

MAN POWER - GENERAL

1998

JAN. - SEPT.

# Home is where the work is - but is it healthy?

ARGC 5/1/98 (173)

## ARGUS CORRESPONDENT

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

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

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

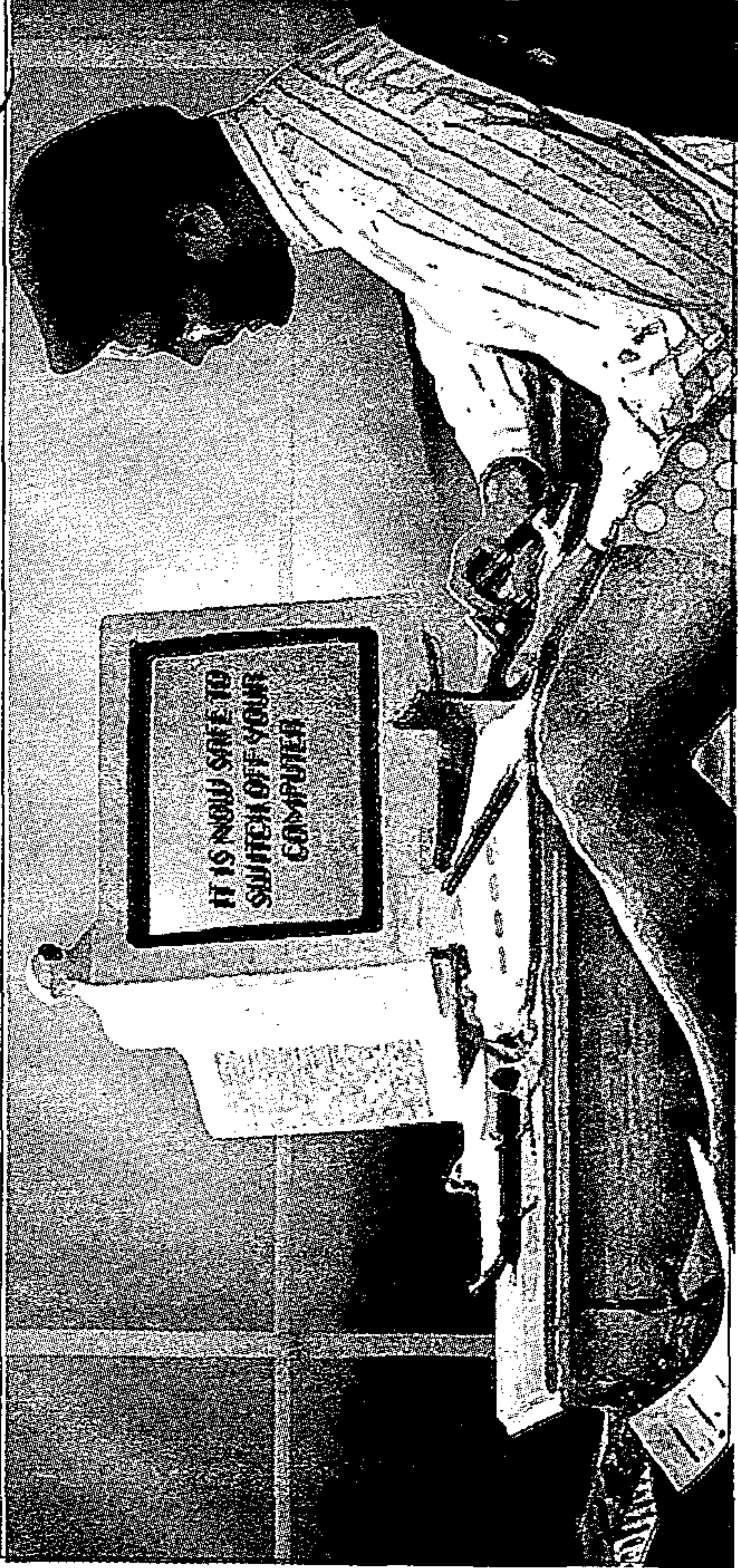
"Giving a workaholic a laptop is like giving an alcoholic a bottle of gin," says IBM human resources specialist Jeffrey Hill.

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

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

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

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



line up contracts to pay the rent.

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

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

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

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

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

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

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

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

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

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

Thloloe has supplemented this with extensive use of the Internet, which he says is "essential".

medical aid benefits or 13th cheques.

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

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

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

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

comes from having a reputable institution behind you.

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

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

There are other more obvious disadvantages to working from home, Lu points out. There are no pensions,

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

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

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

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

But when you are on your own you don't have the same standing that

# Strikes tipped to level out in 1998 as economy loses jobs

*Wages forecast to rise between 9% and 10%*

Johannesburg - Strikes, which cost 650 000 worker-days last year, are expected to level out in 1998 as the economy enters a new phase of job-shedding growth, says an industrial and labour law consultancy.

Jackie Kelly, editor of research and publications for Andrew Levy and Associates, said that with the inflation pegged at 9% in October 1997, wage settlements this year were likely to hover between 9% and 10%.

The Commission for Conciliation, Mediation and Arbitration, established in November 1996, was likely to play a crucial role to "nip disputes in the bud". Since its inception, the CCMA's success rate had fluctuated between 62% and 72%, she said. After reaching a peak of 3 million

during the state of emergency in 1987, the loss of 650 000 man-days in 1997 was a positive signal.

"It is significant that this drop coincides with the implementation of the new Labour Relations Act, which came into effect in November last year and has codified issues which in the past were considered to be good practice.

"The LRA has been specifically designed to bring about speedier resolution of disputes under the auspices of the CCMA," she said. As in previous years, wage

**'A disturbing feature of the current job market is the high level of retrenchment and downsizing'**

disputes were the main causes of work stoppages and Ms Kelly said this was going to taper off because of retrenchments and the economic downturn.

Other factors such as dismissals, retrenchments, discipline and bargaining levels also contributed significantly to strikes last year.

"A disturbing feature of the current job market is the high level of retrenchment and downsizing which is taking place across industries... in this ever-present threat of job displacement, strike action tends to taper off and wage demands are

moderated," Ms Kelly said.

Most strikes - about 51,5% - were of a national character while Kwa-Zulu Natal accounted for 27,5% - mainly because of the sugar industry and Beacon Sweets strikes. The Eastern Cape was next with 9%, followed by Gauteng with 5,7%.

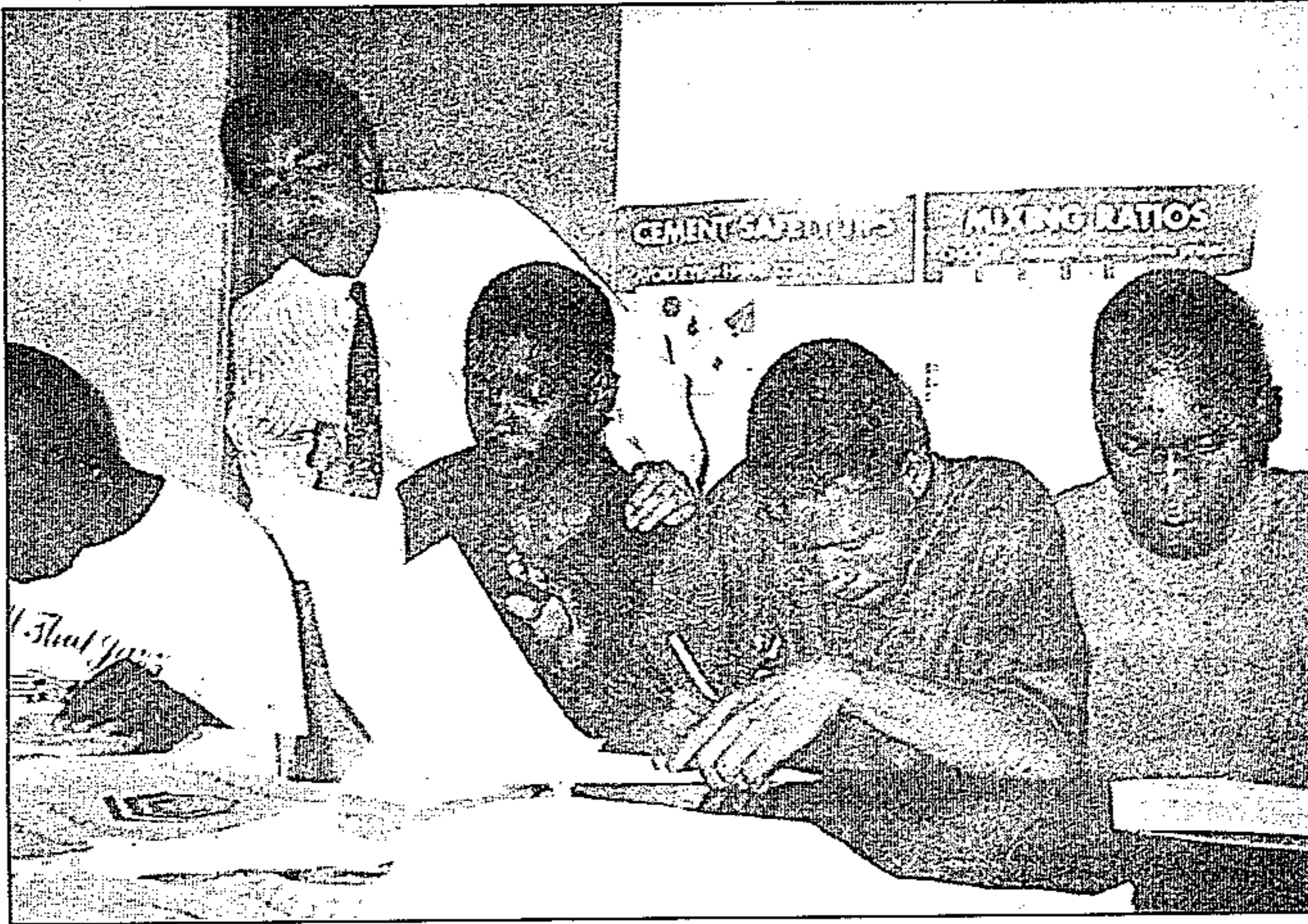
The Food and Allied Workers Union was particularly active last year, with strikes at Nestlé, Premier Foods, South African Breweries, Beacon Sweets and Chapelat.

But strikes were also recorded in the mining, manufacturing, car, retail and the paper and printing industries.

Ms Kelly said outsourcing non-core functions was likely to continue, as would the narrowing of the wage gap. - Sapa

(173)

ART 6/1/98



Providing good training and development programmes is critical to the empowerment of people in the workplace.

# Firms must help develop workers

(173) Sowetan 8/1/98

By Mike Teke

**T**HERE are some employers who have taken the initiative of empowering their workers and there are those who still see their workers as pawns or dummies.

Clearly, it is critical for South African employees to be empowered. But what does this process entail? Providing a conducive work environment is one of the ways to empower employees.

Providing workers with good training and development programmes, involving them in decision-making and participation processes, and having an efficient and effective communication system, are other critical ways.

It is important to have workers who are independent thinkers in the workplace because it makes many things easier for the worker and the company.

Some believe that redressing the imbalances of the past may involve taking wealth from the rich and giving it to the poor, while others believe that empowerment may involve opening up job opportunities and business opportunities to those who were oppressed in the past.

## Training and development

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

To have an empowered worker is important as this provides the worker with the skills that will make him an independent thinker. For workers to understand where the organisation is going and how it operates, training and development is critical.

Illiterate workers in organisations are not only a problem to themselves but to the whole company. They cannot think independently, cannot question some of the things that happen around them and are gullible.

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

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

## Employees must be made to feel that they're part of the organisation

operates and can constructively question things if they need to.

For human resources people the benefit is that work will be made easier because the workforce is literate and there is a good understanding of the organisation's systems. If promotional opportunities arise, the company can appoint people from within.

It is common in many South African companies that workers have to be given instructions or be told what to do and how to do it. The approach is highly paternalistic and stifles innovation and creativity among workers.

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

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

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

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

## No threat at all

For those who started involving their workers in decision-making processes and participation schemes a long time ago, the benefit is that the workplace forum system that is part of the Labour Relations Act will not be a threat at all.

But it will be a bit difficult for those who have been paternalistic with their workers to adjust to innovations like the workplace forum system.

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

But employees who see things happening without being made aware of

There are cultures that are regarded as inferior and those that are regarded as superior.

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

Even a worker who is at the lowest level will feel respected and in turn will respect others and thus feel empowered and be part of the organisation and its endeavours.

It is not possible to win the hearts and minds of the workforce if they are not empowered. They will not be keen on what happens in the organisation and there will also be no emotional attachment to the organisation.

## Change mindsets

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

For a company to change from a paternalistic company which boasts about looking after its employees to one that encourages participation and provides those opportunities for involvement in decision-making, the mindsets need to change.

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

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

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

We need to have workers who will bring their hearts and minds to the workplace and not only their bodies.

They should be part of the vision of the company. If South Africa has empowered and motivated workers, then we can talk of competitiveness.

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

# Giving employers the labour they want

Charlene Smith

**P**art of the unemployment problem is matching an employer's needs with workers' skills. With this in mind, the Department of Labour has embarked on a strategy — as part of a R200-million European Union loan for skills development — to create job banks.

Director General Siphso Pityana says employers will be able to access workers best suited for their needs, and the unemployed can be better informed of job opportunities. The project will not only see the department embarking on a skills upgrading scheme among its own labour office personnel at local authority level, but a massive R20-million computerisation and information technology project is under way to create the necessary links between labour offices, employers and the Internet. The project will enable the department to more accurately track skills shortages, unemployment and labour trends.

"New investors who wish to set up a particular sort of factory will be able to access data and discover the skills profile, wages earned, infrastructure and employment capacity in a specific area."

The system will help analysts better assess high labour unrest in an area: "We may find there is a low understanding of labour legislation among unions or employers; there may be high levels of uncertainty with regard to jobs and extensive poverty and because of that demands around wages are disproportionate to

are not working — they are critical to "redistributive relations."

