito Mboweni at the opening of the parliamentary debate on his 1997-98 budget this week.)

Imagination not what exploited workers are looking for

(173)

Labour Department director-general
SIPHO PTYANA responds to
an article in last week's Business Times
by labour consultants Pierre Marais
and Ivan Israelstam

ST(BT) 25/5/97

about addressing the bread and butter issues of workers, upon which basis they can negotiate improvements as well as productivity-related agreements with management.

This is what happens in the real world, perhaps a world the labour consultants are not that familiar with, hence their absurd proposals.

THE authors further argue, without substantiating their arguments, that the proposals in the Bill will lead to an increase in labour costs.

They mention that "Estimates have been tossed around of a 20% increase in costs" and say that "this is the tip of the iceberg" — an example of naive consultants resorting to thumbsucking to make an emotive argument.

And further, can you really evaluate proposals to improve

conditions of employment on such a basis? What will be the social costs of not improving the minimum rights of vulnerable workers.

We need to set the record straight. The primary aim of the draft legislation is to make sure that those workers who are not covered by collective bargaining have certain minimum rights. Most workers covered by bargaining arrangements have conditions of employment in excess of those stipulated in the Bill.

This Bill is intended to level the playing fields on conditions of employment between those strong and organised sectors and those that are not organised and therefore vulnerable.

This is true not only regarding the reduction of hours of work, but also with respect to a change such as the increase in annual leave. Hardly the stuff of a 20% increase in costs across the economy.

There are significant social

costs associated with long hours of work and poor conditions of employment. These costs range from motor accidents caused by drivers who work excessively long hours to chronic fatigue and disrupted family life among night workers. These are costs that employers pass on to society.

The Bill seeks to limit these costs by requiring considerations such as health and safety to be taken into account when working time is arranged. Codes of good practice will be developed to offer guidance to employers, trade unions and workers.

Current limits on the working week vary from 46 to 60 hours for different categories of workers; part-time workers are arbitrarily denied even the most basic benefits such as annual leave and paid sick-leave. Implementing the new Bill will increase costs for some, but by no means all, employers. At the same time the Bill will remove rigidities from the labour market which will permit individual agreements to arrange work times more effectively.

The full impact of the Bill will be determined only by the collective bargaining process.

The authors conclude by warning the public that the costs of this Bill need to be added to the "costly provisions of the new Employment and Occupational Equity Bill". Are we perhaps being advised to live with the legacy of apartheid discrimination on the grounds of ill-measured "costs". What about the continued wastage?

● David Bullard is on leave. His column will appear again next week.

SHODDY and ill-researched views by those who claim expertise is unhelpful to serious policy debates intended to contribute to the reconstruction of our young democracy. My department does, however, encourage informed debate.

The article (Bosses and workers should be protesting in the streets) written by two labour consultants, Pierre Marais and Ivan Israelstam, focuses on the Basic Conditions of Employment Bill which my department has recently published for public comment.

The authors argue that it is unimaginative because it does not regulate issues such as a reward system and the "sharing of fruits for targets reached and exceeded".

Whether the Bill is imaginative or not is hardly the concern of security workers, farm workers, domestic workers, child labourers and other vulnerable workers for whom this Bill is principally intended. It is trying to address the apartheid legacy which provided predominantly white employers with cheap labour available to slog under abominable working conditions.

Our current legislation allows security guards to work for 60 hours a week without a compulsory rest period. It allows farm workers to work for 48 hours without a minimum wage.

It is misleading to suggest that we are seeking to increase employment by reducing hours of work. The Bill is about extending social justice to the workplace. It is about establishing a set of minimum rights for all workers in South Africa. It is

Jobs summit to help Mboweni's stalled plan

CAROL PATON

(173) ST 25/5/97

THE Department of Labour would "examine its own back yard" and look at the effect of labour-market policies on job creation, the Minister of Labour, Tito Mboweni, said yesterday.

Speaking at the annual summit of the National Economic Development and Labour Council (Nedlac), he said labour-market policy needed to enhance security for workers and improve basic rights, but it also needed to "tackle those policies and issues which are inimical to job creation".

"We are committed to legislating realistic basic conditions for all. But this leg of our policy also needs to be balanced by another leg if it is to create a stable basis for the future," he said.

Acceptance by both business and labour that there was a need for both legs of this policy was the key to developing a shared vision on the central challenges of growth and job creation, he added.

"This means both employers and unions (and government) accepting the necessary trade-offs and making the implicit short-term compromises in the interests of longer-term development, growth and job creation."

The jobs summit, which he has proposed be held later this year, would provide an opportunity for all parties to do this, he added.

But Cosatu president John Gomomo, speaking on behalf of the trade union movement at the summit, expressed scepticism over the jobs summit and the government's economic policy framework, dubbed Gear — Growth, Equity and Redistribution.

"What is driving the business and government approach to the jobs summit is to get us to help them implement Gear. We refuse to be co-opted."

Business South Africa chairman Hans Smith said while business believed Gear had all the right ingredients, it had not been implemented fast enough.

"We have made progress but I strongly believe more progress needs to be made," he said.

Donors back pilot project for jobless

Donors back pilot

(173)

BD 26/5/97

Deborah Fine

GOVERNMENT, business and international donors have come out in support of a new pilot project aimed at harnessing the skills of the unemployed in a bid to reduce SA's high crime levels and widespread poverty.

The project, known as "Pro-jobs Anticrime", has been initiated by non-governmental organisation Build SA, and will focus first — in conjunction with the Alexandra Unemployed Residents Association (Aura) — on finding employment, permanent or temporary, for about 250 000 unemployed workers in Alexandra township, north of Johannesburg.

Build SA national director Dave Jackson said yesterday a number of businesses, government departments, business groupings and religious organisations had pledged their support for the project, and were currently considering proposals to convert that support into financial backing.

He said, however, that approximately R1,5m was needed to kick-start the project, and appealed to the private sector to pledge donations of R30 000 a year to the campaign. All donations could be written off as tax deductions, because Build SA was registered under section 18 of the Income Tax Act.

Companies already considering financial support included EDS, Gencor, Liberty Life, Nedbank, Polaroid, Rand Merchant Bank, Sappi, Standard Bank and Woolworths. Nampak had already donated R62 000 to the campaign, Jackson said.

International donors such as the

European Union, the British international development department, the Japanese Embassy and USAid were also considering financial backing for the project. So too were domestic groupings such as Business Against Crime, Business SA, the National Business Initiative, the SA Council of Churches, the Southern African Catholic Bishops Conference and the Union of Orthodox synagogues.

Describing living conditions in Alexandra as "appalling", Jackson said police had estimated that 80% of crime in northern Johannesburg emanated from the township.

There was an unemployment rate of between 95%-98% among Alexandra school-leavers, most of whom waited up to five years to find employment.

Build SA was in the process of building a database of registered unemployed residents as well as conducting surveys among the 5 000 firms and small businesses situated around the township to establish whether or not they could use the residents' services permanently, or on a temporary basis.

The greater Johannesburg eastern local metropolitan council was also considering means by which the unemployed could be used to assist in infrastructure and development projects.

Other government departments which have given the project their blessing include correctional services, labour, home affairs, justice, safety and security, public works and the welfare ministry.

Should it prove to be successful, the project will also be extended to other areas in SA.

Agreements made, pending in major sectors' wage talks

Reneé Grawitzky

RECENT WAGE negotiations in the major sectors have seen settlements ranging from 8% to 12% in retail and catering, leather, food and chemical, with clothing and textiles on the verge of settling.

Durban-based consultant Pat Stone said while parties faced tough options, there appeared to be a willingness on both sides to settle.

Although reason for optimism existed, there was still tough bargain-

ing ahead as negotiations were still in the early stages in major sectors such as metal, motor and chemical while mining negotiations were yet to begin, he said.

Industrial relations consultant Gavin Brown concurred and said current settlements represented the relatively easier negotiations. The real test would come during June to July.

Initial settlements in retail and catering ranged between 8% and 12%, accounting for firms like Pick 'n Pay, Edgars, Checkers while talks were still continuing at OK Bazaars.

Parties in the clothing industry indicated a settlement was in the offing, while leather had agreed to a settlement in excess of 9%.

Negotiations have al-

so commenced in the broader chemical industry covering seven sub-sectors with the Chemical Workers' Industrial Union. Core demands included a 20% increase, R2 000 as a minimum wage, six months' paid maternity leave, a 40 hour working week with no averaging, 20% pensionable shift allowance and overtime at time-and-a-half.

Meanwhile, several strikes have occurred in the chemical, paper, printing and allied industries. Paper, Printing, Wood and Allied Workers' Union (Ppwa-wu) media spokesman Alfred Shabalala said the Federated Timbers strike had been suspended pending further talks at the Commission for Conciliation Mediation and Arbitration.

n Limited

Economic growth of 6% a year would only absorb entrants into labour market

'Jobs critical for SA's future'

VERA VON LIERES

Johannesburg — Job creation is the most critical factor for South Africa's future, Hans Smith, the chairman of Business South Africa (BSA), told a one-day summit of the National Economic Development and Labour Council (Nedlac) economic forum at the weekend.

"Nedlac, on every issue should ask the question ... will the action we propose contribute to the creation of jobs," he said.

The need to generate jobs on a massive scale was underscored by the fact that the unemployment rate was about 30 percent of the total labour force.

"It is estimated that the coun-

try's economy needs to grow at an annual average rate of at least 6 percent to absorb new entrants into the labour force," Smith said.

Job growth had so far been negligible, and employment targets envisaged in the government's growth, employment and redistribution (Gear) plan were unlikely to be met, analysts said.

South Africa's economy grew by a modest 3,1 percent last year. Gear strategy envisages a growth rate of 6 percent a year and 400 000 jobs a year by 2000.

Smith said there was a need to create "micro-enterprises" to tackle the chronic unemployment problem. "The importance of the role of new black business

CT(BR) 26/5/97 (173)

and small business in the job creation process cannot be stressed enough."

The government said last week that a Presidential Jobs Summit would be held this year to thrash out an accord for employment and growth.

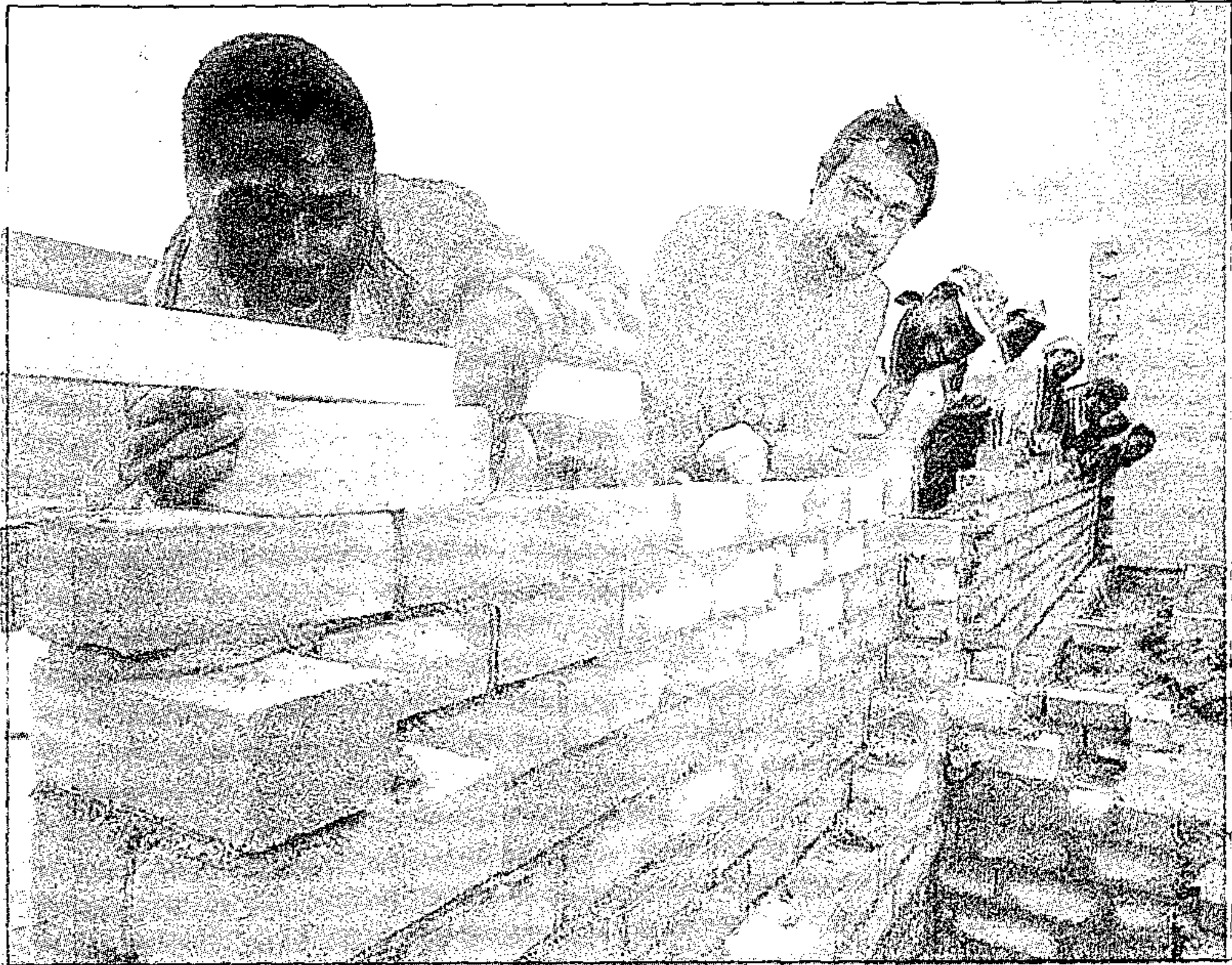
Tito Mboweni, the labour minister, told Nedlac that the summit should be an opportunity to promote economic development, growth and job creation without undermining labour security. "It is one summit which should not be allowed to fail."

He said Gear was still a cause of much tension in Nedlac that had to be addressed. "The fiercest opposition to this comes from the trade union movement."

But John Gomomo, Cosatu's president, renewed an attack on Gear. Unions say parts of the plan such as privatisation and phased elimination of exchange controls are hostile to workers and the poor. "We reject its (Gear) approach to fiscal and monetary policies which continue to see major cuts in government spending on social security and basic infrastructure."

Cosatu also reiterated its intention to strike on June 2 over the Basic Conditions of Employment Bill which has become a flashpoint between business and labour. "No amount of litigation or any amount of intimidation will halt the strike," Gomomo said. — Reuter

NEWS



OBED ZILWA

Investing in people: French consultant Sébastien Moriset, centre, watches labourers build a wall with compressed earth

ARG 28/5/97

Down-to-earth scheme builds jobs

STAFF REPORTER

A Mitchell's Plain building project funded by the French government and using labour-intensive methods has provided jobs for 30 people from disadvantaged Cape Town communities.

France agreed to fund the new R1,2-million Alliance Française headquarters in Portlands on condition the builders manufacture their own bricks using local soil and local labour, said Sébastien Moriset, consultant for CRATerre-EAG.

The use of the method in the Western Cape stems from a co-

operation agreement between French experts in the development of the technology, CRATerre-EAG (International Centre for Earth Construction School of Architecture of Grenoble), the French Foreign Affairs Department and the community projects office of Peninsula Technikon's construction-related departments.

The multi-purpose centre will be used for language and cultural training for Mitchell's Plain residents.

The technique of making compressed-earth bricks was developed about 30 years ago and is used throughout the world, and

(173) extensively in Africa. (174)

The labour-intensive technology suited communities with high unemployment, Mr Moriset said.

More than 60 000 bricks had been made by 12 labourers in Bellville last year and the remaining 10 000 by six people on site, said Herman Gribble from the CPO.

The bricks cost about 70c each to make, including labour, which accounts for 60 percent of the cost. This was cheaper than ordinary bricks, he said.

The centre is a demonstration project, but the CPO is initiating similar projects using earth technology in Riverland, Bellville and Saron.

Govt establishes funds to empower the disadvantaged

(173) (20) *Sowetan 29/5/97*

TRADE and Industry Deputy Minister Mr Phumzile Mlambo-Ngcuka has announced the establishment of the Government's National Empowerment Funds aimed at empowering historically disadvantaged communities.

The NEF announcement on Tuesday comes after months of strategic preparations by the Government and the Industrial Development Corporation (IDC).

The funds, called Unit Investment Trust, Warehousing Trust and Entrepreneurship Trust, are expected to be launched officially in October.

The Unit Trust is meant for small investors who will get a chance to buy into state-owned institutions such as Eskom, Aventura and Telkom - where a 20 percent share has been put aside.

The Warehousing Trust will be a temporary trust which will target groups such as stokvels and burial societies from the disadvantaged communities. The Entrepreneurship Trust is earmarked to fast-

track the creation of historically disadvantaged companies and it will operate like IDC through acquisition of equity.

Mlambo-Ngcuka said the funds were aimed at empowerment and capacity building of the disadvantaged.

"The funds will precipitate wide ownership in the economy and encourage savings among the disadvantaged population, which is desperately needed. The trusts are not welfare but an opportunity for the disadvantaged communities to empower themselves.

"The funds will be guaranteed for a limited period of time and thereafter will be subjected to the operation of an open market. The funds will also be subjected to Government participation, which in turn will employ credible managers who will include the participation of the disadvantaged people to manage the funds," Mlambo-Ngcuka said.

Among the institutions to be used in selling the funds are post offices and banks.

'20 000 new jobs in Cape this year'

BUSINESS EDITOR

~~(173)~~ (173)
ARG 2/6/97

More than 20 000 new jobs have been created in the Western Cape this year, says provincial Minister of Economic Affairs Chris Nissen .

He told the Cape Town Sakekamer that the province was well on track to meet its target of 50 000 new jobs this year.

Small-business promotion, plus support for mega-projects and for labour-intensive sectors, such as building, housing, the film industry, telecommunications and tourism, would help to create more jobs, he said.

Mr Nissen criticised the Western Cape government for not moving fast enough to pass on a share of provincial tenders to small black businesses.

The government and business leaders in the province should take corrective action to give black business, and particularly small business, opportunities to join the mainstream economy.

"In this regard, in my opinion, our business leadership as well as the provincial government are being tardy," Mr Nissen said.

Business SA calls for jobs summit before changes to labour law

By René Grawitzky

A JOBS summit which developed a clear strategy for employment creation should precede changes to legislation which would have an effect on the labour market, Business SA's (BSA's) deputy president Leslie Boyd said yesterday.

Boyd was addressing a news conference in Johannesburg on BSA's stance on the Basic Conditions of Employment Bill and its reaction to the Congress of SA Trade Unions (Cosatu's) 14-day ultimatum for BSA to re-visit its position on the Bill.

Boyd, speaking in his personal capacity, said "we should first create jobs" and then discuss changes to legislation which affect labour policy. He was endorsed by SA Chamber of Business' Raymond Parsons.

Such a view did not prevent an agreement being reached on the Bill, BSA negotiator Adrian du Plessis said. An agreement could be reached which balanced job creation and labour market regulation, he said.

"The price of getting the balance wrong will be paid by the economy, the society and ultimately, in increased joblessness," Boyd said.

BSA criticised the perception created by Cosatu that the former was intransigent and opposed to the Bill and that it had failed to move on key issues. Boyd said business was not opposed to fundamental labour rights, but was concerned about the Bill's wide scope and provisions which could raise the costs of employment to the point of creating barriers to new jobs and enterprises.

BSA warned that increased costs were not limited to the proposed legislation. He said additional costs were added "with each wave of legislation" and such legislation was not limited to that which emanated from Labour Minister Mboweni's office.

BSA said negotiations could not be held hostage by arbitrary deadlines imposed by Cosatu. Boyd said the negotiations had to be driven by "considerations of getting the Bill right, not Cosatu's threats."

Du Plessis said business had, in fact, agreed to a number of provisions with cost implications, such as four months' maternity leave, increased annual leave and a 45-hour working week, except for mining, security and agriculture. He said there was still disagreement on overtime payment, the regulation of night work, three days' family responsibility leave and increased notice provisions.

Du Plessis said business had also expressed concern about government's attempt to over-regulate the labour market, a contradiction to the spirit of the new Labour Relations Act, which sought to promote collective bargaining.

BSA has called for intervention at the highest possible level, with a meeting between top labour leadership, government and business. Although the differences were deep, there was a common objective to create jobs and a sustainable economy, Du Plessis said.

BD 5/6/97

(73)

Getting to grips with labour constraints

(nb) 111 (179) 6
MAG(AM) 6-12/6/97

The government's growth strategy envisages substantial job creation but without drastic intervention the unemployment problem will not be overcome, writes **Asghar Adelzadeh** of the NIEP in the last in the series of articles on economic policy

TWO questions are fundamental to overcoming the problems of high unemployment and poverty: what are the main macro-economic and labour market factors that constrain job creation and poverty reduction, and what are the main elements of a strategy for employment creation and poverty reduction?

Three broad issues come into play: the structure of the economy, the macro-economic framework and its policies, and the structure of the labour market.

The structural issues constraining employment creation and poverty reduction include persistent low economic growth; high concentration of wealth and decision-making in the real and financial sectors of the economy; substantial increases in the capital-labour ratio in all sectors of the economy since the 1970s, especially in mining and manufacturing; the relatively small increase in labour productivity and, in the case of mining, relative decline; a significant decline in capital productivities in mining, manufacturing and services; a high propensity to import; an underdeveloped home market; and a lack of historical investment in human resource development and social services.

These structural characteristics of South Africa's economy have directly and indirectly contributed to the overall decline in total employment, with unemployment surpassing 30% of the labour force.

Added to this is the government's macro-economic strategy and policy framework. Its fiscal austerity programme, tight monetary policy, rapid trade liberalisation approach and dual labour market policy proposals will impose further constraints on growth, job creation and poverty reduction without bringing about the necessary restructuring of the economy that will alleviate our greatest problems: job creation and poverty reduction.

The fiscal policy contained in the growth, employment and redistribution (Gear) strategy has already led to substantial cuts in public spending on social services and infrastructural investment, two important elements

in poverty reduction and employment creation (see *Business Mail*, May 2 to 8). Its disinflationary tight monetary policy will continue to constrain economic growth, job creation and transformation of the financial market (see *Business Mail*, May 30 to June 5); its accelerated trade liberalisation proposals can potentially lead to de-industrialisation, loss of manufacturing jobs and increased dependence on imports (see *Business Mail*, April 4 to 10); and its labour market deregulation proposal can end the aspiration of a living wage for the majority of the population, perpetuating high inequality and low economic growth.

The two-headed hydra of unemployment and underemployment is also intrinsically linked to the racial, gender and spatial inequalities, which are directly linked to the characteristics of poverty in South Africa. Notwithstanding the removal of political inequalities, the majority of South Africans continue to feel the economic inequalities in their working lives.

Clearly, the current difficulties of the labour market cannot be divorced from the policies of apartheid that succeeded in dispossessing the majority black population from a self-sustaining economic base while actively undermining its ability to develop a new one. The policies of apartheid consciously created the type, structure and persistence of unemployment and underemployment that we must grapple with today.

While employment creation is not solely a labour-market phenomenon, without a thorough understanding of labour-market factors that currently limit employment, sound and effective policy choices will be fleeting.

At a basic level, the demand for labour is a positive function of the general aggregate demand for the goods and services produced in the economy. The overall stagnation of the economy since the mid-1980s has severely undermined its ability to create jobs through growth.

Labour demand is further affected by the structure of production, which encompasses at least two crucial aspects, the production technique (the mix of capital and labour) and the



Give us work: People looking for employment wait in a queue

PHOTOGRAPH: JOANNE PATHE

How to create jobs

EVEN the best strategy for employment creation and poverty reduction will fail without a suitable macroeconomic framework. An appropriate framework needs to anchor the economy's growth and development in a more equal distribution of social outputs between social classes; a developed home market with a gradual and careful approach to integration into the world economy; and an economically active government that sharply extends its provision of social services and infrastructure investment in disadvantaged communities.

As part of an overall macroeconomic strategy, special consideration must be given to a strategy for tackling labour market constraints and developing appropriate and implementable policies for job creation.

On the labour demand side, the strategy must encourage effective demand and in this regard pay particular attention to the expansion of the domestic market. A developed domestic market is not only a necessary

condition for achieving sustainable growth, empirical studies show that more jobs are created in production for the domestic market than in production for exports.

Incentives must be provided to employers to introduce appropriate technology to increase labour-intensive production where possible. This strategy is particularly important for domestic and even regional production to stimulate local jobs and local labour markets that directly target the unemployed.

The organisation of work is critically in need of overhaul. Employers must be actively encouraged to shift the processes of production to permit new job grading structures as well as labour-management control of work. Greater co-operation must start in the workplace wherein employees take part in decision-making, especially where it directly affects the quality of their working lives. Authoritarian control undermines workers' responsibility at work as well as their job opportunities.

control. Limited opportunities for black mobility, and limited training for black workers. The consequence is the overabundance of underskilled workers for whom demand is low compared with skilled workers.

Demand for labour also has a very regional aspect, as the largest labour-attracting centres are in metropolitan areas. Others, like the highly capitalised mining areas, provide regional employment, while the rural areas offer fewer and less diverse employment opportunities than anywhere else in the country.

Supply of labour is another factor. In South Africa, significant differences are found in labour-force participation

rates across race and gender. White participation rates are higher than those for non-whites, while female participation is significantly lower than males in all racial groups. Additionally, participation is affected by availability, quality, locality and cost.

Availability is largely influenced by the amount of time people spend in informal sector employment (for example domestics and hawkers). However, it is also influenced by the time spent on essential non-working activities. In the absence of infrastructural support, rural women spend a large portion of their day gathering wood and fetching water. Consequently, they have very low participation rates in the formal labour market due partly to this "time poverty" phenomenon.

Participation in the labour market is also determined by the quality of the labour being offered. That is, education, training and skills levels are real barriers to entry in labour market as well as to duration of labour market participation. Not surprisingly, the incidence of unemployment is skewed towards those with little formal education.

Considering the lack of attention paid to education and training of the black labour force by the apartheid government and the private sector, it is not surprising that despite significant mechanisation of the production process in the past 27 years, production as a unit of capital has declined for all sectors of the economy except agriculture.

Spatial constraints — the disjunction between where potential workers and potential jobs are located — also affect labour force participation rates, especially of blacks and women. Internal migration from rural to urban areas as well as long-term separation and long-distance travel are vivid examples.

Finally, in addition to demand and supply factors, the institutional framework provides a backdrop upon which the labour market operates. The segmented and dual labour market is an institutional reality. The statutory and non-statutory regulation of the labour market (or absence thereof) can assist in changing (or maintaining) this reality.

Labour market regulation affects the level of unemployment as well. For example, the absence of reliable, stable and secure employment greatly affects the need for households to engage in additional activities to meet basic needs. In the absence of important employment benefits (such as health benefits) unnecessary burdens are placed on households to withstand calamity.

The scarcity and inadequacy of training combined with institutionalised racism creates barriers to upward mobility, thus reproducing the cycle of low-wage employment and poverty. Finally, the existence and operation of a dual labour market effectively forces many of the poorest into poverty wages.

This article is based on a National Institute for Economic Policy paper written by Asghar Adelzadeh and Cynthia Alvarar, a labour economist and the NUM's legal council

Lack of trust spells disaster for jobs summit

CT (BR) 12/6/97 (173)

CHRISTO VOLSCHENK
ECONOMICS EDITOR

Tito Mboweni, the labour minister, is adamant that government, labour and business should meet in October at a presidential jobs summit to discuss the way forward to a so-called jobs accord.

Mboweni would like the social partners to commit themselves at the summit to negotiate an employment accord through the National Economic Development and Labour Council (Nedac) aimed at speeding up economic growth and job-creation through co-operation and joint decision-making.

Details of the summit are to be announced by the labour ministry within weeks, but at this stage it seems Mboweni would be lucky to get labour to attend the summit, let alone to commit to negotiations for a jobs accord.

The jobs summit and jobs accord are the brainchildren of the Labour Market Commission of University of Cape Town academic Dave Lewis.

In a report released in June last year the commission emphasised that the conclusion of a jobs accord would depend on mutual trust between the social partners.

At the time there was almost zero trust between labour and business, since the dust generated by the drawn-out and sometimes acrimonious negotiations for a new Labour Relations Act had not yet settled. The distrust ran so deep that some even feared for the future of Nedac.

Twelve months later the level of trust between labour and business is at another



IN SEARCH OF COMMON GROUND *Adrian du Plessis, Business South Africa's chief negotiator, Jayendra Naidoo, the executive director of Nedac and Tito Mboweni, the labour minister*



low point.

This time the inability of the parties to find each other on the employment standards bill is the source of the tension.

After months of negotiations, deadlock has been reached on key aspects of the bill, and Mboweni finds himself in the role of peacemaker as business and labour take turns to cry on his shoulder about the other's unwillingness to compromise.

All of this spells disaster for the jobs summit.

As the relationship between labour and business stands today, a successful jobs summit is practically out of the question, and there is little chance of the relationship being patched up between now and October.

In fact, there is a real chance that tensions may even rise given the 14-day labour ultimatum that still hangs over the head of business.

Recent strategic moves by Business South Africa (BSA) also increased tension between business and labour. Last week BSA suggested to Mboweni that negotiations on certain aspects of the minimum standards bill be postponed until after the jobs summit. BSA motivated their suggestion for a postponement by saying they wanted the summit to be a success.

But, ironically, dragging out negotiations until after October might preclude success at the summit for which willingness to compromise would be vital.

Should Mboweni decide to

push ahead with arrangements for a summit in October, he risks meeting with social partners on the day who are even less willing to compromise than now.

There is little doubt a jobs accord in the format as proposed by the Labour Market Commission could be a good thing for the economy, and Mboweni should do everything he can to pull it off.

The job accord would require of labour, business and government to make certain sacrifices in return for certain benefits. All three social partners would have to sacrifice some autonomy and agree to greater co-operation in exchange for the benefit of higher growth and faster job creation.

For instance, labour would

have to moderate its wage demands in return for a commitment from business to hold price increases below the rate of inflation, while government would commit itself to increased social spending.

The commission did not opt for a statutory incomes policy or a jobs accord that is imposed by law. Rather, the jobs accord should be entered into freely and willingly by the partners and be largely self-policing, the commission suggested. Commentators thought this to be a wise choice. Co-operation rather than confrontation would reduce uncertainty and build a climate for investment which would lead to higher growth and faster job creation, they said.

The national jobs accord could later be supplemented by a number of regional, local and firm-level accords.

"Co-operation at firm, regional and national level would encourage investment and growth, and balance business's need for adequate profits, labour's need for secure and reasonably remunerated employment and society's need for rapid job creation," the commission said in its report.

But a jobs accord might prove to be out of Mboweni's reach. As things stand now, there is a real chance the initiative would not even make it past the first hurdle, namely the jobs summit.

Under the circumstances it might be advisable for Mboweni to postpone the presidential jobs summit until well after the negotiations on the minimum standards bill had been concluded to give the relationship between labour and business time to heal.

IV The burden of poverty

1 Access to services

Be that the DBSA figure refers to an earlier time period, after which ESKUM launched a major electrification programme. The CSS October 1994 Household Survey found an electrification rate of 50%

Gear under threat

(173) M+G(BM) 13-19/6/97



Amid all Cosatu's and business's bluster lies a danger that the central tenet of Gear – job creation – will be ignored, writes

Madeleine Wackernagel

BUSINESS has until Monday to respond to the Congress of South African Trade Unions (Cosatu), which threatened continued mass action unless business accedes to its demands over the Basic Conditions of Employment Bill. But business, predictably, is taking as tough a line as the labour movement.

The next step should be another meeting of the National Economic Development and Labour Council (Nedlac). But until the parties have something new to discuss there is little point, says Nedlac executive director Jayendra Naidoo. So, if the deadlock continues, it will be up to the Minister of Labour, Tito Mboweni, to find a way out of the impasse.

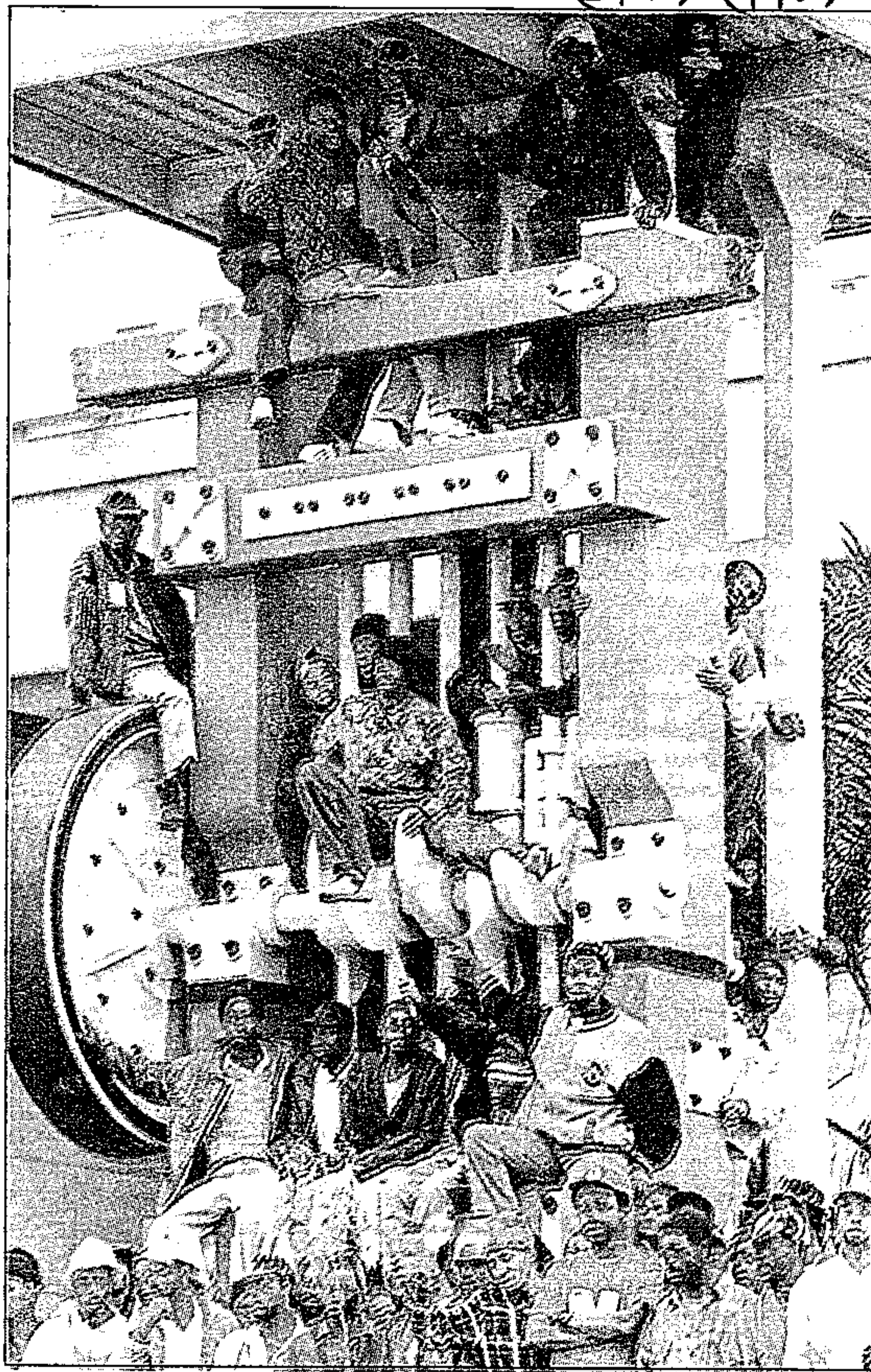
The Bill calls for a 45-hour working week, while Cosatu is pressing for 40-hours. Business argues that the additional costs will prohibit job creation.

"The arguments are all academic in a fragmented labour market such as ours," says one labour analyst. "The private sector is not necessarily the biggest employer and besides, many big businesses already have instituted better conditions than are set out by the new Bill. The biggest problem is that it will inhibit job creation in the informal sector."

Says another: "This is just so much hot air. The real question is to what degree the concerns of the unemployed are taken into account in all this bickering."

Amid all the bluster and posturing lies a danger that the centre-piece of government economic policy, the growth, employment and redistribution (Gear) strategy, is under threat. As it is, there is little to celebrate on the first anniversary of Gear's unveiling. So far, growth has been unremarkable, employment has actually fallen and the income gap is widening.

'We want more and better jobs — not just jobs'



Deadlock over labour policy: Cosatu and business are taking a tough line on conditions of employment

PHOTOGRAPH: SIDDIQUE DAVIDS

So is the gap between the government and its alliance partners. Says Cosatu representative Nowetu Mpati: "Gear is not moving ahead because we weren't consulted. It amounts to a business document, which is why it is not being implemented. We are as concerned as everybody else about job creation, but not on these terms."

"Everybody calls on Cosatu and the labour movement to compromise but what about government and labour? Of course we want

more jobs but the negotiating process is about give and take — and so far only Cosatu has done the giving. In the past 18 months of negotiations, just one party has done the compromising — us."

But says Jeremy Cronin of the South African Communist Party: "It is important that this new Bill goes through as quickly as possible so that we can get on with the real issues. The longer it is delayed, the greater the opportunity for big business to find a way round it."

"We've become bogged down in

arguing about Gear and blaming it for all the country's ills. We need to get back to the bigger picture and focus more on industrial policy than on macro-economic issues alone."

For once business was talking the same language. The need for a coordinated approach, involving government, business and labour, is paramount in the battle to create employment opportunities, says one economist. "Redressing the balance of past capital-intensive production won't happen by itself. The government must come up with a comprehensive industrial policy, encompassing trade regimes, regulatory frameworks, education and training, as well as tariffs, export zones and tax incentives."

This view is echoed by a Labour Department source: "If job creation is ever going to get off the ground, the government must be pro-active. You can't leave it up to the market."

"Policy must be directed towards labour-intensive production, whether in agriculture or tourism, but it won't happen just like that. The departments must work together at devising an employment strategy, which in turn should work with the new Bill. We want more and better jobs — not just jobs."

Such a comprehensive policy would also have to address small-business promotion, singled out by Gear for its employment potential. So far, policy has been ad-hoc.

Says Phillip Tekane of the National African Federated Chambers of Commerce: "The government is trying, the spirit is there, but there's a long way to go. Take Khula, for example. It was set up by the Department of Trade and Industry to provide financing for small businesses, but instead, funding is channelled through the banks, which apply very strict criteria to small-business applicants."

"We have to find unconventional ways to encourage entrepreneurship and more legislation will only deter people from starting up their own businesses."

Frustrations are growing but so is awareness. If Gear is to succeed, the Presidential Job Summit scheduled for October will have to be more than just another opportunity for the parties concerned to indulge in rhetoric and self-interest.

Unions denounce market globalisation

(173)

AAU 16/6/99

Geneva – The world's biggest umbrella organisation of labour unions has denounced the globalisation of economic markets, saying the trend has not helped the world's labourers.

Women – especially those who work in textile industries in Southeast Asia and Latin America – are increasingly suffering the worst abuses, according to a report by the International Confederation of Free Trade Unions.

"The fierce competition between enterprises in the new economic jungle has split the labour world of the industrialised countries into two classes: those who have lost their jobs and those who fear losing them," read the report.

Many of the jobs at risk were lower-paying, with worse benefits than before.

Bill Jordan, confederation general secretary, said on Friday that governments, fearful of missing out on the benefits of world trade, were increasingly willing to "do the bidding of big business" in restricting trade unions.

The Brussels-based organisation's 135-page report on violations of trade union rights was released during the annual meeting of the 174-member countries in the

International Labour Organisation, which is the United Nations' body of government, management and labour delegates.