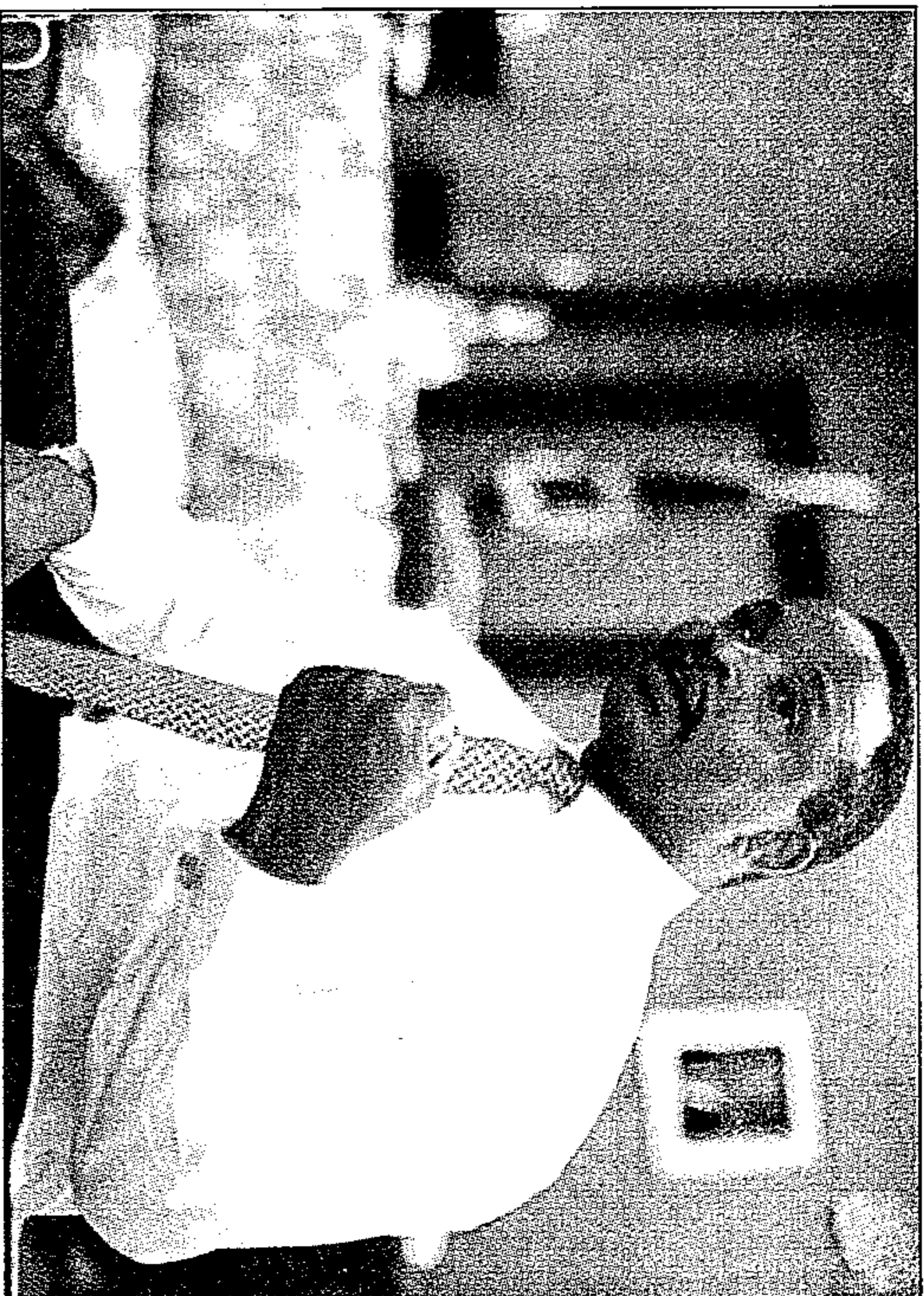
"Adversity between employers and employees has to be tempered, both have to work to save an enterprise and assess its strategic location. Employers need to realise that the more workers buy into an understanding of business operations, the more reasonable they are likely to be about demands."

He says the department believes movement in the development of workplace forums will be slow initially, "but, we are looking at a five-year strategy".

Pityana says retrenchments are an area where employers would need to consult with employees early in the process. At present, "employees are informed once the decision has already been taken. Workplace forums supply a window into the thinking of management. And strategic alliances between blue- and white-collar workers are only possible in workplace forums."

"If you look at the mining industry, workplace forums could have worked to the benefit of all employees. If the white-collar staff worked with the blue-collar staff, they could perhaps negotiate better deals with employers."

But unions have been against them from the start. The Council for Conciliation, Mediation and Arbitration can also assist, but it is drowning under a heavy caseload of conflict. Labour analyst Brian Allen of Andrew Levy & Associates says: "The very nature of a workplace forum will undermine the activities of a union,



**Siphso Pityana: We now realise that before we train people, we need to have a sense of what the market wants. PHOTOGRAPH: SIDDIQUE DAVIDS**

and if you look at the specific matters for joint consultation and joint problem-solving, unions do it anyhow."

Allen said he believed employers were less averse to workplace forums than unions. "There have been a couple of applications to register workplace forums — because they have statutory powers — but the figures are still low."

Allen and other labour analysts say they cannot see much growth in workplace forums unless the government attempts to force them, unlikely at this stage, leaving that aspect of labour legislation effectively stillborn.

Overall, however, Allen says he believes the

Labour Relations Act is working pretty well. He expects the labour market will see "tough wage bargaining as the squeeze is on" from both sides with lower inflation and rising unemployment.

He says 1997 was "surprisingly peaceful from a man-days lost point of view. I do not see a major increase in industrial action, my prediction is that we are going to see a drop in unprocedural strikes, strikes will be procedural, there will be an increase in the workload of the council and we will also see the evolution of jurisprudence around arbitrations. But there will be an increase in retrenchments."

ture have to have strategies to provide corrective solutions."

Pityana and the Department of Labour will start by holding consultation sessions with business to find out how companies would like the project implemented to best serve employees and employers.

The project is part of a three-year strategic plan adopted late in 1996 to decentralise the activities of the department and to place more focus on local labour offices. "One of the main reasons for inefficiency in government," says Pityana, "is an over-concentration of authority at the top and in the centre. Decisions taken at the centre are less responsive to the needs of communities. Highly qualified people can't take simple decisions."

"Head office must set norms and standards and develop policies and projects. Provincial offices must manage the implementation. There are 175 local labour centres and these have to be manned by more dedicated and skilled staff.

"Take unemployment insurance; at the moment those offices merely assist people to get benefits. We need to help them find jobs. It is important for the viability of the Unemployment Insurance Fund, and to ensure that people don't lose skills through lengthy unemployment periods. We need to move beyond welfare: the department must be central to economic transformation."

At present, skills counsellors in labour offices have a placement rate of 22%. "We now realise that before we train people, we need to have a sense of what the market wants. Last year we directed training at public works and housing projects and had a far higher placement rate."

A pilot project in Kwazulu-Natal is also including prior learning as part of the skills profile of unemployed people.

But while the department is breaking new frontiers in these areas, workplace forums have been a massive failure. These forums have been shunned by the unions that are supposed to activate them.

Workplace forums, a pivot of new labour legislation, are intended to enhance labour peace through greater worker participation and an understanding of some of the highs and lows that have an impact on business. They also help to encourage employers to consult with staff.

Pityana says it is too early to say the forums

*The Henry J. Kaiser Family Foundation invites nominations from the print and electronic media for:*

## THE 1998 KAISER FAMILY FOUNDATION AWARD FOR EXCELLENCE IN HEALTH JOURNALISM

The Award recognizes consistent commitment to substantive coverage of public health issues by a newspaper, magazine or regular publication, as well as a radio or television program. The Award also recognizes the work of a single contributing journalist who, in the view of the selection committee, has demonstrated a consistent standard of excellence as measured by the creativity, substance and impact of reporting.

The Award makes available the sum of up to \$30,000 to enable the winning journalist to pursue a travel-work program outside of South Africa for a period of up to six months. Each travel-work program will be tailored to the specific interests of the recipient, but must focus primarily on an investigation of health issues, and the media's reporting of these issues, of relevance to South Africa. The proposed travel-work program must be approved by the Foundation and must be completed within two years of the date of the Award. The recipient is also required to produce a specific media product, such as a series of published articles, a radio or television documentary, at the conclusion of the Award term.

The Award is administered and selections made by a committee of distinguished South African journalists, media managers and health leaders.

### FOR NOMINATION FORMS AND ADDITIONAL INFORMATION, PLEASE WRITE TO:

The Section Committee  
Kaiser Family Foundation Award for Excellence in Health Journalism  
Box 27, Liesbeeck 7710 or fax (021) 689-3510

All nominations must be received before **January 31, 1998** and the Award will be announced in April. Nomination materials may be submitted in any of the official languages.

The **Henry J. Kaiser Family Foundation** is a U.S.-based private, philanthropic trust dedicated to improving the health and life chances of the disadvantaged. In the United States, the Foundation is mainly interested in improving responses by government to the health problems of low income and minority Americans. Since 1988, the Foundation has also maintained a grantmaking program in South Africa with the goal of improving the health of South Africans by helping establish a more equitable national health system.

THE HENRY J.  
KAISER  
FAMILY  
FOUNDATION

# Italian expertise aims to create jobs in SA

BUSINESS EDITOR

ARG 19/1/98

(173)

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

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

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

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

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

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

He would not comment on reports



BRENTON GEACH

Visiting: Italian Foreign Minister Lamberto Dini (left) with ambassador Bruno Cabras

that Italy's world-famous shipyard group, Fincantieri, was no longer in the running for the South African Navy's corvette contract, said to amount to R2 billion.

# Call for co-ordinated action on joblessness

Reneé Grawitzky

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

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

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

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

Pityana said it was hoped the job-summit process would lead to some form of accord. In the SA context, a

~~was~~ not the issue but rather whether agreements were enforceable.

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

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

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

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

Proposed amendments tabled by the Congress of SA Trade Unions, excluded in the final draft of the Bill, would have to be resolved at alliance level, he said.

BD 26/1/98



# Job creation suffers despite surging US investment

BD 28/1/98 (173)



Simon Barber

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

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

It estimates the value of assets owned by US companies in SA reached more than \$9,5bn last December.

That compares with US commerce de-

partment figures, also derived from company surveys, of \$2,7bn at the end of 1994 and \$4,3bn at the end of 1995.

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

US companies in SA today employ the same number of workers — about 90 000 — as they did at the pre-sanctions high-water mark of US direct investment, when US assets were valued at \$3bn in 1997 dollars.

Peter DeSimone, the Investor Responsibility Research Centre's chief SA specialist, said American firms were "choosing to enter and expand into much more

capital-intensive investments in SA than they had in years past.

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

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

The research centre's employment estimate is based on figures for majority-owned subsidiaries of US companies, and

does not, for example, include figures for the SA companies in which returning car makers Ford and General Motors have taken stakes.

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

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

New entrants like Southwestern Bell, which purchased a 30% stake in Telkom

for \$757m last year, have been leading the charge to invest in SA.

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

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

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

Delta Motors was created in 1986 out of GMs disinvested assets.

GM and Delta have declined to disclose the purchase price.

# R21-m boost for jobs in Western

## Headly stuff, says Asmal *OR success of plant-clearing* (173)

JOHN YELD  
ENVIRONMENT REPORTER

Efforts to reduce poverty in the Western Cape have been given a major boost with a further R21-million from the Government's Poverty Relief Fund.

The additional money, which must be spent by the end of the financial year on March 31, is being channelled through the award-winning Working for Water Programme of the Department of Water Affairs and

Forestry, hailed as one of the jewels in the government's growth, employment and redistribution strategy.

The programme, which involves using previously unemployed people to clear "water hungry" invasive alien vegetation from water catchment areas, was chosen for the poverty relief funding because of its astounding record over the past two-and-a-half years.

By the middle of last year, more than 8 000 people had found full-time jobs on the programme and its finan-

cial allocations had all been spent on time, on budget and efficiently.

Announcing the R21-million grant at a function on the summit of Table Mountain today, Water Affairs Minister Kader Asmal said he had asked for the benefits of the extra funding to be spread as widely as possible.

As a result, another 51 projects had been initiated throughout the province. This meant that by the end of next month, more than 7 000 previously unemployed Western Cape residents would have found work

through the programme.

Professor Asmal said benefits of the programme included the creation of indirect jobs, promotion of opportunities for previously marginalised groups such as women, the youth and disabled, improvements in social conditions and the reduction of crime.

Paying tribute to those involved in the programme, he said: "This is heady stuff. I salute the workers and managers. This is your success. Your delivery has earned this reward for the Western Cape."

But he also cautioned that the work of removing alien plants from the catchment areas had to be sustained. "If, for whatever reason, we fail to continue this work, these plants will come back to haunt us with a vengeance. The long-term sources of funding must be secured."

He noted that all the funds required to clear the Western Cape of invasive alien plants could be raised by increasing the cost of water by just 0,01 cents a litre. "Please put that into perspective -

## Project

it's just 1% of one cent a litre and in the process we would sustain over 10 000 jobs over a period of 20 years or more with all the resultant benefits for poverty relief and for the provision of water."

Water conservation packages such as those being applied in local authorities like Hermannus, Port Elizabeth and Plettenberg Bay provided an "attractive solution" to the problem of sustainable water supplies for most South Africans, Professor Asmal said.