It was reported that 264 trade unionists were murdered last year while fighting for union rights, almost half of them in Latin America.

In Colombia 98 unionists were killed, many of them agricultural workers. In Brazil, 24 were killed. In Bolivia, nine.

"A near reign of terror exists in some of the Dominican Republic's export-processing zones, where most workers are females in clothing factories.

Factories around Santiago, for example, "employ gangs of thugs armed with pipes, clubs and knives to break up unions. In some factories women are spied on in bathrooms via two-way mirrors, and staff are issued tickets to control access to toilets."

It cited China for having "one of the worst records of trade union repression," with hundreds of trade unionists and their families ill-treated or imprisoned for minor crimes like printing T-shirts with pro-union slogans.

The removal of trade barriers, increased international investment and the addition of "flexibility" to labour stan-

dards were touted as promising economic recovery that would benefit everybody, noted Mr Jordan in the foreword.

"This is far from being the case," he said. Not only were wealthy countries losing jobs, but poorer countries had failed to reap the promised benefits.

"Poverty and inequality have increased in the developing countries, which globalisation has drawn into a downward spiral of ever-lower labour standards to attract investment and to meet the demands of enterprises seeking a fast profit," he said.

The confederation, the world's largest grouping of free trade unions, singled out the United States.

"The right to strike and the right of workers to organise trade unions are not adequately protected in the US. The law cannot protect workers when employers are determined to destroy or prevent trade union representation."

Mr Jordan said trade and investment liberalisation had to come with protection of basic rights.

That would be good for business, too, he said, claiming that the world's most successful companies were also the ones that treated their employees best. – Sapa-AP

Shilowa states labour market flexibility calls

~~(157)~~ (173)

Fears workers will lose their rights

ART 16/6/97

THABO MABASO
BUSINESS REPORTER

Calls for labour market flexibility are merely an attempt to strip workers of basic rights and protection, Congress of South African Trade Unions (Cosatu) secretary general Sam Shilowa claims.

Mr Shilowa spoke out at an International Labour Organisation plenary session in Geneva against those who wanted to remove the state's role in protecting workers and to "demonise" the labour movement.

Turning the clock back and removing workers' rights in the name of "flexibility", he said, would lead to exploitation and the flouting of ILO conventions. It would also entrench the idea that global competitiveness could be achieved only through the use of child labour and the suppression of

worker rights.

"This type of flexibility will lead not to dynamism, innovation and the unleashing of the productive potential, but to stagna-

'We see it as a euphemism for very little or no regulation, which makes it easy for employers to hire and fire'

tion and the destruction of human and natural resources," Mr Shilowa said.

He said the concept needed to be closely scrutinised to ensure that it did not achieve the opposite of what was intended.

"For South African workers, the reality is that effective targeted intervention is needed to overcome many of the inherited rigidities that retard economic development and introduce dynamism where there is now stagnation," Mr Shilowa said. Whatever its intentions, the concept of labour market flexibility had been discarded among workers.

"We see it as a euphemism for very little or no regulation, which makes it easy for employers to hire and fire, pay whatever level of wages, make no investment in people, deny workers a say in decision-making and have no protection for workers."

Mr Shilowa said that although Cosatu had its differences with the government, "there is also overwhelming support for the overall strategic approach being pursued to foster social justice, economic development and job creation."

THE BIG STORY

Phanbili! to water for all South Africans

Kader Asmal's plan brings a wave of employment spinoffs, too

ARND BRONKHORST

(173)

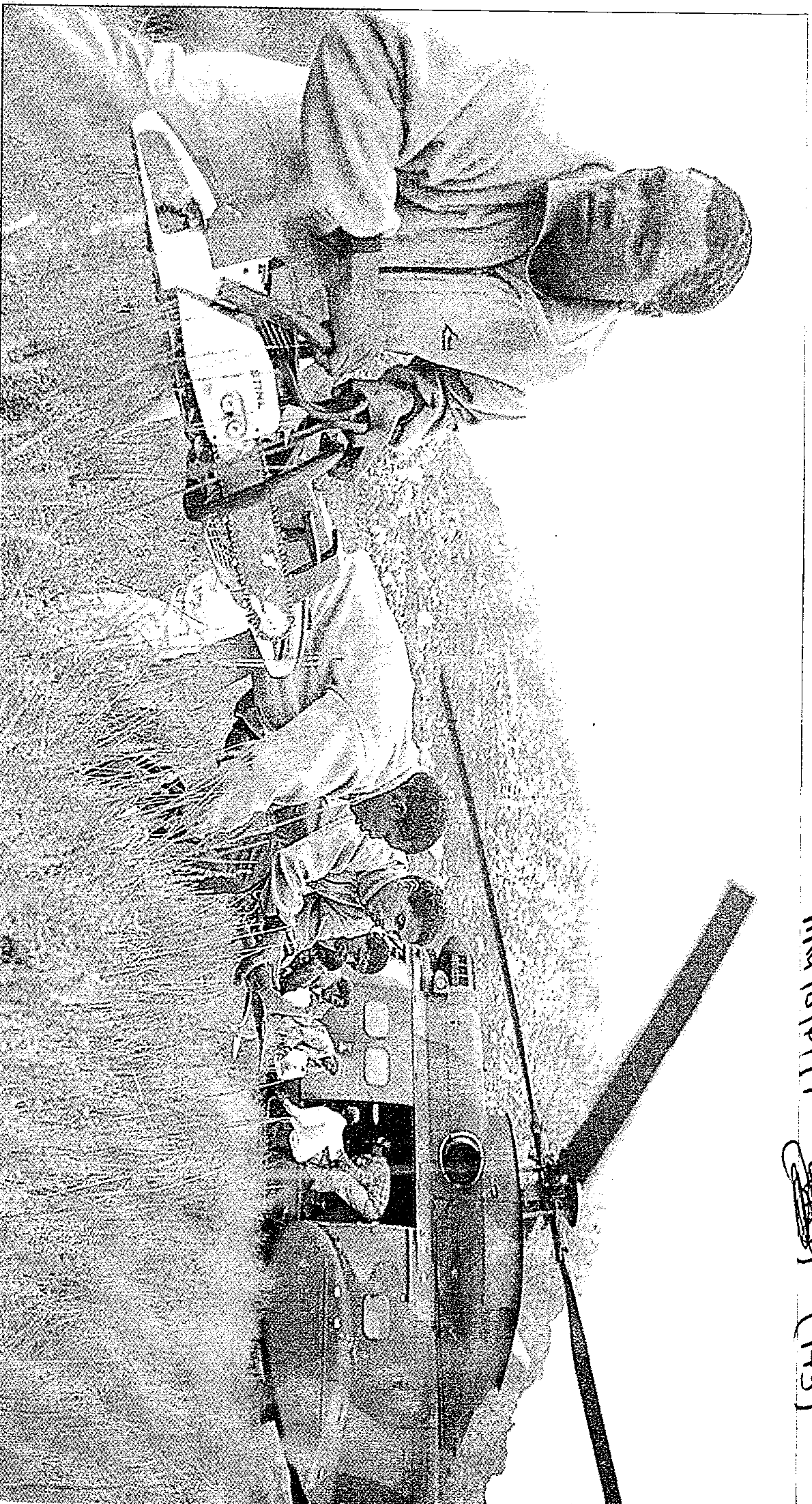
CRITICS OF THE ANC GOVERNMENT HAVE SNIPPED VIGOROUSLY AT ITS ALLEGED FAILURE TO DELIVER ON ITS PROMISES OF JOBS, HOUSES, HEALTH CARE AND OTHER SOCIAL BENEFITS DURING THE PAST THREE YEARS. BUT ONE MAJOR SUCCESS STORY THAT HAS TOTALLY SILENCED THESE CRITICS IS THE DEPARTMENT OF WATER AFFAIRS AND FORESTRY'S INNOVATIVE 'WORKING FOR WATER' PROGRAMME, WHICH IS CREATING THOUSANDS OF JOBS AND ACHIEVING A VITAL ENVIRONMENTAL OBJECTIVE. ENVIRONMENTAL REPORTER JOHN YELD LOOKS AT SOME OF THE PROGRAMME'S RESULTS.

By creating more than 8 300 jobs in little more than 18 months and with thousands more in the pipeline, the "Working for Water" Programme of the Department of Water Affairs and Forestry is being rightly hailed as one of the Government's major success stories.

The programme, which is just one of more than 50 projects in the Department's National Water Conservation Campaign, involves clearing invasive alien plants from South Africa's mountain catchment areas, water courses and wetlands in the low-lying areas.

This is being done because scientists have proved conclusively that these invader plants, such as Australian Acacia species, use significantly more water than indigenous plants, while at the same time destroying this country's priceless natural heritage of thousands of plants and animals that are found nowhere else on earth.

The scientists have calculated that, in the Western Cape, clearing invading alien plants can yield water at a mere 11 percent of the financial cost of even the most favourable dam option.



High living: these hackers are dropped off at work by helicopter and they remove alien vegetation which uses more of our precious water than indigenous plantlife

But apart from this essential ecological achievement, what is being hailed as the real success and significance of this programme is its multiplicity of social benefits, to the extent that is now being pointed as the one of the model programmes to illustrate the Government's macro-economic strategy for Growth, Employment and Redistribution (Gear), as well as its Reconstruction and Development Programme (RDP).

That such claims are not exaggerated is apparent from the programme's 1996/97 annual report, which has just been published by the department.

Of the more than 8 300 jobs which have created thus far, more than 53 percent are held by women, and they are competing on an equal footing with the men.

For example, one of the specialised "high altitude" teams, which uses advanced mountaineering skills to clear invading alien plants in the upper reaches of catchment areas, consists entirely of women.

Twenty-four jobs have been created for disabled people – a statistic the department says is too low.

There has also been an emphasis on employment opportunities for the youth, in line with the Government's policy of providing hope and opportunities especially for young people. Consequently, 20

percent of all jobs on the programme have gone to people aged between 16 and 25.

According to the programme's social report by Caroline Gelderblom and Mpho Litha, one of the most important objectives has been to go beyond merely creating jobs, and to empower people with the skills needed for them to become independent contractors.

"This is being achieved by a progression through a number of clearly defined stages from daily wages, through piece-work, to open contracts," they said.

"The implementation of piece-work has led to dramatic increases in productivity and has enabled workers to earn higher wages through its incentives."

Ms Gelderblom and Ms Litha point out that training is an integral part of every phase of the programme, and argue that this is one of the reasons for its success.

"The move towards contract work demands a comprehensive training course in which workers learn general management and entrepreneurial skills, together with the skills needed to set tasks for others."

The programme has made important contributions to the upliftment of people by providing training courses on life skills, they add.

"These include financial management, first aid, the Masakhane Campaign (including payment of services), and – criti-

cally – the reinforcement of a human rights culture. And these life skills are being successfully integrated into family and community structures."

Among the other social benefits is the support of creches at virtually all the programme's 39 sites throughout the country.

The programme provides equipment for the creches and subsidises the cost of food provided there, thereby enhancing the nutrition of the workers' children.

One training centre has been established and several others are planned. In 14 of the affected communities, existing training halls are being used.

In two areas, sporting facilities have been established, while in six areas, existing facilities are being supported.

"The creation of viable secondary industries has always been an important objective of the 'Working for Water' project," say Ms Gelderblom and Ms Litha.

"After a slow start, small-scale secondary industries are getting off the ground."

These include the production of charcoal and building materials, and the use of wood for environmental rehabilita-

tion, such as the stabilising of river banks.

Programme co-ordinator Guy Preston said the 1995 budget of R25-million (for six months) had been increased to R77-million for 1996/97, and that the 1997/98 budget was R115-million.

"We have demonstrated our ability to put money to work," he said.

Foreign funding was starting to become a reality, with funding applications totalling almost R180-million having been sent to the European Union, other European countries and the United States.

Dr Preston believed the social benefits of the programme were exceptional.

"That we would have an impact on biological diversity and ecological functioning was never in doubt. So, in a sense, the environmental benefits to date have not been a surprise – the programme merely works as it should.

"But the big prize is the social impact. We know that we are making a difference," he said.

A "major step forward" was partnerships with the Rand Water Board,

Umgeni Water and the Cape Town municipality.

"Perhaps the most exciting prospect of all is taking the programme where it really belongs: into a genuine partnership with the departments of Agriculture and Land Affairs, Environmental Affairs and Tourism, Public Works, Labour, Health, and Welfare and Population Development," Dr Preston said.

"Should this succeed – and the signs from the respective ministers are good – there will surely be no stopping us."

Minister of Water Affairs and Forestry Kader Asmal, clearly elated by the success of the programme, pointed out that it had won the coveted award for the Best Conservation Project of 1996 in the Green Trust Environment Awards, and had been a major factor in the department being awarded the prestigious 1996 Corporation Conservation Award from the Wildlife and Environment Society of SA – the first government department to be so honoured.

"And, if I may say so, it was also a major factor in my being granted the WWF-South Africa Gold Medal for Conservation. This is a victory for us all," Professor Asmal said.

"We must guard against complacency in this initial victory, however, for we are still at the very beginning of our march. Phambili (forward)!"

'Clearing alien plants can yield water at a mere 11 percent of the cost of dam option'

Staff turnover hits bottom line

FM 20/6/97 (173)
It's costing business billions

High staff turnover is costing SA firms more than R2bn a year. Between 1993 and mid-1996, the proportion of organisations experiencing skilled staff shortages increased from 8% to 39%.

The staff leaving have an average of over four years' service, making it expensive and difficult to replace them.

ECONOMIC TRENDS

By Adrienne Roberts

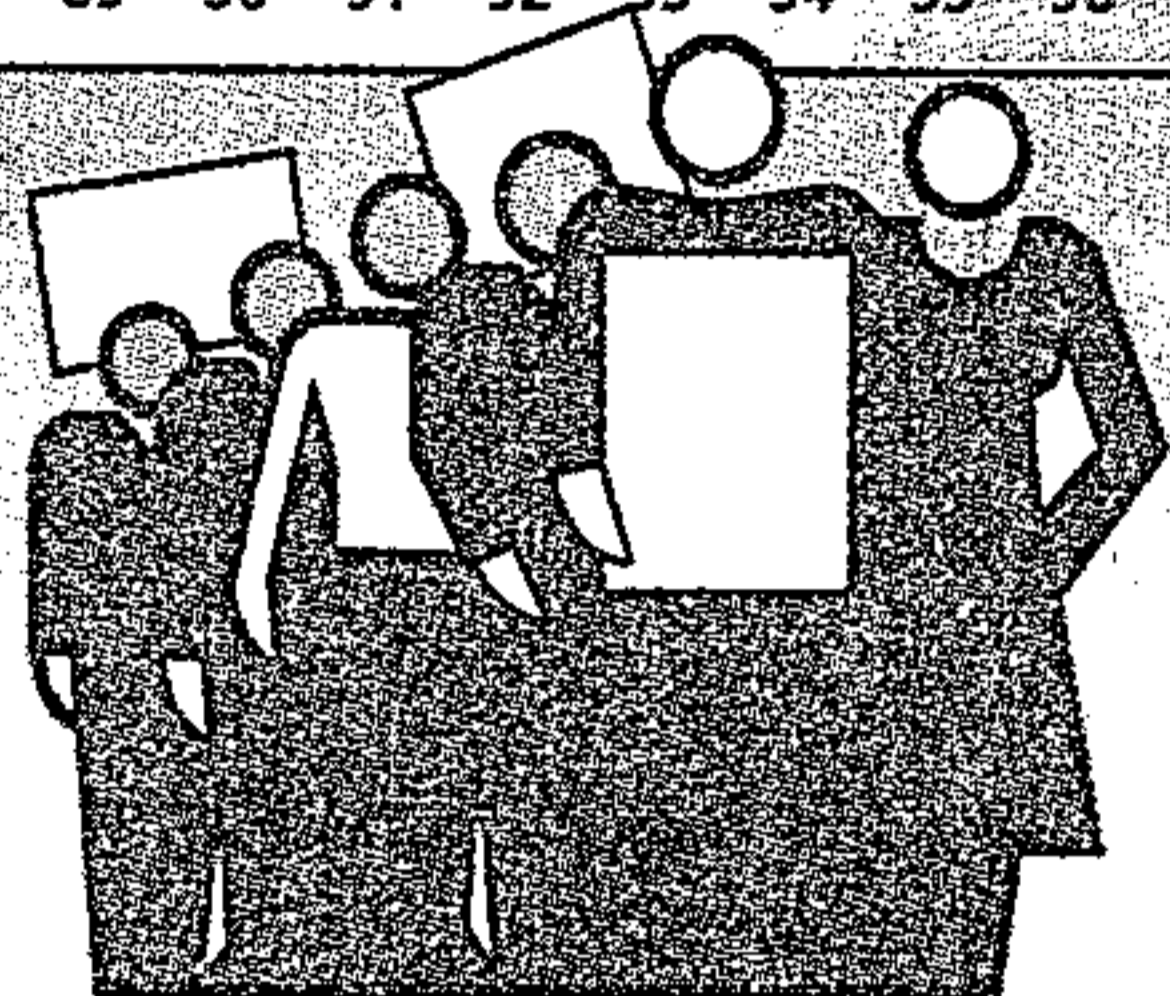
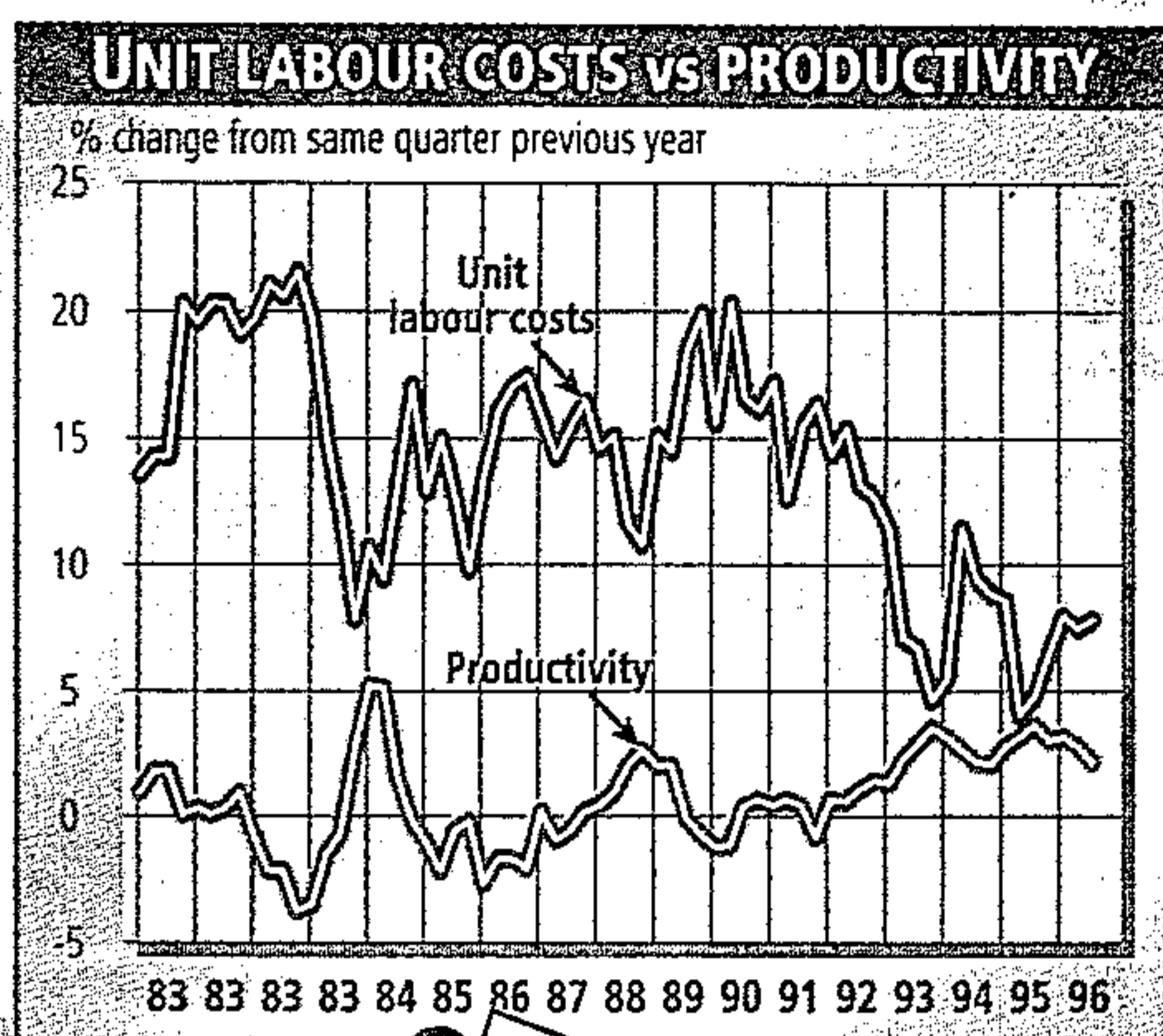
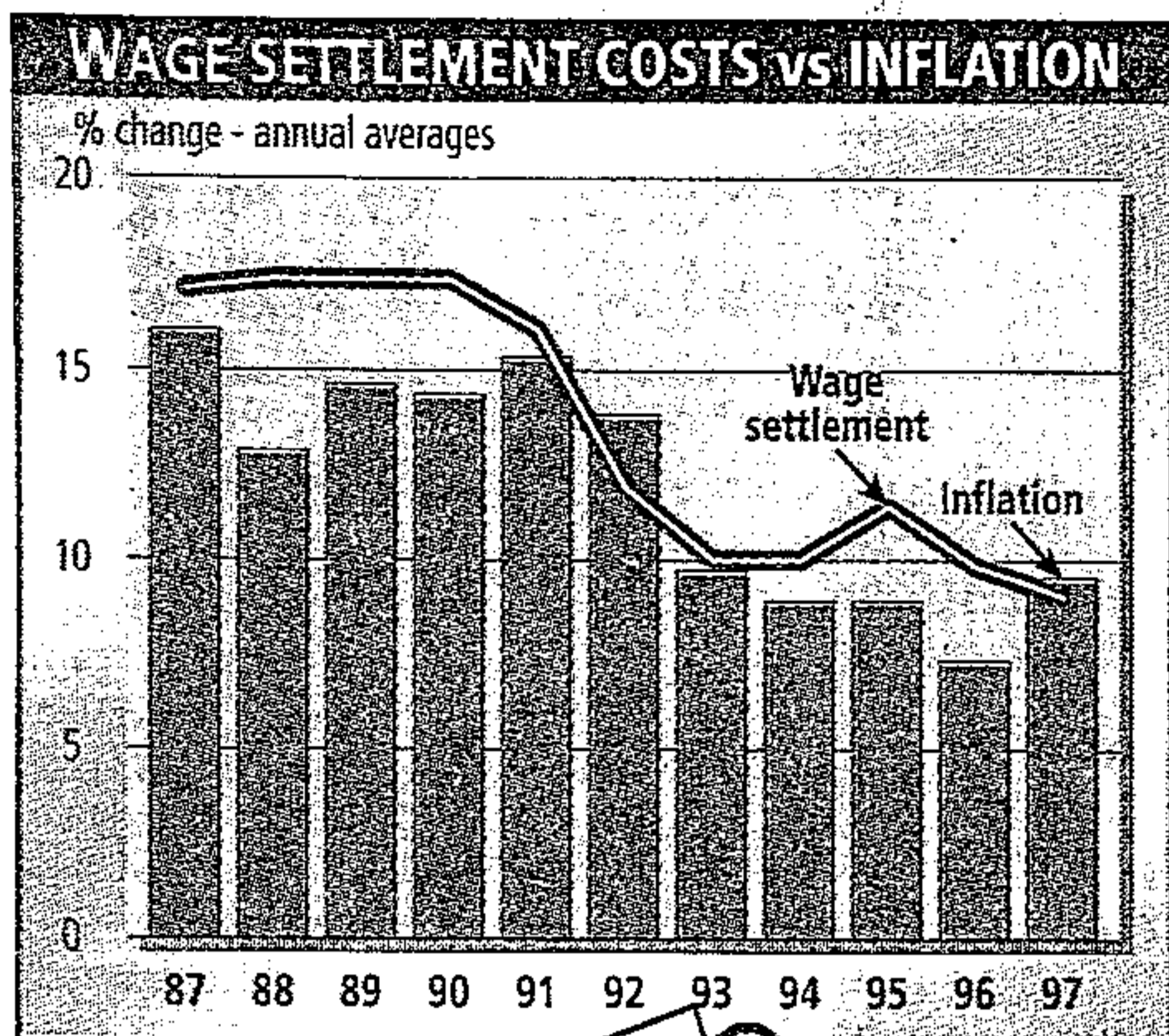
This is according to a recent study by P-E Corporate Services of over 750 companies, employing about 1,5m people.

Emigration, though a significant factor, accounted for only about 5% of skilled staff turnover last year — compared with 15% in 1994. Emigration was the cause of about 8% of resignations by executives last year, compared with 11% in 1994.

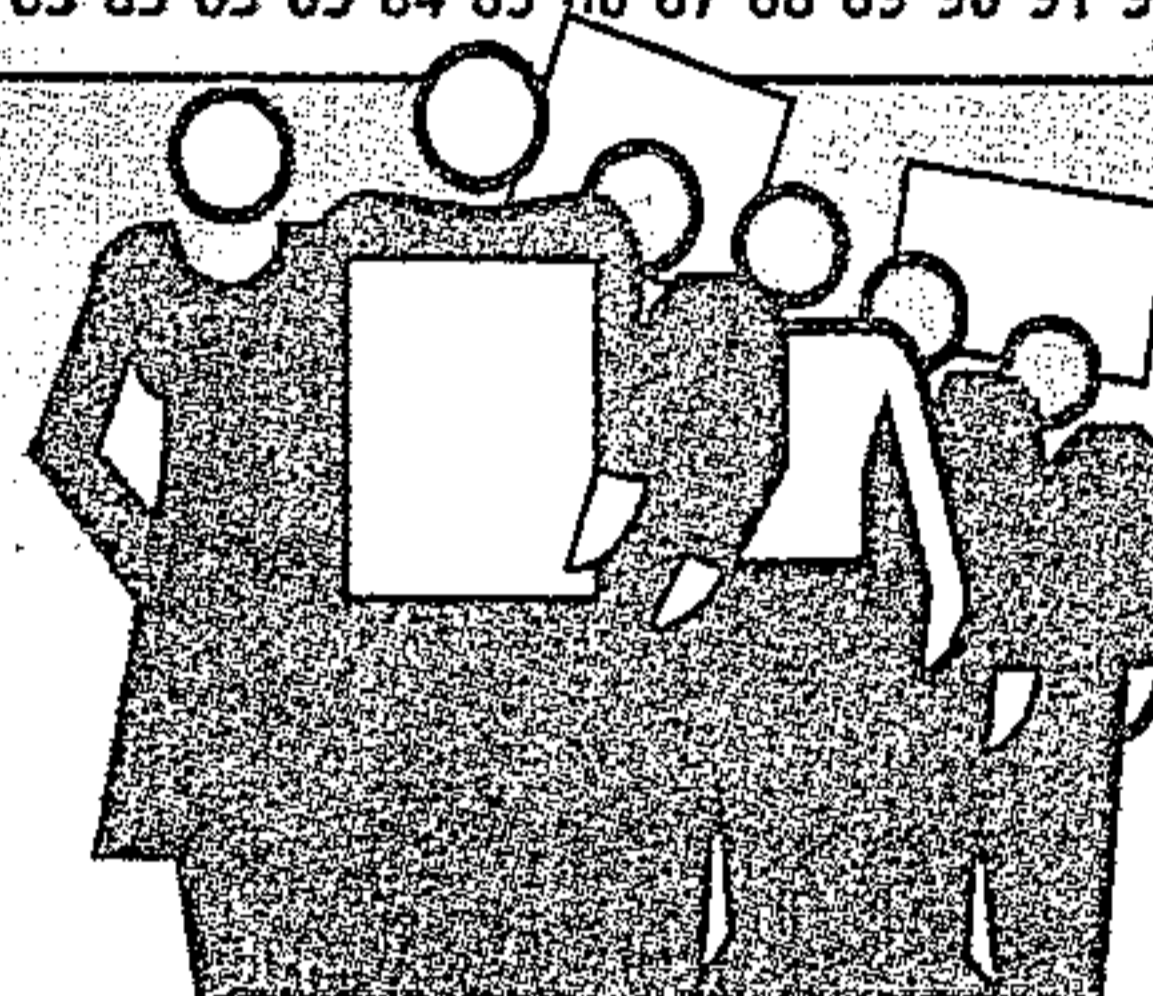
The impact of retrenchment has also declined. Three or four years ago it accounted for 20%-30% of the turnover in skilled staff — compared with 6% in December 1996. P-E's Martin Wescott attributes this to "improved trading conditions" and "the fact that many organisations have now reduced staffing to critical volumes."

This means the balance of the turnover is initiated by employees, often for higher pay or better career prospects. It paints a picture of a cutthroat job market badly in need of (among other things) financial, management and infotech skills.

But as the economy slows down, fewer companies are reporting staff shortages — 24% in December 1996 compared with 39% in June. Wescott suggests it reflects lower recruitment activity, as companies experience slower trading conditions. ■



Graphic: FIONA KRISCH



Source: STANDARD BANK

Job creation still in the starting blocks

(173) ST (BT) 22/6/97

ECONOMIC PLAN
By MARCIA KLEIN

ONE of the biggest problems with Gear, the government's macro-economic framework, is whether South Africa has the ability to meet the plan's optimistic job creation targets.

Apart from the obvious effect on individuals, rising unemployment has economic consequences, including its effect on wage settlements and inflation.

Gear aimed to create 126 000 jobs in 1996, 252 000 in 1997, 246 000 in 1998, 320 000 in 1999 and 409 000 by the end of 2000. But it got off to a bad start last year, when jobs were actually lost. With no growth in the economy — as shown by the decline in GDP during the first quarter — it seems unlikely this year's job creation target will be met.

Higher unemployment should lead to downward pressure on wages, but in South Africa wage settlements have remained high because of the structure of the

labour market.

A Standard Bank economic report says although unemployment is high, real wages continue to rise. "Reasons include a highly unionised labour market, as well as the political baggage of the apartheid era, meaning that redress and the closing of wage gaps are sought."

Changes in labour costs are a key component of inflation, but upward pressure on prices has been buffeted to some extent by productivity increases. According to Andrew Levy & Associates, labour costs increased by 9.1% in the first quarter, below inflation of 9.6% for the period.

Standard Bank says this has led to renewed optimism that labour costs have been contained, but it seems that for the full year "labour cost increases will once again overshoot the

rate of inflation", largely because inflation is expected to drop sharply in the second half, and a similar slowdown in wage settlements seems unlikely.

The report says wage settlements in excess of inflation will push up the inflation rate. "This creates a source of demand-pull inflation on the part of the workers, while also, more importantly, creating a source of cost-push inflation — because firms will increase the prices of their goods to compensate for their increased labour costs."

But higher labour costs need to be analysed in the context of labour productivity. "The fact that productivity has been rising may explain the limited impact of wage increases on inflation," says the report.

Expectations play a very important role in wage determination, says Standard Bank. Despite the Reserve Bank's success in reducing inflation,

"inflationary expectations still remain high".

Standard Bank expects wage increases to average between 9% and 10% this year, against an expected average inflation rate of 9%. "Therefore, while wage costs are still rising in real terms, the gap between them and CPI is closing. Taking improvements in productivity into account, while there will still be pressure on the CPI from wage costs, this is likely to be relatively moderate." But the more that labour cost escalations can be contained, "the more beneficial the impact on the CPI and competitiveness will be."

In the medium term, labour cost increases will come down as inflationary expectations continue to fall and as the labour market frees up. This will have meaningful consequences not only for inflation "but also for business performance in a competitive world environment."

Mathison & Hollidge economist Henry Flint said there were concerns in the markets about a possible sell-off of equities as shares until expertise and confidence foreign investments increased.

Business urges 'right' focus on procurement

Shareen Singh

BD 23/6/97 (173)

EMPOWERMENT and job creation should be key factors in determining procurement policy reform, but should not be the primary focus of government's tendering system, according to organised business.

Speaking at a procurement policy conference last week, Michael McDonald of the Steel Engineering Industries' Federation of SA said excessive costs and unrealistic small business expectations could occur if procurement policy was not given the correct focus.

Responding to government's green paper on procurement policy reform, McDonald said that business supported the development of small enterprises and empowerment, and procurement reform should allow for that.

However, he stressed that the primary aim of public sector procurement was to obtain goods, services, infrastructure and other capital assets necessary for government departments to function efficiently.

He raised concerns over the lack of capacity in government departments to deliver the assistance required by small enterprises, particularly new entrants to the tendering system.

Business was also concerned about price preferences being based on the degree of previously disadvantaged equity. "This could be abused by the 'previously advantaged' forming 'front companies' in order to gain the preference, or it could be abused in a number of other creative ways," he said.

Other suitable measures for awarding price preferences should be considered.

McDonald said business backed the green paper's basic philosophy in seeking to improve the procurement system. Yet the document provided little detail on how improvements would take place in practice.

Monex gets green light for theme park

Linda Ensor

CAPE TOWN — Property developer Monex which is engaged in the development of the Century City complex alongside the in Cape Town, has been given the go-ahead for a R350-million water and theme park on the site.

The Blaauwberg municipality gave authorisation last week for the development, which would need the Western Cape cabinet to give its approval, executive chairman Mar Wragge said.

The funds had been raised separately and the theme park would be undertaken by Monex's leisure division. Construction would have started soon to open the park at the end of next year.

The park would include a 45m looping roller coaster — the largest in the southern hemisphere — and family entertainment. Wragge said the

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Business

Cosatu sticks to its guns on jobs summit

FRANK NXUMALO

(173) (173) (BR) 23/6/97
Johannesburg — Cosatu said last week it was prepared to meet the ANC to discuss the proposed presidential jobs summit in October, although the union federation remained opposed to any linking of the summit with the draft Basic Conditions of Employment Bill.

Cosatu's Nowetu Mpati said any linking of the two, as proposed by business, "amounted to a rejection of the need to trans-

form the workplace".

"We remain open to a meeting with the ANC on a strategy to create employment and together we will agree on an approach to the summit," Mpati said.

She said labour had yet to receive an official response to its June 2 ultimatum to business.

"In a (June 2) march in Johannesburg, we indicated to Business South Africa (BSA) that we would want a response to our demands within 14 days ... but we have yet to receive a formal re-

sponse from BSA," Mpati said.

"However, we would be wrong to say that they have not responded at all as on June 4, at a press conference, they indicated that they had no intention of responding to us within the specified period."

BSA said it wanted a meeting at a senior level with labour and the government and that the proposed legislation be delayed until after the summit, or that it be passed without the disputed sections.

Carolus says workweek debate must change focus

Reneé Grawitzky

DEBATE on a 40-hour working week should not revolve around whether the African National Congress (ANC) was committed to it or not, but whether government believed it was possible to implement now, ANC acting secretary-general Cheryl Carolus said yesterday.

Carolus told delegates at the Paper, Printing, Wood and Allied Workers' Union's seventh biannual congress in Johannesburg that the ANC was committed to a 40-hour working week, but that was not the area of debate.

The debate with Labour Minister Tito Mboweni should rather focus on whether government believed the 40-hour week could be implemented now. Government had to explain why a 40-hour week was "not possible now".

Carolus emphasised that the ANC's primary constituency was the poor and that the granting of maternity leave should focus on ensuring that those who did not yet have it should get it. The question which remained was "how can we pay for it".

SA Communist Party deputy general secretary Jeremy Cronin said the agenda of business and SA Reserve Bank governor Chris Stals was to hold off on the Basic Conditions of Employment Bill.

Union president Pasco Dyani said workers had to "sharpen the weapon that is known and feared most by employers, namely mass action" in order to ensure the attack on the labour movement was unsuccessful. He said workers had to teach employers that SA was a "trade union country".

At the same time, Dyani spoke out strongly in support of the continuation of the alliance "so as workers we cannot

lament the mistakes of the ANC. Our duty is to participate within ANC structures because at this stage it is the workers' choice". He said Cosatu had to ask "what would happen to Cosatu if there was no alliance and what would happen to our planned programmes" to transform society.

Dyani spoke out strongly in support of centralised bargaining in the sectors in which the union operated, but said that a merger with the Chemical Workers' Industrial Union could only take place once centralised structures had been established.

BD 27/6/97

(173)

Gear to pivot on small businesses

Plan to create jobs in Cape

(173) (80)
ARL 27/6/97

BUSINESS EDITOR

Small business is to play a key role in the Western Cape version of the Government's economic strategy, according to draft policy documents released by the provincial Government yesterday.

In a discussion paper on the application of the Government's Growth, Employment and Redistribution (Gear) strategy in the Western Cape, the province's Economic Affairs Ministry says small business has been identified as an engine of employment and income equalisation.

At present, the document says, there are 100 000 informal businesses, 55 000 micro businesses and 30 000 small businesses in the province. Small and micro businesses contribute between 20% and 25% of the Western Cape's gross regional product, big businesses between 40% and 50% and micro and informal businesses between 5% and 10%.

Rationalisations in the corporate world, the

arrival on the labour market of new entrants, policies that favour capital intensive methods of production, competition from cheap imports, low economic growth and the lack of a big business culture of training and staff development have all contributed to the growing importance of the small business sector as a solution to unemployment.

The department has committed itself to helping small businesses in co-operation with the Department of Trade and Industry and with non-governmental organisations, and will co-ordinate support to small business, training, the mobilisation of funds for small business incubators and hives and the strengthening of small businesses as contenders in public sector contracts.

In the medium term, the document says, economic growth should come from eight sectors: fruit, fruit juices and wine; tourism; financial and business services; food processing; film-making and advertising; arts and crafts; electricity and water distribution and maintenance and repairs.

Job creation recorded negative growth

SA lost over 71 000 jobs last year ⁽¹⁷³⁾

DUMA GQUBULE

Johannesburg — South Africa's economy shed 71 000 jobs in the non-agricultural formal sector last year, shattering government hopes of creating 126 000 jobs, the Central Statistical Service (CSS) said at the weekend.

Government's growth, employment and redistribution strategy (Gear) had projected 126 000 jobs for last year and 252 000 this year, a figure which is unlikely to be achieved, economists said.

Economic growth forecasts for 1997 have been reduced to between 2 percent and 2,5 percent compared with Gear's projections of 2,9 percent.

The 1,3 percent rise in unemployment during 1996 took place during a year when non-agricultural output increased by 1,85 percent, a puzzling phenomenon economists refer to as "jobless growth". Last year's overall economic growth rate, including agriculture, was 2,95 percent.

But there was a debate about official unemployment statistics, economists said at the weekend. One view held there had not been jobless growth and there were deficiencies in the way the CSS collected its statistics.

"The official statistics underestimate new jobs created because of casualisation of the

workforce and new forms of employment in the modern economy," said Nicoli Nattrass, an economist at the University of Cape Town. "There are gaps in our understanding of what is going on."

This view is supported by CSS statistics, which show 5 million people employed as domestic workers, as service workers in the formal sector and in the agricultural and informal sectors, where it is difficult to capture employment trends.

This figure is almost equal to the 5,2 million people employed in the formal non-agricultural sector. The total economically active population is 14,4 million.

The CSS figures showed that most job losses occurred in manufacturing (48 800), construction (25 200) and mining (24 200). The total loss figure would have been higher were it not for an 18 800 increase in government-sector jobs, a statistic at odds with government hopes of cutting the size of the public sector.

Since June 1990 the economy has shed 238 000 jobs, mostly in mining (199 400), construction (112 100) and manufacturing (88 000). Again, the total figure would have been worse were it not for the government sector, which created 254 000 jobs.

The banking sector has created 25 700 new jobs since 1990.