# Cape

# Job creation picture still looking bleak

BD 3/2/98 (173)

Greta Steyn

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

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

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

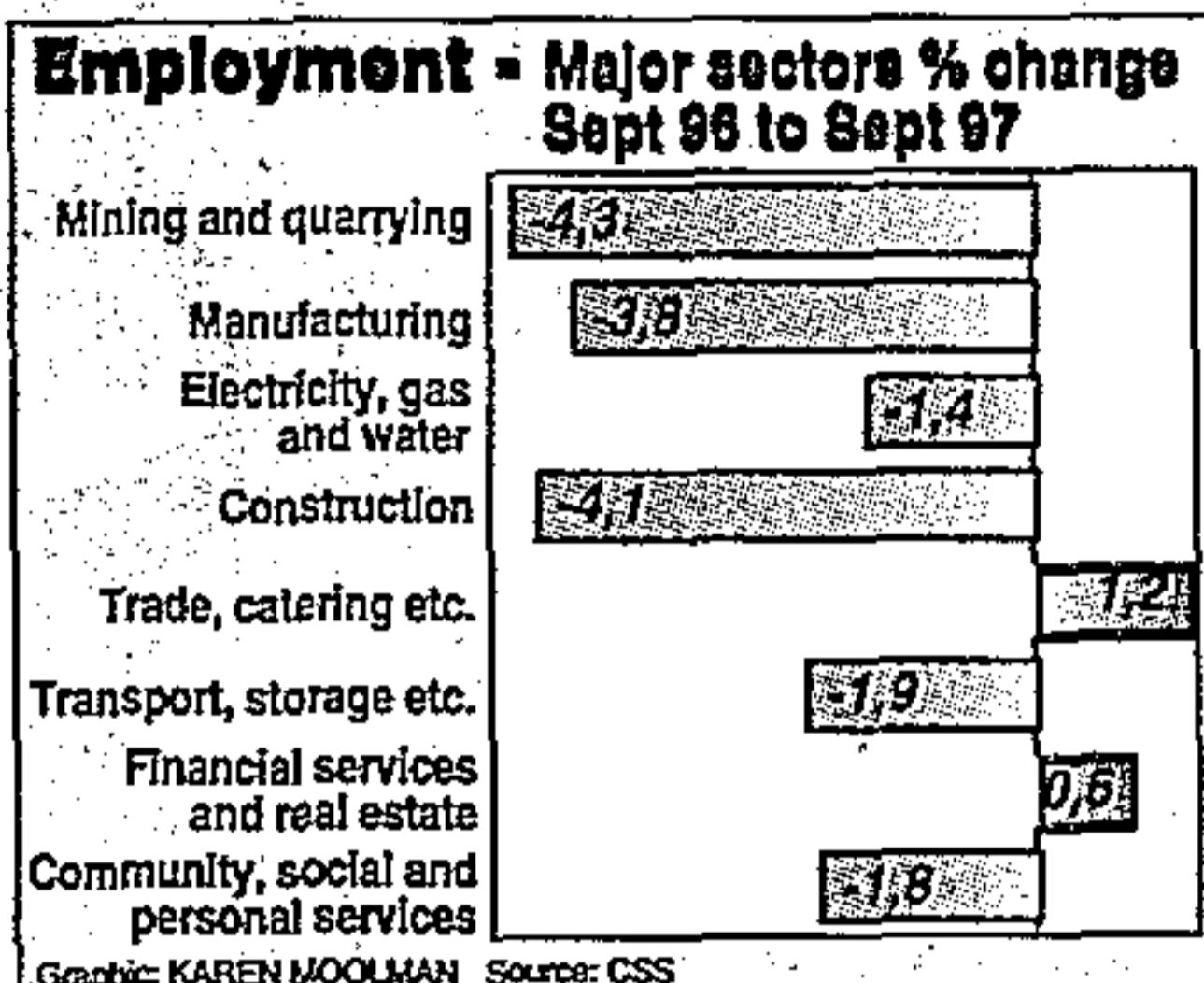
wages rose 0,7% in real terms.

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

Trade, catering and accommodation employment was up 1,2% or 8 914 employees over the year. Economists said it was difficult to pinpoint the areas of growth within this sector, which included tourism.

Bureau for Economic Research economist Pieter Laubscher said the bureau's

surveys indicated that employment in the retail industry had grown last year as a result of jobs being created in the durables sector. "The jobs are a spinoff



Continued on Page 2

## Job creation (173)

Continued from Page 1

of the emerging market's demand for furniture and appliances. The electrification programme and higher incomes in the mass market have caused a structural change in retail trade, bringing with it a once-off boost for jobs," he said.

Although the bureau did not collect data on tourism, he believed the industry could also have contributed to the increase in the sector, judging by the increase in the number of foreign tourists visiting SA.

Other economists said the CSS tended to underestimate jobs growth in the tourism industry as much of that would be in the informal sector, not captured in the data.

The financial services sector saw growth in employment of less than 1%. Economists said the sector would never be a mass generator of jobs as it relied on highly skilled labour.

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

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

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

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

# Drawing the line on corporate coupling

(173) CT (OR) 5/2/98

RICH MKHONDO

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

President Clinton has denied a sexual relationship with former White House intern Monica Lewinsky, 24, but corporate America says such liaisons are rife.

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

Corporate executives agree that the modern American workplace is home to prowling sexual predators, sexual harassment and outrageous behaviour. In fact, where you work may be as good a place as any to meet members of the opposite sex. And, lawsuits aside, love has grown in places stranger than the office or factory.

"From a sociologist's viewpoint it's highly probable that men and women at work will be attracted to one another," said John Edwards, the chairman of Virginia Technological College's sociology department. "The work setting is a ready-made 'meet' market, simply because most places employ men and women. Both sexes are thrown together."

Another reason for sexual attraction on the job is the fact that more women are working today than at any time in US history. Offices and factories previously were largely male preserves.

Donald Myers, a human resources professor at Virginia Commonwealth University,



notes that women today account for about 47 percent of the workforce, which now numbers about 125 million. By 2005, that will move closer to 50 percent. Compare that with 15 years ago, when women constituted about 41 percent of the work force.

Some businesses have workplace guidelines on sexual relations, or sexual harassment policies, so employees at these firms know what is acceptable and what is not. Certain physical contact, inappropriate language and jokes and coercive sexual advances are banned.

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

An American Management Association survey found that three-quarters of corporate personnel officials disapproved of relationships between high-ranking and lower-ranking

executives, but only about 6 percent of firms had specific rules banning such relationships.

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

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

Many corporations may be disinterested in most workplace romance because its impact does not appear all that great. And controlling it is just about impossible anyway.

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

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

When relationships end messily, messy lawsuits follow. Sometimes people are fired or

forced to resign.

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

For starters, relationships between men and women can take many forms: friends, partners, lovers, companions, girlfriend/boyfriend and so on. And these situations can change very easily.

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

An adulterous affair on the job poses many ethical problems. It brings into question the participants' judgment and trustworthiness. If discovered, it can damage careers and destroy the morale of everybody associated with the couple in question. This sort of relationship can become a major distraction.

And many human resource

executives agree: when it happens, it makes for bad business. And it often creates a mess that can take a long time to clean up.

That is why physical relationships between the boss and a subordinate have always been disdained for moral reasons, particularly when adultery is alleged. But workplace experts say they have ramifications for the entire organisation, because they often make for poor decision-making, stir animosities about perceived favouritism and pose a legal risk if the relationship sours.

In Clinton's case, the question of adultery and the fact that Lewinsky was 21 at the time of their alleged affair has heightened perceptions of possible impropriety. In other real-life cases, however, the characters might be less open to criticism, depending on whether the company follows any guidelines.

At the same time, there are those who believe consensual affairs, such as Clinton's alleged affair with Lewinsky, can be defined as sexual harassment by their very nature — and, under some corporate policies, would be grounds for dismissal.

Legally, an affair alone would not be grounds for removing Clinton from office. But it might generate enough criticism that his presidency would be damaged.

Debates aside, there is no doubt that romance blooms: people need people. It may be a situation that needs to be managed on the job, but it is not one which can be prohibited. It's nature. It's an old story: Men and women meet, fall in love, marry and — for better or worse — the human race continues. — *Independent Foreign Service, Washington*

# Nedlac report a 'breakthrough in job-creation debate'

Greta Steyn

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

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

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

Sources said its acknowledgement of the

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

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

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

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

DD 10/2/98

# Public works to retrench 3 600 workers

Vuyo Mvoko

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

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

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

However, Radebe's announcement

BD 10/2/98  
came under attack from the National Education, Health and Allied Workers' Union (Nehawu), which described it as "disjointed and definitely premature".

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

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

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

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

Radebe said that "noncore functions

(173) identified for immediate outsourcing" were the cleaning services, horticulture, security and maintenance workshops. He said these would benefit the historically disadvantaged and emerging entrepreneurs.

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

The register had uncovered a number of uneconomical leases and discrepancies in the amounts paid against agreed lease conditions. The department had saved R24m in 1996/97 as a result of corrective action and further savings were expected.

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

# Less work at Public Works

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

By MARCO GRANELLI  
Cape Town

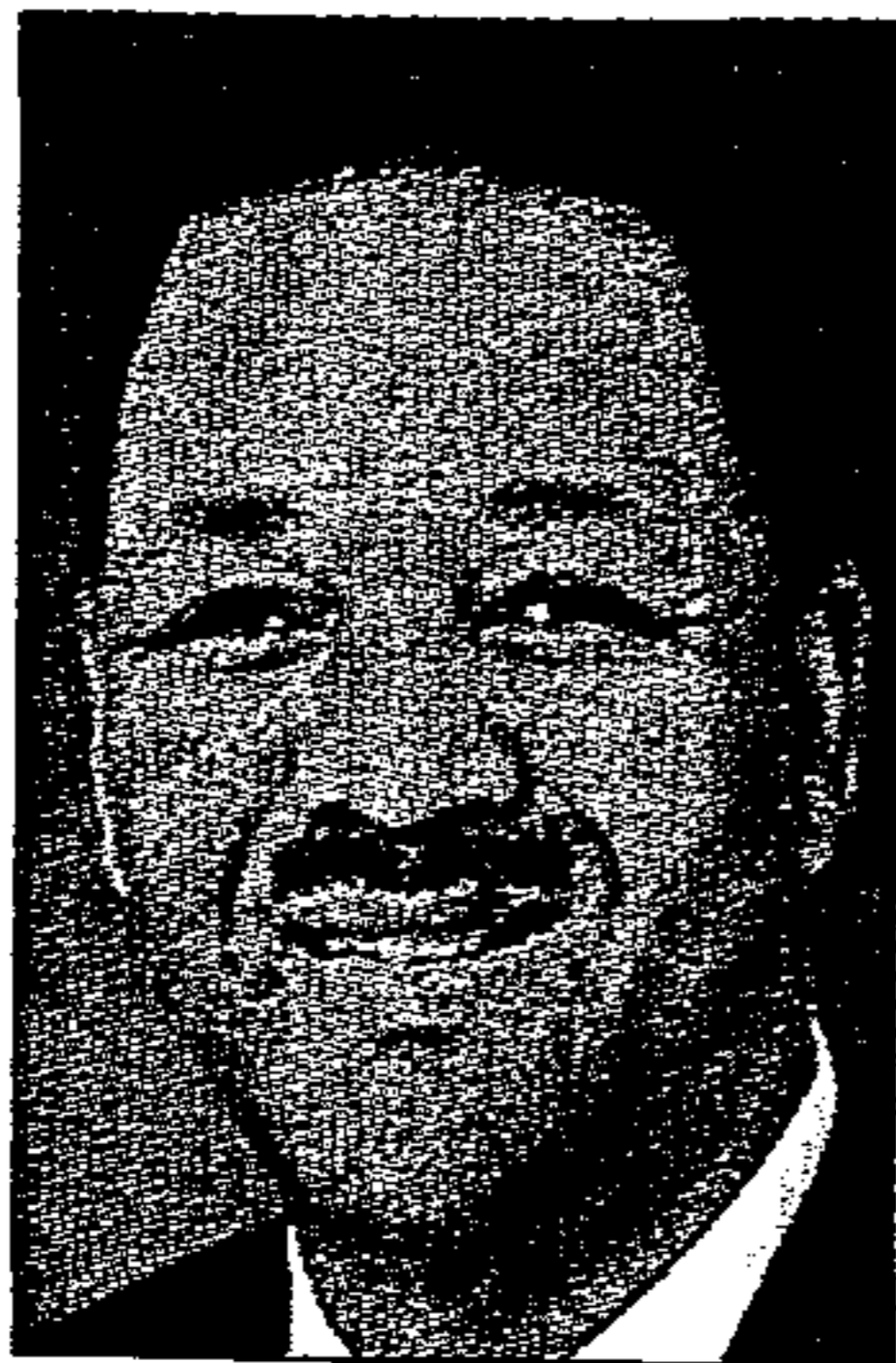
The Department of Public Works is to shed thousands of jobs, reducing its staff component from about 9 000 to about 3 500.

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

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

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

"One of the biggest expen-



Department to be transformed  
... Minister Jeff Radebe

diture items on the budget are salaries. I think South Africa needs to do something about that (so that) we can use that money for upliftment programmes," Radebe said.

As part of the process of encouraging those losing their

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

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

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

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

"Our department is very

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

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

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

"They have also been given instructions to rationalise salaries. Some of the provinces are spending up to 97% of their budget on salaries. That doesn't leave much for service programmes."

(193)  
Star 10/2/93

# FORUM

**JOB CREATION Don MacRobert and Get Ahead Foundation's micro-credit and business training is dealing unemployment a body-blow**

## A legacy to the nation: 50 000 jobs and counting



**JOHN SPIRA**

by the fact that MacRobert turned his back on a lucrative legal practice in order to make his personal contribution to job creation, entrepreneurship, black economic empowerment and training. A week ago, MacRobert announced his retirement as a full-time executive of Get Ahead to the wheels of the "Not at all," he is a spend. "It's a new circle. I'm in a non-executive capacity with Get Ahead, which I leave well endowed, not only with capital but with outstanding people at the helm in the form of Juneas Lekgetha, Phillip Ramakobya and Mpuenzi Pupuma."

MacRobert formed Get Ahead in 1982, along with Colin Hall, who had just resigned from SA Breweries.

"Colin lost his dad in the war and we grew up together. So we've known each other well. It was Colin who said we had to get

blacks empowered. He suggested we start floating companies and getting the shares into black hands."

They launched Get Ahead Limited with Nthato Motlana as chairman. MacRobert left patent attorneys Adams & Adams to help launch this programme.

"It was a total flop," MacRobert readily acknowledges. "We were far too early. Motlana and I had a long meeting with Desmond Tutu, who said we should instead actively help the unemployed."

At the meeting with Tutu, it was decided to set up an entirely different entity with micro-credit as the function. That was the start of Get Ahead Foundation, a non-profit section 21 company.

"The concept was micro-credit with peer group lending," says MacRobert. "We were first in Africa to develop such a concept. As we began to reach out to the people, we realised there was this huge market. Today we operate 42 branches around the country, plus an office in Washington."

Along the way, MacRobert split the company into two — micro-credit provider Get Ahead

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

"Get Ahead Financial Services is lending millions of rands and is literally sustaining 60 000 jobs. It has become the biggest job creator in the whole of South Africa," MacRobert proudly proclaims. "We're creating the type of employment which feeds, houses and clothes families."

(Judge Richard) Goldstone will tell you this reduces crime. (Meyer) Kahn will tell you that the solution to his problem is jobs, jobs and more jobs."

"I have an exciting life," he says, understating a lifestyle which, until recently involved consulting for Get Ahead on a Monday for Deloitte on a Tuesday for General Motors of Detroit on a Wednesday, for Investec on a Thursday and for his present firm, Edward Nathan, on a Friday.

At the same time, he serves on the International Chamber of Commerce, Paris; is a director of Adcock Ingram and of Wooltru's Makro and Dions; is a

lay pastor of St Francis Anglican Church; is closely involved with St Alban's College's Outreach programme, and has been instrumental in keeping the National Symphony Orchestra solvent after its SABC grant was withdrawn. At age 58, MacRobert still runs half-marathons, "slowly".

MacRobert's role at Edward Nathan will present new challenges, now excitement. "For the past 14 years I've been a Rip van Winkel. I've been in the townships. This is where the Edward Nathan partners have been very clever in discovering a gap in the market."

"Patent law has hardly changed at all during this period. Meanwhile, information technology has rocketed through the roof."

"I shall no longer be doing the work of a patent and trademark attorney, as I did at Adams & Adams. I am now involved in electronic commerce — IT law."

"I am entering the deep end of what's going to happen in the future of the commercial world. New laws will be made; a new commercial law practice will develop."

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

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

MacRobert is saddened that he has lost innumerable people to government and high office but is pleased that they, in turn, have empowered more people. "In short, I can humbly claim that I have helped a great many people to get ahead."

And he believes Get Ahead has played a part in developing micro-credit as a buzz word in the world economy.

"Micro-credit is the world's biggest job creator. In the European Union no additional jobs have been created in the formal sector in the past two years. Accordingly, people are starting to go into the informal sector. That is where Get Ahead is, always has been and always will be."



**SELF-EFFACING Don MacRobert, the co-founder of the Get Ahead Foundation**  
PHOTO JOHN WOODROOF



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# NEWS

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## Sacob warns against impairing job creation

(173) CT (BR) 18/2/98  
THABO LESHILO

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

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

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

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

Nedlac's trade and industry chamber would discuss the

proposed competition policy on February 23, said Angie Leu, Nedlac's spokesman.

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

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

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

It said the investigative unit of the competition authority should concern itself only with the abuse of dominance and restrictive practices that were anti-competitive.

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# Creating jobs will mean sacrifices, warns economist

THABO MABASO  
BUSINESS REPORTER

The much-talked-about presidential jobs summit will succeed only if business

organisations and labour unions agree to sacrifices that in the long term will lead to employment creation, economist Dave Lewis believes.

Mr Lewis co-chaired the Labour Market Commission, which first mooted the job summit idea in 1996.

"We all have to recognise that to a significant extent, laying the basis for sustainable employment creation often requires that in the short run jobs will be lost in the necessary

process of short-term restructuring," he told a meeting of the Cape Chamber of Commerce and Industry yesterday.

The summit agenda should include measures aimed at alleviating the job losses, Mr Lewis said.

The summit could identify key labour-absorbing sectors of the economy, such as tourism, clothing and construction, and find agreement for measures to finance these.

"The temptation here on the part

*'In the short run jobs will be lost in the necessary process of short-term restructuring'*

*(173) ARG 19/2/98*

of business and labour is often to focus on government support programmes.

"While these are important, contributions from labour and business are vital components of successful strategies," he said.

Modified wage demands by unions and a commitment by business to investment and price moderation would, in the long run, lead to an increase in the number of jobs being created.

"Our conclusion was that if each

party took action that generated certainty for its two partners, then none of the parties would have to resort to short-term defensive measures," said Mr Lewis.

For the summit not to degenerate into sloganeering, all labour market stakeholders would have to agree beforehand on the key points.

Only the Government has so far adopted a position on how to create jobs. The unions and business have yet to do so.

Such forums as the National Economic, Development and Labour Council (Nedlac) would have to be actively involved in trying to get agreement on issues on the agenda, Mr Lewis said.

# The nasty side effects of flexibility

MTG 20-26/2/96 (173)

Simon Caulkin in London

It was trumpeted as the key to reducing unemployment. Everyone, just everyone, agreed: flexible working was A Good Thing. It was the wonder drug for good management.

As with the medical variety, management wonder drugs all too often turn out to have nasty side effects. Indeed, sometimes the complications are worse than the original illness.

And inevitably, just as politicians have reached a consensus on the desirability of flexible working, that consensus is being challenged. According to research by academics at Birkbeck College in London, some aspects of workforce flexibility are actually counterproductive.

Flexible working — whether part-time, fixed-term, temporary or outsourced — has increased rapidly in

the Nineties as companies have attempted to cut costs by adapting job patterns to the work available.

Between 1992 and 1996, the number of temporary workers in the United Kingdom rose by nearly a third, with fixed-term contracts and agency temping increasing by a similar amount. A survey by the Institute of Employment Studies found that more than half the firms in its sample were employing temporary staff, while a further 17% had done so in the past.

At the same time, the number of different contractual arrangements has proliferated. While traditional contracts are mostly still the norm, the study found that "in many organisations, traditional employees could be working on a project with specialists on fixed-term contracts, freelancers, self-employed consultants, employees of another organisation and company employees who were part of a pool or

agency not tied to a specific department and who may also work for outside organisations".

Despite the rapid growth, however, there are signs that some aspects of new-style contracting may be counterproductive. As with many "human resource management" initiatives, flexible arrangements are often introduced not to improve effectiveness but as a dictate by the boardroom for reasons of cost, fashion or consultancy hype.

Not surprisingly, the results of such ill-prepared initiatives have been mixed. True, the benefits of subcontracting to some employees should not be overlooked. For example, workers "outsourced" from, say, a weak internal IT department to a major external supplier may actually be more secure as a result of the transfer.

Part-time working, of course, suits some employees' way of life as

well as being convenient for companies. Some organisations, however, have met "huge employee resistance" to new forms of contract.

Where the new arrangements were voluntary, the best employees quickly opted to go freelance. This caused concerns about confidentiality: these workers could now in theory work for competitors — and in practice often did. This meant they were less likely to be available to their original employer.

The perverse result was the organisation had less flexibility than before, since it could now bring in only the less successful freelancers, those who couldn't get work anywhere else.

What's more, although fixed costs were cut, it's not clear that flexibility yielded any overall savings. Good freelancers quickly exploited their market position and became more expensive than full-time workers.

Labour turnover increased, with added costs for recruitment, training and management time. These are not negligible.

According to the Institute for Personnel and Development, in 1996 labour turnover rates (the percentage of people leaving a job in a given year) in the UK ranged from 16% for full-timers to a whopping 22% for part-time employees, with the cost per leaver starting at £5 008 for a manager, £3 640 for a salesperson and £1 746 for clerical or secretarial staff.

Meanwhile, hard-pressed line managers were at a disadvantage when negotiating contracts with highly skilled bargainers. And using fixed-term contracts as a way of making people work harder failed because, in the absence of experienced negotiators, companies found it easier simply to renew the contracts.

All in all, the result for firms has been less the hoped-for flexibility than contract chaos, in which no one can keep track of all the variations.

More importantly, says the report, "the range of employment contracts among people working together is a recipe for low perceptions of fairness and low trust: in other words, for a poor psychological contract. Insofar as this is linked to lower commitment and possibly to lower effort, the attempt to achieve performance gains through a cost-reduction strategy is backfiring."

Other research throws up wider concerns: one is that part-time workers invariably receive less training. Nor is there conclusive evidence that flexibility creates jobs. Shifting risk from company to individual may (or may not) make companies more efficient, but it makes society as a whole less efficient.

These misgivings about the new style of contracting within firms are paralleled by research findings about contracting between them.

A pamphlet for the Economic and Social Research Council notes that while a large part of the public sector has been privatised, marketised or contracted out — in effect subjected to flexible working — advanced thinking in the private sector now has partnership and long-term relationships with customers and suppliers as keys to success.

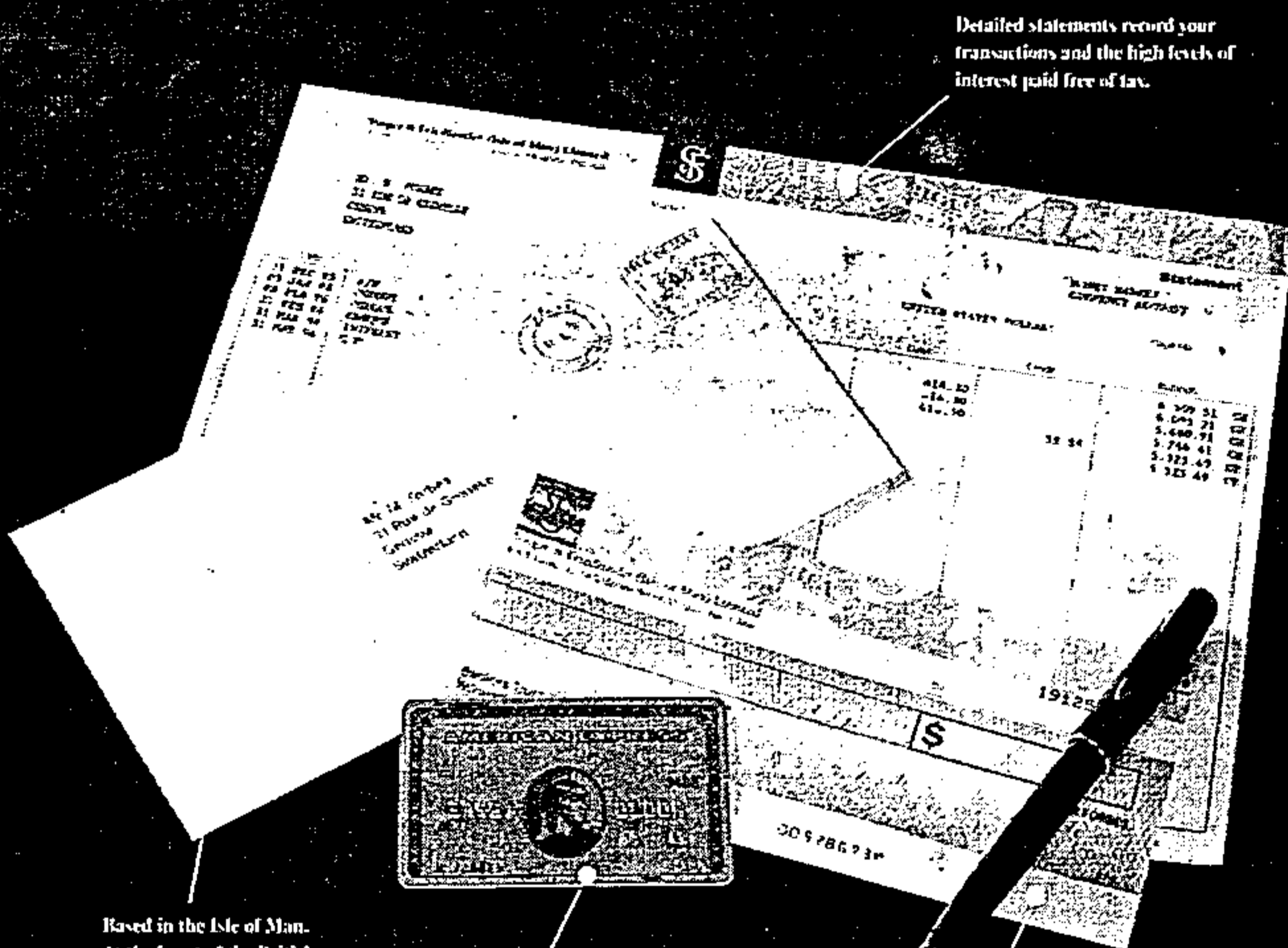
If partnership and trust within contractual relations are "one of the foundations of dynamic efficiency in the economy, then what are portrayed as 'market' reforms may actually be undermining the institutional and cultural bedrock on which successful markets depend", says the pamphlet.

Why should the logic of partnership, which is supposed to yield competitive advantage when applied to the relationship between companies, not apply to internal employer-employee relationships?

Perhaps it's time to take a lesson from Henry Ford. In the early days of mass production at the beginning of the century, "flexible working" — casual shifts, temporary work, arbitrary lay-offs and zero-hour contracts — were commonly used by employers to keep costs down. That led to the alienation most famously portrayed in Charlie Chaplin's *Modern Times*.

It was Ford who triggered the slow humanisation of industrial relations by discovering the hidden costs of "flexibility", dismaying his contemporaries by regularising employment and paying his workers more. But this was not altruism. It was, judged Ford, "one of the finest cost-cutting moves we ever made".

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# Labour grapples with job losses

*source 24/2/98*

(173)

By Abdul Milazi

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

**T**HE outcome of this weekend's gold summit will shape the agenda and direction of a planned job summit, expected to be held in June this year, the Congress of South African Trade Unions (Cosatu) said yesterday.

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

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

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

The gold summit, expected to find ways to minimise the social impact of retrenchment, was preceded by a threatened strike by the

National Union of Mineworkers last week following the Chamber of Mines' refusal to place a moratorium on the current mass retrenchment in the mining industry.