CT (PR) 30/6/97

20 000 JOBS CREATED IN TWO YEARS

R7,8bn economic boost

CT 2/7/97

(173)

THE ECONOMIC outlook for the Western Cape is good with thousands of jobs being created and foreign investments backing local growth. Political Writer **KARIN SCHIMKE** reports.

ALMOST 20 000 jobs have been created in the Western Cape in the past two years and more than R7,8 billion worth of foreign investment has streamed in, signalling that the provincial government's economic policy is on track.

These figures, backed by documents from the Department of Economic Affairs and Reconstruction and Development outlining the investments, render the provincial government's economic policy document feasible and support the business community's growing optimism.

The policy document was released last week and outlines the department's intention to create 50 000 new jobs a year until 2000.

Provincial MEC for Economic Affairs, Mr Chris Nissen, said: "This is not pie in the sky. We have been very realistic about this figure, which is based on our performance over the past two years."

The figures are based only on measurable foreign investment.

An economist with Wesgro, Mr Wolfgang Thomas, said: "These are the glamour projects. What is more important is that parallel to this there have been lots of normal unspectacular developments."

"While formal projects get attention, the bulk of investment and jobs has come from other sectors."

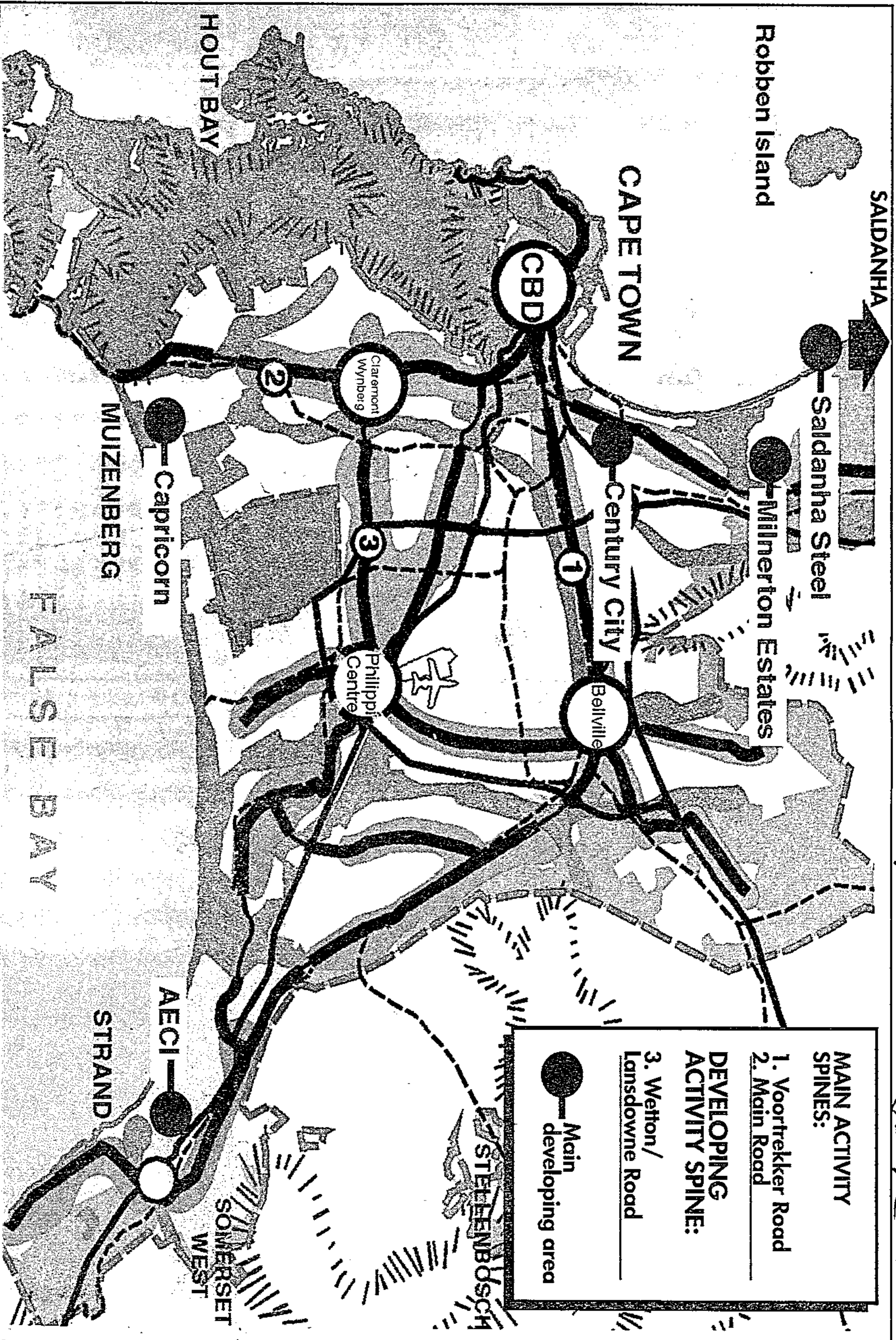
There were no figures to support this, he said, but discussions with business people from across the sectors has shown that people were feeling upbeat about the Western Cape economy, Thomas said.

Head of Economic Affairs and RDP in the province, Mr Tony Ruiters, supported this argument.

"Because of the investment local business people are making in their own concerns, like staff training, we are confident and positive about continued growth. It shows domestic confidence in the economy."

Much of the provincial government's strategy for stimulating growth and creating jobs is centred on what it calls "mega-projects" and investment corridors.

At R2bn, Saldanha Steel is the largest capital project undertaken in the Western Cape. It anchors the West Coast development corridor which is likely to flourish because of satellite industries — like a cold rolling and coating plant, pipe manufacturers and cement producers — setting up around it.



According to the policy document, the mill itself will create 600 permanent jobs and an additional 1 800 direct jobs through "outsourcing" of catering, security and maintenance services. The West Coast corridor will be supported by the agriculture, tourism and fishing industries.

The R3,5bn Capricorn project near Muizenberg, a research and industrial park, could dominate industrial development in the southern substructure for the next two decades and directly create 19 000 jobs, it maintains.

Another project likely to stimulate economic growth is the Phillippi East project, which is seen as "interventionist" as it will stimulate economic activity in a neglected area.

Phillippi East falls inside the Lansdowne development corridor and will be an industrial, commercial and residential development. It will be linked to four other main economic areas, Cape Town's CBD, Claremont and Bellville.

The public transport system mooted recently by the provincial department of Transport and Public Works is aimed at connecting these areas.

Mr Anton Lotz, planning consultant for the Metropolitan Spatial Development Framework, the Cape Metropolitan

tan Court's vision for the city in 20 years time, said planning frameworks of this kind provided a basis for investment by identifying priority areas.

"Perhaps the most important immediate benefit of the this kind of framework is that both the public and private

KEY economic growth areas:

- West Coast corridor
- Southern Cape
- Greater Cape Town Metropole
- Overberg

KEY "mega projects":

- Capricorn Science, Technology and Industrial Park
- West Coast Investment Initiative — anchored in Saldanha Bay with its focus on agriculture, tourism, fishing and manufacturing in steel and related metals
- Phillippi East/Lansdowne corridor — Industrial, commercial and residential

sectors can use it to guide investment decisions."

Some of the foreign investment has gone to Atlantis. Ruiters said this was necessary because of the large numbers of skilled but unemployed people who lived there.

It has been suggested that the number of people commercial, retail and residential projects

- Century City near Ysterplaat — part of a larger tourism and leisure initiative that includes a convention centre for the city centre, theme parks, casinos and 23 new hotels
- AECl project near Strand — waterfront, light industry, commercial and residential

ing into the province is greater than the number of jobs being created, but Ruiters says this is not a problem; "Whatever in-migration is taking place is in response to opportunities in the province and contributes to growth rather than creating a danger."

FOREIGN Investment In the Western Cape in past two years:

United Kingdom:	R6 504 200 000
Malaysia:	468 000 000
Hong Kong:	270 000 000
Thailand:	250 000 000
France:	121 500 000
Holland:	190 000 000
Taiwan:	45 000 000
Belgium:	2 000 000

TOTAL: R7 850 700 000

TRANSPORT *Mac Maharaj announces projects worth R3,4bn*

Three roads, 100 000 jobs

CT(BR) 2/7/97 (173) (173)

NCABA HLOPHE

Johannesburg — Three road construction projects worth more than R3,4 billion and capable of creating at least 100 000 jobs were announced yesterday by Mac Maharaj, the transport minister.

Each project is expected to create about 40 000 direct and indirect job opportunities once construction begins.

The projects, which are at various stages of planning, are:

□ The N3 toll road from Heidelberg to Cedara, with an estimated value of over R1,2 billion;

□ The Platinum road from Pretoria West to Lobatse in Botswana on the N4, with an estimated value of R1 billion; and

□ The Wild Coast road from Port Edward to Port St Johns, at an estimated value of between R1,2 billion and R1,8 billion.

The four prequalifying tenderers for the N3 toll road — on which construction is scheduled to begin after October next year — have been handed tender documents.

The tenderers are Freeway Enterprises, Mafube Consortium, the N3 Road Consortium and Khadravia.

Prequalifying tenders for the Platinum road would be announced in September, and construction was planned to begin after March 1999, Maharaj said.

Tenders for the Wild Coast road would close at the end of next April, with construction scheduled to begin in April 1999.

Maharaj said the road projects were part of public-private partnerships, which were expected to raise R100 million to meet the R170 billion capital injection needed to upgrade the country's infrastructure over the next 10 years.

"It is our belief the critical success factors for this partnership are strong, committed pri-



PAPER WEIGHT Jasper van der Bijl, MD of Murray & Roberts Civils, with a bundle of tender documents for the new road construction projects
PHOTO: JOHN WOODROOFE

ivate sector sponsors; the commercial viability of the projects; a limited number of projects; high level of government support and realistic risk transfer to the private sector," Maharaj said.

The partnerships would challenge both the government and business to efficiently manage their responsibilities in order to improve quality and competitiveness, he said.

He said his department

would also encourage the private sector to generate and submit unsolicited proposals to unleash "hidden talent and potential for development".

"I would like to encourage proposals for infrastructure or other development projects from the private sector, whether it be new technology, new financing strategies, new empowerment options or new institutional arrangements," Maharaj said.

Job creation slow but steady ⁽¹⁷³⁾

Trickle-down effect gradually will trigger new supply

ARC 2/7/97

CLAIMS THAT THE WESTERN CAPE ECONOMY IS BOOMING DON'T MAKE MUCH IMPRESSION ON THE DESPERATE THOUSANDS WHO STILL CANNOT FIND A JOB. WHAT HOPE IS THERE FOR THEM? BUSINESS EDITOR ALIDE DASNOIS TAKES A LOOK AT THE JOB SITUATION IN THE PROVINCE

The Western Cape's economic affairs ministry is proud of its record of selling the province to foreign investors.

In the last couple of years, Minister Chris Nissen likes to point out, his missions abroad have attracted no less than R7.8-billion in foreign investment in the province.

This, he says, will lead to the creation of about 3 800 new jobs.

The projects range from an investment of R500 000 by a French company in a Montagu Gardens retail outlet, to the mega-development by Hilton Hotels in the city centre, estimated at R6.4-billion and likely to create 2 000 jobs.

The Hilton project makes the United Kingdom the biggest source of foreign investment in the province, followed far behind by Malaysia, with R468-million; Hong Kong, with R270-million invested in the Novel textile plant in Atlantis; Thailand, with R250-million in the Ital-Thai tourism project in Knysna; Holland, with R190-million; France, with R121.5-million; Taiwan, with R45-million and Belgium with R2-million, invested in two guest-houses.

Apart from the Hilton project, United Kingdom investments include the Baygen electronics plant in Montagu Gardens, the A-Gas plant (also in Montagu Gardens) and the Breco International fishing project in St Helena Bay.

French money is to fund the Massily bottle-cap plant in Atlantis for a total of R45-million, and the Morgenhof project in Stellenbosch for R30-million.

It is an impressive list. And even if the (necessarily rough) estimate of 3 800 jobs created by this R7,8-billion flood of foreign money sets the average cost of creating one job at a staggering R2-million, it's true that, in time, each new job created will in turn create other jobs, as demand for goods and services from the newly employed triggers new supply.

The problem, though, is that these jobs are not net additions to the stock of jobs in the province.

Even while new jobs are being created, others are disappearing, with the clothing industry – one of the traditional mainstays of the Western Cape economy – particularly hard hit.

Deputy director-general of economic affairs in the provincial government Tony Ruiters estimates that in the last two years 20 000 new jobs have been created in the Western Cape.

The hotel and leisure industry is the fastest job creator at present, he says, with 6 000 new jobs over the last two years.

Projects related to the Reconstruction and Development Programme in the province have created 4 000 new jobs; about 1 000 more have been created in the manufacturing industry, especially those sectors which are export-driven, and 2 500

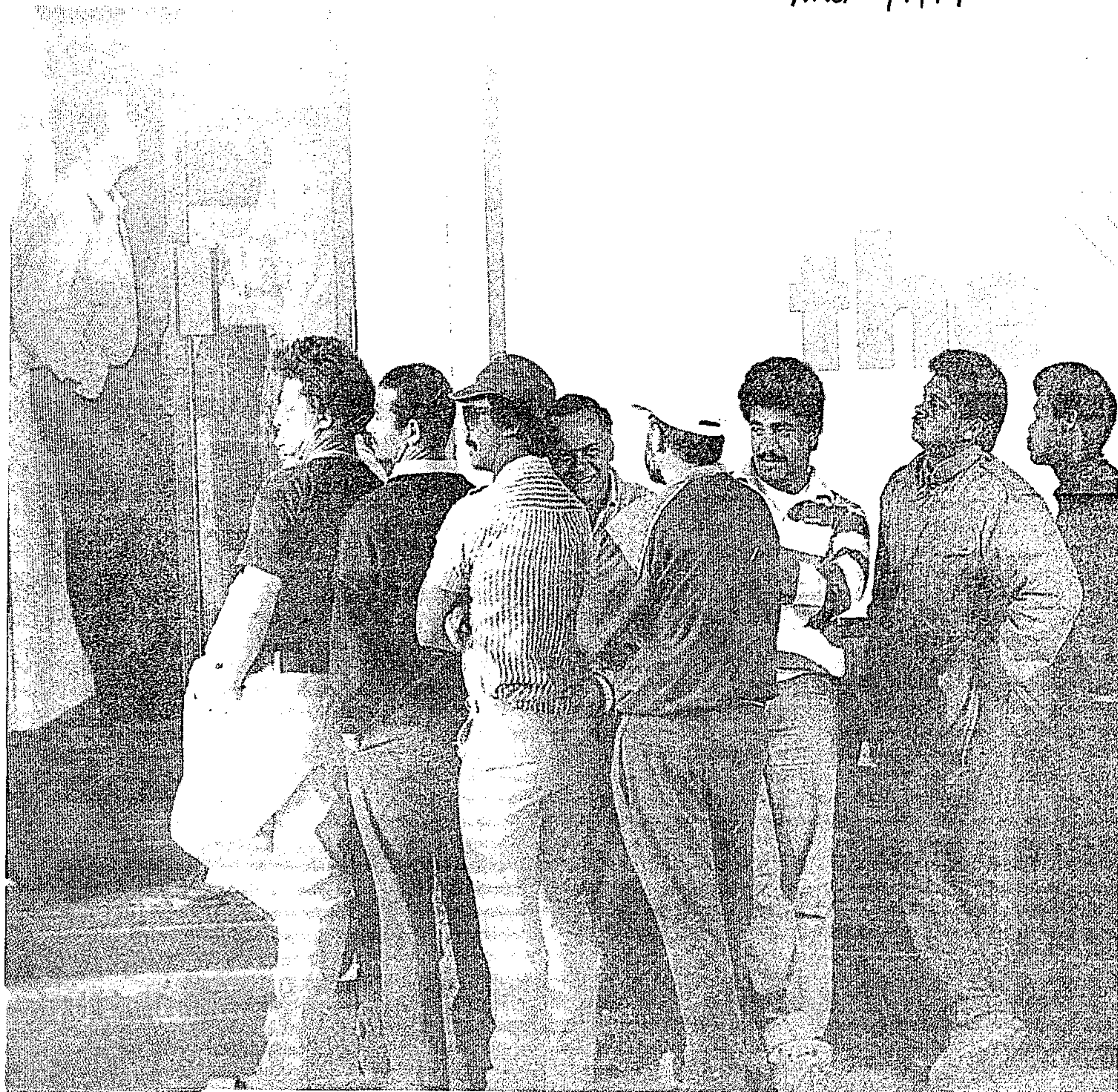


ILLUSTRATION: BOB GRIERSON

Never-ending queue: would-be workers gather in queues like this throughout the Western Cape in the hope that they will find employment

in the construction industry, Mr Ruiters estimates.

In the hotel sector, the 11 new hotels which have been built in the province over the last two years alone have created up to 3 000 jobs.

Mr Ruiters is confident that the number of jobs created now outstrips the number of jobs lost each year.

"We are seeing a net creation of jobs in construction and in tourism," he says.

"This year, we are forecasting net job creation in the province of between 3 500 and 5 000."

He agrees that 5 000 extra jobs won't make much of a dent in the Western Cape's unemployment figure, estimated by the Central Statistical Service at 300 000.

But, says Mr Ruiters, the province has turned the corner.

"Take clothing, for instance. It's true

there has been massive job loss at the lower end for the market.

"But at the top end of the market, where export growth is fast, jobs are being added. We are now exporting top quality men's and women's clothing.

"In other niche manufacturing areas, such as fruit and wine, we are also doing well."

So far, he says, many manufacturers have responded to higher demand by increasing capacity utilisation, or by reorganising factories rather than by taking on new staff.

Factory space use, at 40 percent to 55 percent a couple of years ago, he says, is now estimated at an average of 70 percent to 89 percent in the province.

Where capacity use is already high, further increases in demand can only be met by expansion – and, it is to be hoped, the recruitment of more staff.

Mr Ruiters also points to the employ-

ment-generating effect of the huge Saldanha Steel project and to the province's work in co-operation with the Department of Trade and Industry to attract investors – domestic or foreign – via tax holidays and other incentives.

He sees a "slow but consistent" growth ahead in employment in manufacturing and continued fast growth in tourism and leisure industries.

And growth in the construction and civil engineering sectors, says Mr Ruiters, which kicked in about the end of 1995, is now running about 2,5 percent a year, with orders for new prisons and for RDP projects on line.

Meanwhile, the province's version of the government's Growth, Employment and Redistribution (Gear) strategy, released to the public this week, gives a central role to small business development.

Job creation in small business is cheaper than in mega-projects and, if the right support systems are set up, the thousands who have created their own micro-businesses as a way to survive unemployment might not need to look for jobs again.

'This year we are forecasting net job creation in the Western Cape of between 3 500 and 5 000'

Labour standards, production levels linked, says ILO expert

Reneé Grawitzky (173) ~~(173)~~

THE link between enhanced labour standards and increased labour production was not sufficiently emphasised in SA, Pete Peek, director of the International Labour Organisation's multidisciplinary advisory team in Harare, said at the Labour Law conference in Durban at the weekend.

International experience had shown that, even in the face of intense global competition, adopting a "pro-labour" strategy had contributed to equity and production, he said.

Peek urged hundreds of delegates at the Labour Law Conference that there were alternatives to the repressive labour market policies of southeast Asia.

He said the World Bank had acknowledged the damage of structural adjustment programmes and recognised the need for labour market equity.

Peek said some believed current labour policies would price SA out of the global economy, while others believed such policies were essential.

"To bring the two groups together we need to enhance labour standards and productivity," he said.

Enhancing worker protection, workplace democracy and improving working conditions not only increased costs, but also yielded benefits in the form of increased labour productivity. He warned that this link was not emphasised sufficiently in SA.

BD 15/7/97

Millions employed in 'new' sectors

Reneé Grawitzky

NEWLY regulated and unregulated labour markets accounted for more than 50% of the country's total workforce, or more than 3 million workers, Siphos Pityana, director-general of labour, said yesterday at a workshop on new employment norms in SA.

Pityana highlighted his department's interest in newly regulated sectors such as agriculture, the public service, mining and domestic work, which for many years were excluded from major labour laws and institutions.

Pityana told delegates at the workshop, jointly organised by the labour department, the Sociology of Work Unit and the Community Agency for Social Enquiry, that the term "new employment

norms" also referred to atypical or nonstandard employment such as temporary, casual, part-time and home work. These categories were increasingly important.

SA, he said, was not an island and the move towards atypical employment could reflect general global trends.

However, Guy Mahone, chief director of labour market policies, warned there was "nothing inevitable about atypical types of employment. The question arises whether SA should embrace atypical employment as an aspect of globalisation." Mahone said whether or not atypical employment was worth embracing should be seen against a broader strategy of employment creation.

Lisa Seftel, director of minimum standards, gave an outline of

the problems facing the department in attempting to enforce basic conditions in the context of new employment norms.

Seftel acknowledged the capacity problems facing government in trying to enforce this legislation, and implied that these could worsen in the light of the government's socioeconomic priorities.

"What are the priorities of government? Is it to protect those with jobs, or to provide water, health care and other basic services?" she asked.

Seftel said there was an enormous culture of nonenforcement, with large employers flouting the law while many workers defrauded the unemployment insurance fund. She said 50% of unemployment insurance claims were fraudulent.

ED 16/7/97

(173)

Economy 'geared to meet new jobs target'

(173)
JUDY MOSES AND
JONATHAN ROSENTHAL

CT (BR) 16/9/97
Johannesburg—The South African economy was still on track to meet the government's job creation target of about 400 000 new jobs by 2000, Maria Ramos, the director general of finance, said yesterday.

"Job creation remains at the core of any economic strategy," she said, speaking at a Wits Alumni Forum breakfast. Ramos said although the number of jobs created might not hit the target, there was an upward trend.

She said the government would continue to implement its growth, employment and redistribution (Gear) strategy, which set targets for deficit reduction, economic growth and employment creation.

Gear promised to create 126 000 new jobs this year. But figures released recently by the Central Statistical Service showed the economy had lost 71 000 jobs last year. "We are not planning anything new, it's only one year into a five-year strategy ... we still believe the strategy will deliver job creation," Ramos said.

Although there was a "clear slowdown in economic growth", Ramos said she believed the country would still meet the 2,5 percent economic growth target. Gear was meeting its other targets for deficit reduction, direct foreign investment and increased exports, she said.

Ramos said there were indications that interest rates could be cut. "The numbers show that the environment is getting more conducive to a reduction in interest rates than ever before," Ramos said.

"Growth in credit extension has started to slow down, although the average household's debt is still 68 percent ... Inflation has stabilised and is showing a downward trend. On the whole, I think the governor (Chris Stals) is looking at all these things."

(173) ET (PM) 16/7/97

Workers' rights come before flexibility

Employment flexibility must not be implemented at the expense of the basic rights of workers, Siphon Pityana, the director-general of the department of labour, said yesterday.

Pityana told a workshop on regulating new employment norms that the constitution guaranteed farmworkers, domestic workers, security personnel and other workers in "atypical forms of employment" the right to be treated with dignity and respect. He said the approach to regulating new employment norms was reflected in the draft Basic Conditions of Employment Bill.

He added that the department intended, in line with the recommendations of the Comprehensive Labour Market Commission, to set modest sectoral "statutory minimum wages" for vulnerable workers. "We believe the presence of stronger and more stable unions and employer organisations is consistent with efforts to encourage job creation, acceptable working conditions and rates of remuneration," Pityana said. — *Frank Nxumalo, Johannesburg*

BUSINESS MAIL

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JULY 18 TO 24 1997

Putting SA back to work

Government ministries have to develop a comprehensive jobs plan in time for the October summit, reports
Madeleine Wackernagel

WHILE the future over the Basic Conditions of Employment Bill continues unabated, the Minister of Labour Tito Mboweni will have his hands full in the next two months with an additional task: overseeing the development of a "put South Africa back to work" policy before the October Jobs Summit.

An inter-ministerial committee is being set up to devise and co-ordinate employment policy between various departments in time for the Presidential Jobs Summit, recently approved by Cabinet and scheduled for October. The employment strategy will then be discussed with the government's social partners — representatives of business and labour — at the summit and hopefully, put into practice.

The departments of labour, trade and industry, finance, public works, agriculture and land affairs, provincial affairs and constitutional development will all be called upon for their input, and specifically, how they will individually budget for and implement job-creation policies. Government favours labour-intensive activities, with agriculture and



Challenge: Tito Mboweni

agro-processing, services, including tourism, and construction the obvious candidates. In addition, it is looking at boosting institutional support for small, medium and micro enterprises, as well as social policies to help the poorest by keeping down the basic costs of food and housing.

But labour has to play its part: programmes to boost skills and productivity are also on the cards, as is reform of labour market policies to promote more efficient deployment.

The responsibility for making this plan work lies with the Department of Labour, as convenor. It will also be funding the estimated R2-million cost of the summit and pre-summit policy development out of its budget.

Says a department source: "We were tasked with coming up with a job-creation strategy under the Reconstruction and Development Programme, and that's what we're doing, along with the other departments. This move also follows the recommendations of the Labour Market Commission.

"It's one thing to have dispersed policies; what we need now is a comprehensive programme, which takes a holistic approach to employment creation in this country."

Certainly the government is well aware of the perils of paralysis on this subject. According to government documents, "the failure to create employment on a very large scale will necessarily lead to a rapid increase in unemployment in the coming years... Such an outcome would spell rising poverty, social disruption and crime, potentially leading into a vicious cycle of social and economic decline."

But there is no room for a government spending spree to alleviate an unemployment rate estimated at 35% — employment policy must fit in with the overall framework of the government's growth, employment and redistribution strategy, which emphasises fiscal restraint.

The Labour Market Commission's report, however, does highlight the fine balancing act between fiscal and monetary imperatives and employment generation. Tight fiscal and monetary policies may reassure foreign and local investors and keep inflation under con-

trol but do little to stimulate employment. "If contractionary policies prove unavoidable, then only much more vigorous implementation of structural measures to stimulate employment can ensure job creation," says the report.

The question then is how to stimulate employment while also becoming more competitive on the global stage — and the extent to which government must play a role in redirecting resources.

Government thinking on the subject points to a more interventionist line, with targets for combining capital- and labour-intensive sectors while ensuring competitiveness and maximising job opportunities; supply-side programmes to stimulate labour-intensive production; the acquisition and redistribution of assets, including land; skills development; public works; and institutional structures to enhance economic change and ensure delivery.

The ministerial commission will meet within the next three weeks to discuss the initial proposals as set out by the labour department. These will then be fine-tuned and presented to the October summit. Before then, however, the social partners will have to overcome the Employment Bill hurdle: it is due to be passed in September. Labour department sources say the Bill will not be thrown out if agreement cannot be reached, but rather it may be refocused so that the interests of the most vulnerable are still protected.

(173) M+G (PM) 18-24/7/97

LABOUR Cosatu's Sam Shilowa could be next in line to drive employment issues

Mboweni to resign next year

CT(BA) 21/7/97

(173)

FRANK NXUMALO

Johannesburg — Tito Mboweni, the labour minister, said last week he would quit his post next year.

Mboweni laughed off suggestions that he might join the "Great Trek" to the private sector, but did not rule out a "full-time job within the ANC".

He made the statements to reporters after a meeting with labour federations in Pretoria on Friday.

Mboweni, who has been labour minister since May 1994, is believed to want to head the ANC's economic policy unit.

On the subject of a successor, Mboweni said: "maybe Sam (Shilowa) will replace me — I don't know — but watch this space". Shilowa, the Cosatu general secretary, has long been tipped by political analysts as the next minister of labour.

Mboweni is still battling to secure consensus with Cosatu over the Basic Conditions of Employment Bill. The labour federation has yet to back

Mboweni's efforts to strike consensus at Nedlac over phasing in a 40-hour working week through collective bargaining or through ministerial determinations where no collective bargaining arrangements are in place.

Cosatu demands a commitment towards a 40-hour working week within five years. Business believes the 45-hour working week should be retained.

Mboweni reiterated his warning that he would not table the bill in parliament on September 15 if there was no consensus at Nedlac.

"We need to make sure all parties try to come to the party — it is critical to our collective success," Mboweni said. "We have indicated ... that failure to agree will result in this bill withering away." He also said he wanted to avoid division in parliament.

Mboweni is trying to get Cosatu and business to agree to a schedule for reducing the working week to 40 hours. He plans to get Cabinet approval for the schedule that would see the government review

the conditions of employment every five years.

"They (business) don't want to hear any mention of the 40-hour week. Our task will be to bring business to accept the schedule," he said.

Contrasting his separate meetings with the Federation of Unions of South Africa (Fedusa) and Cosatu, Mboweni said his meeting with Fedusa had been "very fruitful", the one with Cosatu "difficult".

"We still have to find each other," he said of his talks last week with Cosatu.

However, he said the labour department and the union federation had agreed to set up a technical team to "systematically and painstakingly" consider areas of disagreements.

There were areas of agreement, Mboweni said: the threshold for children entering the labour market would remain at 15 and there would be double pay for work on Sundays. He said Nedlac would examine a proposal that Unemployment Insurance Fund monies be used to meet the demand for six months' maternity leave.



BOWING OUT Tito Mboweni at the meeting where he hinted unionist Sam Shilowa might replace him as labour minister

PHOTO: LINDSAY YOUNG

Door-to-door refuse collection scheme should help create jobs

Star 24/7/97

(173)

(173)

By THEMBA SEPOTOKELE

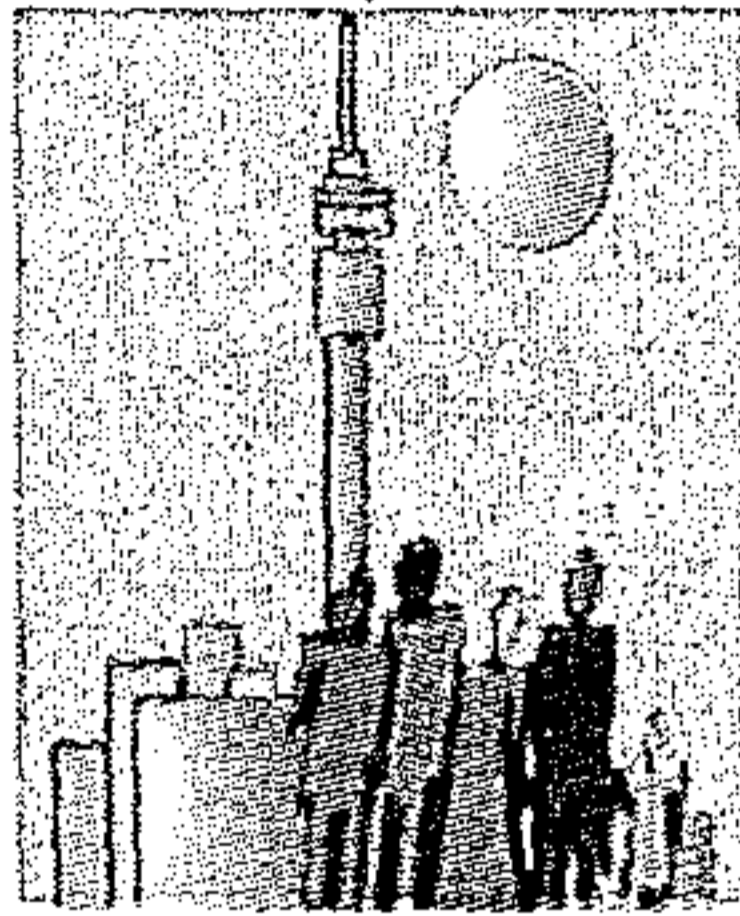
EnviroServ Holdings and the newly formed Soweto Development Forum (SDF) have announced plans to empower Soweto entrepreneurs to operate door-to-door refuse collection services in the township, EnviroServ Holdings chairman Rufus Maruma announced this week.

Maruma told the launch of the SDF that the programme would help alleviate the unemployment problem and nurture new business initiatives in Soweto as a requirement by the Reconstruction and Development Programme to create jobs.

He said a similar project was running in the East Rand where Wade Refuse, a subsidiary of EnviroServ Holdings, has a contract with the Tembisa and Daveyton local authorities to develop local entrepreneurs

to handle door-to-door waste collection service.

"This is an important programme to ensure that communities take ownership of the



METROBEAT

management of all the waste it generates.

"Our plan involves dividing Soweto into several sections, perhaps on similar lines with the existing Community Development Forum (CDFs).

"We will then facilitate through the CDFs to enable communication and thus identify entrepreneurs for training," Maruma.

He said Wade Refuse will facilitate further entrepreneurial development by setting up recycling co-operatives for aluminium cans, paper and plastic.

"From the transfer station, Wade Refuse's larger long over-haul trucks will be managed through highest professional standards taking into cognisance requirements of waste management by the Department of Water Affairs and Forestry," added Maruma.

EnviroServ handed a cheque of R 5 000 towards the launch of the SDF.

The SDF - officially launched by Deputy President Thabo Mbeki - aims to improve and uplift the quality of life for people in Soweto.

\$8bn US injection to create thousands of jobs in SA

MAN 28/9/97

(173)

By Rich Mkhondo
Washington Bureau

Tollroads, submarine cable system and 2,8 million new phone lines among plans

The US Trade and Development Agency (TDA) will embark on 45 projects valued at \$8.2-billion (about R37.5-billion) which will bring thousands of jobs to South Africans.

These projects, include tollroads to link Mozambique, South Africa and Botswana.

One high-tech tollroad, to be called M4-West Tollroad, will pass through Pretoria, and will cost \$356-million (about R1,62-billion) to build.

Other massive projects include a Wild Coast tollroad between Port Edward and Port St Johns, a telecommunication submarine cable system to link

Cape Town and Dakar and the installation of 2,8 million new telephone lines to modernise the telecommunication network in South Africa.

The two major national highways and 43 other projects to be undertaken in conjunction with the South African Government and the local private sector, are profiled in a report to be released by the TDA tomorrow at a trade and investment conference being held in conjunction with the fifth summit of the US-South Africa Binational Commission co-chaired by Deputy President Thabo Mbeki and US Vice-

President Al Gore.

"This report represents some of the hottest projects going on in South Africa and means big business opportunities for US and South African companies," said TDA director Joseph Grandmaison.

The TDA is an independent federal agency that assists in the creation of jobs for Americans by helping US companies pursue overseas business opportunities.

TDA spokesman Donald Dunn said his organisation provides American firms with market entry, exposure and information through the funding

of feasibility studies, technical assistance, and reverse trade missions. These efforts help American businesses establish a position in markets that are otherwise difficult to access.

While the massive telephone installation project is a national effort, Grandmaison said priority customers are being targeted first for new services, including medical and educational institutions, libraries, community centres and 3 200 villages with populations between 100 to 2 000 people.

There is also the construction of the Richards Bay Dry Dock which will have the ca-

capacity to repair supertankers in the deepest water and to become the largest bulk cargo port in Africa.

Other projects include the private upgrading of the Kruger National Park and Nelspruit airports and upgrading the Nkomazi area water supply system in Kwazulu Natal.

"With the new South African Government committed to open markets and privatisation and a favourable investment climate, there are many attractive opportunities for US companies. We are pleased to be a part of the Gore-Mbeki Binational Commission

and its commitment to engage the American private sector in the continued growth of the South African economy," Grandmaison said.

The Gore-Mbeki binational summit will end on Wednesday.

At the same time more than 100 South African businessmen will attend the South African Trade and Investment Conference co-sponsored by TDA, Overseas Private Investment Corporation (Opic), Export-Import Bank of the US, and the US Department of Commerce.

SA and US delegates, both in government and the private sector, will discuss the dynamics of establishing strategic partnerships and outline opportunities in SAs emerging economy.

Gear 'exaggerating job creation capacity'

(173) B0 28/7/97
Lukanyo Mnyanda

GOVERNMENT's growth equity and redistribution strategy (Gear) contained "very generous" assumptions about the construction industry's contribution to job creation in the years leading to 2 000, Building Industries Federation of SA (Bifsa) executive director Ian Robinson said.

Robinson said over the weekend that the strategy's implementation had not been properly discussed with the building industry. "The fact of the matter is that very generous assumptions are made about the contribution of the construction industry in making Gear succeed in its objective of providing thousands of jobs," he said.

Government seemed to have taken a view that "the document was off limits" when it was crucial that all policies — ranging from procurement to transport — be tested against the strategy's aims.

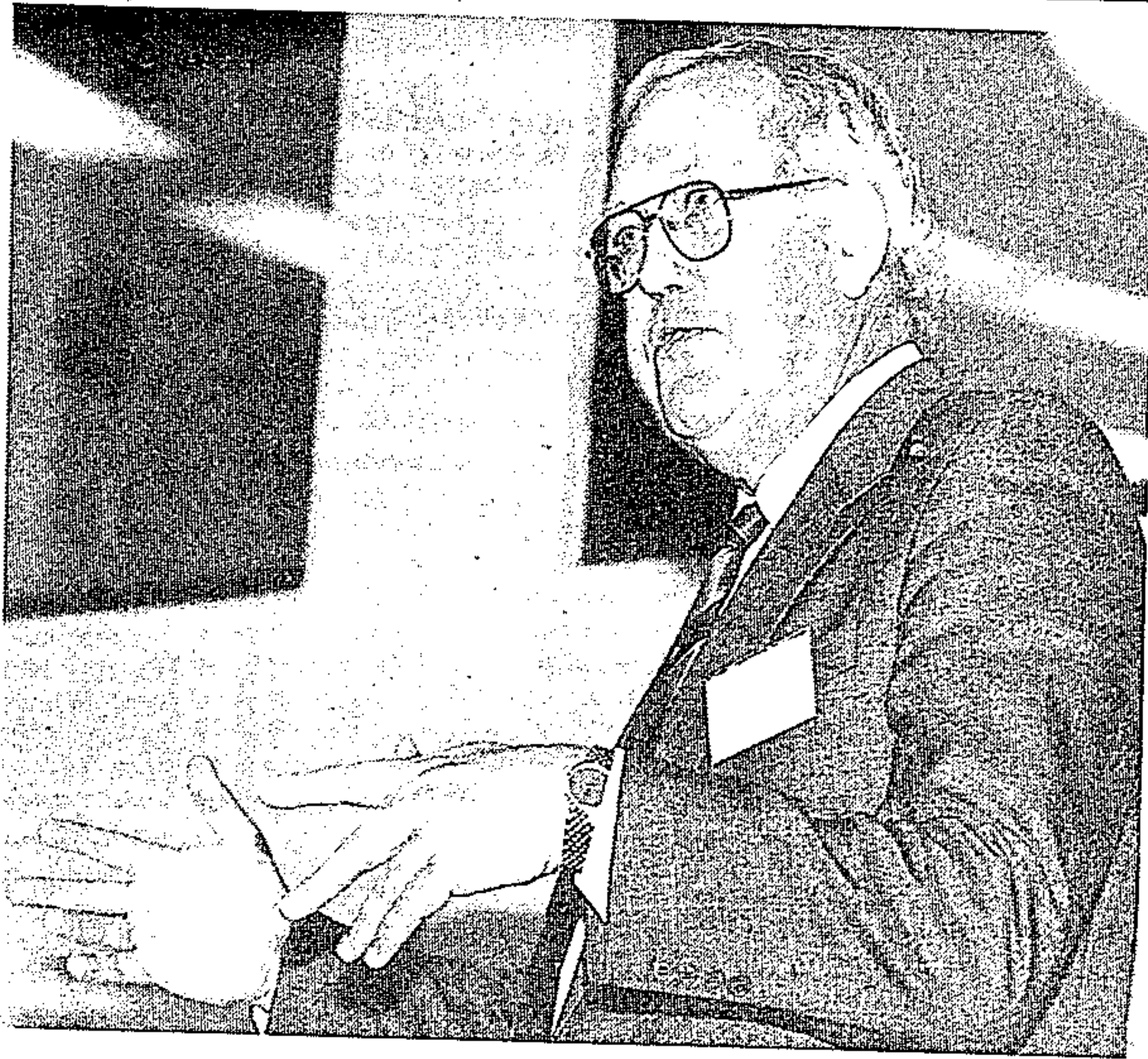
The implementation of the strategy was also being hampered by disagreement between government, business and labour. Government could choose, with business support, to stick to the strategy, which would inevitably split the African National Congress' alliance with labour.