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

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

The job summit, initially planned for October last year, was also postponed to "sometime this year" amid rising tensions between Cosatu and business over when it

Cosatu wanted it to be held after a planned tripartite alliance job summit where the federation wanted to formulate a coherent strategy

for job creation with its alliance partners the South African Communist Party and the African National Congress.

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

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

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

Mpati said Cosatu had enlisted the services of its research wing Naledi to put together its proposal document for the summit.

# Job creation in SA needs fresh, innovative approach

OPENING the 1998 session of Parliament, President Nelson Mandela called for the creation of "jobs, jobs and jobs" as this year's priority. He came out strongly for a national job summit later this year, saying it would be the biggest event since the advent of democracy in SA in 1994.

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

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

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

What should business and labour be thinking about if the summit is to be a success?

A mere "talk shop", generating

more heat than light, would not be helpful in addressing new employment strategies for SA. Nor should the summit be seen as a "quick fix" for unemployment, but rather as a major point of departure for fresh thinking and action on job creation.

At the outset, one thing to avoid is an argument about the precise magnitude of the unemployment problem in SA. It is a formidable problem — whether the correct percentage of jobless stands at 25% or 35%. It deprives the economy of its most powerful form of delivery to the poor — jobs. Unemployment in SA represents not only personal tragedy on a large scale but also a waste of economic talent and potential.

An inappropriate macro-economic framework should also not be allowed to stand in the way of constructive thinking at the summit. Whatever label is put on macroeconomic strategies, no country can adequately address unemployment issues without the aid of a suitable macroeconomic

Tackling tough issues will be inevitable at the job summit planned for later this year but innovation, not confrontation, will be the key to its success, writes Raymond Parsons

BD 25/2/98

(173)

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

There is a dilemma to resolve here.

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

Another important area of macroeconomic strategy that needs to be examined is the implications for employment of the sequencing of policy measures. Public policies are important to create incentives, but they will not work unless business and labour can agree on joint efforts for a better labour market. As the bulk of employment creation has to be

portant in its own right. It will be a good test of the dynamics needed for a successful job summit later. If the gold mining summit goes well, then we have an important building block for planning the main job summit.

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

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

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

□ Parsons is director-general of the SA Chamber of Business and Nedlac's overall business convener.

done by private enterprise, business should outline what it sees as necessary for an employment-friendly environment. Sectors that offer the best employment potential can be identified.

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

The role of small firms in creating jobs is now recognised as central, as is the need to create a simpler regulatory and administrative environment for business.

The "European model" is being changed, based on a modern approach of reform, flexibility and investment in people.

The forthcoming gold mining summit in Johannesburg — which will focus on retrenchments in that key sector — is not only im-

Letters to the Editor

# Time for state to get moving

## on jobs summit, say unions

### Critics slate failure to create employment

THABO MABASO  
BUSINESS REPORTER

Two of the largest trade union federations in South Africa believe the Government is not serious about organising the presidential jobs summit.

Federation of Unions of South Africa (Fedusa) deputy secretary-general Dennis George says the Government has not been forthcoming about plans for the event.

"The date for the job summit has not been finalised and no document on practical ways to create jobs has been circulated to stakeholders," said Mr George.

The Government was not creating an environment conducive to job creation, he said.

The holding of a jobs summit to shore up low employment levels was first mooted by the Labour Market Commission in its 1996 report.

It was originally scheduled to be held last October, but last-minute delays led to its postponement.

Department of Labour director-general Sipho Pitjana has said it would be held during the first half of this year.

The co-chairman of the now defunct commission, Dave Lewis, has said job creation will be achieved only through sacrifices which, in the

*'The Government must get more involved and not relegate job creation to the private sector'*

short term, could lead to job losses.

Modified wage demands by the unions, a commitment by business to invest, and keeping a lid on prices were measures which could result in job creation, Mr Lewis said.

Mr George argued: "We need to add value to raw materials that we are exporting, through joint ventures between local and overseas businesses. This will create jobs."

National Council of Trade Unions secretary-general Cunningham Ngcukana said public works programmes were essential for job cre-

ation. "The Government must become more involved in job creation and not relegate this task to the private sector, which up to now has been on an investment boycott."

Mr Ngcukana also chided the Government on its macro-economic strategy, saying it was working against job creation.

National Economic, Development and Labour Council (Nedlac) executive director Jayendra Naidoo said a decision on a date for the summit was going to be taken only after stakeholders had submitted their suggestions on a strategy for job creation.

The submissions must be handed to Nedlac in the first week of March. The Department of Labour could not be reached for comment.

(173)  
RAY 26/2/98

## Labour department to revamp services

Pearl Sebolao

~~173~~ (173)  
BD 5/3/98

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

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

The department had already agreed to transform the inspectorate and lab-

our centres through short term and long-term programmes and had introduced legislative amendments to create an enabling environment.

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

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

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

# SA firms need young talent — Sunter

DD 11/2/98

(173)

**Primarashni Pillay**

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

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

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

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

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

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

ject the company's unique image.

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

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

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

"There should be a network of stock exchanges which specialise in small businesses and all deals should be kept on computer," he said.



## Big boost for skills development on way

The Government will invest in human resource development over the next three years with the skills development strategy of the Government account, increasing the labour budget to R1,28-billion in 2000/01 from R745-million in the 1998/99 year.

The human resource allocation increases by 75% in 1999/00 and by 48% in 2000/01, which is an increase from R325-million to R850-million over the next three years.

The green paper on a skills devel-

### LABOUR

opment strategy was published in March last year and seeks to improve the level of skills in South Africa where most workers are unskilled.

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

An amount of R248,1-million has been secured from the European Union for the implementation of a skills strategy. ARG 11/3/98

(173)  
The Labour Department is responsible for the administration of labour market policies, ensuring compliance with occupational health and safety standards and management of the Unemployment Insurance Fund.

The green paper also urges that companies set aside money to train their employees. In addition, the Umsobomvu Fund, which will be set up from the proceeds of a 2,5% once-off taxation of the demutualisation of Old Mutual and Sanlam, will help with skills development.

## Demutualising charge to capitalise jobs trust

Wyndham Hartley

(173)

forever deny our country its true potential."

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

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

"Unless we embrace this challenge collectively we will

He said the proceeds of a one-off 2,5% charge on demutualising insurers would not go into state coffers but would be used to capitalise the Umsobomvu Trust. Umsobomvu means "new dawn".

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

Assurers Old Mutual and Sanlam are expected to convert their organisations into

shareholder-owned companies within the next 12 months.

The one-off charge, which will be on the free reserves of the assurers, estimated to be between R50bn and R120bn, will deliver between R600m and R1bn as start-up capital for the fund.

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

It is seen as a government instrument for job creation and skills development which will be one of the "offerings" of the state at the presidential jobs summit later this year.

BD 12/3/98

# Cosatu sees little cheer for jobless

(173) ARG 12/3/98

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

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

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

Mr Vavi also condemned what he

said was the Government's continuing threats to the jobs of public servants. The statement that the Government was not an employment agency was unfortunate and uncalled for, and set the scene for "things that can go really wrong in future".

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

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

The trade union federation wanted this percentage increased over the

next two years as revenue collection improved.

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

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

"Our sense is if there was no blind adherence to this Budget deficit on behalf of the market, and a commitment to reduction of social deficits on behalf of the masses, we would have more resources available." - Sapa

# Wild Coast development will give people their land

Margot Pienaar

mt G 13-19/3/98 (173) (173)

The Wild Coast spatial development initiative (SDI) is about more than just employment creation. It is also about creating the opportunity for local communities to become partners and co-owners of viable, multi-million-rand income-producing projects.

Objectively, the Wild Coast SDI implies a reversal for the subsistence farmers and migrant labourers who take their labour to capital in far-away cities. Capital is coming to them, and wants to team up with them in bringing their asset

to the table: the land.

This possibility exists because the department's land reform programme recognises the underlying land rights of local people. Were it not for apartheid, they would have been the registered owners of that land.

In terms of the Bill of Rights, a person or community whose tenure of land is legally insecure because of past discriminatory practices is entitled either to tenure which is legally secure, or to redress.

Derek Hanekom, as the minister of land affairs, is the nominal owner of the land on behalf of the government. He intends to transfer it to

them in an orderly and transparent manner.

In the meantime, Parliament has passed the Interim Protection of Informal Land Rights Act. In terms of this Act, occupants of land in the former homelands may not be evicted against their will. Neither may the land be sold without their consent.

By the same token, their permission will be required for the granting of secure tenure rights, such as registered leases, to investors on the land.

The SDI supports this approach 100% and has accepted the implication — that for the purposes of ne-

gotiations and selecting projects, local communities should be dealt with as if they were private land owners.

Concerns have been expressed that provisions for land tenure security are merely a paper right on the one hand, and that they impede delivery on the other hand. Neither is correct.

Redressing apartheid's legacy of insecure land rights often involves sorting out overlapping rights within communities. The process leading up to the transfer of community land can be time-consuming, because it involves the unravelling of

years of apartheid intervention in local structures. This does not mean delivery or investment will be impeded.

Pending the finalisation of land transfer to communities, investors can obtain legal security of tenure through long-term leases which will be registered in their favour by the minister of land affairs as the nominal owner of the land.

Once the land is transferred to communities, they will "step into the shoes" of the minister, inheriting all his legal rights and obligations in the land. For this reason, communities will be intimately involved in the negotiation process to ensure that they are satisfied with all the agreements.

*Margot Pienaar is an official in the Department of Land Affairs*

# Cosatu casts doubts on job summit

Vuyo Mvoko

CAPE TOWN — The Congress of SA Trade Unions (Cosatu) leadership has cast doubt on the success of the jobs summit in the light of Wednesday's budget.

The budget "may have fooled a lot of people", said deputy secretary-general Zwelinzima Vavi, but Cosatu felt it was mostly "rhetoric and hot air".

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

Sam Shilowa, Cosatu's secretary-general, said: "To make matters worse, the budget envisages an

BD 16/3/98 (173)  
actual cutback in the public sector, after the private sector has shed tens of thousands of jobs in recent months. It is therefore clear that a far more imaginative strategy is needed from government — if the jobs summit is to have any hopes of success."

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

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

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

Gear resulted in the budget pursuing contradictory objectives: for example expanding in areas such as health and education, but cutting back on the teachers and nurses expected to deliver those services. The budget set up a fund for job creation, yet cut back on public works, roads and other reconstruction and development programme projects.

## 'Exclude unions from job talks'

(173)

Farouk Chothia

2016/3/98  
DURBAN — KwaZulu-Natal premier and Inkatha Freedom Party (IFP) national chairman Ben Ngubane suggested yesterday that organised labour should be excluded from discussions aimed at finding a solution to SA's unemployment crisis.

He said at an IFP rally in Umlazi that trade unions, which were made up of employed people, had "too much" influence over central government policy. Passing labour laws which improved the conditions of services of the employed was of "no help" when there were others who could find no jobs.

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

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

"Industry gets no further encouragement and there is very little new in the budget to attract investment in new factories," Ngubane said.

LABOUR Numsa puts pressure on Cosatu to withdraw from presidential forum

# Call to boycott jobs summit

(173) ET PAR 18/3/98

FRANK NKUMALO

LABOUR EDITOR

Johannesburg — The National Union of Metalworkers of South Africa (Numsa), Cosatu's second biggest union, yesterday called on the labour federation to withdraw from the Presidential Job Summit.

At its annual National Bargaining Conference (NBC), the union's regional representatives supported last month's call by John Gomo, the president of Cosatu, for the union federation to pull out of the forthcoming summit should there be no agreement on an employment creation strategy at a proposed pre-summit meeting of the alliance partners.

The summit was expected to be held in May.

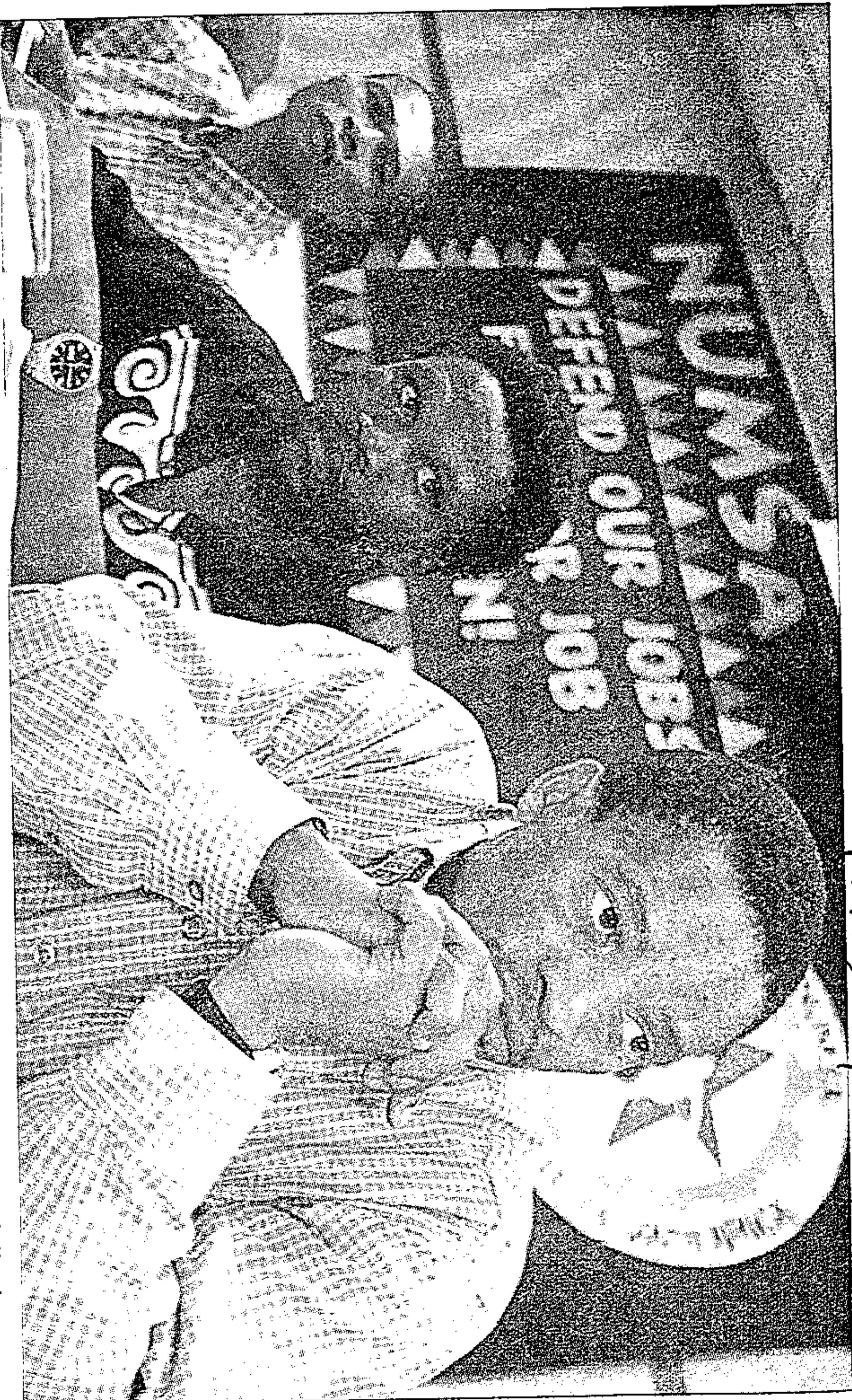
Cosatu sources said "maybe there is fire somewhere. This is not the first time that this thing has come up".

The sources said Gomo called on Cosatu to "consider going on a strike" in Durban in the absence of a consensus.

The KwaZulu Natal regional branch of Numsa argued that, with the ANC having adopted the growth, employment and redistribution (Gear) macro-economic policy at its national conference in Mafikeng in December, "the chances of an agreement within the alliance are highly unlikely."

"In the event that there is no agreement within the alliance, Cosatu should withdraw from the summit and call for a stay-away on the day of the summit," the region said.

Mbuyiselo Ngwenza, the general secretary of the 250 000-strong Numsa, said there were "mixed feelings" on the issue. But "Cosatu may have to go it alone in the absence of a consensus or failing to persuade components of the alliance".



**OPEN TO CHANGE** Mbuyiselo Ngwenza, the general secretary of Numsa, right, with Pieter Dantjie, centre, and Charles Bezuidenhout, both second deputy presidents, listen to calls for Cosatu to boycott the Presidential Job Summit

The department of labour could not be reached for comment on the implications of the country's biggest and most powerful labour federation pulling out of the summit.

Numsa said unemployment in South Africa was estimated at 40 percent. The official government figure is 29 percent. The union said between 116 000 and 171 000 jobs were lost a year.

"Gear has promised to create 200 000 jobs annually, but we see the opposite," it said.

He said if job creation was the goal, "it should be linked to economic transformation.

"It is our belief as Numsa

that the job summit should not be a mere token, a publicity or a symbolic exercise but that it should be meaningful in the life of the people," Ngwenza said.

Ngwenza said the three-day NIBC was expected to develop a collective bargaining strategy for this year, including consolidating Numsa's core and sector-specific demands on wages and other substantive conditions of work.

He said the union's central committee would meet in June just before the start of the central bargaining season to make an overall assessment and take appropriate action.

## Employers to meet truckers today

Johannesburg — The Road Freight Employers' Association (RFEA) said it and striking trucker representatives would meet for mediation today to try to settle their dispute, which has frozen commercial transport in many areas.

Nico Badenhorst, the RFEA director of labour relations, said ending the strike was the group's "paramount objective".

Yesterday, he accused the unions of using intimidation to enforce the strike, while

strikers claimed employers were using scab labour.

Badenhorst estimated the strike was costing between R8 million and R10 million a day. In addition, breadwinners were forfeiting their pay.

Sapa reports police fired birdshot to disperse striking transport workers who attacked a non-striking truck driver with bricks, stones and other objects in central Johannesburg. The driver sustained light injuries.

# Cosatu sees government as 'engine of job

BD 19/3/98

Reneé Grawitzky

A CONGRESS of SA Trade Unions (Cosatu) discussion document outlining key components of an employment strategy identifies the public sector as a critical employer and engine of job creation.

This view contrasts with recent government statements that the state is not an employment agency.

The discussion document calls for a demand-led growth strategy to create jobs. This, too, contrasts with supply-side focus of the growth, employment and redistribution strategy (Gear).

The document acknowledges that the economy is a contested terrain and economic policies are subject to conflicts of interest. A less conservative macroeconomic policy would meet substantial opposition, especially in relation to measures which would increase inflation, reduce the value of the rand and foreign reserves, and undermine fiscal discipline, the document says.

The document, based on research by the National Labour and Economic Development Institute (Naledi), is being circulated for discussion among affiliates. The process will shape Cosatu's contribution

to the presidential job summit.

The document says an employment strategy has to help eliminate poverty, inequality and unemployment. Current policies showed little sign of placing the SA economy on a "fundamentally different growth and employment path".

Core components of an employment strategy were measures to build the economy's productive capacity, appropriate industrial and technological policies, macroeconomic policies which were not overly restrictive, trade policies which did not lead to job losses, the incorporation of the informal into formal sector and a crit-

ical approach to labour market flexibility.

A job creation strategy had to examine the quality of jobs created and distribute economic resources to reduce poverty and inequality. A broad job creation strategy would have to examine a range of policy areas such as macroeconomic policies, investment and industrial policies, productivity, the role of the public service, state asset restructuring, public works programmes, a social wage, hours of work, a social plan and job security.

Cosatu leaders said yesterday that contrary to recent reports, the National Union of Metalworkers of SA (Numsa)

had not adopted a resolution calling for a boycott of the summit.

Numsa general secretary Mbuyiselo Ngwenda said that during the union's national bargaining conference, regions had called for an alliance meeting ahead of the summit in line with a Cosatu resolution adopted last year.

The KwaZulu-Natal region said if no agreement was reached within the alliance, Cosatu should withdraw and call for a stayaway on the day of the summit. This position had not been adopted.

Recruitment campaign: Page 5

creation  
(173)



# Cosatatu won't sink Mandela summit to tackle jobs crisis

## 'Alliance consensus not condition for talks'

THABO MABASO  
BUSINESS REPORTER

ARg 19/3/98

(173)

~~173~~

Fears that a Congress of South African Trade Unions boycott may scupper the presidential jobs summit later this year have been dispelled by deputy secretary-general Zwelli Yavi.

Cosatatu did not intend to boycott the summit even if the alliance partners could not agree on a job creation strategy, said Mr Yavi.

It was reported yesterday that Cosatatu's second largest affiliate, the National Union of Metalworkers of South Africa (Numsa), had called on the federation to withdraw from the summit.

At Numsa's annual conference in Johannesburg, Kwazulu Natal dele-

gates argued that Cosatatu should boycott the summit if it did not first reach consensus with its African National Congress and Communist Party allies on a job creation strategy.

But most delegates at the conference decided not to call for a boycott.

"The majority view is that it is unfair to decide in advance to boycott the summit; let's go there and see what will be on the table," said Numsa spokesman Dumisani Ntuli.

Mr Yavi said there was "no chance" Cosatatu would boycott the summit. "We support the jobs sum-

**'We are going to the summit with or without an agreement as the alliance'**

mit and we want the alliance to look at adopting a common strategy to present to the meeting," he said. "However, if that doesn't happen, Cosatatu will go it alone and present its own strategy to the summit. We are going with or without an agreement, as the alliance."

The idea of convening a summit on jobs was proposed in the 1996 report of the Labour Market Commission.

The commission said President Mandela should convene the summit and the Government, business and

labour should propose the best ways to end the country's high unemployment rate.

Job creation proposals announced last week by Finance Minister Trevor Manuel in his Budget have been dismissed as inadequate by Cosatatu.

Mr Manuel said the Government would create the Umsobomvu Fund, aimed mainly at unemployment among the young. The fund would be financed through a once-off tax on the value of shares issued to policyholders after the demutualisation of life insurers Old Mutual and Sanlam. Cosatatu said the initiative was welcome, but was not enough to tackle unemployment. The federation wants the Government to launch a big public works programme.

# It is naive to believe the labour market can correct itself

Debate on the Employment Equity Bill rages on but is the public well informed? Labour reporter Renée Grawitzky takes a look at the legislation

IN THE old days the Institute for Race Relations was hammered for daring to challenge apartheid. It seems ironic that it is now seen to be taking a very conservative stand on the Employment Equity Bill and is being targeted for its harsh criticism of the proposed legislation.

Labour, government and business representatives involved in negotiations on the bill have acknowledged and accepted the need to implement, for a limited period, measures such as affirmative action.

The institute achieved its objective of raising both its own profile and that of the bill. However, in presenting a worst-case scenario — in line with the US experience — it has misinterpreted certain sections.

Its actions have contributed to the rising perception that white South Africans do not want to "desegregiate" society. White business hence tried to distance itself from the institute's position and toned down its response considerably.

The manner in which the institute promoted its views, which were adopted by the Democratic Party, the Inkatha Freedom Party and others, gave government and the Black Management Forum the opening to label all critics of the bill as being "antitransformation".

All this has made impossible an open debate on the legal implications of the bill and whether it can achieve its lofty goals of equity coupled with economic growth.

Redressing the legacy of inequality "reflected in disparities in the distribution of jobs, occupations and income" and developing a culture of nondiscrimination and diversity in the workplace are the bill's main aims. This is to be done by introducing procedures to eliminate discrimination in decisions about careers, pay and benefits; restructuring work organisation to promote diversity; reducing barriers to historically disadvantaged groups; and changing workplace culture and procedures to train and promote such employees.

The bill prohibits unfair discrimination, but, in line with the constitution, says it is not unfair to introduce positive measures or "distinguish, exclude or prefer any person on the basis of the inherent requirements of a job". The definition also covers racial and sexual harassment. Allegations of unfair discrimination must be referred to the Commission for Conciliation, Mediation and Arbitration, and if not settled would

go to the Labour Court which could decide to award compensation, punitive damages or a fine.

The bill cannot be read in isolation from the Labour Relations Act, Basic Conditions of Employment Act, the Skills Development Bill, which is still under discussion, and the constitution which guarantees the right to both equality and fair labour practices.

There are instances where the bill goes beyond what was agreed to in the Labour Relations Act. That act, for example, limits compensation for unfair dismissal linked to discrimination to 24 months' remuneration, but the bill merely says that such compensation must be just and equitable.

To achieve equitable representation and diversity in the workforce, the bill requires employers with 50 or more employees to draft and implement a plan in consultation with unions or employee representatives. Employers would not, however, be required to appoint or promote "fixed numbers" of people (quotas), or appoint or promote those not suitably qualified, or create new positions. An employer must analyse his

workforce according to race, gender and disability. If this shows that there is "underrepresentation" within any job category, a plan must be drawn up incorporating numerical goals and a timetable for ensuring reasonable progress.

Plans will be assessed on whether they reflect the national and regional demographics of the country; the pool of suitably qualified people from designated groups; economic and financial factors in the sector in which the employer operates and present and anticipated financial circumstances of the employer.

A failure to consult, draft and implement a plan, submit a report yearly to the labour department director-general, publish this report in company annual reports and within the company and employ a manager to monitor the implementation of the plan could result in fines of up to R900 000.

Contrary to the institute's claims, employers will not be fined if they do not achieve the plan's goals, or if progress is insufficient because natural attrition is limited or they cannot afford to take on new staff. The bill grants the director-

general powers to assess efforts to comply with the proposed legislation. He can evaluate whether progress is reasonable.

Noncompliance with a recommendation made by the director-general after the assessment can be referred to the Labour Court. Whether an employer faces fines, damages or orders will ultimately depend on the court's interpretation of the proposed legislation — which does take into account the company's financial and other needs.

The bill also calls for the establishment of a commission for employment equity to advise the minister on issues, and contains provisions relating to state contracts and powers of the labour court.

The bill has been criticised by business for introducing punitive as well as compensatory damages in excess of the provisions in the Labour Relations Act, and for requiring employers to ensure that their workforce mirrors national or regional demographics which could amount to quotas and force employers to hire people where jobs do not exist. Other concerns relate to the practicalities of obtaining certificates of

compliance from the labour department to be eligible for state contracts, and how this clause could be used by companies competing for contracts.

Business is also concerned about the uncertainty over the intention of some of the clauses. Will the bill view dismissals to comply with equity plans as fair? How should "suitably qualified" be interpreted — does it mean someone who has the abilities, or formal qualifications, or relevant experience, or an evaluation of all these components?

A business source says that at the heart of differences is how parties define what is equitable, and especially what is meant by "equitable representation".

Labour wants the section relating to the appointment of suitably qualified people scrapped, and criticises the failure of the bill to address the reduction in the "apartheid wage gap" sufficiently.

Durban-based consultant Pat Stone says the bill's emphasis is on consultation and participative decision making and is not prescriptive. "The only way people will buy into an equity programme is for all inter-

est groups in the workplace together to agree on progressive industrial relations circumstances, the bill is practical and allows a lot of implementation.

One concern, however, is that administrative and bureaucratic aspects of the bill.

"It is hoped that corrections will be given to this so that it will occur as well as arbitrary elements of legislation," he says.

The institute, Stone stated the impression that department will monitor of employers. However, it has acknowledged it does not have enough inspectors, and or failure of the proposed will depend on the employment compliance.

From a theoretical perspective, the Employment Equity Act with the Skills Development Act should upgrade skills and access to jobs, training and opportunities to parties in jobs and occur. Practically, it remains to be seen whether legislation of this kind will remove disparities in racial groups creation.

### Working for water in full steam

DD 20/3/98 (173)  
THE working-for-water programme created 40 623 jobs in 240 projects in nine provinces with only 6% of its budget going to administration, Water Affairs Minister Kader Asmal said yesterday.