He said budget cuts had reduced the Central Statistical Service's ability to provide the building industry with a satisfactory level of escalation formula and that the CSS would need an extra R1m to serve the building and engineering industries' needs.

"The building industry has calculated that about R450m per annum is lost as a result of the lack of correct application-index escalation formula."

Bifsa believed investment in building would increase just 1,6% this year, while next year's prospects should be better, provided there was a relaxation of monetary policy and lower interest rates.

The low-cost housing market was expected to produce about 100 000 houses and grow by about 6% in this year, picking up to about 8% by the end of next year. But the housing ministry's target of 1-million new houses by 2000 was a "forlorn" hope and unlikely to be achieved.



Building Industries' Federation of SA executive director Ian Robinson addresses reporters at Midrand on the state of the construction industry. Picture: CATHY PINNOCK

R1-bn on way to fuel Cape

jobs bonanza, says MEC

Overseas marketing foray lures investors

ASHLEY SMITH
STAFF REPORTER

An economic surge in the Western Cape's manufacturing sector, centred on such key areas as Saldanha, Mitchell's Plain, Phillippi and Atlantis, could result in a dramatic drop in joblessness.

This is the view of the provincial MEC for economic affairs, Chris Nissen, who disclosed yesterday that foreigners were about to invest more than R1-billion in the province.

Mr Nissen recently headed a highly successful delegation to investment conferences in Scotland, Germany and Italy.

Investments and potential investments resulting from their marketing of the region as an international investment opportunity include:

- A R250-million boost for the Western Cape Property Fund.
- A R100-million project to be managed

jointly by a scaffolding company and a black-owned engineering firm, creating 300 jobs.

■ A R40-million venture between an international metal company and a local one.

■ A potential R700-million venture capital fund with three Scottish financial institutions.

During the trip, the group had also highlighted the "enormously beneficial effect" hosting the 2004 Olympics would have on Cape Town and South Africa, Mr Nissen said.

Although a recent survey showed unemployment in the province to be 17,3%, a figure of 25% would be "closer to the truth", Mr Nissen said.

Results of the survey were "misleading", because so-called employed people working as informal traders were dependent on the weather to earn their living.

Mr Nissen said if the manufacturing sector was boosted sufficiently by foreign and local investment, unemployment should

drop to 5% in the near future.

"The Paris Chamber of Commerce, the largest in the world, has taken a keen interest in the Western Cape as a potential investment opportunity.

"This renewed interest is mainly because of our short-listing for the 2004 Olympics," he said.

The appointment of Meyer Kahn to the police service was also seen as a positive step by investors.

Tony Ruiters, head of economic affairs and the reconstruction and the development programme in the Western Cape, said such initiatives as the R2-billion Saldanha Steel project should stimulate growth in fishing, agriculture and manufacturing industries.

Other projects which would be catalysts for further growth in the manufacturing sector included the R3,5-billion Capricorn project near Muizenberg and the Phillippi East project, Mr Ruiters said.

AR 6 7/8/97

Mboweni sets job strategy goals ahead of key summit

BRENDAN BOYLE

(173)
ARC 8/8/97
Pretoria - Monetary policy should be part of the employment strategy South Africa hopes to adopt at a national jobs summit later this year, says Labour Minister Tito Mboweni.

He said he hoped the summit would take place in October and would ratify a pre-negotiated package rather than debate employment strategies from scratch.

The labour and trade and industry ministries had drafted a strategy that would be studied soon by a Cabinet committee. It would then be submitted to the National Economic Development and Labour Council (Nedlac) negotiating forum, he said.

Mr Mboweni said estimates of unemployment ranged from 16% to more than 30% and the total number of jobs available was continuing to decline. "We can say we are in an unemployment crisis ... The problem of unemployment is so huge, so great that it requires a new effort to be put into employment generation.

"We need new mechanisms for the co-ordination of policies involving Government, the private sector, the trade union movement and other stakeholders.

"We need to consider how we manage the financial sector, the interest rate regime, in a manner that does not impact negatively on the whole of the macro economy and the whole of society," he said.

Chris Stals, governor of the Reserve Bank, has been criticised for keeping the key interest rate high at 17% since November.

Mr Mboweni said: "We have had the experience where Nedlac discussed a whole range of issues, Government put issues on the table and what happens: The following day we hear the bank has increased interest rates. Those interest rates have a massive impact on the macro economy and yet there was no discussion."

Job creation becomes fraud creation

(173)
Star 12/8/97

R1,7-million simply evaporates in bid to give work to the unemployed

BY JOYIAL RANTAO
Cape Town

Parliament has been told that fraud involving at least R1,7-million has been uncovered in job-creation projects in four provinces.

According to Labour Minister Tito Mboweni, irregularities have been detected in projects in Gauteng, KwaZulu Natal, the Western Cape, the Northern Province and the Eastern Cape.

In a reply to a question from ANC MP Mluleki George, Mboweni said an audit had revealed that R1,4-million could not be accounted for in a labour-intensive road-construction project in Mamelodi, outside Pretoria. The project was run by the National Labour Intensive Project Trust.

He said the Development Bank of South Africa, which concluded contracts with the recipients, was instructed in March to immediately recover the money and to report the matter to the police. The matter had also been reported to the office of the auditor-general, and further disbursement of funds was suspended.

In a similar project in the Eastern Cape, the Ngxarara Road Project, proof of expenditures totalling R25 000 could not be provided after financial records "disappeared with the bookkeepers". The development bank terminated the project in June last year. The bank has written to the Independent Development Trust, which oversaw the project, requesting proof of expenditures.

The bank was expected to determine the extent of irregularities in the Zezela Road Project. It had been completed, but the local community had refused to pay agency fees and there was a suspicion of a

possible misappropriation of funds.

In Cathcart, also in the Eastern Cape, fraud involving R170 000 was suspected in a project to build a community hall. A new committee had been elected after the original one was disbanded.

In KwaZulu Natal, irregularities had been detected in three projects. Some R125 000 of the R526 816 allocated to the Mapumulo Roads Project could not be accounted for. Further investigation had revealed that the chairman of the Mapumulo Development Committee may have absconded with some funds.

The bank had suspended disbursements of R233 184 for the project. "The bank will now refer the matter to the National Economic Development and

Labour Council for a ruling on the institution of the legal action."

Also in KwaZulu, a road and gardens project in Madlebe, on which R2,7-million had already been spent, had been suspended due to charges of suspected fraud that had been laid by

the Madlebe tribal authority. The bank had suspended the release of a further R380 976 pending the outcome of the case.

In Northern Province, an auditor appointed by the Mafefe Employment Creation Committee suspected fraud involving a portion of the R599 432 disbursed. "The accused has absconded with the financial records and the extent of possible fraud is still under investigation," Mboweni said.

The minister clarified that his department was not responsible for the administration of job creation projects. He said the department was used as a conduit for the former National Economic Forum's job creation programme, for which R225-million had been made available.

“
**Accused
absconded
with
financial
records**
”



STRONG WORDS Trevor Manuel, the finance minister, who says the expenditure framework will strengthen political decision-making in the Budget process and bring policy priorities in line with spending PHOTOS: JOHN WOODCOCK

Gear will 'eventually' result in jobs

ET(BR) 12/8/97 (173) (S)

DUMA GQUBULE

Johannesburg — The government's growth, employment and redistribution (Gear) strategy would eventually result in job creation, Maria Ramos, the director-general of finance, said yesterday.

Speaking at the launch of the government's three-year expenditure framework, Ramos said Gear had created a stable macroeconomic environment in which jobs could be created.

"You cannot throw money at the problem of job creation. Jobs can only be created in a stable economic environment. We cannot abdicate our commitment to fiscal discipline," she said.

International experience

had shown that short-term expansionary fiscal programmes created few long-term benefits. "Our macroeconomic policies are credible because of Gear. They will boost savings, investment and, therefore, growth. The job numbers will improve in the medium term."

South Africa's economy shed 71 000 jobs last year and 42 000 during the first quarter of this year, the Central Statistical Service reported. Gear projected 126 000 jobs would be created last year and 252 000 this year.

Ramos said Gear, in its projections, had expected a period of economic consolidation this year, but the government was on track to achieve the 2,5 percent growth target on which the Bud-

get's assumptions were made. "There will be stronger growth during the second half of the year," she said.

Trevor Manuel, the finance minister, said the medium-term expenditure framework would ensure the government delivered reconstruction and development within the context of a sound and stable macroeconomic framework.

"This expenditure framework is an anchor around which a series of microeconomic policies which impact on social transformation can be developed," he said.

Manuel said the expenditure framework, which would be presented together with next year's Budget, would strengthen politi-

cal decision-making in the Budget process. "It will bring policy priorities in line with expenditure. It is about putting programmes in front of government and letting cabinet decide which ones it wants."

Andre Roux, the deputy director-general of finance, said the process of drawing up next year's Budget had started in March when the department of state expenditure had asked national departments to prepare three-year plans.

The provinces and national departments had received indicative allocations. A consultative process would eventually result in final allocations which would be hard Budget constraints for 1998 to 2001, he said.

New partnerships for job creation

CT (BR) 12/18/97

(173)



MATT GETZ

Countries have discovered that the best way to make an economy more equitable is by using economically sound measures and exploiting the profit and growth motives of the private sector.

International experiences have taught us that measures like reparations taxes, land seizure, even government taking over all productive assets, often only end up widening the income gap. In South Africa this realisation has translated into the creation of spatial development initiatives (SDIs) through public-private partnerships (PPPs).

The idea is quite simple. The government will facilitate large-scale multifaceted development in particular regions. Where the partnership comes in is that the government will have a stake in the projects, but it will not be larger than 10 percent.

"We want to develop areas with inherent economic potential," says Paul Jourdan, the trade and industry department's special projects coordinator. "We make sure of that by using a nine-to-one ratio, because the private sector won't come along if they're no good."

The most well-known SDI is the Maputo corridor from Witbank to Maputo. It includes infrastructural projects like the new N4 toll road; industrial projects like the Mozal aluminium smelter; tourism projects like the Strydom Tunnel Nature Reserve; agricultural projects like the Bushbuckridge coffee plantation; and mining projects like the Tzaneen limonite plant.

But the corridor is far from the only SDI. There are eight SDIs scattered across the coun-

try, with different focuses and in varying stages of completion.

The trade and industry department is explicit about the SDI's purpose. "Their objective is one four-letter word: jobs," says Jourdan.

The private-sector component means there is reason to believe that SDIs will be more successful than other government initiatives, though it may be some time before they start bearing fruit.

The government has realised it should concentrate on allowing things to happen, and not discourage investment. "The aim," says Mac Maharaj, the minister of transport, "is to promote investment opportunities (and) ensure optimal working relationship between the private and public sectors."

Junaid Ahmad, the World Bank's senior economist in South Africa, says the time is ripe for SDI-type projects. "Before, the government had crowded the private sector out of infrastructural projects. That is changing. What's more, technology now makes it possible to make a profit. The primary function of government is its enabling ability."

Jourdan says: "We have picked zones with high development potential but under-investment." Though many companies may not like working with the government, they realise government approval is of necessity in many instances. With the SDIs, says Jourdan, there is a high degree of political commitment. Actions that would take several years in parliament

could be cut to six months for approval.

There are other natural advantages to the SDIs. Most are sited on the coast, making them ideal vehicles for export-oriented projects. They will try to use South Africa's competitive advantages — abundant minerals, the cheapest electricity in the world and equidistance from major trading blocs — and get past what one analyst calls "this country's greatest competitive disadvantage": the cost of using Transnet.

The redistributive objective means contractors have to have some black empowerment element in them, alongside the involvement of large companies. In the Maputo corridor, Alusaf, Basil Read, Stocks & Stocks, Alcatel, Sasol, Rennies, Yorkcor

and Palabora Mining have become involved. That list is far from exhaustive. Bidding for many of the more than 100 projects is not complete.

The story is not all peaches and roses, though. The PPPs require commitment from either side, and the private sector sometimes wants more than the government is ready to give. The Coega industrial development zone, which brings together heavyweights like Gencor, PPC, Kynoch, Murray & Roberts and Samancor, is still waiting for the government to put up infrastructural money without which Gencor will reportedly build its new zinc plant elsewhere.

But indications are the money will come through and Coega will kickstart the Algoa-Kei SDI in a severely depressed area.

There is a large and final caveat. South Africa needs to see jobs created for a number of reasons, including reducing crime and restoring the government's credibility, not least among its own supporters. No matter how much facilitation the government provides, projects of the number and size envisaged will not happen overnight.

"The infrastructure projects are well on their way, and significant investments planned," says Maharaj, "but we cannot ignore the reality that some difficult decisions and steps lie ahead of us."

But if progress continues satisfactorily and investors from within and outside the country are prepared to make long-term commitments, by the first decade of the next century the SDI projects will make this country's economic landscape look different indeed.

Krugersdorp's job-creation scheme blows the whistle on car thieves

After 13 | 8 | 97 (173)

BY BUNTY WEST

The cheerful smile on Johannes Motswere's face is as new as the bright-orange bib he wears as he walks the streets of Krugersdorp.

He is one of the 40 car-watch marshals who patrol the town and, because of their presence, car theft and thefts out of cars in the central business district are said to have dropped by 95%.

Motswere, of Munsieville, is a 26-year-old married man with a baby. He was a griller in a local takeaway, but was retrenched two years ago and was unable to find other work. When he heard about the marshals he applied to be trained, and now makes enough to support his family.

"Most of the people are polite when I approach them to ask if they would like their car watched and about 50% take up the offer," Motswere said.

"Each person receives a slip with the car's registration on it and I appeal to them to return the slip to me when they go, as



Just the ticket ... car-watch marshal Johannes Motswere hands a Krugersdorp shopper a slip with the promise that he will keep a watchful eye on her car while she shops.

this is a way of ensuring that the rightful owner takes the car and no one else."

Chris Kruger, vice-chairman of the Krugersdorp Chamber of Commerce and Industry, said: "There are no parking meters

in the town and residents wishing to shop are prepared to pay a R2 fee for their car's safety. The men earn at least R100 a day."

Marshals are given two days' training and provided with a kit

that includes a whistle which they can blow in case of trouble. Backing them up are two policemen equipped with radios.

The cost of training a marshal and providing the kit is R1 000, which has been spon-

sored by businesses and local government.

The project has been so successful that another 20 marshals will be trained in the next few weeks, and the area of surveillance will be increased.

CHRIS ADLAM

Turning straw into gold, and a million jobs

Midrand has indicated it will be interested in establishing an eco-friendly business village which will generate its own electricity

(173) Star 13/8/97

RAN HOR

By **WINNIE GRAHAM**

Johannesburg engineer Brian Evans says he has discovered a way to create a million jobs within a few years.

So certain is he that his project has this potential that he has asked the Council for Scientific and Industrial Research (CSIR) in Pretoria to assess the scheme. He has also been in touch with Eskom and had discussions with Midrand to initiate a pilot scheme in the town.

What magic formula has he up his sleeve?

Evans gives the answer in one word: "Grass!"

He has a grass brick in his office near Cresta Centre, along with a charcoal pellet and a bottle of oil he distilled from thatching grass, with which he has been experimenting for more than two years.

As an entrepreneur of long standing, Evans has long been interested in job creation, but when he mulled over unemployment, he recognised there were no quick fixes. With some 39% of people out of work, he saw crime continuing – unless someone could come up with a radical solution.

He knew there was little chance of building a nation while men waited endlessly on street corners hoping for work: some without shelter, most without food, all without money to improve their circumstances.

"There had to be some resource which we had not thought of exploiting which might hold the key." The answer came to him at about three o'clock one morning. South Africa, he knew, was well sup-

plied with a renewable resource: thatching grass. It was not a resource anyone held in particularly high regard. Animals do not eat it, because it has no nutritional value. It is destroyed by burning in the dry season, contributing to pollution. Could it be the solution?

Evans drove to Honeydew, cut a swathe of thatching grass alongside the road and started experimenting in his kitchen. The experiments were to last two years and produce some dramatic results.

"I hoped initially to see if I could produce some kind of lumber product," he said.

He found he could compact the grass into bricks which were totally fire-resistant and suitable for housing construction.

In the process of converting the grass bricks into charcoal, he discovered something even more exciting: thatching grass was rich in moisture, oil and natural gas; and the gas and oil excited him most.

"In the process of heating the processed grass to high temperatures, and by excluding oxygen, we found we could create oil which, when refined, could be used to generate electricity and fuel cars," he said.

The possibility of a biomass plant capable of supporting a village's power and water needs seemed to offer exciting possibilities. Could it also provide jobs?

Work began on the development of a new range of materials, using super critical carbon dioxide (generated by the plant, and one of the greenhouse gases). By locking this gas permanently into some of the byproducts of the plants, products ranging from roof tiles to car parts could be built.



Rich potential ... Mike Lowe with a crop of grass that is being processed for its oil and natural gases in order to put this unused natural resource to work.



Behind scenes ... Brian Evans.

Dutchle Luscos of Pick 'n Pay and industrialist Mike Lowe, with the help of equipment provided by Board Longyear Seco (Amnic), built the pilot plant on a farm on the outskirts of Johannesburg. Tests carried out by the CSIR show that the plant will produce a clean, renewable fuel source and could make a considerable reduction in atmospheric pollution.

Discussions were held with Eskom regarding the possibility of supplying rural areas with electricity and through Eskom meetings were arranged with representatives of the

Midrand Council, which Eskom said was interested in environmentally friendly products.

The men visited Eskom to discuss the outcome of Evans' experiment. Engineers there were excited about the possibilities and Evans was given the go-ahead to produce electricity from grass in the rural areas if this could be done more quickly and efficiently than Eskom's conventional methods.

In the meantime, the men had meetings with the community at Wadella, near Carletonville, (near a rich source of thatching grass on mining property). Community leaders, intrigued by the concept, have displayed an interest in the project. If there is money to be made, they are willing to work.

What sort of jobs will the project make available? Evans says all sorts of work opportunities will escalate as the project takes off. They vary from

the Richards Bay outcome that

patible with the requirements...

generate its own electricity and produce a range of products. R600 000 a month. A quarter of this will go on marketing, leaving some R400 000 for the villagers – or a minimum monthly income of R2 000 each.

The new stirling engines using the solid fuel byproduct of the grass to generate electricity have a low noise level of about 40 decibels – roughly the same as a fridge – and are almost vibration-free. These clean-burning engines will be used in a new generation of electric cars and are already partially developed. Similar projects, he says, could be established wherever biomass is available in both South Africa and beyond.

“If people are willing to work, I can’t see how the project will fail,” Evans said.

Evans estimates that once it is up and running, the village will have an income of about a million jobs within a few years.”

the manual (grass cutters will be needed to harvest the thatch) to high-tech posts. Skilled workers will be needed on comput-

EXPERIMENTS

Instead

TWO years

ers, and marketers to promote a variety of byproducts.

“What makes the project exciting is that it is environmen-

tally friendly,” Evans said. “All the byproducts are used. There is no shortage of thatching grass. In fact, most councils would be glad to see it used. Labour costs in keeping the grass cut are high and other than burning, or burying it, until now there has been no way of destroying the grass.”

Midrand has indicated it would be interested in establishing an eco-friendly business village where about 200 homes will be built. The village will

State to review its job creation strategy

(173)

ALIDE DASNOIS
BUSINESS EDITOR

ARG 13/8/97

The Government is to review its job creation strategy at the presidential job summit set for October, says Minister of Finance Trevor Manuel.

Briefing financial journalists in Cape Town yesterday, Mr Manuel said he did not agree with unemployment figures collected by the Central Statistical Service, which showed that 10 South Africans in every 25 were unemployed.

Different methods of collection were needed.

In the meantime the jobs summit would be an opportunity to assess whether or not the Government took the jobs issue seriously, Mr Manuel said.

The public works programme and the small business support programme, among others, would come under scrutiny.

"This will be a big review which will give us focus for the period ahead."

Mr Manuel said the Government was in the process of working out a three-year

budgeting plan which would "put politics back into the budget".

The Medium Term Expenditure Framework (MTEF) would be presented to Parliament in March at the same time as the 1998-99 Budget. He also hoped to present a white paper on budget reform by December, Mr Manuel said.

The expenditure framework would define the Government's spending priorities over the next three years.

"The Budget can't just be a short-term technical exercise. It must reflect the policies of the government of the day," he said.

Reaffirming the Government's commitment to the Growth, Employment and Redistribution (Gear) strategy, Mr Manuel said the Gear plan was not a substitute for the Reconstruction and Development Programme (RDP).

"Gear is a macro-economic strategy. It cannot appear in drag as a socio-economic policy," he said.

He rejected suggestions - from the trade union movement, for instance - that economic growth could be boosted by taking a

less strict line on the budget deficit.

With low domestic savings rates, he said, economic growth would have to be funded partly from abroad. This meant fighting for credibility in international markets.

"We must guard against selective amnesia. We must remember that 1996 was hell," Mr Manuel said, referring to the downward slide in the rand last year and to the rise in long-term interest rates which made government borrowing more costly.

He said it would "not be easy" to meet the deficit target of 4% of Gross Domestic Product (GDP) in the 1997-98 financial year.

There were strong pressures on Government spending, for instance on education.

Funds curriculum support in the schools and the school building programme as well as the employment of teachers were not the responsibility only of the Minister of Education but of the whole Cabinet, Mr Manuel said.

The Medium Term Expenditure Framework would make this clear.

SADC inches closer to ratifying free trade pact

John Dlodlu

TRADE ministers from the Southern African Development Community (SADC) inched closer towards ratifying a regional free trade accord this week, agreeing to a series of steps to implement the deal.

This emerged after a special meeting in Dar-es-Salaam, Tanzania, called by regional trade ministers to discuss implementation of a plan to free all trade exchanges in the 12-nation body within eight years.

The ministers, including SA's Alec Erwin, agreed on details of tariff reduction, time scales for ratifying the protocol as well as the date for the submission of a list of sensitive items.

A linear approach would be followed in scaling back the level of tariff protection as it was more predictable, simple and transparent than other methods.

This would pave the way for the ratification of the protocol by the SADC governments, they said in a

joint statement.

Only two countries so far have ratified the protocol, although all have approved it.

The ministers have agreed to submit a list of sensitive products by October to Tanzania, the SADC's trade and industry sector co-ordinating unit.

Mfundo Nkuhlu, the director in charge of southern African trade relations at the trade and industry department, said the understanding among member states was that no products would be excluded arbitrarily from the deal. "Any exclusions will have to be the result of negotiations," he said.

In its talks with the European Union, SA has criticised exclusions. It has urged that sensitive items be dealt with in special protocols and be integrated slowly into the free trade deal.

Nkuhlu said SA, which had offered to liberalise faster than other SADC partners, was in the final stages of preparing its offer to other signatories.

"We are on course," he said.

Plan to assist retrenched workers revised

John Dlodlu

THE labour constituency at the National Economic, Development and Labour Council (Nedlac) is to table fresh proposals on a plan to assist workers who are laid off as a result of the present industrial restructuring process, Nedlac media liaison officer Lomin Saayman said yesterday.

An initial labour proposal, calling for the establishment of an employer-financed fund to retrain retrenched workers, has been on the agenda of Nedlac's trade and

industry chamber for more than a year, with no apparent progress.

While the process initially focused on legislation, the emphasis was now on "services and mechanisms" to soften the blow of industrial restructuring to affected workers and regions.

When the original proposals were tabled, business raised concerns that they would raise employment costs. Criticism was also levelled at the suggestion to make the plan compulsory and to have it applied at national level rather than at industry level.

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Gear 'may not create jobs if labour market is not right'

Belinda Beresford

CREATING an encouraging economic market for investment through the government's growth, employment and redistribution (Gear) programme could fail to provide jobs if the labour market was "inappropriate", Anglo American deputy chairman Leslie Boyd said yesterday.

Speaking at an Institute of Directors seminar, Boyd said the proposed Basic Conditions of Employment Bill in its present form was "clearly a step in the wrong direction" in terms of labour market flexibility. "As I said to the minister, he can have his bill or he can have jobs. He cannot have both."

Boyd said Gear had not failed in the labour market, as critics claimed, but rather "had not even yet been tried".

Gear would ultimately create an internationally competitive investment climate in SA, Boyd said. "I have little doubt that the rewards in terms of higher economic growth and job cre-

ation will be visible in the near future."

Within Gear there were compromise policies balanced between international best practice and political reality, and any further dilution of the programme would diminish its results.

SA's exports had clearly benefited from the depreciation of the rand, but the local unit's sustained sharp appreciation in the first six months of the year was "clearly in conflict" with Gear's commitment to currency stability. Diligent application of Gear commitments would have meant that the rand would be worth about R4,80/dlr.

Boyd said the removal of exchange controls was proceeding too slowly — since the July 1 relaxation there had been little interest in moving money overseas. This showed that the serious money had already left the country.

The slow pace of privatisation was of concern. Privatisation was one of the most important factors for Gear's long-term success, since it was a prerequisite for attracting foreign investors.

(173)
BD 21/8/97

Job creation 'needs intervention'

BD 22/8/97 (173)

Linda Ensor

CAPE TOWN — Drastic government intervention, supported by its social partners, was required if SA was to resolve the serious problem of unemployment in the country, labour director-general Siphosiso Pityana said yesterday.

Opening the Job Scene — World of Work Exhibition, Pityana said government would have to assist in widening the range of employment opportunities. "Our macroeconomic policies and investment initiatives have to enhance the capacity of the economy to absorb labour," he said.

But Pityana warned that to allevi-

ate poverty, quality jobs had to be created, as 40% of those employed earned below the poverty datum line of R970 a month.

He noted the growth in "atypical" forms of work in SA, including casual and contract work, as well as home work which government and its social partners would have to address.

"Under these circumstances, workers tend to be unprotected and vulnerable to degrading working conditions and poor remuneration. While these forms of work may enhance the job satisfaction of upper-level and middle-level occupational groups, they tend to undermine the quality of work for categories of workers in lower occupational classes.

"This phenomenon is particularly worrying when it entails the downgrading of current jobs and their substitution with atypical forms of employment. These forms of employment can have the effect of entrenching conditions of poverty," Pityana said.

Labour softens stand on retrenchment assistance

John Dlodlu

00 22/8/97

(173)

THE labour element at the National Economic, Development and Labour Council (Nedlac), which is due to unveil fresh proposals on plans to help retrenched workers cope with the negative effects of industrial restructuring, will not call for legislation to force companies to finance such arrangements, labour sources say.

The labour constituency at Nedlac is due to make the new proposals after slow progress in the Nedlac process.

Mahlomula Skhosana, deputy general secretary of the National Council of Trade Unions (Nactu), says the federation will not be calling for legislation to protect retrenched workers. But he said government had to create a framework through which business and labour could jointly address the effects of industrial restructuring.

Previously, labour had called for legislation requiring companies to finance retrenchment plans.

The call provoked a defensive response from business, which saw the

suggestion as an attempt to raise employment costs.

Skhosana's views are echoed by another source who says the new proposals, currently being finalised, will emphasise "tripartism" in dealing with the jobs crisis.

"In the past, social plan act (the term labour uses for retrenchment plans) was portrayed as punitive against business," the source said, pointing out that firms would be assisted in finding alternatives to layoffs.

Skhosana says Nactu will call on business and government to train workers ahead of retrenchments. The state could offer incentives to business through tax-based instruments. "Workers must be given portable skills," he said.

Labour unions will assist in organising social plan programmes and the placement of retrenched workers in alternative jobs, Skhosana said.

Apart from the legislative function, the state's role was unclear in previous submissions from labour. The new proposals will clarify this, sources say.

Bringing jobs to the people

ANDREA WEISS
CITY EDITOR

(173)
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The Wetton-Lansdowne corridor plan, aimed at kick-starting economic development in the poorest part of the city, will be approved by the Cape Town municipality this week.

The plan is the product of workshops and briefings since November.

David Gough of the Cape Town municipality, which co-ordinated the planning, said the plan was now widely accepted and detailed work would follow.

Once it is in place, business plans will be drawn up for specific development proposals in the area from Wynberg to Crossroads. The idea is that economic development must be encouraged by supporting

ARG 27/8/97
business and investment in the area so that jobs can be brought closer to people.

Emphasis is being placed on the development of small and emerging businesses.

Besides expenditure on planning, R15-million put up by the national Department of Transport will be used for:

■ The completion of the Wynberg transport interchange.

■ Provision of bulk infrastructure in the Philippi industrial area (R5,6-million).

■ Upgrading of the Lansdowne Road and Jan Smuts Drive intersection and pedestrian and public transport facilities along Lansdowne Road (R1,85-million).

■ Informal trading and pedestrian facilities at Philippi station (R1,2-million).

■ Improvement of service infrastructure in NY3A, Guguletu (R800 000).

NEWS

Cutting wages not the way to create jobs - Tito

Aug 30/8/97

Jobs just for jobs' sake not acceptable' (173)

ALIDE DASNOIS
BUSINESS EDITOR

Cutting wages is not the way to increase employment, Minister of Labour Tito Mboweni told a meeting in Cape Town this week.

Briefing other ministers, provincial premiers and top civil servants at an inter-governmental forum on the presidential job summit scheduled for October, Mr Mboweni said since the demand for unskilled labour was inelastic - with wage cuts creating relatively few extra jobs - cutting wages would reduce the total income of the poor.

"A strategy that aims simply to create

'An effective employment strategy must centre on labour-market measures. An effective employment strategy must influence the economic structure, the cost of living, education and training and investment as well.'

jobs, any jobs, would not necessarily provide acceptable conditions of work, more equal economic power or substantially reduced inequality," he warned.

But, Mr Mboweni said, the wage structure in South Africa was not adequate for

employment creation.

Skilled labour, because of the shortage of skills bequeathed by apartheid, was relatively well paid and South Africa ranked among the countries with the biggest gap between skilled and unskilled labour.

The high cost of living and the low levels of education and skills were a drain on productivity, reducing employment in the long run, he said.

An effective employment strategy could not centre on labour-market measures.

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

Gathering of statistics

on jobs to be improved

Current figures 'are inaccurate'

PRG 3/9/97

(173)

(Signature)

ALUDE DASNOIS
BUSINESS EDITOR

Collection of employment statistics is to be improved following claims that official statistics present an inaccurate and too pessimistic view of South Africa's unemployment.

Minister of Finance Trevor Manuel said last month that proper measurement of employment was crucial to an assessment of the success of the Government's Growth, Employment and Redistribution (Gear) strategy.

He said he found it hard to believe figures from the Central Statistical Service (CSS) which suggest, for instance, that the economy shed 42 000 jobs in the first quarter of this year. The Gear strategy target is 250 000 new jobs a year.

Economists have also questioned the reliability of the employment statistics, which, some say, do not take into account changes in workplace organisation as bigger firms in some sectors increasingly subcontract to smaller firms.

Central Statistical Service head Mark Orkin said the CSS was being assisted by the Australian Bureau of Statistics in revamping its employment surveys to broaden the collection of data.

At the moment the CSS collects information on a monthly or quarterly basis on employment in the formal sector of the economy outside agriculture, via postal surveys of employers in both the private and the public sectors.

The surveys do not cover some new service sectors and do not include micro businesses which are not on the CSS business

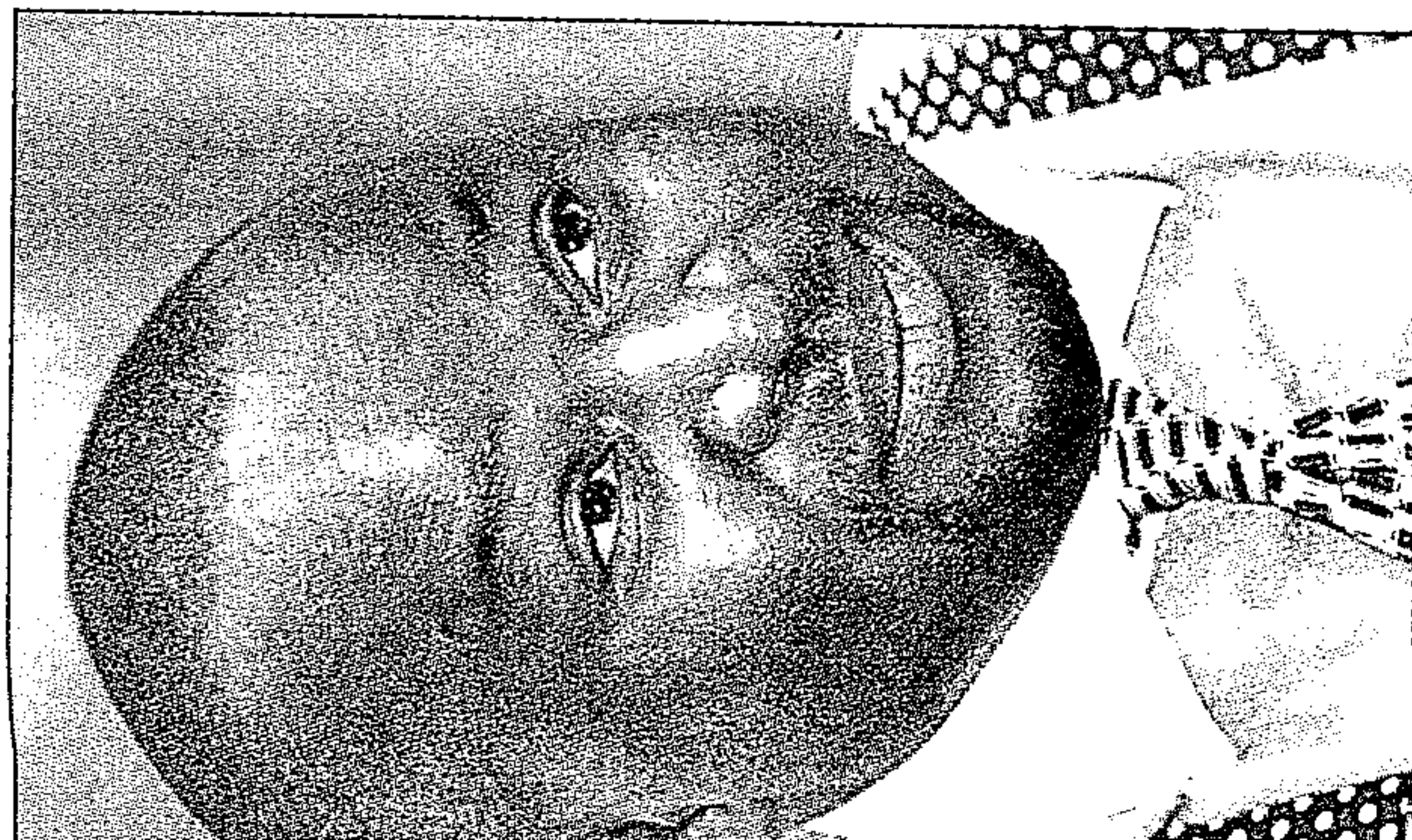
register.

And, said Dr Orkin, the informal sector was not captured in the employment survey but only in the annual October Household Survey, which collects information on employment and unemployment from households, not businesses.

"Other complicating factors are the extensive use of overtime instead of new job creation, the replacement of fixed labour by casual labour and mechanisation of existing jobs for increased productivity," Dr Orkin said.

The CSS was planning to broaden its coverage of businesses by using address lists supplied by the South African Revenue Services, Dr Orkin said.

"On what the CSS does measure, the CSS is confident that the statistics are accurate," he said.



ARKED UP: Tito Mboweni, who stopped lobbying ANC MPs on his contentious Bill

When three becomes a crowd

(173) (ST 7/9/97)

Government, business and Cosatu at odds over labour policy

AN UNNAMED trade unionist reportedly described the National Economic Development and Labour Council as such: "The (union) leadership lets us play in the sandpit, and then they arrive in fire engines. They do what they want and ride into the sunset."

This description, in a research paper written by the Cosatu think-tank Naledi, captures the endless to-ing and fro-ing that tends to precede deal-making in Nedlac.

But in the council's most recent attempt to get a deal on a contentious issue — the Basic Conditions of Employment Bill — union leaders headed off in their fire engine without putting out the fire.

Nedlac's failure to deliver an agreement on the Bill lies behind the comments this week by Siphos Pityana, the director general of the Labour Department, that the organisation's role in policy-making would have to be reviewed. His statements implied the need for a fundamental rethink on policy-making by consensus, or corporatism.

But South Africa's evolving brand of corporatism did not arrive by accident. Mostly, it emerged because it was won by a powerful, politicised and well-mobilised trade union movement that had won

Disparaging comments about Nedlac by some of its members have put the council's usefulness under the spotlight again.

CAROL PATON looks at the deterioration in relationships between the government, business and labour

representation on state advisory bodies.

After massive rejection by workers of the Labour Relations Act in 1988, Cosatu forced the government to restructure the National Manpower Commission into a body to consult on labour legislation.

Cosatu also engineered the formation of the National Economic Forum to negotiate economic policy after mass protests over the introduction of VAT in 1991.

It became clear to all that participation in policy-making was a better alternative to slugging it out in the streets.

In other areas, too, like development and education, communities are party to a variety of social pacts. Workers and employers in a number of companies and across some industries also have social agreements.

South Africa's brand of corporatism is therefore both extensive and unique, says

Naledi sociologist Glen Adler.

In some ways it is — nowhere else in the world is there an agreement-making body such as Nedlac, which is compelled by law to consider all labour and important social and economic legislation. But many European countries have social and economic councils where policy matters are brought to stakeholders for discussion.

Dave Lewis, an economist at the University of Cape Town, says such institutions are essential for the governing of complex societies.

"Sophisticated industrial societies need mechanisms by which interest groups can interact with the government in a meaningful way. And they'll insist on doing so, even if you don't have formal institutions like Nedlac," he says. "Nedlac makes it more transparent."

Interest groups as organised and cohe-

sive as South African business and labour will not disappear if Nedlac does, or if its power is curbed.

"To think they would is a naive view of how much support the government needs to govern and how much information it needs," says Lewis.

However, Nedlac's failure to put out the fire on the Basic Conditions of Employment Bill indicates something is wrong with South Africa's brand of corporatism.

For deal-making to work, everybody has got to be ready to trade. The usual incentive to do so is that there is no better alternative.

But in the case of the Bill, Cosatu believed it could win its demands through lobbying ANC parliamentarians — a route Labour Minister Tito Mboweni subsequently closed off.

This is a symptom of what is wrong. Corporatism has almost always involved compromises from labour (for example, wage moderation) in return for long-term benefits (like job security).

Labour has, for the most part, been sceptical and overcautious of what can be achieved through social pacts.

But amid disturbing noises made by the

government over Nedlac's future, Cosatu is already starting to make more positive noises. The September Commission, an internal inquiry into the future of the labour movement, advocates that Cosatu adopt an approach to Nedlac that helps to strengthen it and increases its legitimacy.

The commission also puts forward suggestions for what types of pacts labour could entertain at a broad national level, suggesting as possible areas the "social wage" — employment benefits like pensions and insurance — and training.

But labour is not only to blame. The government's presentation of its economic strategy as non-negotiable, and business's adversarial stand on labour-market policy have also dampened the political will to reach agreements.

But reducing the importance of social partnership in policy-making will only take us back in the direction from which we have come.