It was estimated that more than 80 000ha had been cleared of alien plants and the project had restored rivers and wetlands to living entities. The department is asking for R350m from the R500m poverty fund announced in the budget.

REPORTS: Business Day Reporters, ECN.

# Waterfront craft co-operative weaving a web of success

## Red Shed initiative has created 120 jobs

ARL 20/3/98

(1735)

**ED WEST**  
DEPUTY BUSINESS EDITOR

The Masizakhe Co-operative Association, which runs a number of stalls in the Red Shed at the Victoria & Alfred Waterfront has reported a successful second year of trading, with more than 120 jobs being sustained.

The body corporate, which was launched in March 1996, comprises 29 members who provide hand crafted products for sale at stalls in the Red Shed.

Chairperson Roselle Frasca says in her annual report this week that trading at the V&A Waterfront is seasonal, but the co-operative has been able to predict in the second year,

with a reasonable degree of accuracy, when the high and low trading seasons will be.

The low sales season is from May to September with the high sales season running from October through to the end of January.

However sales for February this year were lower than for the same month in 1997.

Ms Frasca said: "This is of concern. February 1998 is the first month where sales are lower than for the same month in 1997. The Red Shed is being renovated until October or November, and we are con-



cerned about the effect this will have on sales. We are hoping to renegotiate some relief in our rental to offset, at least partially, the anticipated loss in revenue."

Sales for the 11 months through to February 28 were R762 743, which compared favourably with the R689 920 for the previous 12 months.

"Of this amount, R492 460 has been paid out to members. This is job creation at its best," said Ms Frasca. The co-operative has been a year late in registering VAT, and is negotiating with the Receiver of Revenue

to pay R20 135 in overdue VAT over 12 months.

While a co-operative structure had many advantages, a few members were carrying most of the responsibility in managing the project, she said.

On the positive side, members had learned to take decisions and learned how to work together.

She said a full-time shop co-ordinator would be employed to run Masizakhe from the beginning of May because the co-operative initiative had developed into a successful business venture, albeit a non-profit one.

She said product mixes and stock levels had improved over the past year, which had had a positive impact on sales.

# Working for Water creates 40 623 jobs in rural areas

~~(173)~~ (173) 20/2/98  
**CHARLES PHAHLANE**

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

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

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

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

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

"Through the Working for Water programme we can address issues of health, wel-

fare, land restitution, the development of SMMEs (Small, Micro and Medium Enterprises), and so much more."

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

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

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

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

The programme has a number of positive features, including improved security, the restoration of rivers and wetlands, the reduction of flooding,

siltation of dams and scouring of rivers, and the recharging of depleted groundwater.

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

"Although it is difficult to comment on the future of the programme, there can be no doubt that the return on investment is exceptionally high," Asmal said.

*"There can be no doubt that the return on investment is exceptionally high."*

*— Professor Kader Asmal*

# Numsa decides not to urge Cosatu to boycott jobs summit

FRANK NXUMALO (173)

STAFF REPORTER

Johannesburg — The National Union of Metalworkers of South Africa (Numsa) decided yesterday not to urge Cosatu to boycott the presidential job summit.

The decision was taken at its annual National Bargaining Conference.

The KwaZulu-Natal regional branch argued earlier this week that Cosatu "should boycott the summit if it did not first reach consensus with its ANC and SACP allies on a job cre-

ation strategy".

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

Zwelizima Yavi, Cosatu's deputy general secretary, said the labour federation wanted the alliance to adopt "a common strategy to present at the meetings. However, if that doesn't happen, Cosatu will go it alone and present its own strategy to the summit. We are going with or without an agreement as the alliance".

The strategic question of a

planned "election pact" and the "will- ingness to review policy, including Gear and the national Budget" was closely linked to Cosatu "presenting its own strategy" at the summit in the absence of an alliance consensus.

The election pact will be the trade-off of Cosatu's support for the ANC in the forthcoming general election in exchange for the ANC's support of labour's positions at the job summit. Mbuyiselo Ngwenda, Numsa's general secretary, said the union's regional branches had yet to deliberate on the conditions and details of the election pact ahead of Cosatu's cen-

tral committee convening "a special alliance meeting to discuss the issue" in June.

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

Meanwhile, labour consultant Andrew Levy said the current wave of national strikes suggested that man- hours already lost this quarter were higher than for the same period last year.

# Numsa will not boycott summit

(173) *Somehan 20/3/98*

By Abdul Milazi

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

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

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

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

The conference broadly rejected Government's Growth, Employment and Redistribution strategy (Gear) as a policy that exaggerated the unemploy-

ment problem.

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

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

## Growth strategy

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

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

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

# 'Volunteers' want pay

*Sowetan 23/3/98 (173)*

Project director of Zakhani says workers were not promised salaries

By Saint Molakeng

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

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

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

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

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

The workers claimed that several times in the past few months, Mkhonza

had promised to pay them "soon".

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

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

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

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

## No money

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

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

Silas added that he had been asking for donations for the workers' salaries. "I am not happy that they do not get paid."



# Port upgrade will create more jobs

(173) Souletan 26/3/98

PORTNET's decision to upgrade its East London port facilities was not "purely a financial one".

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

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

Gama said the development of the port would contribute to future regional, national and international development as it would directly influence investors' industrial location

strategies for manufacturing and export-driven industries.

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

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

## Objective supported

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

"Port development was planned and financed prior to provincial development with its fruits of success to be reflected by an

increase in the industrial base that boosts, among other things, tax revenues and employment creation," said Gama.

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

The upgrade will allow the port to handle 60 000 6m containers a year and this will make the port a strong competitor of Maputo as an international port of call.

He said upgrading of the port would create indirect employment for clearing and forwarding agents, ship fuelling, customs clearances, ships agencies, port policing, fire fighting, cartage and land transport, banks and insurance agents and ships' chandlers. - *ECN Business*.

# The spirit to lead the way to job creation and prosperity

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

ST(MT) 29/3/98

**A** STUDY done in the former Transkei has shown that it can cost as little as R846 to create a job and that, with proper development of entrepreneurship, small, micro and medium enterprises (SMMEs) can create jobs and wealth.

Professor Darma Mahadea, the acting head of economics at the University of Transkei, says economic growth of only 1.7% has strengthened the need for informal sector entrepreneurship. He points out that this is for many South Africans the only available vehicle for employment and economic development.

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

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

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

Of the people surveyed,

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

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

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

Some businesses cost as much as R45 000 to establish although others cost as little as R70. The average start-up cost was R3 247. Mahadea found that the "job creation cost" in the region was R846 per job for a sewing business but more than R2 000 for metal and woodwork enterprises.

Mahadea says SMMEs in the area have an average monthly turnover of between R500 and R25 000 (on average R5 097).

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

Mahadea says 62.5% of the businesses surveyed em-

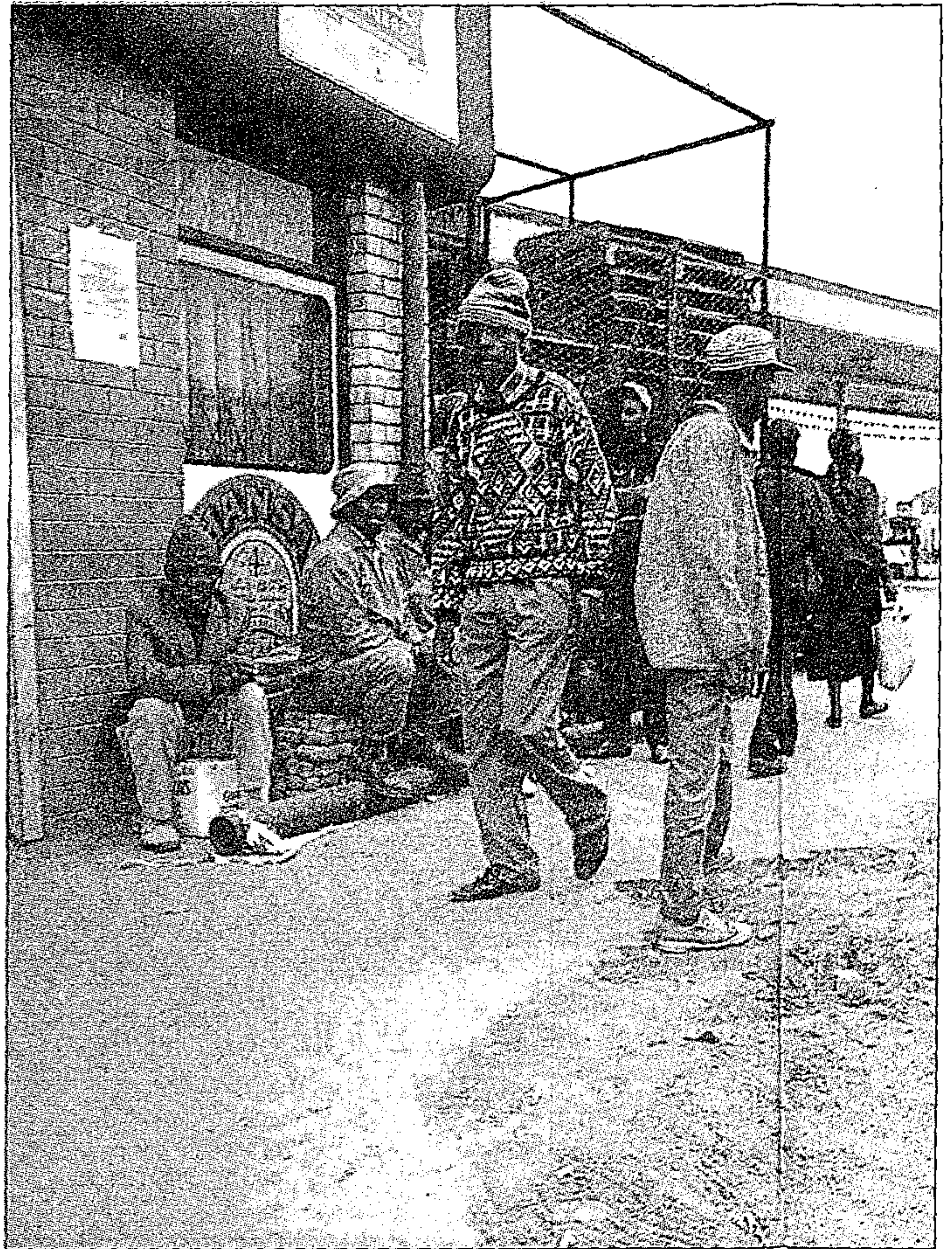
ployed, including the entrepreneur, between one and six people with only 3.6% employing more than nine.

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

Mahadea says SMMEs in the

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

Mahadea says of the entrepreneurs surveyed, 85% were "keen to continue with their current line of manufac-



NO OPPORTUNITIES ... there is a high unemployment rate in towns like Butterworth

turing activity even if they were offered alternative paid employment" and that 56% had plans to expand and therefore employ more labour.

He found that the average entrepreneur in the Transkei was 43 years old, had about five years migratory work experience outside the Transkei, seven years' formal education (21% had between standards 2 and 5) and one year of practical or apprenticeship training. — ECN business.

EMPLOYMENT

~~325~~ (173)

### CSS data shows 1,9% rise in sector jobs

Employment in the wholesale, retail, motor trade and hotels sectors rose 1,9 percent to 784 186 jobs in the fourth quarter of last year, the Central Statistical Service (CSS) said yesterday.

Total employment in these sectors rose despite a 1,4 percent drop in job numbers in the motor trade and hotel sectors during the quarter. News that jobs were increasing in two of the sectors followed the announcement last week by the CSS that job numbers had been growing in the manufacturing sector since August last year.

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

OT (PR) 31/3/98

# World Bank warns on high wage rises

DD 2/14/98

(173)

Reneé Grawitzky

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

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

Other policy options, intended to advance the debate on job creation and reduce unemployment,

emphasise creation of a competitive environment which would lessen labour market discrimination; encouragement of the positive aspects of trade unions; public works; labour-intensive construction; and the move towards a national agreement.

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

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

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

could lead to a 7.1% decline in employment.

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

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

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

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

Government could, in a code, define "desirable properties" of collective bargaining agreements. The code, the report said, could encourage lower wages for young people and for all workers in areas of unusually high unemployment.

The report argued against a social pact in view of experiences in other countries, and said Nedlac should be used to reach a national agreement on controversial issues such as the extension of bargaining council agreements to other parties; a code of practice for wage

agreements in bargaining councils; and circumstances in which low wages could be paid to enable greater labour-intensity in the provision of public infrastructure.

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

"It has been shown elsewhere that a market-based land reform could be a very cost-effective way of creating jobs," the report said.

## SA's hire and fire practices 'will prevent competitiveness'

~~(173)~~ (173)  
FRANK NXUMALO

CT(MR) 3/4/98  
LABOUR EDITOR  
Johannesburg — South Africa's tendency to hire and fire according to the state of the economic cycle would prevent the country from becoming a world-class competitor, FSA-Contact, the human resources consultancy, said yesterday.

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

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

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

"Organisations have to look at

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

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

"Business should not continue to simply do a headcount and retrench people after negotiating a retrenchment package with the appropriate union," he said. "Management and unions have to co-operate and adopt flexible and creative options when dealing with the issue of retrenchment."

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

# Social plan (173) aims to ease layoff costs

BD 6/4/98

Reneé Grawitzky

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

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

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

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

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

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

force — whichever is greater.

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

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

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

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

Gold Fields Limited corporate affairs manager Adrian du Plessis told a Wits University Sociology for Work Unit workshop last week that a social plan had limitations in an already depressed economy. NUM representative Devan Pillay said the framework was watered down during Nedlac discussions. He acknowledged a social plan could have a limited effect, but the social consequences of job losses in SA could have been ameliorated had a social plan been in place in 1991. The plan also provided no obligations for employers to do anything.