Interest groups and political pressure on the government will not disappear. Instead, labour will use its privileged access to the ANC for as long as it lasts or take to the streets, and business will resume the secretive lobbying it practised before.

Olympic bid loss a blow to job creation

But campaign 'has helped the city to move ahead'

Fears that unemployment in the Western Cape will deteriorate even further because of Cape Town's failed Olympic bid are increasing amid rumours that major projects which guaranteed jobs could be dumped.

This would mean a potential loss of billions of rands and thousands of long- and short-term jobs.

With the international spotlight on Cape Town during the months leading up to the announcement of the winning city, economists planned their hopes on a successful bid to improve the economy of the region and especially to alleviate unemployment, which now stands at more than 90 000 in the province.

Statistics for South Africans show that 10 out of every 25 South Africans of working age are unemployed.

According to figures from the Central Statistical Service, the economy shed 42 000 jobs in the first quarter of this year, although Minister of Finance Trevor Manuel said he found this hard to believe.

Plans for big construction projects, the expected growth in tourism

INSIDE STORY



Hopes for more jobs have been dashed by Cape Town's failure to win the 2004 bid, but we're still better off than before writes staff reporter **LENORE OLIVER**

and exposure for small business seemed like an answer to a prayer - but now, with the country's Olympic hopes dashed, the picture looks slightly different.

There still seems to be some hope of using the international platform attained during Cape Town's bid to improve conditions.

Wesgro chief executive officer David Bridgman said that if Cape

Town had won the bid, economists had predicted an Olympics-related growth in the country's gross domestic product of between 1% and 2%.

"Almost half of that growth would have been realised in the Western Cape," said Dr Bridgman.

"There is still a significant awareness of Cape Town, both national and international. The Western Cape is still experiencing increasing levels of investment just because of our attempt to host the Olympic Games. This is not as much as it would have been if we had won the bid, but it is still a lot."

Dr Bridgman said the bid had certainly benefited South Africa.

"Winning would have meant a lot of short-term jobs and, with the strengthening of our tourism industry, a lot of long-term jobs. Our attempt to host the Olympic Games would have been a quick-fix solution to our developing challenges."

"What remains now, without the Games, is for us to go back to doing things to improve our situation. We have to keep plugging away at things

such as unemployment, good managing, housing issues and a general upgrading of activities."

Dr Bridgman said he was confident the unemployment situation would not deteriorate.

"We won't go back to where we were. We are now in a position where the outside world has looked at us. Cape Town was selected as one of the last five cities considered to have the infrastructure to host the Games."

"We came in third behind Athens and Rome and for a city trying to prove itself that is not bad. The bid has helped us as a city to move ahead and find other ways of solving our problems."

Labour Department spokesman Blanche Claassen-Hoskins said the tourism industry had the capacity to provide jobs where they were most needed - among women who were mostly new entrants to the job market. She said this also included small and medium enterprises and the rural areas where the level of unemployment and poverty was highest.

"The hotel and guest house indus-

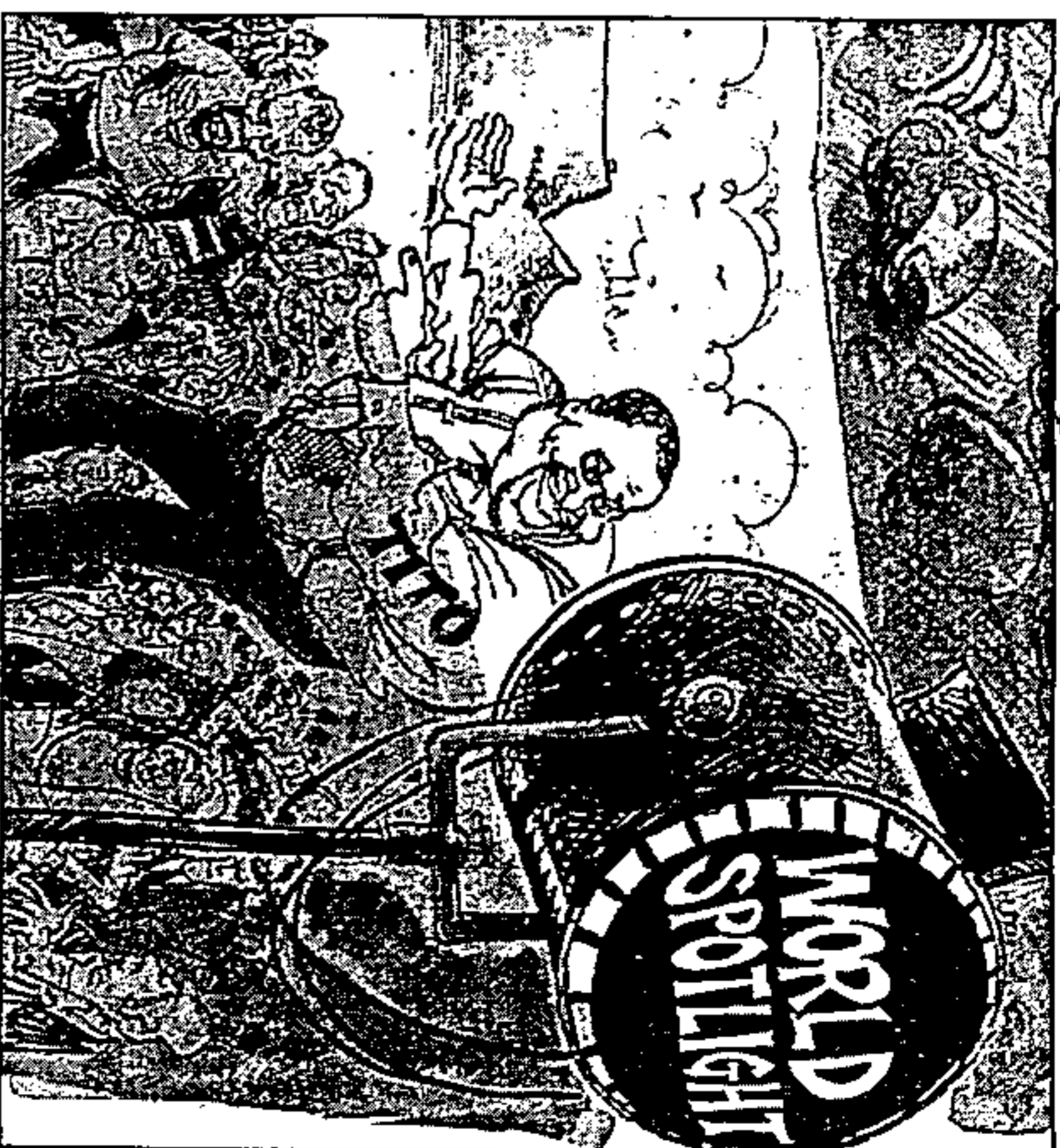
try is growing rapidly in the Western Cape and for the Western Cape to miss the tourism boat would be costly in terms of job creation," said Ms Claassen-Hoskins.

Confidence levels in the building industry had been declining since the beginning of 1995, but there were positive trends which were likely to boost its prospects.

"In the process, 250 000 jobs are likely to be created and growth in the civil construction industry would be stimulated largely by investment in township roads."

Ms Claassen-Hoskins said there had been widespread criticism of the Government's growth, employment and redistribution (Gear) strategy as more and more jobs were being lost and very few created.

"It is predicted that by the end of the year millions of jobless people in South Africa will be on the streets if Gear does not supplement measures to stimulate the informal economy because of the inability of the formal sector to absorb the millions of unemployed," said Ms Claassen-Hoskins.



Prickly issue: Labour Minister Tito Mboweni, whose department bears the brunt of criticism when jobs are few

Western Cape plans houses-and-work project for 700 squatter families

Samantha Sharpe

CAPE TOWN — Western Cape housing MEC Cecil Herandien has unveiled a R1,1bn development plan for the Westlake area bordering Tokai, which will provide homes for 700 squatter families living near the M3 highway.

The project, which encompasses the area at the end of the Cape Town Blue Route and adjoining the Steenberg Golf Estate, will entail a joint venture between the public and private sectors aimed at boosting growth and development in the area.

As part of the redevelopment process, most of the people living in the area would be housed in formal housing with light industrial and commercial development providing the engine room for employment in

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the area, Herandien said. Once the final redevelopment plan has been agreed upon, an entire upgrade of the area would commence — a process expected to last between three and five years — with social and middle-income residential units being developed in a carefully planned precinct.

He said the Rabie/Caycor Consortium, which spearheaded and project-managed the successful Marconi Beam development in Milnerton, had been appointed project managers.

The redevelopment and upgrading of Westlake and the provision of housing for the squatter community was aimed at achieving a political and economic solution to the

problem for the national department, the province and the South Peninsula municipality.

"We are adopting the spirit and the principle of empowering previously disadvantaged communities, as well as restructuring the urban fabric, to generate sustainable economic growth and continuing community development," said Herandien. Ward councillor for the Westlake area Neville Riley said the plan was a "milestone"

that marked the first housing development of the new local authority.

"The area has about 700 families who live in unacceptable conditions. The redevelopment presents an opportunity for these people to be housed in formal housing at no cost to the local ratepayers."

The joint view of the housing ministry, the South Peninsula municipality, and Rabie/Caycor was that, to ensure the success of projects such as Westlake, it was vital to build an effective and continuing social upliftment programme into the

business plan, Riley said.

"Employment, education, health and recreational facilities are all essential, for without them, there can be no healthy family life and no healthy communities.

"To create and sustain healthy communities, development has to be holistic and people-centred in its approach," he said.

Call for new state job strategy

SACP slams Gear's failure to boost employment

AKG 19/9/97

THABO MABASO

AT THE COSATU CONGRESS

Johannesburg — The ANC-Communist Party-trade union alliance should develop a new state-driven strategy aimed at developing key industrial areas as an alternative to the Government's disputed economic strategy, South African Communist Party acting secretary general Blade Nzimande said.

Dr Nzimande told the Congress of

South African Trade Unions (Cosatu) sixth national congress that a new strategy should address the social needs of poor communities and create jobs.

He said the problem with the government's Growth, Employment and Redistribution (Gear) plan was that it had put the responsibility of developing South Africa's economy in the hands of the private sector.

"There is no example in this century of a developing country, or even a developed country for that matter, emerging from the ruins of war,

'Privatisation is aimed at consolidating SA as a capitalist society'

from economic collapse or colonialism, achieving economic revival led by the capitalist market. Instead, such revivals have been led by state

driven industrial strategy" Dr Nzimande said.

The SACP chief called for a halt to the government's privatisation plans and said these were aimed at "consolidating South Africa as a capitalist society".

He said there was no evidence to suggest that the private sector could address the scale of needs, inequalities and poverty characteristic of developing countries.

"Gear had predicted a 1,6% growth in jobs but instead there has been a shrinkage of 1,3% percent in

jobs, Dr Nzimande said.

His criticism of Gear follows similar attacks by Cosatu president John Gomo on Tuesday. Mr Gomo called Gear a "monster that has cut social spending".

President Nelson Mandela, who addressed the conference on the same day, tried to defend Gear as a workable policy but murmurs of disbelief and disappointment could be heard from congress delegates.

Dr Nzimande called on workers to organise themselves to fight against privatisation and Gear.

Boland poised for jobs

Asmal's ambitious R190-million water project will

bonanza

provide work for thousands

ST(CM) 21/9/97 (173) (S)

CHARL DE VILLIERS

IMPOVERISHED Boland communities are poised for a jobs bonanza with Minister of Water Affairs Kader Asmal planning to splash out an extra R190-million on his department's "working for water" programme.

The funding could treble the ranks of the 3 200 formerly jobless "hackers" who have cleared more than 61 000 ha of water-guzzling invasive plants from Western Cape mountain catchments and riverbeds in just under two years.

Professor Asmal is hoping to get backing from cabinet for extra expenditure which would also create thousands of similar jobs in other parts of the country.

He disclosed the funding bid while announcing his department's action plans to help reduce the risks of a potentially disastrous El Niño drought which is expected to hit summer rainfall areas by November.

Widely considered to be one of the government's most effective RDP-related projects, the national working for water programme has generated more than 6 500 jobs since October 1995.

Ministerial advisor Dr Guy Preston said up to R40-million from the state's poverty relief fund could be spent on accelerating the Western Cape "Fynbos" catchment reclamation project.

"Depending on what comes out of the cabinet meeting in two weeks' time, we could create up to 8 000 additional jobs on the fynbos project with money which has to be spent before March next year," he said on Friday.

Scientists reckon that it would take at least 10 years to clear virgin infestations in the Western Cape, and another 10 years for crucial follow-up operations.

Project managers are slowly phasing in an incentive-based piecework system which has cut costs per hectare by about 46 percent in other parts of the country.

The Western Cape wage bill accounts for 70 percent of the R48,4-million allocated to the fynbos project for 1997/8 financial year.

Besides job creation, Asmal's "war on weeds" is a key element in his strategy to promote sustainable use of scarce water resources, postpone expensive capital projects and take potable supplies to the millions of people who do not have direct access to water.

"Clearing mountain catchments of alien vegetation can increase water yield by more than 30 percent — the equivalent of 200 mm of annual rainfall — and is far more environmentally-friendly than building expensive new dams," Fynbos project co-ordinator Christo Marais said.

Engineers suggest that greater Cape Town could save a whopping 90-million m³ of water a year if the CMC's conservation measures matched those of the Hermanus municipality, which cut consumption by 32 percent during the past summer.

Based on the metropole's average annual consumption of 281-million m³, a 32 percent savings could keep a new dam for the Western Cape the size of Skuifraam full for a year — and irrigate more than 10 000 ha of land or supply water to 640 000 people.

Asmal has also given the public till October 17 to appeal against his effective approval of the R560-million Skuifraam Dam at Franschhoek — which will only go ahead, however, once he is satisfied with the Cape Metropolitan Council's water conservation programme. The Cape Town City Council has recommended setting up a special unit to oversee a reduction in water consumption.

R6-m fund to 'revive' urban areas

Sowetan 23/9/97
173

Programme will generate economic growth, job creation and development

By Joshua Raboroko

THE GAUTENG PROVINCIAL government – with its local authorities and communities – has launched a R6 million fund aimed at regenerating and revitalising urban towns, particularly black residential areas.

In addition, the province will introduce a White Paper on urban regeneration and integration to provide a framework on which to reverse urban degradation by creating wealth and jobs.

At a media briefing in Johannesburg yesterday, Gauteng MEC for development planning and local government Mr Sicelo Shiceka said the fund, to be known as Vusani Amadolobha, meaning revival of cities, would generate economic growth, job creation and development in towns.

He said: "This entire programme will be driven through a partnership between government and civil society formations which include labour, busi-

ness, community-based and non-governmental organisations."

The programme demonstrated provincial government's commitment to transform urban centres in an attempt to make them globally competitive through the maximum use of existing infrastructure and upgrading.

He added: "We want to totally change the pessimism that has led to the decline of cities and other urban centres in Gauteng."

He said that the White Paper outlines specific principles that should govern regeneration.

These, he said, included balancing growth and development between urban centres; setting up cooperative partnerships between the public and private sectors; developing strategies that were specific and appropriate to local authorities and ensuring the process driven by full community involvement.

"We believe this is a milestone initiative to the Masakhane campaign."

R850-m project set to create job opportunities

Sowetan (busi) 25/9/97

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By Maxwell Pirikisi and Sapa

CONSTRUCTION began this week of an R850 million project at Saldanha, potentially South Africa's leading steel export facility capable of producing high quality cold rolled and galvanised steel products.

The project, a joint development between Swiss-based steel company Duferco and South Africa's Industrial Development Corporation (IDC), is expected to be completed by 1999.

The new plant, to be known as Duferco Steel Processing (DSP), is the first major downstream development following construction of the R7 billion Saldanha Steel project.

Its total production is aimed at the export market and the new plant is expected to earn the country over R200 million in foreign exchange annually.

The IDC and DSP parent company Duferco will jointly fund 40 percent of the equity component of the project, while other loans are expected to make up the remaining 60 percent.

On completion the plant is expected

Joint venture will have a spill-over effect on Western Cape's economy

to have a total capacity production of 610 000 tons of steel annually.

At the sod-turning ceremony for DSP held at Saldanha this week, Bruno Bolfo, international chairman of Duferco, said the company's investment in South Africa and its association with Saldanha Steel as its major client, bore testimony to the company's confidence in South Africa and the IDC.

Permanent employment

"We anticipate that the plant will create permanent employment opportunities for 220 people, with another 700 indirect jobs generated by the multiplier effect, and therefore representing a significant spill-over effect into the economy of the region," said Bolfo.

"In addition, prior to finalising plans for the plant, a comprehensive environmental impact assessment was undertaken in close consultation with many interested parties in and around

the Vredenburg-Saldanha area.

"As a result it was determined that little or no pollution would result from the project," said Bolfo.

IDC deputy managing director Jan de Bruyn said the IDC was playing an increasingly important role in the industrial development of the Western Cape, with a total of 322 new financing authorisations approved for the province between July 1 1992 and June 30 this year.

"This figure represents 22,5 percent of the IDC's total authorisations for South Africa, and, although second in number, the Western Cape was first in Rand terms with R7,8 billion, or 36,6 percent of the total of R21,4 billion approved," he said.

Some of the major projects the IDC are involved in are Sasol, Sapekoe, Alusaf, Atlantis Diesel Engines, Columbus Stainless Steel, Foskor, Namaqua Sands, Richard's Bay Minerals and Saldanha Steel.

New labour law forum created

René Grawitzky

BD 25/9/97

HUNDREDS of labour lawyers, trade unionists, industrial relations practitioners and academics have formed the SA Society for Labour Law to provide a forum for engagement on issues in pursuit of the practice of labour law.

Labour Court Judge President John Myburgh said yesterday the intention of the organisation, which would be open to a broad base of people, was to advance and promote the practice and understanding of labour law in the country.

Myburgh said in the light of the level of a skills shortage in SA, there was a real concern and need to train people in all aspects of labour law.

Labour law had become an important factor in SA and affected everyone from the state, as the largest employer, to the private sector and individual citizens. Hence the need, he said, for a forum where people could exchange ideas and views on the functioning of the law not only in relations to the Labour Relations Act, but the new Basic Conditions of Employment Bill and further legislation on employment equity and skills development.

National steering committee member André van Niekerk said education and training to those who serviced the profession would be an important function of the organisation.

Members would be able to attend, free of charge, workshops and other training ses-

sions around the country on all aspects of labour legislation.

Van Niekerk said the organisation, which is establishing strong regional structures, intended to represent the interests of labour lawyers and others in the field of labour law.

The Gauteng region would launch its structure on October 29 where senior members of the labour law fraternity would facilitate a debate on how the Labour Relations Act should be interpreted.

The promotion of ethical standards and integrity in the practice of labour law and the interaction between those involved in labour law and private and state-run dispute resolution agencies would also be pursued.

World Bank criticises labour policy

René Grawitzky

BD 25/9/97

(173)

GOVERNMENT'S labour market policies and the proposed employment bill have come under the spotlight of the International Monetary Fund (IMF) and World Bank who claim that such policies impede employment.

SA Institute of Race Relations CE John Kane-Berman in the October edition of Fast Facts said both institutions had questioned government's commitment to addressing

unemployment.

The World Bank and the IMF believed the "lack of flexibility in the SA labour market is identified as a key flaw".

They argued the "flexible sector" was very small compared to those sectors covered by wage regulating measures in the form of wage determinations or bargaining council agreements.

The World Bank, critical of the Labour Relations Act provision providing for the extension of council agreements to non-parties, said the ex-

tension system was "probably a key reason for high unemployment".

It said trade unions in developing countries understood the need for flexibility and "no developing countries have an extension system".

Extending council agreements distorted wage levels and kept them above market levels, the World Bank said.

Ireland aids rural water supply

PRETORIA — Ireland pledged R7m on Tuesday to help upgrade water and sanitation services in SA's rural areas.

Signing an agreement to this effect in Pretoria with Mvula Trust, a nongovernmental body, Irish ambassador to SA Eamon Tuathail said the money would be used in a three-year programme.

Mvula Trust said that the programme entailed expanding 10 model community water supply and sanitation projects which were located in Northern Province, Mpumalanga, KwaZulu-Natal and the Eastern Cape.

The Irish government has donated R50m for similar projects in SA since 1994. — Sapa.

Insolvencies:

Workers may

(173) be covered

ART 8/10/97
Draft legislation to strengthen employees' claims for salaries and wages when a company goes insolvent was tabled in Parliament yesterday.

The Judicial Matters Amendment Bill makes provision for changes to the Insolvency Act of 1936, in line with a convention passed by the International Labour Organisation (ILO).

In a memorandum to the bill, the Ministry of Justice notes that the ILO adopted a convention on the protection of workers' salaries and wages in 1992 in response to the failure of legal systems to protect the employees of an insolvent company. The convention specifies that the claims of workers should have priority over other creditors. The draft bill introduces a new similar section. - Business Editor

Gear failing on employment front, says economist

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ARG 9/10/97

BUSINESS REPORTER

The inability of the Government's economic strategy to create jobs was its "single most disappointing failure", according to Azar Jammie, chief economist of Econometrix.

Dr Jammie told the Boland Bank seminar in Stellenbosch that busi-

ness saw labour as more costly than machines because of developments such as the mooted payroll levy for training, the "furore" over the Basic Conditions of Employment Bill and the ever-increasing cost of retrenching workers.

"Only once a strong government under new leadership is in a position to act firmly in respect of the relation-

ship between business and labour, is one likely to see the kind of job creation envisaged by Gear (the growth, employment and redistribution policy)," he said.

Dr Jammie said he believed economic growth was likely to pick up to "something closer to 4% to 5% by 2000, but not the goal of 6% set by Gear".

State role urged in creation of jobs

René Grawitzky

THE state would have to play an instrumental role in facilitating the reduction of unemployment by intervening in the economy and granting incentives to promote labour-absorbing investment, a senior government official said last night.

Labour department director-general Siphosiso Pityana said the gravity of the unemployment and underemployment problem in SA was such that the economy could not rely on "trickle-down effects alone" for it to be resolved.

Addressing an Enterprise Development Forum meeting in Cape Town, Pityana said government had to implement proactive measures to boost the economy's long-term labour absorption capacity. This required the formulation of an employment strategy aimed at expanding employment creation in a way which significantly reduced structural unemployment and underemployment in a sustainable manner.

He stressed that such a strategy had to be undertaken in a manner

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which respected "macroeconomic fundamentals as stipulated in the growth, employment and redistribution strategy". However, if an employment strategy was to be pursued within the context of the current budgetary constraints, resources had to be raised through the reprioritisation of government expenditure.

Government expenditure had to be directed away from nonproductive activities toward employment-friendly productive activities.

Pityana said an employment strategy had to ensure the creation of an environment conducive to the creation of labour-intensive production. Hence his proposal that such measures ensured some form of state intervention by providing supply-side incentives to promote activities with high labour absorption rates.

The economy was caught in a "self-reinforcing low-growth, low-employment generation equilibrium trap" because of a bias towards large-scale and capital-intensive forms of production in the formal sector.

Jo'burg labour's long working day

It's not far behind the Asian average

(173)
FM 10/10/97
Johannesburg work hours are relatively long by world standards, says Union Bank of Switzerland (UBS).

The bank surveyed bus drivers, mechanics, construction workers, skilled workers (see chart), cooks, department managers, engineers, bank credit clerks, secretaries and saleswomen in 55 countries.

It found that, overall, Johannesburg employees put in only 5% fewer hours/year than the Asian average and 2% fewer than Middle Eastern and Latin American cities. They worked 15% longer than West Europeans, 9% longer than East Europeans and 7% longer than North Americans.

The most laid-back place to work is Copenhagen, where the average business day is less than 7½ hours (assuming a five-day week). It's slightly longer in Berlin and Brussels. Cape Town wasn't part of the survey, so *FM* columnist Peter Wilhelm's theory on the 15-minute Cape working day couldn't be put to the test.

Hong Kong works the longest hours — about 10 hours a day.

The best places for paid leave and public holidays are Berlin and Frankfurt. Workers get 30 days off annually. Europeans average more than 24 days. North Americans and Asians get only about 13 days. UBS puts the Johannesburg figure at 18 days. Shanghai, however, offers no paid leave at all.

The survey results suggest it's a poor career choice to be a bus driver in Bogotá. The day is 12 hours long, compared with about 9¼ hours in Johannesburg.

The cushier posts include that of public primary school teacher in Paris — about 5½ hours on the job and 78 days' paid leave. Johannesburg teachers work an average of 7¼ hours with 50 days off. A primary school teacher in Geneva grosses R323 600/year, compared with R78 000 in Johannesburg. ■

SLOGGERS vs SLACKERS

Working hours of labour*

	Hours	Days' leave
Berlin	7	30
Bombay	9,6	35
Budapest	8,2	27
Buenos Aires	8,8	14
Dublin	7,8	20
Frankfurt	7,6	30
Geneva	8	25
Hong-Kong	9,6	13
Jakarta	9	10
Johannesburg	9	18
London	7,6	23
Moscow	8	24
Nairobi	9,2	28
New York	7,8	13
Paris	7,8	25
Seoul	9,8	19
Shanghai	8,8	0
Sydney	7,6	20
Tokyo	8	20

*Skilled industrial. SOURCE: UBS

ARL 10/10/97 (173)

Jobs still out of Gear, says Manuel

BUSINESS EDITOR

The Government's economic strategy has notched up several successes, but is still battling on the job creation front, Minister of Finance Trevor Manuel says.

Despite the Growth, Employment and Redistribution (Gear) strategy, "only

investment can create jobs and only savings can be translated into investment," he told a meeting of the Foundation for Community Work in Cape Town this week.

He pointed out that South Africans saved only 16% of gross domestic product compared with 39% in Malaysia.

"We therefore have to attract savings, by way of investments, from elsewhere in the world."

Experience in other countries, including the United States, had shown that jobs were only created about three years after the start of the economic growth cycle.

Overseas blue collar staff put in fewer hours but their productivity is higher

SA workers have longer hours

CT (PAR) 14/10/97

(173)

FRANK NXUMALO

LABOUR CORRESPONDENT

Johannesburg — South African blue-collar workers put in longer hours compared with their counterparts in the US, Europe and Japan, according to a quarterly survey released yesterday by Andrew Levy and Associates, a labour consultancy.

The report said an annualised figure was calculated on the total number of hours worked minus annual leave and public holidays.

In the UK, for example, this meant a working year in the region of 1 500 to 1 800 hours, with an average of 1 777 a worker.

"If we make the same calculation here based on a 45-hour

week as envisaged in the new Basic Conditions of Employment Bill, three weeks' annual leave and 14 public holidays, the annualised figures would be approximately 2 100 hours," the report said. Based on a 40-hour week, the annualised figure would be 1 800 hours.

However, both the consultancy and the South African Chamber of Business (Sacob) said the figures had to be viewed against socio-economic conditions in each country.

"Perhaps we aren't in line with European and US standards, but I think this is linked to productivity, the logic being that if your productivity is still high, then you recoup the

wage bill, in a sense," said Jackie Kelly of Andrew Levy.

"I think employers here would like a reduction in working hours linked to productivity as this reduction increases the wage bill," Kelly said.

Janet Dickman, a spokesman for Sacob, said the level of the country's economic development did not warrant the same working conditions as those in highly industrialised countries.

"There is a context of economics in a particular country," she said. "European countries and the US are highly developed and the workers highly productive, but it's generally accepted that South African workers are not very productive;

"We are not opposed to the reduction of working hours in principle. What we are saying is that at this stage of our economy, where we are trying to be internationally competitive, we need to work harder," Dickman said.

She said Sacob preferred agreements on working conditions to be reached by industries or companies as opposed to legislation applied across the board without taking into account sectoral differences.

"We don't want the law to say everyone must work less. We want it to apply where it is appropriate, and all these things (reduction of working hours, premiums on overtime and Sunday work) would add to unit labour costs."

SMEs could help create jobs for women

Samantha Sharpe

CAPE TOWN — Small and medium enterprises (SMEs) could play a significant role in creating jobs for SA's women, with close to 38% of the female population unemployed, Eskom economic and social development manager Nomonde Mapetla said yesterday.

Speaking at the Absa world businesswomen's summit, Mapetla said SMEs in SA accounted for about 60% of total employment — an indication of their capability for generating economic

growth and new jobs.

With the capacity of the economy to create new jobs in the formal sector declining, individuals had to start creating their own jobs.

"Women-operated businesses usually fall into the SME category and world statistics show that these are the most efficiently and effectively run businesses. They may not become monstrously big and cumbersome, but they deliver," Mapetla said.

Meanwhile, Deputy Trade and Industry Minister Phumzile Mlambo-

(173)
BD 15/10/97
Ngcuka said that while government was supportive of SMEs, "there is a lot of room for more players, especially from the private sector".

Private/public sector partnerships could help address obstacles for many entrepreneurs, which included limited skills capacity.

Development zones' job creation strategy scorned

Reneé Grawitzky

BD 16/10/97

(173)

THE labour movement had to develop viable alternative economic strategies to the emergence of industrial development zones — a form of export processing zones being promoted by the trade and industry department.

Herbert Jauch, a researcher at the Cape Town-based International Labour Resource and Information Group, said in the latest edition of the SA Labour Bulletin that industrial development zones, such as the Coega project near Port Elizabeth, were actively being promoted by the department.

He argued that export processing zones had been promoted as a means for kick-starting economic development by offering special incentives to predominantly foreign investors. He acknowledged that there had been isolated incidents where export processing zones had been integrated into a country's overall development strategy.

However, in the main, experience had shown that they had not led to sustainable development.

Countries like Mexico, previously enjoying strong national economies, had been turned into cheap assembly lines for transnational corporations while a number of countries in the southern African region including Zimbabwe, Mozambique, Malawi and Namibia had passed laws allowing for the establishment of export processing zones.

Industrial development zones, he explained, were defined geographical areas where incentives were offered to local and foreign manufacturing companies while local governments could grant special incentives on water, electricity or land.

Other incentives included assistance with set-up costs, tax breaks and infrastructure.

Jauch said the Coega project, being driven by the Port Elizabeth regional chamber of commerce and industry, was different from traditional export processing zones which were usually based on light manufacturing industry such as electronics and textiles.

Despite differences, it was being marketed along the same lines as export processing zones — “as a way of attracting investment and creating jobs”, Jauch said.

A feasibility study estimated that 27 000 to 37 000 jobs would be created during the construction of the harbour and 3 000 to 9 000 new full-time jobs after completion. This, he said, would be at a cost of R1,5bn, the estimated cost of the project.

Government covering the cost of developing Coega was a common feature of export processing zones. The Kenyan government spent R2,6bn on infrastructure for export processing zones which in the end created only 2 000 jobs.

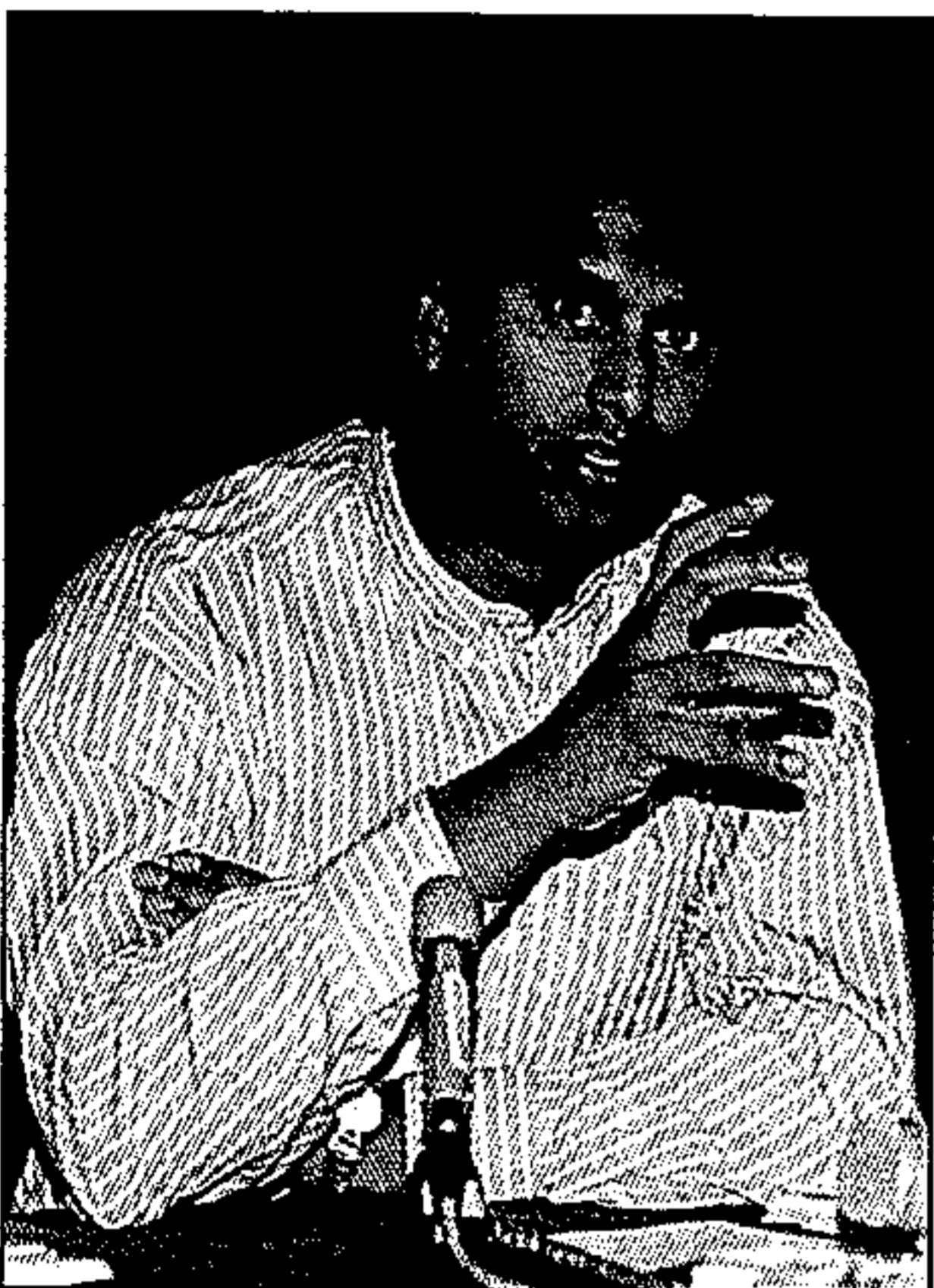
Critics, he said, pointed out that this money could have been spent on other projects which would have created more jobs.

“If industrial development zones create special conditions for companies already operating in the country, are they not simply going to close down their current operations and move into industrial development zones?” Jauch asked.

JOBS SUMMIT

Predetermining an agenda

Government wants to ensure maximum consensus before the event



Jayendra Naidoo . . . canvassing business and labour views on job creation

Bruised by failure to get business and labour to agree on his Basic Conditions of Employment Bill, which finally comes before parliament this week, Labour Minister Tito Mboweni is treading cautiously in arranging the proposed Presidential jobs summit.

Nobody, least of all Mboweni, sees any mileage in convening such a summit only to have a replay of the battle over the Bill and, by extension, government's macro-economic policy. The problem is business and labour differ radically on how to tackle the jobs crisis. Unions advocate more social spending; business calls for greater flexibility in the labour market.

Not surprisingly, therefore, a summit on job creation, which was expected to take place this month, has been postponed until agreement on solutions can be extracted from the "social partners."

Labour Ministry spokesman Estelle Randall says the summit "is meant to be the culmination of a process of discussion" between the parties in the National Economic Development & Labour Council (Nedlac).

Labour Department DG Siphon Pityana, reflecting Mboweni's disappointment at the

social partners' inability to click on the Bill, says the summit will not proceed unless it is going to achieve something positive.

Nedlac executive director Jayendra Naidoo says: "We are trying, with the jobs summit preparatory process, to do it differently: to ensure maximum ownership of any of its decisions — in the way that the Peace Accord was arrived at. It will be the culmination of a process of preparation and agreement, rather than putting forward a proposal which all parties then respond to."

A technical committee has been established, made up of Labour Department chief policy director Guy Mahoney, Business SA's Jim Buys, Neil Coleman of Cosatu and Siphonw Thusi of the SA National Civics Organisation.

They will prepare an agenda and proposals for a broader meeting at the end of October which will finalise the summit agenda and date.

Naidoo hopes there will be "more clarity" on the agenda by then — "that is, what items will be worth exploring for an agreement to be signed at the summit."

The important thing, he adds, is that there is at least enough consensus on the need to be "deliberate and strategic" in the way the issue is engaged. No party has yet tabled any formal proposals.

Based on discussions in Nedlac's development chamber, Naidoo has found a high degree of agreement, for example, on the job creation possibilities in infrastructure development and local government activity. As industrial restructuring takes off the idea of a "social wage" and the contribution government could make to ease the process, might be taken further.

The summit's outcome, he concedes, may be more modest than some might expect, but perhaps more valuable.

The difficulty with forging consensus on employment issues is reflected elsewhere in the world. Witness a controversial pledge by French socialist Prime Minister Lionel Jospin, at a national conference on employment, salaries and working time last week, to reduce France's working week from 39 hours to 35 hours within the next two years. Mboweni's Bill calls for a 45-hour week (with scope to reduce it to 40 hours in the next three years), against Cosatu's demand for a 40-hour week immediately.

French business said Jospin's measure will make firms uncompetitive and will fail to reduce unemployment. But union leaders demanded an immediate shift to 35 hours without loss of pay.

In contrast to Jospin, who (like Mboweni) believes a shorter working week will create more jobs and improve the quality of life,

German Economics Minister Guenter Rexrodt rejects the idea of quotas or imposed solutions to reduce unemployment. He says Germany favours more co-ordination of economic reforms to promote growth and new jobs. Given Germany's insistence that the future European Central Bank must determine key economic policies, Jospin's room for manoeuvre could be limited.

Amarnath Singh

Employment survey lambasts inequalities

Bonnie Ngqiyaza

(173)

BD 20/10/97

ABJUL " half of SA's black women, a quarter of black men and fewer than 5% of whites are unemployed, the results of the 1997 Breakwater Project, which monitors employment equity in SA biannually, show.

The project results released at the weekend found that among the employed, a third of black South Africans earned less than R500 a month, com-

pared with fewer than 5% of whites: These extreme inequalities, the report said, contributed to social unrest and crime, undermined growth and development efforts and were associated with labour market inefficiencies.

The Breakwater monitor is a national database and information service established by the University of Cape Town's Graduate School of Busi-

Continued on Page 2

Survey (173)

Continued from Page 1

BD 20/10/97

ness in partnership with employers.

The longitudinal study involved 99 organisations which employed 651 896 employees, project spokesmen said. Its sample of 948 608 represented 6,6% of the economically active population and 18% of total public and private sector employment, which stands at 531 5 433, according to the Reserve Bank's 1996 annual economic report.

"Policies and legislation aimed at employment equity have gained their urgency in SA from the deep economic and social inequalities that persist. Income distribution in SA ranks among

the most unequal in the world," the report stated.

In his introduction, Information Resources Group MD Angus Bowmaker-Falconer said the sample was biased towards large corporate employers, and posed a challenge to medium and smaller organisations to participate.

The study found that a sample of the 23 top performing organisations showed a higher representation of women — 32,94%. On average, this was 6,32% higher than the national sample. However, they had a 2,6% lower black representation.

In the top performing companies, white employee numbers declined by 5,40% compared with 5,58% in the national sample. Black employee numbers grew 4,33% (4,93%).

IMF warns against slow reform of labour market

(173) EF (82) 21/10/97

FROM AFP

Bordeaux, France — Delaying wide-ranging reform of the labour market could lead to a slowdown in economic growth and higher unemployment, Michel Camdessus, the managing director of the International Monetary Fund (IMF), warned yesterday.

"There are many who blame the rise in unemployment on structural reform and who fear that reforming the labour market only serves to make matters worse," Camdessus told a Europe-Latin America conference here.

"I think, and empirical observation shows, this reasoning is false," Camdessus told 400 European and Latin American business leaders.

He acknowledged that modernising the industry and cutting surplus workers in the

public sector meant job losses in the short term, but said that by postponing such painful adjustments "you expose society to a far higher cost in terms of slower growth and future job losses".

Camdessus also said that efforts to protect or create jobs, particularly for the less qualified, required "a flexible labour market that encourages mobility and keeps labour costs in line with productivity".

The French government recently announced it planned to introduce a 35-hour week from 2000 without loss of pay.

The IMF has repeatedly urged France and Germany, in particular, to undertake fundamental reforms of their labour systems to achieve a reduction in structural unemployment and prepare for the introduction in 1999 of the euro, the European Union single currency.

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DAY, OCTOBER 27 1997

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Employment bill amended to accommodate 45-hour working week

BD 27/10/97

Reneé Grawitzky

CAPE TOWN — The Basic Conditions of Employment Bill has been further amended to accommodate a "deal" struck between alliance partners last week which stipulates that a 45-hour week will become a core right that cannot be varied at all.

This falls short of labour's demand for the enactment of a 40-hour week, but it could prevent employers, depending on the wording, from reaching agreement with workers to work more

than a 45-hour week. The deal was a last-minute initiative to ensure "sufficient consensus" between the Congress of SA Trade Unions (Cosatu) and government ahead of public hearings on the bill today in the labour portfolio committee.

On Friday Cosatu's special executive broadly endorsed the deal, reached in principle during a 12-hour alliance meeting on Tuesday night led by Deputy President Thabo Mbeki.

Labour Minister Tito Mboweni briefly outlined changes to Business

SA at the weekend. Business would not comment officially on the effect of the changes, but some sections of business believed the majority of amendments were symbolic.

Sources said the changes business might challenge related to tightening up the schedule to the bill that outlined a process to effect a progressive reduction in working hours to a 40-hour week and adding an additional core right of a 45-hour week which could not be increased at all.

The schedule states that an employ-

ment conditions commission may investigate reducing working hours in a particular sector. Within 18 months of the promulgation of the act the labour department, in consultation with the commission, must complete an investigation into ways to reduce working hours to 40. The department will then monitor and review progress on reducing hours, and publish a report. This report now will have to be published two years after completion of the initial investigation instead of three.

In line with Cosatu's demand that

all sectoral minimums below 45 hours be incorporated into the bill, Mboweni has agreed to publish in the schedule the working hours of each sector. An employer source said this would then become a sectoral minimum that could not be exceeded.

The list of core rights that cannot be eroded has been extended to cover a 45-hour week. A source said it was unclear whether employers could apply for exemptions. The parties agreed the minister would have discretion to decide on payment of maternity leave.

NEWS

Outsourcing popular with firms short of skilled staff

FRANK NXUMALO

Johannesburg — Outsourcing was becoming an increasingly popular option for South African companies faced with dire skills shortages, FSA-Contact, a human resources consultancy, said in survey report at the weekend.

Kris Crawford, FSA-Contact national sales manager, said the functions outsourced ranged from transport, security, catering, merchandising, payroll, data processing support and marketing consultancy to information technology (IT).

"IT systems are the most readily outsourced functions with 43 percent of respondents outsourcing at specialised, skilled and senior level while 30 percent outsource their IT functions at mid-managerial and highly specialised levels."

(173) CT(BR)27/10/97
"In the manufacturing and technical arena, 22 percent of respondents outsource at specialised, skilled and senior supervisory level while the highest proportion of outsourced jobs at the general staff, clerical and supervisory level, 19 percent, occurs in the administrative arena," said Crawford.

Meanwhile, the report said the high level of emigration from South Africa of highly skilled specialists and middle managers continued unabated, with 6 percent of those who resigned their jobs in the past year, compared with 5 percent in the previous year, doing so in order to formally emigrate.

The report said half of the respondents who reported employee resignation because of emigration blamed crime and violence for their moves.

Compulsory service for all students may be on cards

(173) Star 28/11/97

By ADAM COOKE

South African students may have to complete compulsory community service before entering their chosen profession if a proposed national programme is successful.

But according to the Joint Education Trust (JET), which devised the concept, all sectors have to be consulted before the programme is introduced.

The Ministry of Education expressed its support for such an initiative last night but said further research was necessary.

"Unlike the controversy that has developed around medical interns doing community service, this is an initiative that came from the students and youth," said Teboho Moja, special adviser to Education Minister Sibusiso Bengu.

She added that the ministry and the National Youth Commission would be discussing whether such work would be a compulsory service, a paid service or a way for needy students to pay off their debts.

The JET document suggests that graduates should be paid if they were to work for one, two or three years in a community service programme.

Director of the JET, Nick Taylor, said yesterday many countries had compulsory community service that saw all graduates having to complete some form of conscripted work before they could get a job.

He added that individual institutions would continue with their own, mostly voluntary, community service programmes but that a national initiative was important.

Impasse in battle for labour market reform

Jobs could be on the line if proposed legislation is passed by Parliament, writes **MARCIA KLEIN (173)**

ST(BT) 2/11/97

REACTION this week to various initiatives to enforce changes to SA's labour market indicates that labour, government and business remain at loggerheads over the direction labour reform is taking.

This week saw an amendment to the Basic Conditions of Employment Bill and debate on the labour issue at the annual convention of the SA Chamber of Business, as well as in Parliament.

Defendants of new or proposed labour legislation said all proposals were in line with Gear, which is targeting massive growth in employment. They also struck a balance between

the need for economic growth and equity in the workplace.

But critics said the proposals would not lead to increased employment, but rather to less flexibility on the part of business and to the creation of new bureaucracies.

Recent figures show that in the year to March, 62 000 jobs were lost — a far cry from the Gear target of the creation of

252 000 new jobs.

At the Sacob convention, Andrew Levy, of industrial relations consultant Andrew Levy & Associates, said the debate had been typified as all or nothing, when it was really about striking the right balance between the needs of economic growth and a more equitable workplace.

Levy said the controversial training levy, "which is effectively an employment tax, will lead us into the realms of bureaucracy".

"It is not clear how this bureaucracy will be funded and I cannot see how it will encourage employers to train their employees," Levy added.

He said the levy increased the marginal cost of having a particular employee and could affect the decision of whether to create the job or not.

There was also criticism that the department of labour was far closer to organised labour than to employers.

"Officials of the department of labour are too remote — I have a sense of wasted oppor-

'The ideologue with grey shoes has been replaced by the ideologue with sandals'



CRITICAL... Anglo's Michael Spicer



DEFENSIVE... bureaucrat Siphon Pityana

tunity. We have replaced the ideologue with grey shoes with the ideologue with granny print and sandals."

Levy also criticised the proposed centralised collective bargaining, saying: "Here we are moving in the 180 degree opposite direction to everyone else in the world."

Siphon Pityana, director-general of the labour department, said the department's policies and initiatives were "aimed at contributing to the goals and objectives of Gear in one way or another".

"The Labour Relations Act, the bills on basic conditions of employment, skills development and the proposed bill on employment equity all illustrate the department's commitment to 'regulated flexibility' as outlined in Gear, as well as its attempts to strike a balance between the promotion of economic efficiency and the promotion of improved welfare and equity," he said.

Anglo American group public affairs consultant Michael Spicer said that if wage rates were to be high compared with other countries, they needed to be heavily incentivised to

worker performance. "This is perhaps the most important change required, and one retarded by an unwillingness on the part of many trade unions to put pay performance at risk."

He said managers had an obligation to manage, which included changing work organisation and staffing levels. "Their ability to do this must be protected. This will mean insulating certain management decisions from collective bargaining."

Spicer said SA had chosen a growth path "that is, in some respects, more ambitious than that typically followed by the Asian miracle economies".

The first phase of Asian growth relied on low-wage, unskilled labour to attract investment and increase employment. The second step was to move to value-added activities and pay higher wages. "In placing a high premium on protecting the interests of currently employed workers, SA is essentially attempting to avoid the first phase and move straight to the second."

Commenting on the attempt by various departments to

raise taxes by a variety of levies, Spicer said none of them were in themselves unreasonable, but they cumulatively amounted to "death by a thousand cuts".

In a submission to Parliament, Business South Africa said this week it did not support the Basic Conditions of Employment Bill.

It said vague and ambiguous new provisions had been introduced "following discussions between the ANC and Cosatu to the exclusion of the business sector".

"The singular insistence of the proposed bill to raise labour standards regardless of economic consequences cannot be supported by business, and is not consistent with the achievement of national economic and employment objectives," it added.

It said full implementation of the proposed reduction of working hours and the increase in various leave entitlements would "reduce SA's annual working hours by 16%, and put SA, on average, 20% below annual working hours in countries which have comparable per capita GDPs".

Employment statistics mean it is time for thinking about job creation

IF THE markets calm down, this should be a week to reflect on job creation, as SA and the US are releasing employment statistics. The markets usually ignore the SA employment data, due out tomorrow, but the figures are nevertheless an important part of the big picture.

During last week's turmoil, analysts kept repeating the mantra: "The SA fundamentals are basically sound." The implementation of the growth, employment and redistribution (Gear) strategy is one of the reasons why SA is seen as a sound investment.

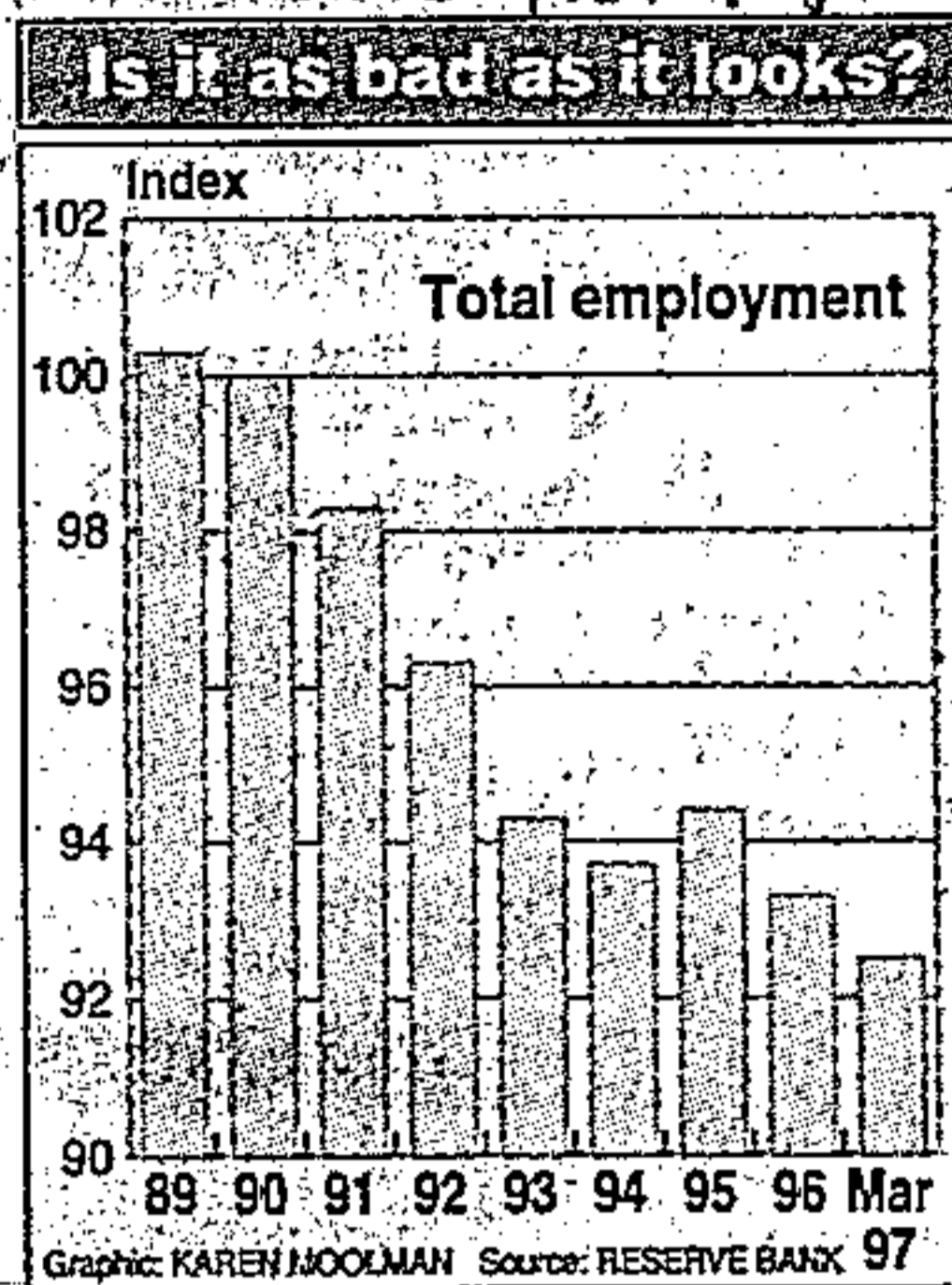
One of Gear's major shortcomings is the fact that its employment targets are pie in the sky — and this week's figures will confirm that.

The labour statistics will provide an overview of employment in the second quarter of this year. Preliminary data show that there was another overall decline in employment between the first and second quarters, with the manufacturing and mining sectors performing especially badly.

Public sector employment is estimated to have declined in the second quarter, although the data are suspect, as most of the provinces have not submitted figures. On the plus side, wholesale and retail trade recorded an increase in job numbers.

"Jobless growth" has been a worrying feature of the manufacturing sector, the economy's largest provider of employment. Rapid expansion this year did nothing to arrest the declining trend in manufacturing employment. The latest available figures, for May, showed a decline of about 11 000 from April.

Since November last year, every month has seen a decline in manufacturing employment, with the total number of jobs lost since



then standing at 38 000. By contrast, manufacturing output notched up an annualised increase of 7% in the second quarter after 5,6% in the first.

There is no reason to believe that the situation will improve. Manufacturing production has started slowing down, which might even speed up the shedding of jobs. Even if employment in the sector stabilises, it is unlikely ever again to become a significant creator of jobs. SA companies are becoming more competitive internationally by increasing labour productivity at the expense of employment.

Politicians are desperately clinging to the fact that the Central Statistical Service (CSS) figures do not tell the whole story. Deputy President Thabo Mbeki last week said they did not reflect growth in employment in the services sectors.

There can be no doubt that the CSS statistics, which only reflect formal nonagricultural employment, understate the situation. To what extent is not clear, and one cannot really rely on politicians' estimates on that score. For now

the CSS data are all we have — and they paint a worrying picture.

If there are no visible signs of an improvement in the employment situation, political pressure to ditch Gear could increase. In the run-up to the next election, populist politicians will exploit the fact that Washington consensus economics destroyed jobs.

The obvious response to their argument is that SA's labour market is too inflexible, but government will not be using that argument as the election draws closer.

Unless it can somehow prove the CSS statistics "wrong", it will have a problem on its hands. The problem does not affect the markets in the short term, but in the medium term the chickens will come home to roost.

The US employment statistics, due for release on Friday, will have a much more immediate impact on the markets. Ironically, the markets will greet news of a large employment increase as bad news, as this will signal inflationary pressures. The unemployment rate for October is expected to edge down to 4,8% from 4,9%.

The stock market correction will, however, have a disinflationary impact on the economy. Analysts do not expect an easing in US interest rates in response to the market's sharp fall, but they believe the Federal Reserve will postpone hiking rates. The picture could change if there is a meltdown, with policy eased to avoid a recession. While that would be good for US bonds, SA bonds are likely to follow the trends on other emerging markets.

Last week currency speculators launched an attack on Brazil and Argentina. For now, the rand appears to be relatively safe, as the speculators seem to be targeting currencies with fixed exchange rates.



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Picture: LORI WASELCHUK

IBA, Gxaweni agree to a parting of ways

Business Day Reporter

BD 6/11/97 (173) (250)

THE Independent Broadcasting Authority (IBA) and its CEO, Harris Gxaweni, agreed it would be best for all concerned if Gxaweni left the organisation, the IBA announced yesterday.

IBA spokesman Pekwane Mashilwane said yesterday that both parties had felt it was "in their respective best interest and the public interest that his (Gxaweni) employment with the IBA be terminated by mutual agreement".

The IBA had suspended Gxaweni from duty on May 19 and had instituted disciplinary proceedings against him following the abuse of credit cards, and hotel and travel expenses by IBA councillors amounting to hundreds of thousands of rand.

Mashilwane said the disciplinary inquiry had run for eight days and many more were still required for the inquiry to be finalised.

"The inquiry was not concerned with any dishonesty on Gxaweni's part. It was primarily intended to determine Gxaweni's responsibility for the lack of adequate financial controls and management at the IBA," Mashilwane said.

The mismanagement and financial abuse by IBA councillors were highlighted by the auditor-general in a special report submitted to Parliament.

Gxaweni's employment was terminated with effect from October 31, Mashilwane said.

Government to cut 5 000 jobs in public works department

CAPE TOWN — Public Works Minister Jeff Radebe said yesterday that his department was slashing its workforce to 3 000 from 8 000 over a five-year period as part of a restructuring plan for the next century.

"We need to streamline and have a very lean department. Five thousand will be released within five years," Radebe told guests at the launch of a policy paper on public works.

Sipho Shezi, public works director-general, said the "offloading" had already begun and the department now employed 6 700 people.

He said services such as cleaning, gardening, horticulture and security would be provided by the private sector in future. "We will save a lot of money," Shezi said.

The white paper suggested the department should amend all legislation and regulations that cause duplication and inefficiency in the purchase of property by government departments.

The document also called for the department to cut bureaucracy and to streamline procedures.

It recommended that from the

1998/99 financial year government departments should take control of their own accommodation budgets, with the proviso that for a further three years they would use the public works department for property and facilities management services.

"The department is restructuring itself in order to contribute more effectively to government's socioeconomic objectives, and initiatives such as the National Public Works Programme and the Community-Based Public Works Programme are particularly important examples of its commitment to creating employment, increasing appropriate public investment, and enhancing economic growth."

Performance measurement would be introduced, property investment would become a separate cost centre, and transparent cost-benefit analysis would be used to document the department's contribution to meeting social and economic objectives.

Department officials would also identify the property investment needs of government departments. — Sapa-Reuter.

UNEMPLOYMENT

7/11/97
FM (173)

What makes jobs scarce?

Labour market is not the only inflexible market

An inflexible labour market creates unemployment. Or does it?

It's received wisdom, in economic circles, that if a country has a joblessness problem it needs to slash minimum wages, make sure the level of job protection doesn't allow slackers to entrench themselves too firmly and ensure the level of unemployment benefits doesn't give workers an incentive to stay at home.

The UK and the Netherlands have made those kind of changes since the early Eighties, to good effect.

The International Monetary Fund, in its October *World Economic Outlook*, says it expects overall unemployment in the UK to fall to 5% in 1998, from 8.2% in 1995; the rate in the Netherlands is expected to drop to 5.9% from 8.3%.

Countries that haven't liberalised their labour markets are performing dismally. The IMF estimates joblessness in France is 12.6%, Spain's is 20.8%, and for the European Union as a whole it's 11.25% — double that of the US and more than three times that of Japan. German unemployment hit a post-war high of 11.3% this year. In the US, joblessness fell to a 24-year low; 12m jobs have been created there in the last five

years. The continental Europeans have produced almost none.

The IMF's message to Europe, as it has been to SA is to liberalise its labour markets as fast as possible.

But a growing number of economists have begun to challenge the assertion that job market rigidity is the main reason that some countries are creating jobs and others aren't, says *Financial Times* columnist Gerard Baker. Rigidities in the supply of labour certainly play a part in unemployment, as does the economic slowdown in Europe, but the new theory is that rigidities of demand are just as important.

high minimum wage comes into play. So the problem can't be entirely explained away by wage rigidity.

Another point, argues Baker, is that before the Nineties many of the same inflexible European markets experienced lower unemployment than the US. There were only five years between 1971 and 1996 when the German rate exceeded the US rate. And he argues it's unlikely the European jobs market has suddenly become more inflexible or that for some reason rigidities mattered less in the past.

US economic guru Paul Krugman argues that the US has well-developed, highly liquid, deep capital markets that have, especially in the last decade, become extremely efficient at channelling capital efficiently to the right start-up businesses, which have become highly successful job producers.

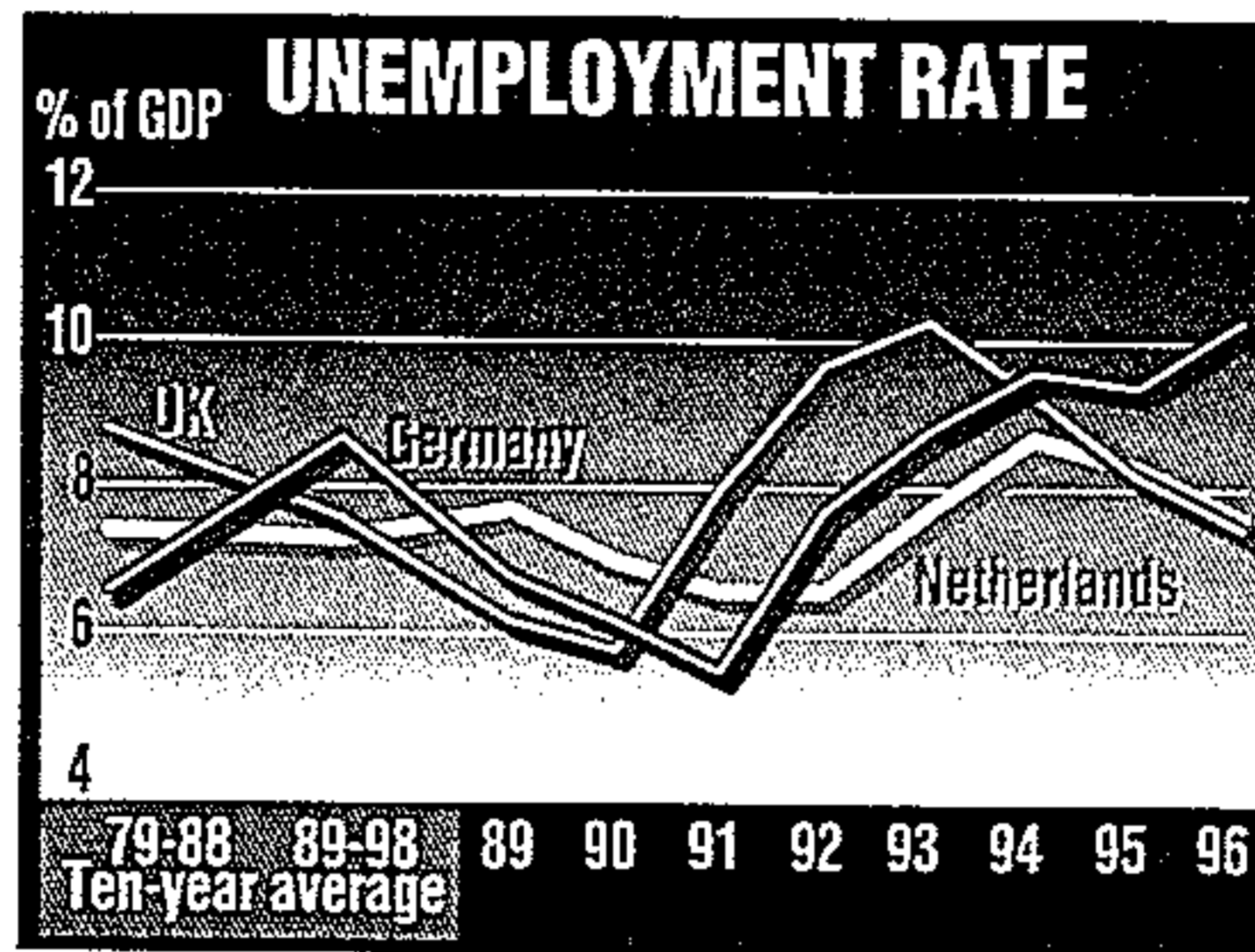
If there is a shortage of capital, no matter how low wages are pushed, entrepreneurs will not be able to create business in the first place.

He argues the rigidities, like regulations on hours of operation, planning and zoning, limit companies' demand for labour, whatever the real wage. Germany suffers from this

kind of restriction more than US firms do, so that may be one source of the differential.

The implication is that, whether SA's unemployment is the 30% estimated by the Central Statistical Service, or the 12% estimated by Finance Minister Trevor Manuel, both labour and capital markets will have to be flexible if SA's job creation targets are to be met.

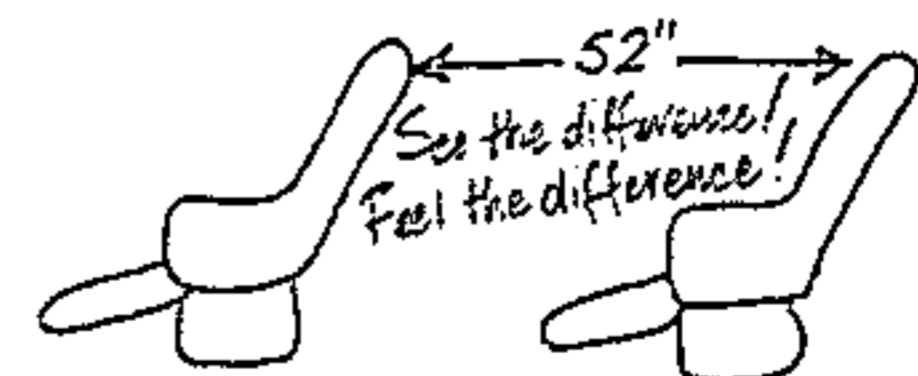
Adrienne Roberts, Washington



There are various reasons economists are beginning to find the labour market inflexibility explanation unsatisfactory. For one thing, German workers have fared less well than their US counterparts on almost all levels of employment, including the well-paid and the highly skilled. If wage rigidity were the problem, the unemployment would be experienced mainly in the low-skilled, low-paid categories where a

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Labour problems lead to 'cuts in workforces'

Linda Ensor

CAPE TOWN — Labour difficulties were one of the main reasons why small and medium-sized businesses in Gauteng had begun to cut the number of their employees, an unemployment survey commissioned by the SA Institute of Race Relations has found.

While these companies had increased their absorption of labour over the past five years, they were now probably doing so at a relatively lower rate because of the "hassle factor" of employing low-skilled labour.

The survey, based on research on 300 businesses, was conducted by MarkData and sponsored by the Anglo American and De Beers Chairman's Fund, Iscor, the British High Commission, SA Breweries, Nasionale Pers and Caltex. It found the rate of unemployment at 24% was far lower than the official figure of 30%.

Presenting the findings, sociologist Prof Laurence Schlemmer said the mood of small and medium businessmen was "deeply pessimistic" about conditions.

While their labour force had increased 21% between 1991 and last year, real turnover and real salary bills had increased 65% and 59% respectively.

"When asked about the causes of labour reduction in various cat-

egories over the past five years, about 40% of firms mentioned labour disturbances, poor labour productivity and the cost of labour as causes. In the interviews it became clear that not only the more formal aspects of the labour market and its relative inflexibility were major factors, but also the 'hassle factor' in the employment of low-skill labour.

"One of the clearest trends in these results was the fact that employers who mentioned labour costs and issues ahead of other business concerns had significantly reduced their labour forces over the past five years."

Schlemmer said the improvement in conditions of employment as proposed in the Basic Conditions of Employment Bill, or any further limitations on the flexibility in the use of labour, would have a severe effect on small and medium-sized enterprises.

The sector of the economy which had been absorbing labour, and in which the labour market up to now had not been very rigid, was likely to curtail its absorption of labour even more. Alternatively, it would operate outside formal labour market systems.

"We have to protect the areas of flexibility in our labour market," Schlemmer said.

See Page 15

1996

MAASTRICHT CONFERENCE

Labour counts the cost of new world order

JABULANI SIKHAKHANE looks at the findings of an IMF report on the growing integration of world economies

ST(BT) 9/11/97 (173)

ECONOMIC policymakers should be sensitive to the plight of workers who lose their jobs because of globalisation, according to a recent report by two International Monetary Fund economists.

In their paper, "Does Globalisation lower wages and export jobs?", Matthew Slaughter, a visiting scholar at the IMF, and Phillip Swagel, an IMF economist, say while the benefits of globalisation are not in doubt, they come at a certain cost for some workers. Policymakers should therefore put in place policies that help displaced workers adjust.

Slaughter and Swagel say there is a common belief that globalisation harms workers, especially the unskilled ones. It does this, so the belief goes, by freeing the movement of labour, capital and goods among countries, thus leading to a shift in demand away from the less skilled workers toward the more skilled. This also leads to a reduction in wages, especially for the less skilled.

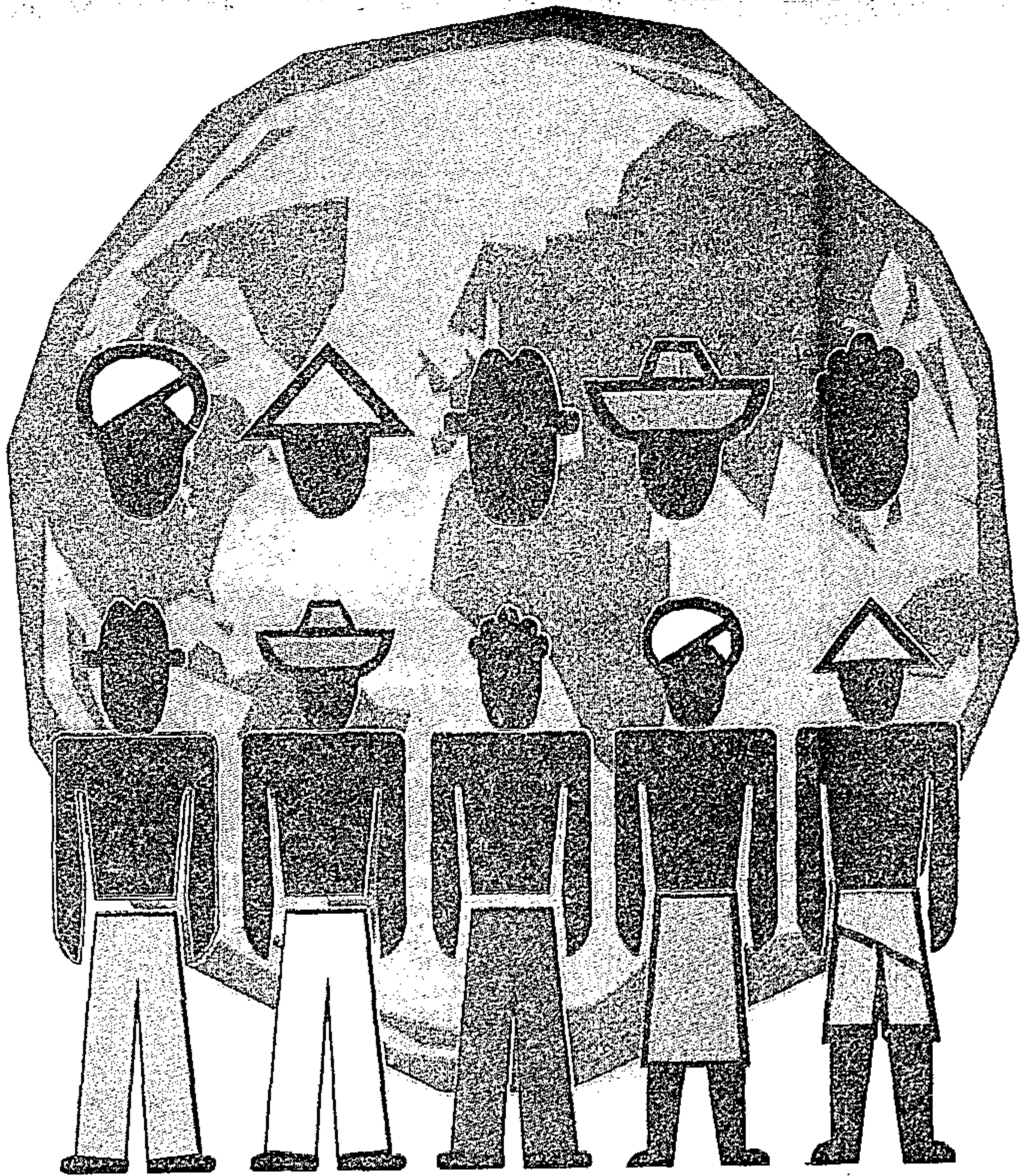
On the contrary, globalisation, while resulting in short-term "adjustment costs for particular groups within a nation", improves global welfare and the welfare of all countries involved. Nevertheless, workers displaced by import com-

petition, for instance, take time to adjust. They also face significant costs, such as the need to obtain information about new opportunities, relocation, and the loss of firm or industry-specific knowledge.

"Policymakers must keep in mind potential dislocations and ensure that those who are displaced do not become marginalised," say Slaughter and Swagel. Any policies implemented to assist displaced workers should offer incentives for workers and firms to adjust, thus enabling them to benefit from changes in the economic environment.

They suggest that policymakers can help minimise the adjustment cost through flexible labour markets and by reducing "structural rigidities" facing firms such as onerous work rules, staffing requirements, and hiring and firing costs. Other policies might include collecting and disseminating information about labour market conditions and standardising professional certification procedures across countries. Also, enhancing training and educational opportunities enables workers in the advanced economies to upgrade their skills to meet the demands of the changing global economy.

Slaughter and Swagel warn,



however, that policymakers with short political time horizons may be inclined to avoid the short-term adjustment costs and thus not nurture the long-term benefits of free trade, increased mobility of labour and capital and labour market reforms. Such an inclination would be "misguided", as the state of the world economy today — the healthiest it has ever been — can be attributed to globalisation.

The two economists say empirical evidence shows that globalisation has a modest effect on wages, employment and income inequality in the advanced economies. Studies in Europe and the US found immigration (an indicator of labour mobility) had little effect on the earnings of less skilled workers.

But immigration can also

lead to increased growth, they say, citing the case of Israel where immigrants such as scientists and engineers brought with them significant human capital. "In this case, immigration potentially leads to increased investment and higher wages and output. In recent years, however, immigrants to most advanced economies have had on average lower levels of human capital than natives do, suggesting that economy-wide growth effects from recent flows of immigration will be less immediate."

Regarding the belief that globalisation has led to a pervasive shift towards more skilled workers to the detriment of the less skilled ones, they say evidence points to changes in technology as the cause. Slaughter and Swagel note that the shift in demand

for labour has led to big increases in wages and income inequality between the more and the less skilled in some countries, while resulting in unemployment among the less skilled in other countries. Slaughter and Swagel attribute the difference between the outcomes for wages and employment in labour market to differences in labour market structures. "In countries with relatively flexible wages set in decentralised labour markets, such as the US and, increasingly, the UK, the decline in relative demand for less skilled labour has translated into lower relative wages for these workers. In contrast, in countries with relatively rigid wages set in centralised labour markets, such as France, Germany, and Italy, it has meant lower relative employment."

NATIONAL NEWS

Govt proposal a 'dead-end job zone'

(173) (18/11/97) Sowetan

By Abdul Mlazi
THE National Council of Trade Unions (Nactu) yesterday rejected the Government's proposed Industrial Development Zones aimed at boosting economic development and job cre-

ation.
Speaking at a press conference in Johannesburg to announce the federation's national congress resolutions, Nactu general secretary Mr Cunningham Ngcukana said IDZs were "dead-end job zones" which

would violate basic human and trade union rights.
Nactu also rejected the privatisation of state assets and services and called on the Government not to shirk its responsibility to provide basic services.
The congress further resolved to

engage the Government on the Growth, Employment and Redistribution (Gear) strategy. "We call on the Government to pursue expansionary fiscal policies to kick-start economic growth and job creation." The congress also resolved that

women issues needed to be given as much attention as other trade union issues, and to end gender inequality within the union structures.
Education also featured prominently - congress delegates called for more training of organisers.

Govt set to present employment strategy

20 19 11 197
(193)

Reneé Grawitzky

GOVERNMENT will present its employment strategy to labour and business in the National Economic, Development and Labour Council (Nedlac) next week to help parties adopt an agenda for the presidential job summit next year.

The strategy would address the structural impediments to job creation and possible policy options, which could include the modification of government

policies to become more employment friendly, and the co-ordination of policy initiatives to maximise their impact on employment creation.

Nedlac spokesman Lomin Syman said an extended technical committee meeting on Monday agreed that the parties would meet after government had circulated its strategy so a report could be presented at an executive council meeting next Friday. The parties were supposed to look at

possible agenda items and a date for the summit.

Sources close to the process said, however, agreement could not be found on possible agenda items for the process leading up to the summit as each party had proposed different items and had different expectations of the process.

To accelerate the process, government agreed to table its proposed employment strategy which would be used as a basis to define the way forward.

UDM to look at job creation

(173)
Kevin O'Grady

BD 19/11/97

THE United Democratic Movement (UDM) would hold an economic workshop early next year to try finding "urgent and creative" solutions to the lack of job creation in SA, UDM co-leaders Bantu Holomisa and Roelf Meyer said yesterday.

The job creation process had "lost so much steam that the UDM regards it as reaching crisis dimensions".

It was clear that sufficient jobs would not be created by government and big business. The only way to achieve sustainable success was to "start at the bottom and create jobs at grassroots level ... We need to bring jobs to the townships."

Several factors contributed to the situation, including government's retrenchment schemes which could lead to the loss of an estimated 100 000 jobs, and a continuing gold price decline, which could result in retrenchments in the mining industry.

Although the reasons for the postponement of government's proposed jobs summit were understood, the delay had "added pressure on a social accord that ideally should have been reached a long time ago".

Holomisa and Meyer said the UDM's economic workshop would involve experts in economic planning, labour and related disciplines, and would attempt to find solutions to some of these issues.

'Non-wage factors affect employment'

René Grawitzky

A NATIONAL Institute for Economic Policy study into the SA labour market has found that factors other than real wages significantly affected employment in various sectors of the economy.

The yet-to-be-finalised report could be officially released at the same time as the World Bank releases its recent study on the labour market which found that high wage levels contributed to high unemployment among black workers.

The objective of the SA study, which would be fed into the labour department's work on job creation, was to find the determinants of employment for different sectors.

The institute's research director Asghar Adelzadeh said that in addition to wages, other variables affecting employment included labour productivity, the structure of production such as the capital/labour ratio, real output of a sector and domestic demand.

The study examined the effect of these variables on employment and found that different sectors were affected in different ways.

Some sectors were affected more

than others by the increased use of machinery, additional investment or high wages.

Employment in the footwear industry, for example, was negatively affected by real wages, positively affected by levels of investment and negatively affected by capitalisation.

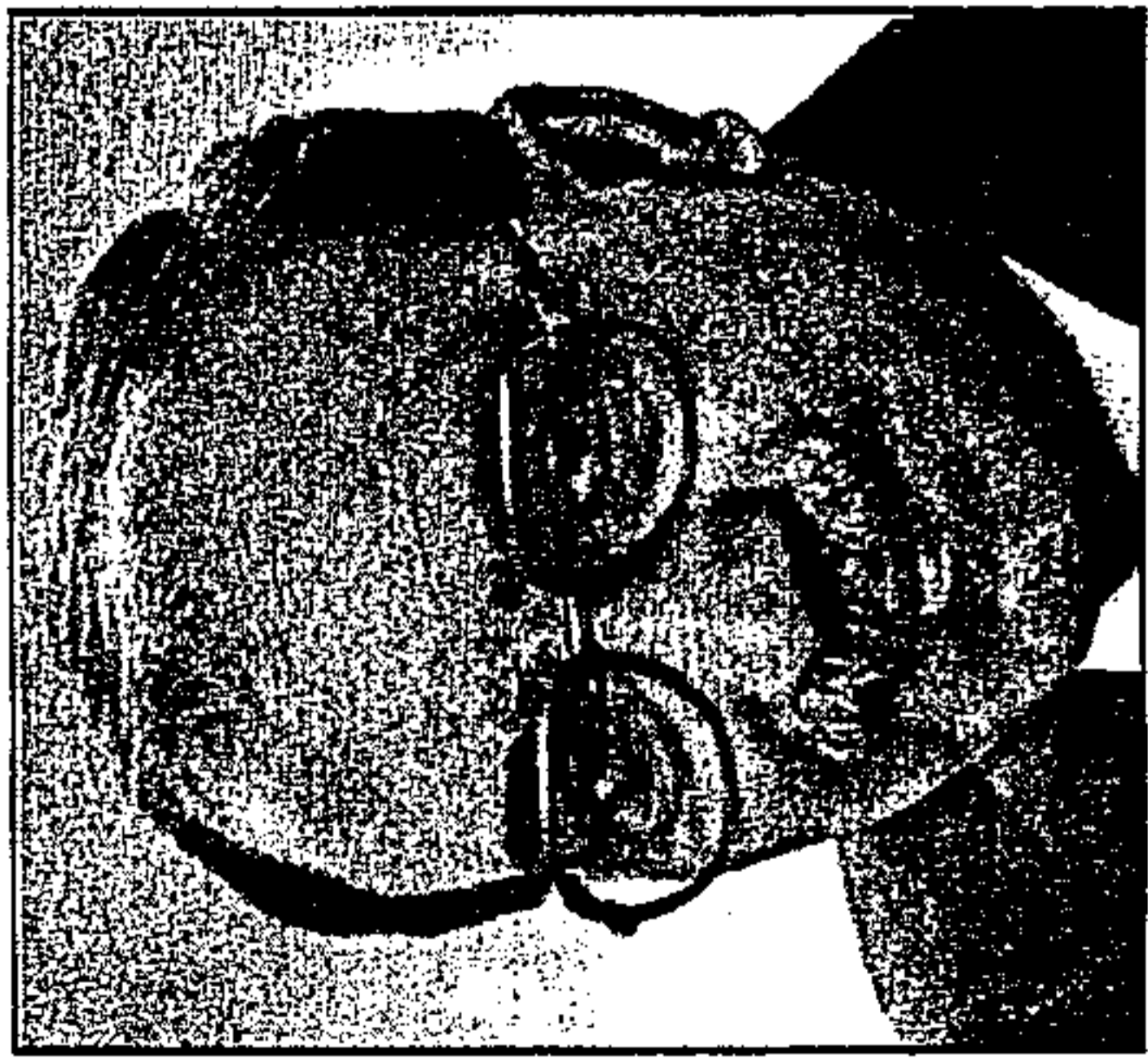
Increased use of machinery in the plastics, leather, motor vehicle and electrical sectors negatively affected employment. However, employment in food, paper and other nonmetallic industries was not as affected by the increased use of machinery.

Regarding the sensitivity of employment to wages, the study found that, for manufacturing, a 10% wage increase led to a 2% decline in employment in the long run, but in the short-term there was no statistically significant relationship between wages and total manufacturing employment.

In agriculture, a 10% increase in wages led to a 24% decline in employment, while in mining, the long-term effect of a 10% increase in wages would be a 4% decline in employment.

In all three sectors, the study found employment was negatively affected by a rise in labour productivity.

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Kader Asmal



Nkosazana Zuma



Trevor Manuel



Jeff Radebe

R300-m for jobs

Cabinet ministers to oversee poverty relief fund

Sowetan 20/11/97

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By Rafiq Rohan
Political Correspondent

The Government announced the establishment of a R300 million poverty relief fund yesterday which will also lead to the creation of thousands of jobs.

The multifaceted programme will come into effect immediately, it was jointly announced in Parliament by four senior Cabinet ministers who will oversee its operation and implementation.

The Ministers of Finance Mr Trevor Manuel, Public Works Mr Jeff Radebe, Water Affairs Professor Kader Asmal and Health Dr Nkosazana Zuma will all work on the project.

The announcement is good news

for many people in the rural areas, particularly those described as "the poorest of the poor".

The R300 million fund will be used on projects aimed at improving the living and nutritional conditions of people. It will also focus on creating jobs.

Target of projects

Four provinces will be targeted as part of the project - the Eastern Cape, KwaZulu-Natal, Northern Province and Mpumalanga - which all have large rural populations and large-scale poverty.

In the financial breakdown of the fund, Water Affairs will receive the lion's share of R150 million, Health R15 million, Public Works R85 million and Welfare and Population Development R50 million.

Yesterday a jubilant Asmal announced that, under his programme called Working for Water, he will establish 100 new projects throughout South Africa.

He expects 40 000 new jobs to be created in all nine provinces.

"We will work exceptionally hard to deal with issues that are of crucial concern in poverty relief, such as the status of women, rural destitution and the plight of the disabled," Asmal said.

An excited Manuel said that not only would the plan, which is in accordance with Reconstruction and Development Programme (RDP) and Growth Employment And Redistribution (Gear) policies, help in sustainable growth, but they would reduce the high unemployment rate in the country.

"Government's belief is that labour-based programmes are able to make a significant contribution to meeting Government employment targets," Manuel said.

Welfare Minister Ms Geraldine Fraser-Moleketi said she would use her R50 million allocation to encourage small development programmes, especially those targeting rural women.

Development programme

She cited an example of an application she received from a small development programme.

A group of eight women in the Northern Cape wanted to buy two washing machines and irons to do laundry for tourists at the Augrabies Fall on the Orange River and on neighbouring farms.

They required R8 000 for the project.

Other applications related to bread-baking projects, furniture-making and numerous other projects involving skills training.

Zuma said that a large part of her allocation would be focused on nutritional programmes to stem the high number of stunted children, which is caused by undernourishment.

Radebe said he would be spending his R85 million in the Eastern Cape, Northern Province and KwaZulu-Natal.

The money will be used through his community-based programme which "focuses on the creation of infrastructural assets through labour-intensive construction, especially targeting women".

SA seeks lessons at key EU jobs summit

FOREIGN SERVICE

ARL 20/11/97 (173)

Brussels – South Africa will be keeping a close eye on an EU jobs summit that begins in Luxembourg today – to see if the 15 European leaders can come up with new ideas which would be applicable here.

The South African ambassador to the EU, Elias Links, believes that although there are big differences between the EU economies and that of South Africa, there is a common problem in bringing down unemployment queues.

“I am very interested in seeing how this will be played by the European leaders, and what lessons we can learn,” he said.

“Of course, there are differences in the structure of our economies, and we must be careful not to just say that if something works in Europe, it would work in South Africa.

“Youth unemployment is a big problem for us, as it will bring a lot

of problems in the future.

“You need to deliver jobs for newcomers, because if you don’t you can’t touch the problem of unemployment.

“There is also the link with violence – you can never totally detach the problem of social stability from the questions of unemployment and poverty.

Mr Links also expressed optimism about the long-running trade talks between Pretoria and Brussels, after the latest round earlier this month.

He said he hoped a deal could be finalised in the first half of next year, when Britain holds the six-month presidency of the EU.

Mr Links said the last round of talks made good progress in identifying the framework and structures of a deal, paving the way for a serious negotiation on the detail.

The EU now had to decide its response to a request for a far less protectionist deal.

CSS reports more jobs in some sectors

(173)

EMPLOYMENT in the SA manufacturing and construction sectors has shown a slight improvement for the period between June last year and July this year, according to a Central Statistical Service (CSS) report released yesterday.

The number of people employed in the manufacturing sector increased by 0,5% — from 1 372 653 to 1 379 042 employees — and in the construction sector the workforce swelled by 1,3% from 313 608 to 317 620 employees.

Employment in the mining and quarrying sectors showed a decrease of 1,2% from 562 250 to 555 272 employees, reflecting the downward swing in the industry first observed in May this year.

The CSS said the rise in employment in the manufacturing sector, the first since November last year, coincided with a 2,6% increase in manufacturing output between June and July this year. Increases in employment were reported by 11 of the 26 manufacturing divisions.

The CSS singled out the chemical and chemical products industry, which increased its number of employees by 2 176 or 2,4%; the wood industry which saw a rise of 1 402 employees or 2,3%; and the clothing industry which increased its workforce by 1 599, reflecting a 1,2% rise in employee numbers. — Sapa

BD 20/11/97

R300m poverty relief focused on labour-intensive projects

Linda Ensor

CAPETOWN — Hundreds of thousands of rural dwellers stood to benefit from a R300m poverty relief programme focused on labour-intensive public works, water and welfare projects, announced by Finance Minister Trevor Manuel yesterday.

The R300m was set aside in Manuel's March Budget, but allocation was delayed for several months while the clearly targeted projects were identified and structures put in place to implement them. Cabinet approved the projects last week.

Provinces — Eastern Cape, Northern Province, KwaZulu-Natal, Mpumalanga and Northern Cape — were identified as beneficiaries for the funds. Women and children, in particular, would be involved.

Minister Kader Asmal said at a news briefing that jobs had also been created through the restoration and maintenance of cleared areas.

Programme, with R32,3m of this to be spent in the Eastern Cape, R28m in KwaZulu-Natal, and R24,7m in the Northern Province.

Public Works Minister Jeff Radebe said the programme involved the labour-intensive construction of infrastructure. The jobs created would have positive spinoffs for the welfare of an average of 3,8 other people.

The welfare department's income-generation programmes would receive R50m for once-off funding for community-based and welfare organisations working with the very poor — mainly women — so that they could kick-start micro-enterprises in rural areas by acquiring assets. The provinces would receive R40m directly to allocate to these programmes, while R10m would be kept for national allocation.

Manuel said that to derive maximum benefit from the R300m, it was stipulated that its allocation would be tied to specific projects and not integrated into the three departments' budgets. Bureaucracy was to be kept to a minimum and the money could not be used to service budget deficits or overspending.

Other criteria for choosing the projects were a clear link between the level of expenditure, the time frame involved and the extent of the relief provided; the sustainability of the relief provided; the provision of infrastructure or services that had a wide range of beneficiaries and popular appeal.

The potential for expansion at relatively low cost and opportunities for the involvement of other government and private institutions would also be taken into account.

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Job equity bill gets cabinet green light

(173) (146)
BD 20/11/97

Reneé Grawitzky

LEGISLATION to eliminate workplace discrimination and accelerate training and promotion of people from disadvantaged groups was approved by the cabinet yesterday.

The Employment Equity Bill will require employers to develop and present employment equity plans to government within 18 months after the legislation has come into effect.

A refusal to comply with the legislation could result in a Labour Court order or the imposition of fines. Previous drafts of the bill indicated a maximum fine of R1m.

Sapa reports that Labour Minister Tito Mboweni told journalists after the cabinet meeting that the bill, to be released in Johannesburg on November 30 and presented to the National Economic Development and Labour Council (Nedlac), would generate "some national excitement".

An observer said the bill had potential to cause division between white and black business and possibly within labour. The Black Management Forum has expressed concern over a number of aspects in the proposed legislation.

Business SA (BSA) representative Vic Van Vuuren said business was disappointed it had not seen the document before it went to the cabinet.

Mboweni said the bill, intended to eliminate discrimination and ensure the implementation of employment equity strategies in the workplace, contained a section on affirmative action, but refused to be drawn on whether this included a quota system.

A draft copy of the bill, which might

have changed slightly before going to the cabinet, indicated that employers would not be obliged to implement quotas or appoint those not suitably qualified for positions. Employers would, however, be required to consult employees and conduct an audit of the workplace in preparation for drafting an employment equity plan.

This approach was in line with the green paper released in July last year which stated that employers would not have to set targets and timetables.

Forum president Lot Ndlovu said it was important that government launched an exercise to set targets over a specific time to act as a reference point for companies.

It is anticipated that the bill, which targets blacks, women and disabled people, will require employers to draft plans ranging from one to five years. Such plans, as outlined in the green paper, would include numerical goals ensuring an equitable representation of the target groups in senior management positions. The plan would also include the introduction of various "positive measures" such as education and training, affirmative action to ensure the promotion of suitably qualified candidates and the reasonable accommodation of disabled persons. Other measures would be aimed at identifying and removing barriers to entry.

The bill would exclude the security forces and intelligence services, as well as companies employing less than 50 employees. It is understood intense debate took place during the drafting process.

Continued on Page 2

Job equity

Continued from Page 1

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The bill should apply to companies employing less than 100 employees or less than 50. Ndlovu said consideration should be made to include companies which employed less than 50 people, but which were highly capital intensive, with high turnovers.

It was unclear to what extent the public service would be covered. Ndlovu said it could be excluded unless the president designated an organ of state as an employer.

The bill would also provide for the establishment of the commission for employment equity. Ndlovu said the fact that it had taken more than a year from the time the green paper was released until the draft bill would be tabled in Nedlac reflected a lack of passion on the part of government to draft legislation in this regard. The forum, he said, would have preferred the bill to be referred to as affirmative action

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legislation. It appeared there was a deliberate attempt to avoid using this term and this attitude prevailed throughout the bill.

Mboweni said he anticipated that the legislation, the last of the so-called "Mboweni bills", would go to parliament some time in the first half of next year. Asked whether he anticipated the bill would meet the same difficulties in Nedlac that the Basic Conditions of Employment Bill had experienced, he replied: "We will try to do things differently. But it's quite hard because an unfortunate culture has crept in which it is going to be very difficult to rid ourselves of. And that culture is one where at Nedlac people want to negotiate a law line by line, word for word, comma for fullstop, for everything."

The drafters of the legislation that brought Nedlac into being had said this was never their intention. "But the practise has crept in, and it's unrealistic of me to expect that negotiations on the Employment Equity Bill will be any different."

Companies hoping to see daylight

Nicola Jenvey

DURBAN — There is a way to create more leisure time, reduce road accidents and crime, improve productivity and save energy. Other countries having been doing it for years and it costs nothing.

It is called "daylight saving", a way of making the best use of available sunshine hours. Also called summer time, it entails turning clocks an hour forward at the start of summer and turning them back again six months later, transferring the time gained to the evening when it can be more effectively utilised.

Attempts to introduce daylight saving in SA predate the Boer War, when Witwatersrand mines maximised the sunshine hours to provide employees more recreational time. The difference between "mine" and "town" times was 90 minutes.

In January KwaZulu-Natal companies will again rally for a more economical use of daylight

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hours when legal firm Livingston Leandy spearheads its annual campaign.

MD Gordon Pentecost said the firm had attempted it for one week in January last year.

This year the firm was joined by another 17 companies eager to benefit from longer daylight hours after work, and Livingston Leandy has invited more companies to participate when the exercise is repeated for two weeks.

The initiative has raised debates about daylight savings countrywide. Durban Chamber of Commerce and Industry director John Bryce said the merits for summer time outweighed the demerits — which included educating the population that one would lose or gain an hour only on the changeover day.

However, he believed the concept had to be introduced nationally, not piecemeal.

In a letter to President Nelson Mandela which called for investigations into daylight savings,

Pentecost proposed the initiative be adopted regionally to avoid problems with transport, schooling, commerce and industry and to eliminate confusion.

However, Livingston Leandy's attempts may be in vain, since a seven-year campaign headed by Durban city councillor Malcolm Prentice hit another stumbling block last month.

A letter Prentice sent to Environmental Affairs and Tourism Minister Pallo Jordan was returned with the statement that "daylight saving had been given a great deal of consideration, but was not practical at this stage".

"You will realise while this concept will easily be embraced by a small section of our community, the idea may not be easily comprehended by the rest, particularly those previously marginalised.

"Given our commitment to address the basic needs of our society, we cannot consider the matter at hand as a priority area for allocation of scarce resources."

Gearing SA for job creation

(173)
24/11/97

Government has to focus on small business, Monde Tabata tells why

SOUTH Africa's economic salvation does not lie in big multi-million rand corporations, as some key decision-makers would like to think, but depends on the development of a strong small business culture that should permeate all avenues of business.

Millions of South Africans are unemployed and the Government has no option but to give its full attention to small business growth and, thereby, job creation.

Small, medium and micro enterprises (SMMEs) represent an appropriate vehicle to address the challenges of job creation, economic growth, equity and job creation.

Research reveals that there are more than 800 000 SMMEs in the country employing a quarter of a 15 million labour force, while 3.5 million people are involved in some or other type of survivalist business activities.

Given the country's legacy of big business domination, restrained competition and unequal distribution of income and wealth, the SMME sector should be seen as an important force to broaden ownership of the economy.

This would generate employment and introduce dynamism through diversified business activities.

Past government policy has, however, been biased in promoting big business at the expense of small businesses.

Industrial and trade policy was heavily biased in favour of protecting large business and export assistance benefited large firms.

Government's direct intervention to address most of the problems facing small business is needed in order to create the right environment for economic growth.

To usher in this new economic thinking, the country needs to actively encourage small business support programmes which should be implemented by institutions that most closely reflect the entrepreneurship and risk characteristics of small businesses.

Centralised top-down government support strategies for small businesses are being discarded for a new approach that is based on decentralised private sector-driven programmes throughout the world.

Small business organisations should take it upon themselves to design policies and programmes aimed at promoting their activities so that their issues are best articulated at all levels of policy-making.

Target groups

The advantages of involving small business organisations is that of better access to target groups and a balance between government policy and small business demands.

The small enterprise sector in the country is currently racially fragmented, underdeveloped, unorganised and suffers from egocentric problems that deny it the strength to fully engage government on policy matters.

To overcome these problems, small business organisations must unite and begin to speak with one voice on issues affecting their survival.

This could be done by establishing and strengthening existing small business organisations as well as adopting the "one town one chamber" slogan.

This would facilitate collaborative efforts between all stakeholders involved in small business.

The small business sector can only be brought closer to the processes of decision-making if they are a strong and united force.



Monde Tabata

The alternative will relegate the sector to spectator status or, worse still, to an ineffective socio-economic force.

Currently only big business, organised labour and government participate and decide on policy issues that impact on the country's economy within the National Economic Development and Labour Council. The SMME sector has allowed itself to be relegated to the periphery.

To assist in building unity within small business organisations and to provide a mechanism to participate in the small business sector, the National Small Business Council (NSBC) was established in December 1995.

Best vehicle

It was formed by the majority of representative small business organisations with the basic aim of lobbying government and other key stakeholders for the creation of an environment conducive to small business growth.

In theory, the NSBC is the best vehicle to mobilise and represent the broad interests of the SMME sector, while advising government on issues related to small business policy, programmes, legislation and administration.

But, in reality, the NSBC faces the dual challenges of ensuring that the broad interests of small business are represented and creating mechanisms for advocacy.

Broad representation of small business interests within the NSBC is critical in ensuring that the necessary mandates are obtained and that programmes and policies formulated by the organisation reflect the needs, concerns and aspirations of SMMEs.

Currently the NSBC is not broadly represented and not all business organisations participate in its activities. The problem has, however, been addressed through a two-pronged strategy.

Firstly, the National and Provincial Small Business Councils provide a formal structure whereby small business organisations and chamber of commerce nominees are appointed as provincial small business councillors.

Secondly, the NSBC is bringing together local and provincial business organisations through the establishment of private sector coalitions throughout the provinces.

The coalitions will unify the racially divided organisations, identify key issues affecting the legal and regulatory environment of small business, facilitate networking and set the programme of action for the Provincial Small Business Councils.

The NSBC further proposes the cre-

ation of a National Private Sector Advisory Committee on Small Business as a mechanism to filter through to central government recommendations on appropriate policies, legislation and regulations affecting small business.

It must also establish guidelines and principles of operation which encourage effective partnerships between small business organisations and central, provincial and local government in the formulation of policies, programmes and regulations.

Crowded environments

Some issues on which small business feels strongly came to the fore during nine provincial summits that culminated in a national summit last month.

The view was expressed that SMMEs are confined to crowded environments and uncompetitive markets. The responsibility of addressing these problems lies with both government and the private sector.

The NSBC was also mandated to lobby the Competition Board to take any necessary steps to prevent restrictive practices against small business.

Another major bone of contention is access to finance. Small business feels strongly that the practice of "red-lining" by banks, whereby occupants of certain areas are denied loans, should be scrapped.

It was felt that the post office has a relatively well-developed infrastructure and should be considered not only to collect the savings of SMMEs, but also to allocate loans.

Another issue that needs further investigation is the feasibility of establishing a financial institution that primarily deals with SMMEs.

This institution should process loans to small business and elevate SMMEs from being regarded as "welfare cases" to respectable clients.

Banks should play an active role in educating SMMEs about loan approvals and credit analysis processes.

Such tasks should be conducted under the auspices of local business service centres and the Council of South African Banks.

Quality of training

Training also came under the microscope at the NSBC's national summit. The accreditation of training institutions was called for to ensure the quality of training provided to entrepreneurs.

With tax compliance often quite substantial when related to the financial viability of small enterprises, higher write-offs could be granted for expenses incurred.

To stimulate larger firms to subcontract to small business, as well as to encourage more loans to small enterprises, a plan for tax incentives was proposed at one provincial summit.

Since the country's transition to democratic rule, considerable progress has been made in removing growth constraints and establishing a policy framework conducive for delivery.

But the forecasted national annual growth rate of three percent will fail to reverse unemployment rates and will provide inadequate resources for the necessary expansion in social services delivery.

(The writer is the chief executive officer of the National Small Business Council.)

Lobbying for Stals's successor

CHRISTO VOLSCHENK

ECONOMICS EDITOR

Cape Town — Lobbying by the private sector for a successor to Chris Stals, the governor of the Reserve Bank, got off to an early start yesterday when Rob Lee of BoE Asset Managers came out in strong support of deputy governor James Cross to take over the reins in 1999.

In a newsletter released yesterday, Lee said he was "encouraged by rumours that Cross might replace Stals. Cross would be the sound appointment that markets are looking for."

Other private sector economists have come out in support of Maria Ramos, the director-general of finance, as the best candidate to replace Stals on completion of his second five-year term as governor in the third quarter of 1999.

Lee said there was "scope for instability in the next 18 months" when the head of state and governor of the Reserve Bank would be replaced and a general election held. Despite these risks the outlook for the economy after 1988 remained promising, he said.

"It is unlikely that the economy and financial markets would be undermined by a severe currency crisis in the next year or two since the rand is still substantially undervalued. Interest rates have a strong downward potential, with inflation likely to fluctuate around 5 percent," Lee said.

Nedlac's process for jobs strategy

CHRISTO VOLSCHENK

(173)
ET(BR) 28/11/99
Cape Town — Technical experts on job-creation could be called in to help government, labour and business write a jobs strategy in the National Economic, Development and Labour council (Nedlac), Lomin Saayman, a Nedlac spokesman, said yesterday.

He said research should be done before the negotiation of a jobs strategy began in Nedlac. It should include a study of international experience with plans to create jobs, Saayman said.

The department of labour suggested in the labour chamber of Nedlac earlier this week that labour, business and government table their own positions on a jobs strategy and that a consensus strategy be negotiated at a presidential jobs summit next year.

The executive council of Nedlac would discuss the process proposal of the department today. If accepted, a deadline for submissions would be set, Saayman said.

The ANC, Cosatu and the South African Communist Party agreed earlier this year to submit a unified position to Nedlac.

The presidential jobs summit originally scheduled for October this year was postponed indefinitely when negotiations on the Basic Conditions of Employment Bill dragged on and increased tensions between labour and business.

Nedlac to debate job talks process

Reneé Grawitzky

(173)
BD 28/11/97
A GOVERNMENT proposal to exclude labour and business from the initial drafting of an employment strategy, to be debated at a presidential job summit next year, will today be tackled by the National Economic, Development and Labour Council (Nedlac) executive council.

The proposal was initially rejected during heated debate earlier this month at a Nedlac job summit technical committee meeting.

Government had proposed it draft a framework itself by February which would form the basis of discussion with labour and business on the development of a common vision on employment strategy.

The proposal was challenged in Nedlac's technical committee on the basis that it could cause problems similar to those surrounding the Basic Conditions of Employment Bill.

Nedlac's executive council will today decide on its own proposal to drive the process leading to the presidential jobs summit. Options to be tabled at the Nedlac meeting today are government's proposal and two others which allow for all parties to contribute to the process, and for greater consultation in drafting an employment framework.

An employment strategy is intended to increase the economy's capacity to absorb labour. This would mean addressing any structural impediments in the way of job-creation, and making policy options available to achieve this.

Sources said a fundamental problem around the forthcoming jobs summit was that all parties had different expectations of the outcome.

Thumbs-down given to attempt to exclude business and labour

Reneé Grawitzky (173)

A PROPOSAL to exclude labour and business from the initial phase of drafting an employment strategy for debate at next year's presidential job summit has been rejected by the National Economic, Development and Labour Council (Nedlac).

The executive council, which met on Friday, was presented

with three options on how progress towards the job summit should unfold.

The proposal that government produce a draft employment strategy by the end of February to form the basis of negotiations with labour and business was rejected.

Instead the executive council endorsed an "interactive approach" enabling labour, government, and business to produce

their own draft employment strategies by the end of February, which would then form the basis of negotiations between them.

The intention is that out of this process the parties would agree on proposals to be taken to the job summit, to be held within the first six months of next year. This process would focus on two key areas, namely developing key employment-generating opportunities

and, after that, creating an environment conducive to job creation.

It was agreed during lengthy debate within the Nedlac management committee that parties would have to concentrate on job creation as a means of addressing the problem of unemployment and underemployment.

Constraints limiting employment opportunities would have to be identified and addressed.

IDC plans to expand job-creating projects

Patrick Wadula

THE Industrial Development Corporation (IDC) planned to expand its minerals and agricultural projects and bring in more partners, CEO Khaya Ngqula said at the weekend.

Several minerals and agricultural projects, which were either under investigation or being implemented, would allow the participation of small and established businesses and of international partners.

Ngqula said the IDC would focus on the promotion of medium-sized manufacturing businesses and mega projects, and encourage the development of emerging entrepreneurs.

"The IDC planned to continue developing tourism, agro industries and small-scale mining. It would also assist in the Southern African Development Community's development," he said.

In its latest annual report for the year ending November, the IDC said it had financed projects worth R3,7bn, which created more than 11 000 new jobs.

The corporation generated R3,6bn in export earnings in the year compared with R2,2bn the previous year.

For the five-year period ending in June, the IDC's approvals amounted to R21,4bn and created more than 61 000 jobs.

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The report said that minerals projects would increase production, with Saldanha Steel planning to produce its first hot-rolled coil during the first half of next year.

It said that Saldanha Steel was expected to achieve full production capacity in the 1999/2000 financial year with an increase in funding to R7,1bn from R300m.

The increase in funding was required because the rand was weakening against currencies from which equipment and technology were imported.

The expansion of Hulett Aluminium rolled products, which aimed at increasing the capacity of the Maritzburg plant to 185 000 tons a year would cost R3bn.

Agricultural projects under investigation included a glycol plant, which would produce ethylene glycol, propylene glycol, and glycerol from sugar for the production of consumer products like toothpaste in relatively small-scale multiproduct plants.

The corporation was negotiating with a black empowerment group and possible operating and marketing partners for the glycol project.

Capital costs for the glycol project was estimated at R850m with a capacity to produce 100 000 tons a year. The plant was expected to generate a turnover of R450m a year and create 10 000 jobs.

Breakthrough at Nedlac on jobs summit

FRANK NXUMALO

LABOUR CORRESPONDENT

Johannesburg — There was a breakthrough at the National Economic Development and Labour Council (Nedlac) executive council meeting on Friday attended by a high-level ministerial delegation including Tito Mboweni (Labour), Alec Erwin (Trade and Industry) and Jeff Radebe (Public Works). The Nedlac social partners agreed on a two-phase approach towards a presidential jobs summit in the second quarter of next year.

However, it is envisaged that the totality of the task related to the jobs summit will occur in three phases.

Government, labour and business agreed that phase one will comprise the investigation, information gathering and the definition of priorities.

Consultations and negotiations will make up phase two, while post-summit work, or a "beyond a jobs summit", phase three will include the implementation and further development of issues identified in phases one and two.

Government had also proposed "key employment-generating opportunities" and "creating a conducive environment for employment creation" as the "cluster issues" to be dealt with.

The objective of the first phase is to crystallise the priorities and agenda in each cluster of issues for the jobs summit, existing work being done by government and the other social partners, as well as work being done within Nedlac plus the relevant international experience, should all be accessed in this phase," said Jayendra Naidoo, Nedlac's executive director.

The objective (of phase two) is to reach agreed substantive proposals to take to the jobs summit. It is envisaged that the jobs summit will also identify further areas of work relevant to an ongoing employment creation strategy to be tackled in the period after the jobs summit. Phase two culminates in the jobs summit."

Naidoo said three different approaches had emerged on how the first phase should be tackled. In option one, government should be given until February 28 next year to produce a draft employment strategy that would form the basis of negotiations.

In option two, joint cluster groups are established for each of the two cluster issues, while a third option envisages an interactive approach with inputs from each constituency.

He said the parties had agreed to options one and three.

"Business does not want a jobs summit for the sake of a jobs summit, but so that it should yield positive outcomes in terms of an employment strategy," said Raymond Parsons, the Business South Africa convenor at Nedlac.

"It is therefore essential that the necessary planning be done well in advance, to ensure that sufficient consensus exists to underpin a successful jobs summit. What South Africa cannot afford is that a jobs summit fails and that it disappoints expectations."

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Public Works' big success

By Gerry Reilly

THE Public Works Department has had "massive" success in creating employment in the country's most poverty-stricken rural areas, Public Works Minister Jeff Radebe told *Sowetan*.

By the end of this year R350 million will have been disbursed to the provinces in terms of the community-based public works programme for labour intensive social projects.

The spending of the funds has been somewhat retarded because provincial governments lacked the administrative and managerial capacity to maintain the targeted momentum in implementing job-creating projects. These constraints

have now been relieved.

Since the programme's launch, 1 110 projects have been tackled in the most severely depressed rural areas in the Eastern Cape, Northern Province and KwaZulu-Natal.

The projects have involved access roads, water provision, sanitation and environmental projects.

In employment creation there has been an overwhelming success. In a relatively short period 4,9 million work days have been worked, with 1,5 million days involving women and 890 000 the youth.

The Minister said passive poverty and unemployment in rural areas created a compelling demand for jobs and the need for a continuation of community based relief.

"Communities have created assets for themselves. They have built access roads, upgraded others and built bridges, and the quality of life of communities has been greatly enhanced by the provision of water and sanitation," Radebe said.

He said the R300 million poverty relief fund announced by the Government last week would make possible the creation of thousands of jobs.

His department's share amounted to R85 million. This would be spent mostly in the distressed areas in the Eastern Cape, Northern Province and KwaZulu-Natal.

On skills training through department schemes, 898 363 work days had been completed, equipping hundreds for better paid jobs.

(173)

Sowetan 2/12/97

Across the great ideological divide

With preparations for the jobs summit starting to flicker into life, deputy editor Alan Fine looks at the issues that will confront delegates

LAST month the cabinet announced the postponement of the proposed jobs summit, originally scheduled for October this year, until some time in the first half of next year. Only on Friday did government, business and labour representatives begin talks about the summit at the National Economic, Development and Labour Council (Nedlac).

Friday's agreed "three-phase" process — beginning with time for each of the three parties to define their positions, followed by pre-summit consultation and negotiation, followed by post-summit work — is a fair beginning. But the first two crucial phases will be meaningless if business and labour refuse to look beyond their usual frames of reference.

No one should be surprised if the summit is delayed beyond mid-1998. Arguably, holding it before the time to do so is "type" would do more harm than good. A jobs summit will serve little purpose for as long as the main parties to it, and organised business and labour in particular, merely talk past each other. Neither have shown an inclination to go beyond crude ideological stereotypes of their positions.

For business, the subject is tied up almost entirely in questions of labour market flexibility. For organised labour, as exemplified by recent Congress of SA Trade Unions (Cosatu) policy pronouncements, labour market flexibility is a ploy designed to roll back labour's advances against the cheap labour model of the apartheid era. Both are wrong, and neither have done much to advance the debate.

The summit arose from the idea that SA's employment crisis needs a co-ordinated and coherent tripartite effort. If the only prospect is an uncoordinated, incoherent ideological struggle, that can happen without a summit.

On the other hand, prospective delegates could look at the employment debates elsewhere which have sharpened in the past year, in particular the US versus European model debate — which climaxed two weeks ago at the Luxembourg European summit and on which SA's must be based. An unrefined "flexibility and deregulation" school of labour

market thought championed by, among others, the SA Foundation, and which favours the US model, is probably a nonstarter. This is not least because it refuses to recognise the likely impact on broad working-class interests.

The New York-based Business Week recently (September 1) carried a cover story looking at the US job-creation "miracle". It found that while unemployment had indeed fallen remarkably since 1990, the benefits of 25 years of growth — the last seven uninterupted by a downturn — had not accrued to employees.

The average real wage is 8% below what it was in 1973 (see graph), and grew for the first time since then last year — the seventh year of the upturn. Inequality ratios have increased; total employee compensation has fallen and a proportion of non-financial income while corporate profits share has risen sharply; most new jobs are part time or temporary, meaning a dearth of job security and the need for many to hold down more than one job — so people are working more for less.

And benefits of the stock market surge has accrued only to the top 25% of earners — the remainder hardly participate in the equity market.

None of this is from SA labour's perspective, a good advertisement for a relatively laissez faire labour market. (The US does have a national minimum wage of \$5.15 an hour.)

But the US versus Europe debate

goes further, with questions being asked about how important labour market deregulation is in explaining employment growth in the US.

A study by economist Stephen Nickell and Brian Bell, discussed by Gerard Baker in a Financial Times article republished in Business Day (October 30), points out that, beginning with 1971 data, it is only in the early 1990s that unemployment rates in the US fell below (West) Germany's. Since German and US labour market rules have not changed in that period some other factor has to explain the phenomenon.

In addition, if labour market inflexibility is the problem, one would expect it to affect the lower levels of the market rather than upper levels where skill is a more

important factor. The fact is that European and German growth rates have been sluggish compared with the US at all levels.

So if labour market questions do not explain European and the US's diverging employment trends, what does? One suggestion is that demand-side factors have more influence than labour market structures on the demand for labour. In particular, in this case, one needs to look at the US's increasingly deregulated and liquid capital markets which more efficiently allocate capital "to the right start-up businesses, which have become highly successful job producers".

Similarly, the article argued, "regulations that constrain output will also have the effect of lowering employment levels. Rigid restrictions on hours of operation, planning and other regulations limit companies' demand for labour, whatever the real wage. In Germany, where such conditions are more prevalent than they are in the US (which has stepped up deregulation in these spheres) this may have contributed to sluggish jobs growth."

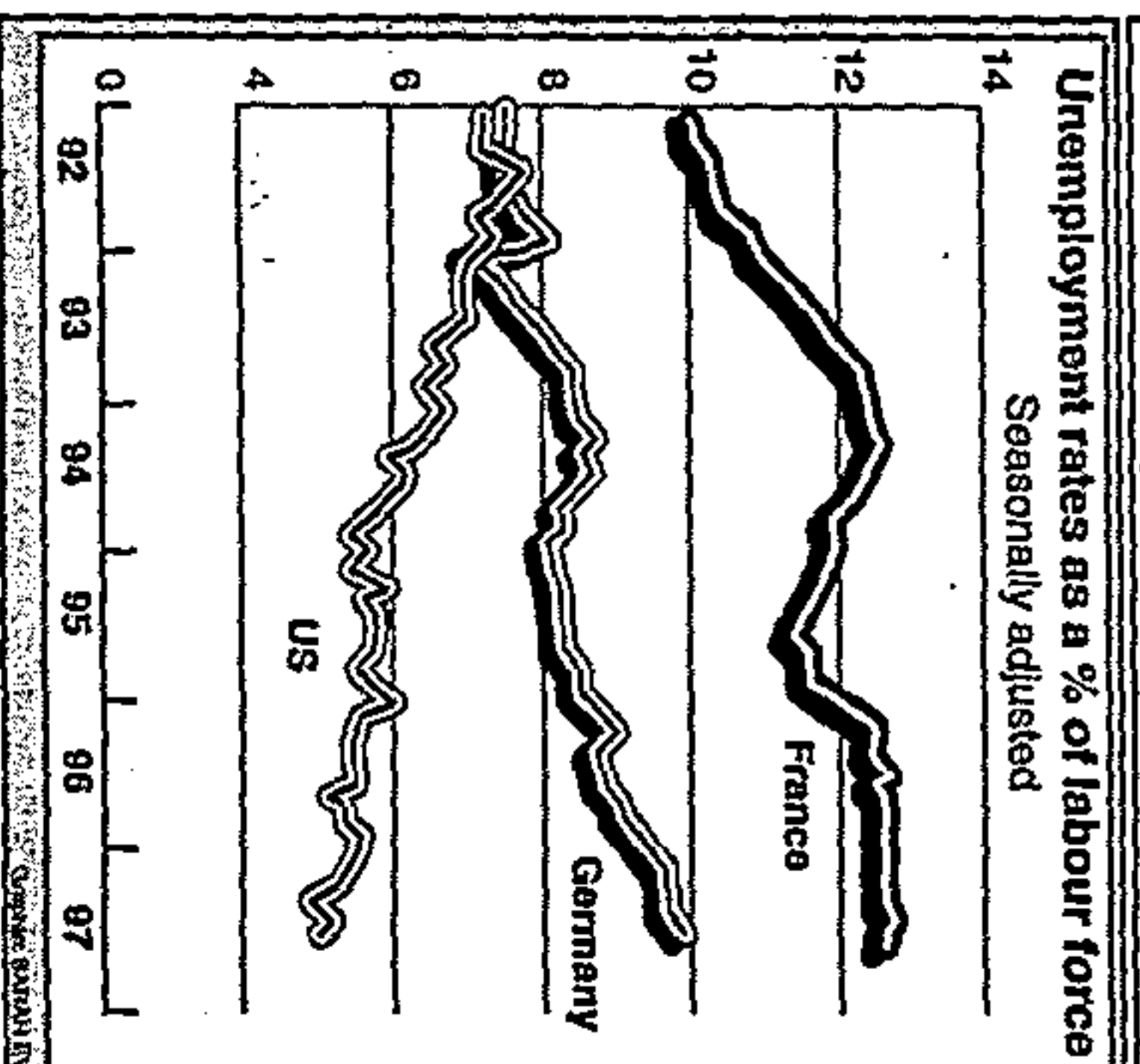
A further point against the deregulationists is the view propounded by the International Labour Organisation, among others, that SA's labour market is not that inflexible by international standards — though aspects of the Basic Conditions of Employment Act (like the three-and-a-half overtime rate) makes that assertion less clear cut.

One test of flexibility is the employer's right to dismiss. In SA, the obligation is to be procedurally and substantively fair. In many countries, like much of Mediterranean Europe, employers cannot retract without government permission. And similar labour market inflexibility is increasingly being cited as a cause of the once tigerish Asia's economic problems.

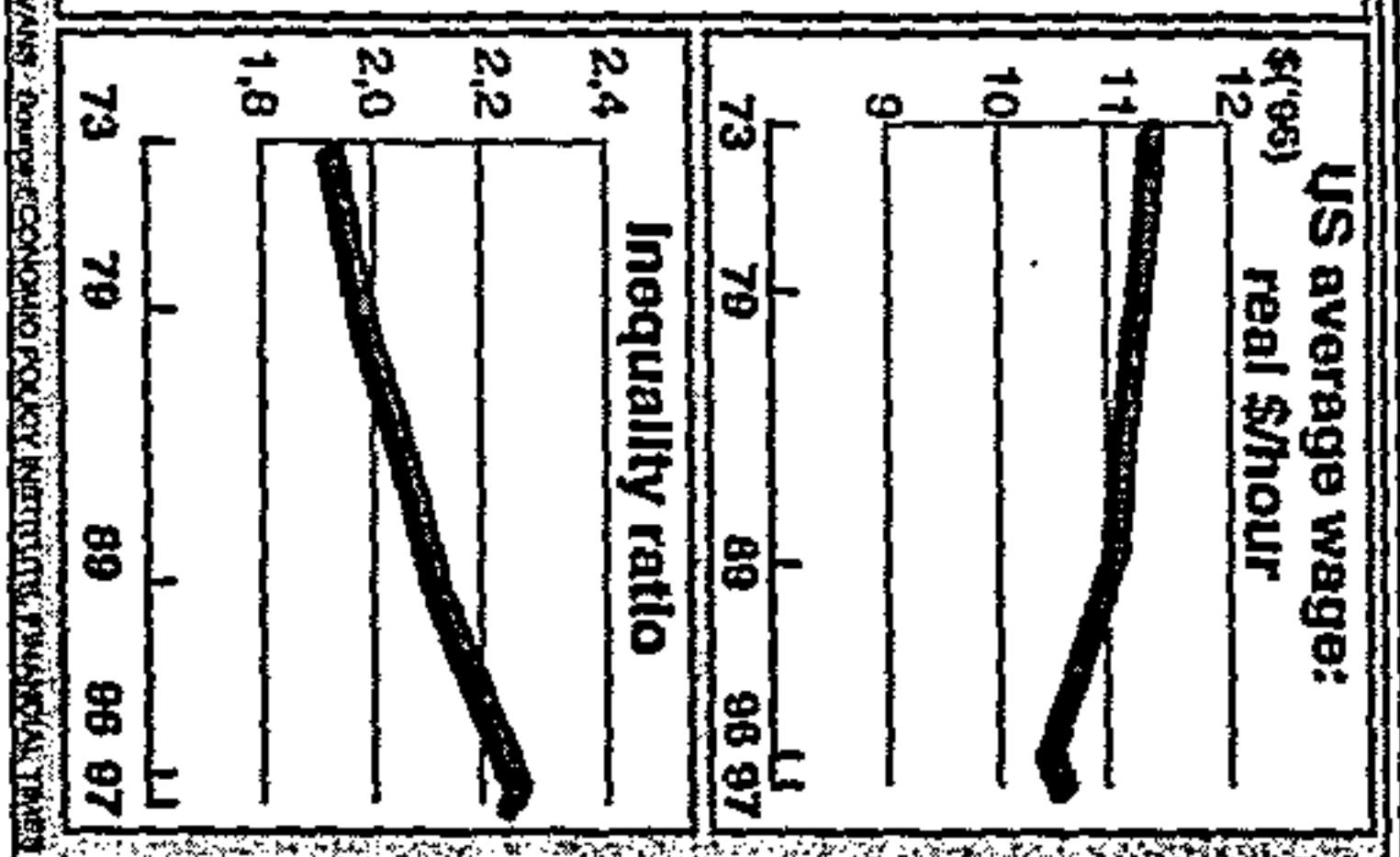
Another test is the downward flexibility of wages. Expenditure in SA's gold mining industry, where real wages have declined almost every year this decade, suggests that wages are more flexible than conventional wisdom holds. But that is because the industry cannot easily be protected from the forces of the global economy and

FD 4/12/97 (173)

The US employment miracle ...



Is not without costs



the choice was a decline in wages or further employment cutbacks. The lesson seems to be that there will be no wage flexibility if there is the possibility of any protection mechanism — such as a subsidy, or an import tariff.

These arguments may support Cosatu's contention that labour market flexibility is no panacea for unemployment, and could even harm broad working class interests, not merely those of an organised labour elite. But they do not buttress Cosatu's general economic vision as described in the September Commission report and likely to find its way into job summit negotiations.

Cosatu argues for a highly regulated capital market, including a reversal of moves towards exchange control liberalisation, and a heavy-handed industrial policy. It is highly suspicious of any labour market flexibility at all — as reflected in its campaigns on the Basic Conditions of Employment Act.

It is hostile to "investor friendly" measures like budget discipline and an internationally competitive tax regime, and its public sector affiliates can at best be relied on to pay lip service to public service efficiency. Overall, Cosatu seems to think there can be employment gains with no pain at all.

Ahead of the Luxembourg summit, UK Chancellor Gordon Brown spoke out some basics of an employment strategy (Business Day, November 21) sufficiently flexible to succeed in the era of globalisation and rapid technological development, without causing the social instability and breakdown to which Anglo-Saxon style policies have given rise. Perhaps his key phrase was that "while, in a world of constant innovation and technical change, there is less that government can do to stop people losing their last jobs, there is more government should do to help people gain their next."

His focus was on youth unemployment, education and training, tax systems which encourage rather than penalise work and job creation, appropriate competition policy and help to small businesses. These are areas SA job summit participants should be examining if the process is going to produce anything more worthwhile than a new phase of ideological hype.

The wrongs

(173)

gear for job creation

MHG 5-11/12/97

If Gear fails it could lead to political mobilisation against the government, writes Johann Nel

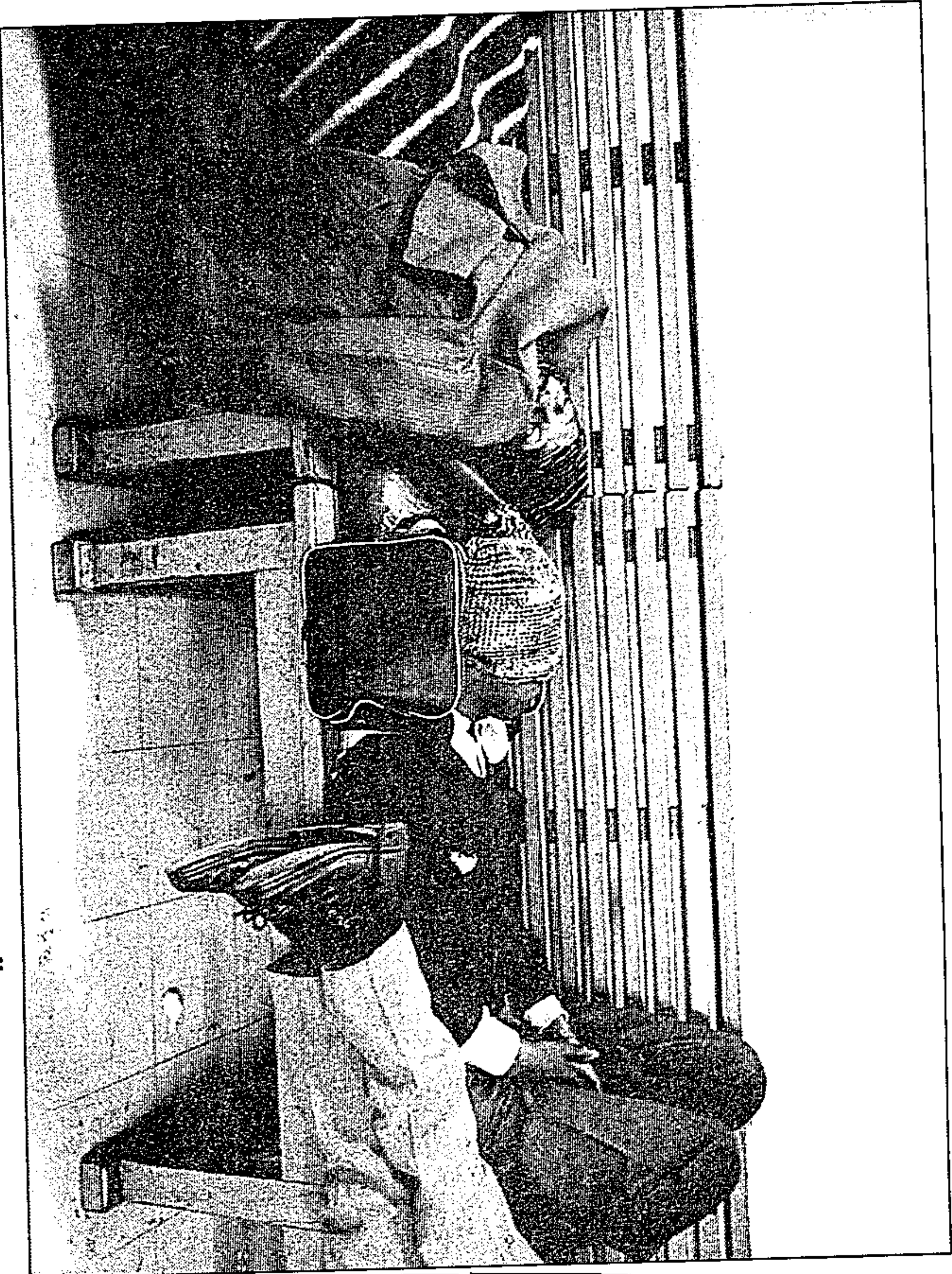
Unemployment is undeniably a national crisis. The Reserve Bank estimated that five million people were without formal jobs at the end of 1995, an unemployment rate of 33% of economically active South Africans. In 1996, when the economy registered relatively strong growth of 3%, employment increased a mere 0.2%, according to the Central Statistical Services. By April 1997, unemployment was estimated at 40% and had risen for three successive years.

The growth, employment and redistribution programme (Gear) aims to create 400 000 jobs a year by 2000; 126 000 jobs should have been created in 1996. An estimated 25% of that figure was reached. The 1997 target of 252 000 jobs is also unlikely to be met.

er on redistribution. South Africa cannot wait for the rising tide of economic growth to trickle down to those in poverty. Economic and labour-market policies must ensure that South Africa follows a more labour-absorbing growth path, which narrows the gap between the haves and the have-nots.

While the increasingly globalised economy demands high levels of flexibility on the part of the labour market, South Africa's commitment to democracy requires that this must be compatible with labour-market security. An over-reliance on market forces is incompatible with labour market security and may result in increased inequality.

The history of those countries that have successfully transformed their economies shows that the appropriate macro-economic policies



Going nowhere: Gear has failed to create the jobs promised by the government'

The short-term gains in financial markets may be offset by very high long-term costs, particularly if the eventual outcome is a swing to a populist programme.

Neither buoyant private investment nor monetary stability — key indicators of successful macroeconomic policies — will survive the social unrest and personal insecurity of a sharply divided and embattled society. Nor is a highly unequal

of two million units. The immediate provision of public housing, on a rental and a purchase basis, should be considered. In total, 350 000 to 550 000 jobs can be created over a three-year period through implementing such a policy.

An accelerated programme of public works in the provision of electricity, piped water supply, sanitation, child-care facilities and health-care clinics is needed.

South Africa for a major programme of land reform, combined with the promotion of small-scale farming, which can promote economic activity and employment very substantially. The World Bank has calculated that two million full-time jobs would be created in agriculture and related activities through land reform.

The South African National Defence Force should be used to absorb

When reviewing the unemployment situation, it is easy to forget that the 1994 election manifesto of the ANC gave top priority to job creation: "The millions of people without jobs will be at the top of the African National Congress government's agenda... A new trade and industry policy will focus mainly on job creation, strengthening our manufacturing capacity and industries that export goods."

Although delivery of Reconstruction and Development Programme (RDP) projects got off to a slow start, it was with the adoption of Gear that priority shifted from job creation to curtailing inflation and encouraging investment. This is not to say that Gear is inherently undesirable.

In his critical discussion of Gear, Pieter le Roux, director of the Institute of Social Development at the University of the Western Cape, maintained that all those countries that have made successful economic readjustments in the past 30 years have done so within a macro-economic framework similar to Gear. But whether Gear, as it is at present being implemented, is the best version of this model is another issue. Gear is being applied conservatively as a redistribution through growth, or "trickle-down", strategy in the belief that if a country grows for a sustained period, it can deliv-

only a necessary, and not a sufficient, condition for economic success. In Gear, the specific promise that South Africa can — through export-led growth — deliver an economic growth rate of 6% by the turn of the century and create an additional 400 000 jobs a year, has been heavily criticised. Econometric models cannot provide certainty regarding growth rates. At best, Gear provides a fascinating framework within which growth can take place.

Policies impacting on interest rates, the budget deficit, the exchange rate and inflation should be formulated with regard to their impact on employment creation. Macroeconomic policy dominated by a single-minded imperative to drive down inflation may backfire by undermining the incentive for domestic investment. Contractionary economic policies are unlikely to lead to employment growth.

Overall, the impact of a rapid reduction in government expenditure could be very disruptive. Gear may turn out to be no different from a number of failed structural adjustment programmes. This could lead to a situation where a swelling stratum in society will become disillusioned with Gear and mobilise politically against it. In this event, there is a real risk that social and political instability may result.

economy consistent with strong international markets into which the vast majority of domestically produced output must be sold.

Macro-economic policy must be consistent, co-ordinated, and oriented towards the sustainable growth of output and employment. The question then is how to stimulate employment while also becoming more competitive on the global stage — and the extent to which government must play a role in redirecting resources.

Several measures to create jobs were suggested by the South African Labour Movement in its report *Social Equity and Job Creation* and by the Labour Market Commission. These measures should be urgently reconsidered, namely: provision of public housing; public expenditure on infrastructure; reduction in overtime; review of tariff reductions; encouragement of labour intensive industries; and land reform.

International evidence has shown that well-managed public works programmes can indeed create significant amounts of employment for the poorest members of society, at extremely low cost, and in so doing generate productive infrastructure and prevent environmental deterioration.

The RDP called for a co-ordinated public works programme to create jobs. Since the election, there has been little evidence of a substantial public works programme on the scale envisaged. The housing shortage is in excess

Programmes to provide roads and major dam and canal works, and to address telecommunication inadequacies, should be put into place. This entails a major upgrade of urban infrastructure, and provision of rural infrastructure.

Labour-based construction methods must be used to ensure that employment on the projects is maximised. The trade liberalisation programme should be reviewed, and where job losses may result, South Africa should not liberalise faster than required under the terms of the General Agreement on Tariffs and Trade. In addition, where employment is seriously affected by Gatt, South Africa needs to call for an urgent review of the programme.

Given the imperative for rapid employment creation, it is inappropriate to continue providing public support at historical levels for capital-intensive activities.

South Africa's industrial strategy must shift from one that has devoted considerable resources to supporting the capital-intensive end of the South African economy. Policy support and public resources must turn decisively towards those sectors and processes that employ large numbers of relatively unskilled workers and semi-skilled operatives and machinists per rand of fixed investment. There are real opportunities in

large numbers of unemployed by implementing a voluntary intake. The old South African Defence Force had the facilities to handle an intake of hundreds of thousands.

These facilities present an opportunity to provide order, discipline and skills to the unemployed youth while using their services in crime prevention and provision of infrastructure.

Every state department and provincial government must make sacrifices to provide funds to reduce unemployment

Funding such a major programme is within our capacity. Job creation must, however, be reinstated as the top priority it was in the ANC election manifesto, because the primary source of finance entails a major reallocation of the existing Budget. Every state de-

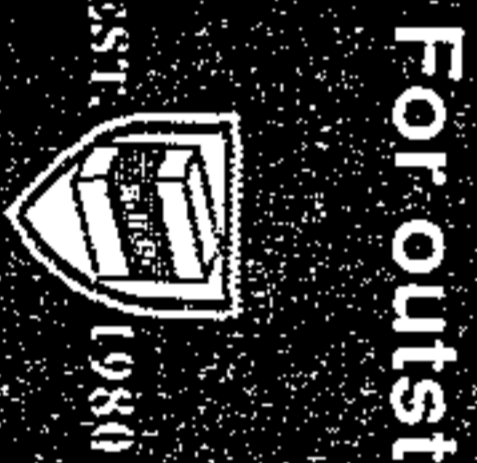
partment and provincial government must make sacrifices to provide funds to reduce unemployment. The second source of finance is individual and corporate taxation.

In this regard, the warning by Deputy President Thabo Mbeki should be heeded: South Africans, and the business community in particular, should ask themselves whether they do not have the responsibility to consciously and voluntarily make certain sacrifices for the sake of stability in the country.

Dr Johann Nel is senior marketing lecturer in the faculty of commerce and governmental studies at the Port Elizabeth Technikon



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Flood of jobseekers to hit Africa, ILO says

Geneva - Sub-Saharan Africa must encourage small, labour-intensive industries to generate jobs for some 8,7 million people who will enter the labour market each year until 2010, the International Labour Organisation said today.

The United Nations agency said unemployment rates in Africa's urban areas were projected to approach 30% by the year 2000 unless action was taken to reverse the trend. This rate had already doubled over the past 15 years to 20%.

The continent had been showing its first signs of economic resurgence, with overall growth rate at 3,7% in 1995. Thirty-three of the 50 Sub-Saharan countries that year posted growth rates that were higher than the population growth rate, according to the ILO's "Jobs for Africa" policy report.

But widespread poverty remained closely tied to the lack of adequate productive employment opportunities, said the report prepared jointly with the UN Development Programme.

Traditional sectors generating both growth and jobs, such as agriculture and government, were saturated, yet the labour force was growing at about 3% annually. "The implication of this is that between now and the year 2010 there will be on average some 8,7 million new entrants to the labour markets every year in Africa for whom jobs have to be found," the ILO report said. - Reuters

Programme will create 30 000 jobs

(173)

By Shadrack Mashalaba

GET Ahead Financial Services (Gafs), the micro loan financier for stokvels, will embark on an expansion programme expected to create 30 000 jobs.

Sowetan
The initiative will be a joint effort with the support of long-standing partners, USAid and Swedish International Development Agency (Sida) as well as the Belgian government and the recently formed Khula Enterprise Finance.

12/12/97
Addressing Gafs' strategic presentation in Johannesburg this week, the organisation's managing director

Mpumzi Pupuma said the expansion programme would start in April next year.

"With the help of the local and international agencies and institutions our organisation has managed to grow its stokvel lending programme.

"Our aim is to reach at least 20 000 individual borrowers by March next year.

"The programme has already reached 17 000 individual borrowers this year," said Pupuma.

He said Gafs was represented in all provinces in South Africa except in Northern Cape, where they plan offices in Kimberley and Upington.

Ferry group seeks big role in Cape tourism

Autshumatu in 'sensitive' talks

THABO MABASO
BUSINESS REPORTER

Autshumatu Investments, the group of former political prisoners operating the Australian-built ferry to and from Robben Island, intends to increase its involvement in the Cape's multi-million rand tourism industry.

Autshumatu managing director Vincent James told the Cape Argus that the company was involved in "sensitive" negotiations with another

company, which he did not want to name.

"We intend to go into business in a big way. We are not asking for any favours - we are serious business people who have experience and dedication," Mr James said. "We are confident that in time we will become major players in the tourism industry and there are more deals to come."

Autshumatu, which is the name of the Khoi-Khoi chief who was imprisoned on Robben Island by Jan van Riebeeck, runs the ferry jointly with

Tourvest and owns 56% of the venture, with its partner getting the remaining 44%.

The ferry is named Makana after a Xhosa warrior who led a rebellion against the British in 1819. It cost R7,5-million and seats 150 people. It takes 20 minutes to get to Robben Island and makes five daily trips.

Mr James said funds to buy the ferry were raised by Johannesburg Stock Exchange-listed Tourvest.

Part of the turnover derived from the ferry's profits would be donated to the Robben Island museum.

R471-million roads project for Eastern Cape

East London - A proposal for a multi-million rand road network linking the Eastern Cape towns of Maclear, Mount Fletcher, Matatiele, Rhodes, Elliot and Cala has been signed in Barkley East.

The upgraded R471-million road network is expected to promote economic growth, political stability, security and social communications, and development in the area.

The success of the project will depend on the Government's willing-

ness to make up some 50% of the initial costs as start-up capital.

Herman Haasbroek, an economics development advisor to consulting engineers Gibb Africa, said informal talks had already been held with trade and industry deputy minister Phumzile Mlambo-Ngcuka.

He said signed proposals would be handed to national ministers Derek Hanekom, Alec Erwin, Kader Asmal, Jeff Radebe, Pallo Jordan, Eastern Cape premier Makhenkesi Stofile,

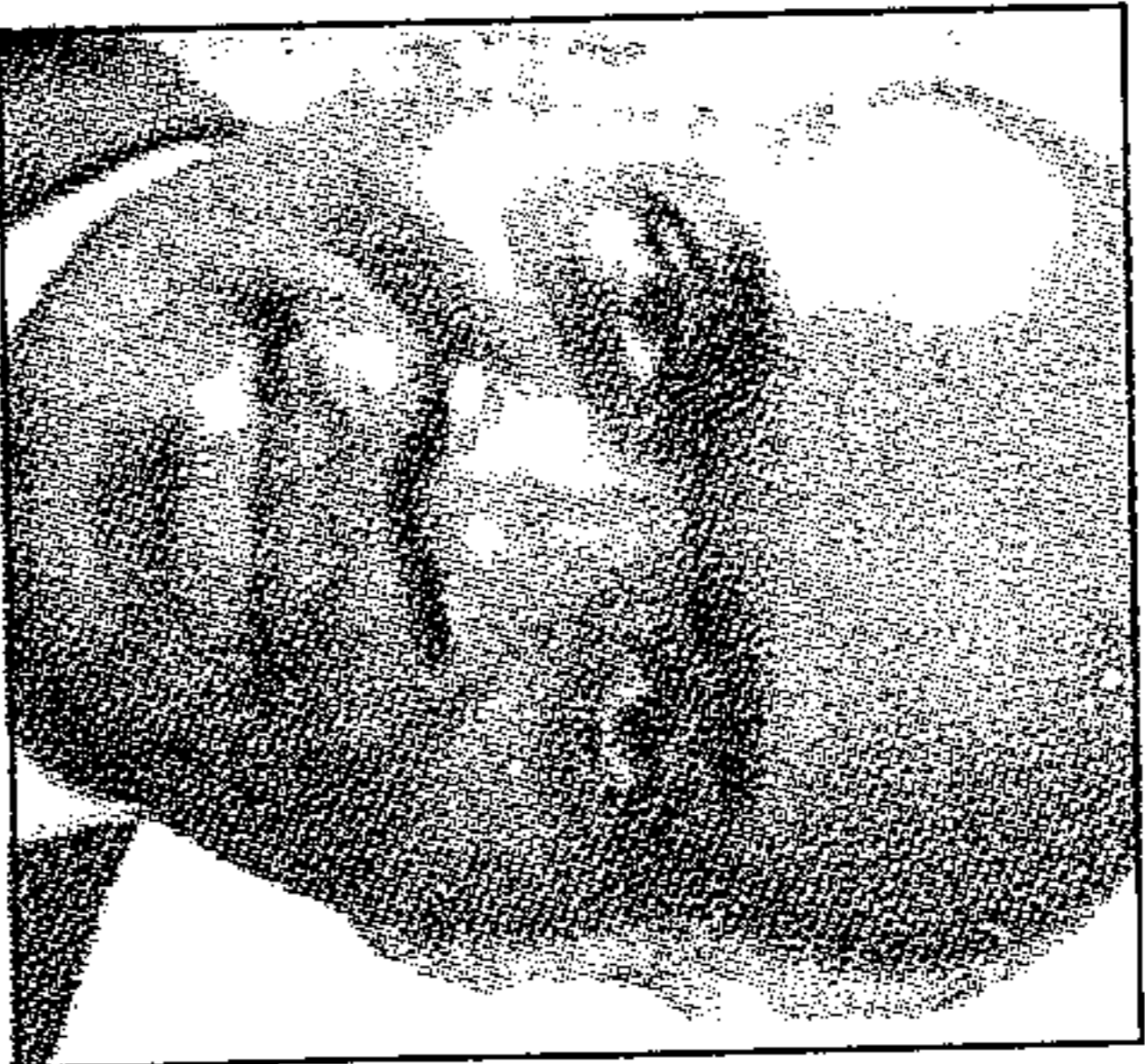
public works & transport MEC Thobile Mhlahlo, economic affairs MEC Enoch Godongwana and local government and housing MEC Smuts Ngonyama.

More than 100 interested parties and organisations from the affected regions had already pledged their support for the project. Gibb Africa's Bloemfontein office would handle road construction while project management would be handled by the East London office. - Sapa

Ministers, contractors' forum at loggerheads

Forum intends taking Radebe and Mzimela to the cleaners.

(173)
of 21/12/97



ACCUSED OF MISCONDUCT...
Correctional Services' Mzimela.



FAILED TRANSFORMATION...
Public Works' Radebe.

HERE is no love lost between Minister of Public Works Jeff Radebe and the fledgling National Black Contractors Forum (NBCF). Relations are so strained that the NBCF intends taking legal action against the Ministry as well as the Department of Correctional Services.

In the NBCF's book, the Public Works Ministry is falling to deal with the issue of implementing social transformation and empowering those at the lower echelons of the social ladder.

The main gripe by the NBCF is that they have failed to pre-qualify for a short list of the Asset Procurement and Operating Partnership System (Apop) which is geared at the design, construction, operation and maintenance of four correctional services facilities.

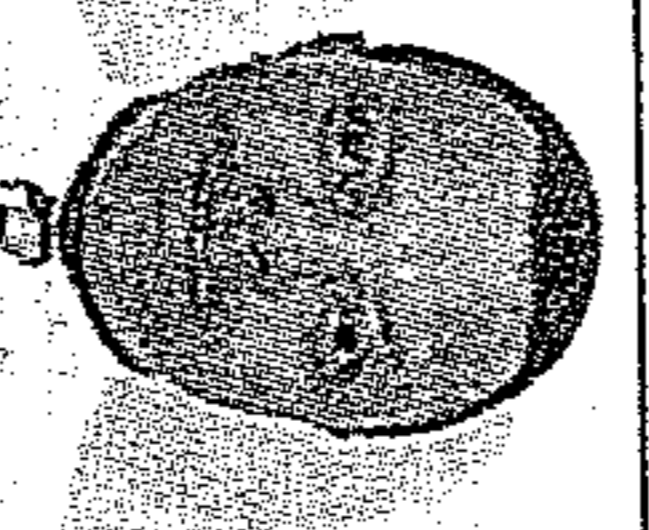
These facilities include two 1 500-bed maximum security facilities, one in Louis Trichardt in Northern Province and one in the Free State, a 1 500-bed awaiting-trial facility in Boksburg and an 800-bed youth development centre in Barberton, Mpumalanga.

The NBCF had teamed up with the Nations Corrections Corporation of Carolina in the United States to bid for some of these facilities.

Having failed to get on the shortlist, the NBCF is now calling for the appointment of a new adjudication and evaluation panel and the re-assessment and re-evaluation of all the submissions submitted by the tenderers.

The NBCF is also urging for a comprehensive and proper brief to be issued to the newly established adjudication evaluation panel, while at the same time calling for the immediate cancellation of the "Request for Proposal" qualification stage.

Elias Lupumizano, the acting chairperson of the contractors' forum, was highly critical of the Public Works Ministry, saying it had contributed absolutely nothing towards implementing transformation, bearing in mind that the minister was the most powerful individual this side of April 1994 to be involved in empowering the previously disadvantaged.



Business Editor

Lupumizano added that both Radebe and Sipo Mzimela, the Minister of Correctional Services, should face disciplinary hearings for "misconduct" for knowingly committing acts in total contrast to the Constitution and Affirmative Action.

In his address of August 22 this year when he announced the largest private/public sector partnership venture, Minister Radebe stressed that procurement reform as encapsulated in the Asset Procurement and Operating Partnership System (Apop) was geared towards empowering those who were institutionally disempowered by a system which perpetuated the hegemony of established white big business.

Radebe said his department in collaboration with client departments, in particular Correctional Services Finance and State Expenditure have gone to great lengths to ensure that the process of short-listing potential contractors, including those from the emerging sector has been undertaken through a rigorous and objective process.

He said the process of adjudication of respondents was handled by an internal panel comprising representatives from the United States-based Justice Solutions International, representatives from Her Majesty's Correctional Services from the United Kingdom, representatives from the emerging black entrepreneurs sector.

The successful contenders short-listed include Themba La Afrika, Wackenhut, Ikwezi, Siyaya Youth and Lungisa. The NBCF on the other hand insists that their proposal was completely in line with the transformation policies espoused by the current government and they find rejection of this initiative unacceptable.

They say they have visited local communities and gained acceptance from them and that the financial capability of their US partners is more than adequate to handle these projects.

KJ Willemse, the secretary general of the national contractors' forum, said: "We further do not believe the process has been transparent for the communities whom we have involved in the process with an opportunity for upliftment and meaningful employment opportunities."

Social investment pays off

ARLT 26/12/97 (173)

in contract scheme at airport

Unemployed put to work to clean up N2

LENORE OLIVER
STAFF REPORTER

Informal residents who previously lived on airport-owned land have been given a chance to raise their living standards by working on a contract for the Airports Company South Africa (ACSA).

For years, the poverty-stricken and mostly poorly-educated workers lived on the airport land but had to move to an informal settlement, Freedom Park near Belhar, when the airport fenced in the area in 1995.

Airports Company general man-

ager Hennie Taljaard said the families were paid a sum of money for their relocation and that the company had then decided to socially invest in the informal settlement area.

Residents are employed to clean up the N2 and R300 highways, patrol the boundaries of the airport as a security service, and to maintain the gardens around Cape Town International Airport.

"Giving away money is just too easy. These projects should be part and parcel of our social investment. Instead of giving a donation, we want to also give our time," said Mr Taljaard.

Every day, including public holidays, 30 workers and two drivers work along the 38km N2 highway stretch between the Athlone power station and the Strand turn-off.

Ten workers do the same on the R300 highway.

In the first three weeks, workers collected 52 000 plastic bags full of rubbish.

"It is the only highway in the country which is kept clean every day."

"They work until their work is done and each person is required to do four kilometres - two on each side of the road," said Mr Taljaard.

Twelve workers were employed to

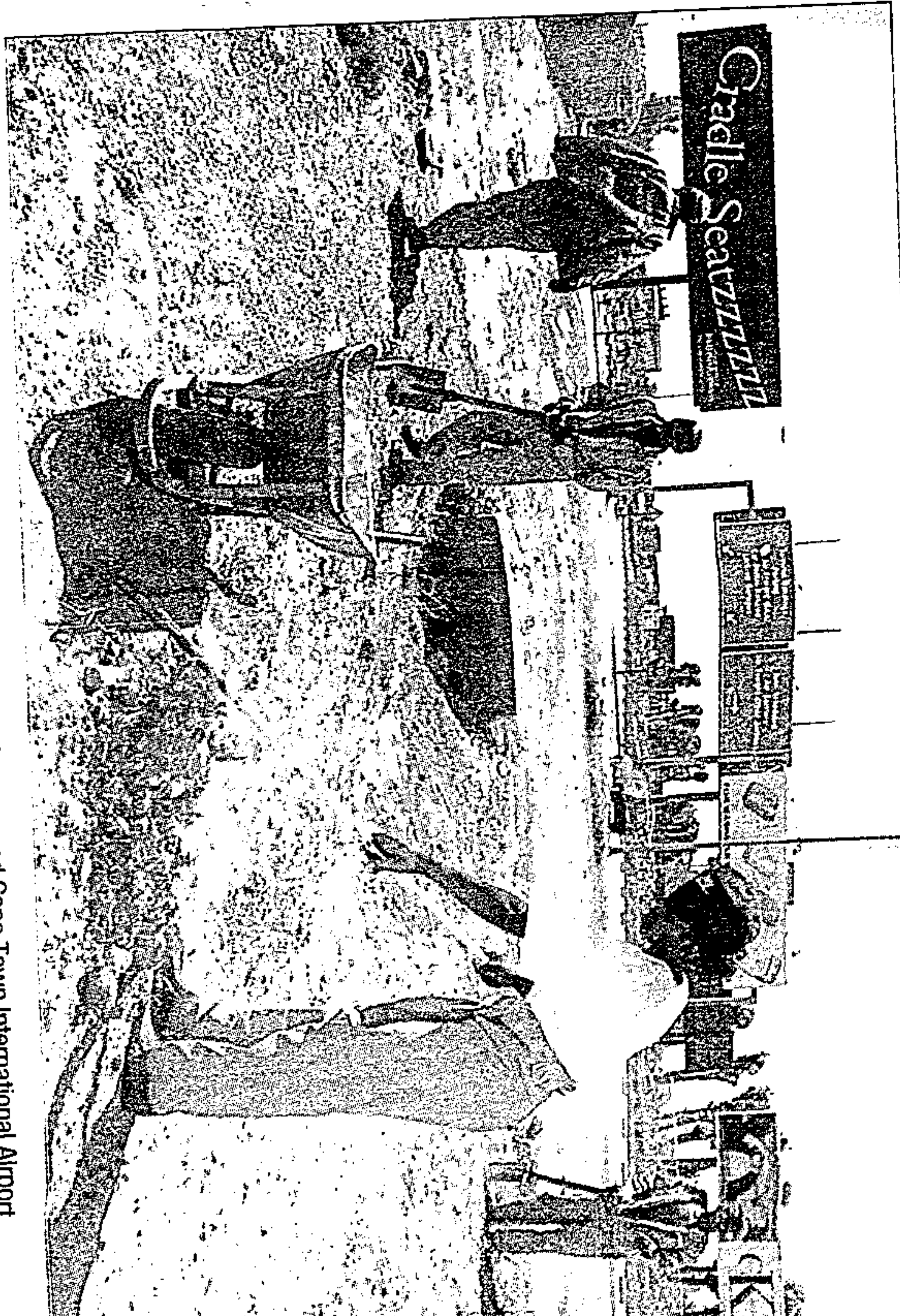
patrol the boundaries of the airport because pieces of the fence were disappearing daily.

"We found that hiring a private company cost too much, so we again looked to Freedom Park for help," said Mr Taljaard.

Workers patrol the fence 24 hours a day, are outfitted with torches and uniforms, and are in contact with the police.

"Since they started patrolling, we have not lost a single metre of fence," said Mr Taljaard.

Seven people are also employed to maintain the gardens at the airport - and were sent for training.



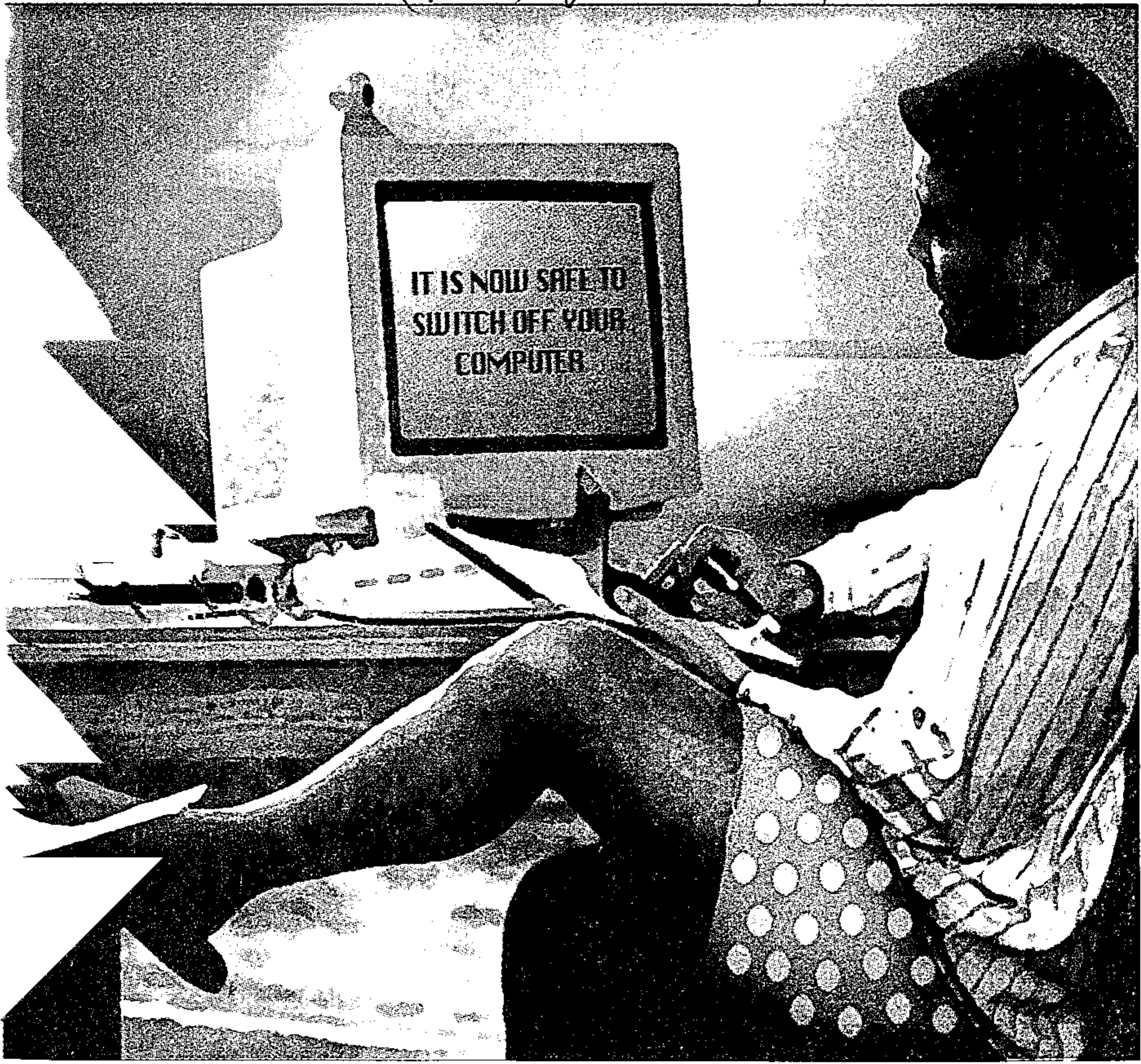
Hard at work: a group of Freedom Park residents clean up the gardens around Cape Town International Airport

Flying solo

Is working from home all it's cut out to be? Glenda Daniels reports on the pleasures and pitfalls of telecommuting

(173) Stan 30/12/97

VIJAY GOVENDER



The age of telecommuting has arrived as more and more people give up the tenuous security of the big corporations to work from home.

But is working from home the best and the healthiest place from which to do so?

In the United States alone, more than 8 million people do their jobs from home or telecommute. Sounds good – except that a recent study by IBM indicates working from home may promote workaholic behaviour and cut down on family time.

Researchers surveyed employees who had received laptop computers and instructions to work from home.

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

He suggests establishing a ritual to signal the end of the workday. Turn off the computer and office telephone; set the computer alarm clock to go off at quitting time and every few minutes until the computer is shut down. Make sure your colleagues know the hours you are available.

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

Norwood consultant Melanie Lu, who has been work-

including computer and an “electronic secretary”, Lu says.

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

The problem of having your office at home, according to Lu, is that you feel as though you are always working.

“I believe that you work harder when you are on your own, or when you work from home,” she says.

There is also the disadvantage of not being able to interact with other people for the purpose of bouncing ideas off colleagues, she says.

On the other hand, you can be very productive at home because there are fewer distractions.

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

Right now she is experiencing the advantages of having a big name behind her as she has a contract with the Truth and Reconciliation Commission. So when she

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

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

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

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

on hiring consultants.

Lu says that indeed, there is a backlash against consultants because of the fees that are charged. But she feels that, while in some cases this is true, especially with

overseas consultants, with local consultants, such as herself, there is still a battle to line up contracts to pay the rent.

Lu feels it is easier to “go freelance” if you have backup and do not have to rely

you,” she says.

For her the contacts one makes can be good for the future or the long term as they become stepping stones for something else.

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

They tend to pass on work to you if you have done the same with them in the past. There is a give-and-take in the industry, she says.

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

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

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

Thloloe has supplemented this lack of contact with extensive use of the Internet, which he says is “essential”. A major advantage to him is that his Internet server enables him to access the Inter-

“**You don't have people around to turn to for advice**”