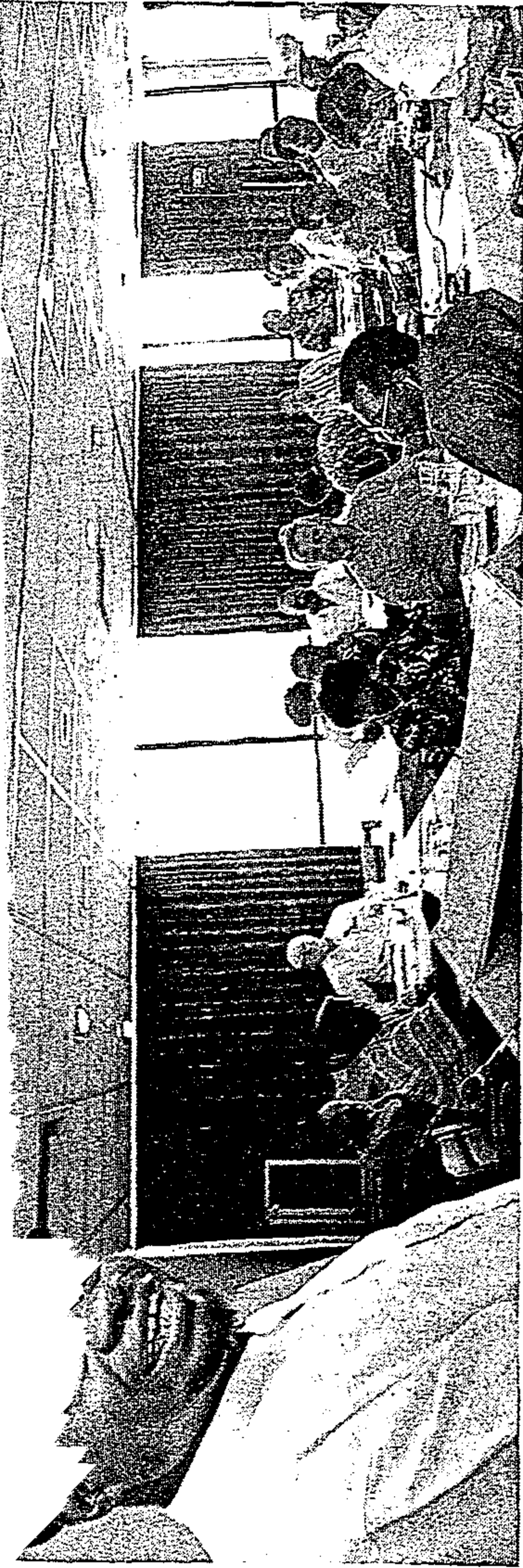
paid against the transformation of health care in SA" and that Zuma had the party's full backing in her bid to provide affordable and quality health care to all South Africans.

It said the NP should not mislead the public into believing it was motivated by a desire for good governance as it was instead driven by a desire to prevent the transformation of health care in SA and to halt the good work already done. It could find no reason to replace Zuma.

The NP said it was amazed at the ANC's defence of Zuma. "The ANC's backing is clearly based on party solidarity and not on principle," said NP media director Daryl Swanepoel.

"How else can it be explained that a political party comes out in support of the person who single-handedly managed to destroy so many aspects of our health care system and who has no regard for the principles of good governance."

Swanepoel listed a number of Zuma's perceived failings, including her record of incompetence, that she turned a blind eye to financial mismanagement and failed to consult properly. — Sapa.



Congress of SA Trade Unions general secretary Mbhazima Shilowa, top left, addresses a delegation of trade unionists from Cuba, including Central Workers' Union of Cuba (CTC) secretary-general Petro Ross Lael, bottom left, CTC International secretary Leonel Gonzalez, bottom centre, and Cuban ambassador Angel Dalmau, bottom right.

### Reneé Grawitzky

THE so-called gospel of the World Bank that workers should not demand wage increases or improvements to worker rights should be rejected, Congress of SA Trade Unions (Cosatu) general secretary Mbhazima Shilowa told a delegation of Cuban trade

## Labour market not 'inflexible' — Shilowa

unionists yesterday. Shilowa said a misconception existed among SA business, in commercial media and in a "lunatic fringe" outside SA that one of the economy's main problems was alleged inflexibility of the labour market.

The battle cry of those wishing to demonise the trade union movement as a destructive economic force was "we need greater labour market flexibility", Shilowa said.

This implied SA wages were too high by global stan-

dards, in relation to the level of productivity in the economy.

Labour market flexibility, he said, had become discredited among workers who saw it as a euphemism for very few or no regulations at all so employers could hire and fire, pay

whatever wages and ensure no worker protection.

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

Sapa reports Cosatu second vice-president Peter Malepe said the US trade blockade on Cuba could not be tolerated.

PHOTOS: TREVOR SAMSON

7/4/98

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# Set sights on creating enterprises, not on finding jobs

(73) CT (BR) 8/4/98

CIEM SUNTER

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

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

One could also argue that new projects by local and foreign investors will add to the workforce. However, one is usually talking of several thousand people in a project — a drop in the ocean compared to the 6 or 7 million new jobs required.

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

South Africa is not out of step with international trends. Some 95 percent of the new jobs generated in economies around the world are in companies of fewer than 200 people. The Fortune 500 companies in the US have been net job destroyers over the last 10 years. Indeed, they've shed millions of jobs.

Judie Lannon, the adviser to Anglo's London scenario team, maintains we are moving into a fragmented, post-modernised society where the nature of work and employment is changing.

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

The jobs summit must accept this fact.

Given the above analysis, I am fairly dubious about any public works programme devised by the government to mop up unemployment. It will make it more difficult for the government to meet the budget deficit targets set out in the Growth, Employment and Redistribution strategy, drive up interest rates and slow down economic growth.

A counter-argument — that the programme will be funded by savings made elsewhere in the budget — will inevitably mean laying off even more civil servants. You give with the one hand and take with the other I'm sorry — Koynes has had his day. It's time to move on.

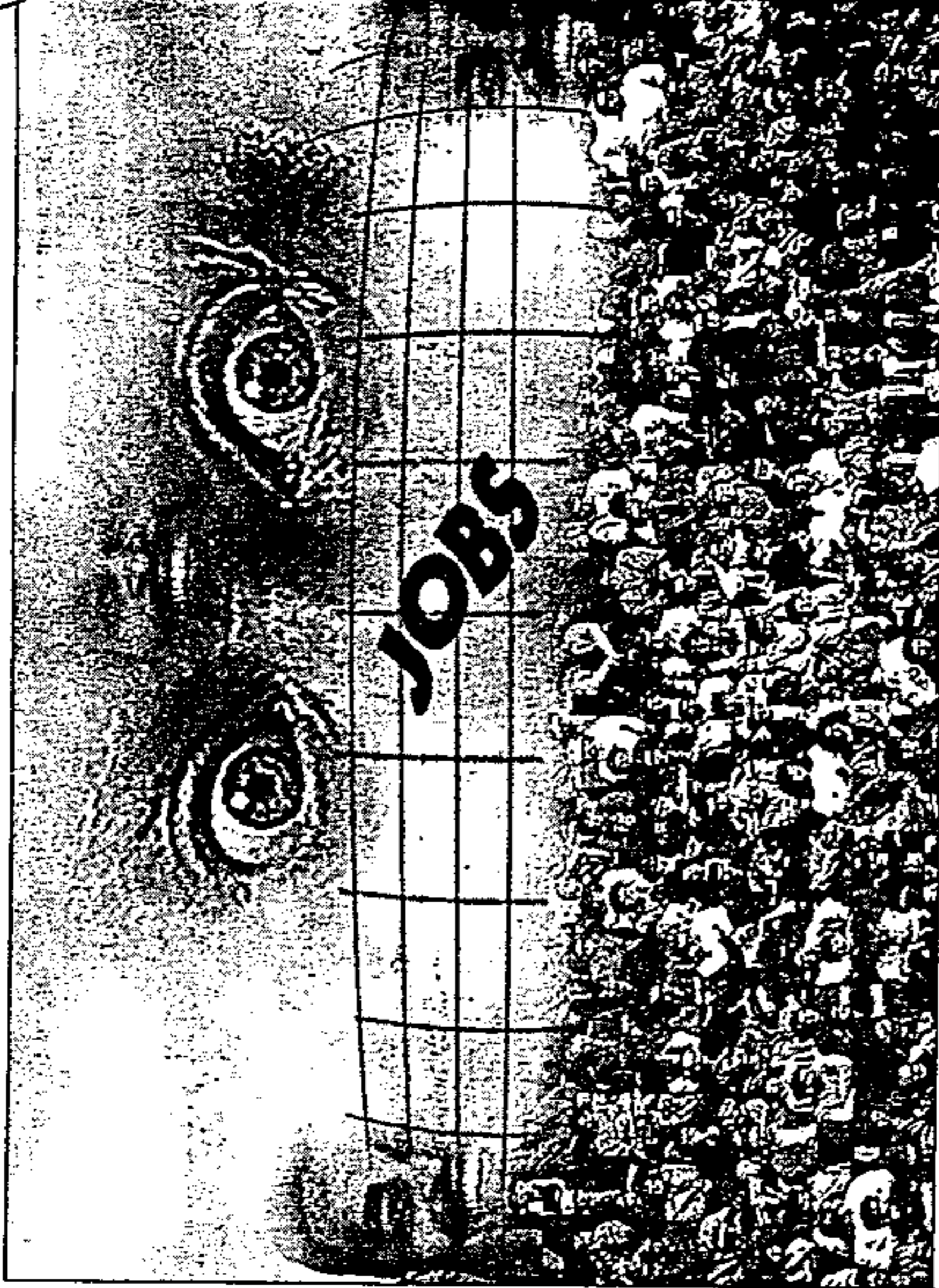
I believe we have to destroy the myth that if big government, big business and big labour get together they can somehow pull a rabbit out of the hat and create millions of new jobs.

Rather, it will be because we create a climate conducive for existing entrepreneurs to grow their businesses and for new entrepreneurs to open up additional enterprises. Hence, I have been advocating for some time that the focus on the Reconstruction and Development Programme (RDP) should be changed from home ownership to the creation of a new entrepreneurial class in South Africa.

Joblessness is more fundamental than homelessness. A person with a job can buy a house. But without a job, nobody can maintain a free house.

This plan would be a marvelous way of revitalising the RDP and allowing the private sector, in partnership with the government, to construct realistic real-life action programmes to achieve the new goal.

To this end, the forthcoming summit should be called an



enterprise summit, rather than a jobs summit. It is only through the creation of millions of enterprises that we will create millions of jobs.

A young black businessman recently described the challenge superbly. He said we had to turn 19th-century capitalism into 21st-century capitalism. He affirmed that most blacks thought of capitalism as the 19th-century variety where you had a few bosses and millions of slaves — in other words, a system of oppression.

We have to jump 100 years to 21st-century capitalism: a network of small business entrepreneurs all doing their own thing, getting a lot of fun and amusement out of it and, at the same time, obtaining self-esteem and dignity. This type of capitalism would be a liberating experience.

Incidentally, the idea of pub-

lic works programmes only reinforces the paradigm of 19th-century capitalism, as it will do nothing to raise the self-esteem of the youth involved. It would merely give them some form of employment — and for not much money at that.

In the light of these arguments, I have for some months been proposing certain actions to help to create an entrepreneurial society. One of the principal bottlenecks I have identified is the lack of access to equity capital for small business people, particularly in the townships.

The Johannesburg Stock Exchange (JSE) is prohibitively expensive, though something more relevant for the emerging business sector is being examined. I would like to see a network of regional stock exchanges which specialise in

people to lose: the savings of the masses are going to end up in the hands of a few casino owners (70 to 80 percent of a casino's takings come from slot machines).

At least regional stock exchanges would be neutral — although simplifying the market rules could lead to the greater possibility of scams. However, a crucial point is that equity capital, not loan capital, should be the fundamental source for small businesses.

We all know that gearing risky projects 100 percent is a dumb idea in big business. That conclusion has equal validity for small business. Yet there seems to be an attitude in this country that the only source of capital for small business should be loan finance from the Small Business Development Corporation, the non-government organisations who run start-up funds, or the banks.

But remember that the main reason for the collapse of the Asian markets was business expansion based on credit. When growth slowed, the flaws in this approach immediately became apparent.

South African banks are constantly criticised for not doing more for small business. But they simply don't possess the risk profile to lead large sums of money to small business. Depositors would be extremely upset if they suffered losses as a result of bad debts to the bank. At best, banks can provide wholesale finance to micro-lending agencies, which specialise in this field, and thereby reduce their risk.

From the point of view of the person wanting the money and the person wanting to invest, therefore, venture capital markets make more sense than loan capital. Indeed, it would be venture capital companies with a portfolio of township businesses that would be quoted on the

stock exchanges, rather than individual township stocks. Old Mutual isn't going to invest in a single spaza shop.

In promoting the idea of regional stock exchanges in places like Durban and Cape Town, I make the point that the JSE in the 1980s wasn't that well regulated. Firms of accountants were not auditing the financial statements of these early companies.

When a prospector went into a bar wivvng a claim in front of the guys drinking there, he would say: "If you each put £10 into my prospect and we hit gold, you will make a fortune; if we don't hit gold, you lose your £10." That was the prospectus — end of story!

Yet another reason for the stock exchange proposal is that the media would suddenly start talking about township businesses and entrepreneurs to the same degree that they are completely ignored at the moment.

Right now, the masses have the impression that the media is written by the elite, for the elite, on the elite. Trading of stocks and shares on a much wider basis would act as a catalyst to overcome this problem.

Should you still not be convinced that this idea will run, there is a halfway house — something the Australian stock exchange is doing.

Why not set up a market site on the Internet which can act as a matchmaker between venture capitalists wanting to invest, on the one hand, and small businesses needing the capital on the other hand? The deals can be consummated off-screen in private. Internet cafes are already popping up in the townships.

□ This the first instalment of a two-part series on the proposed jobs summit by Clem Sunter, the chairman of corporate affairs at Anglo American and a well-known scenario planner



# SA's hidden wealth lies in free enterprise

CLEM SUNTER

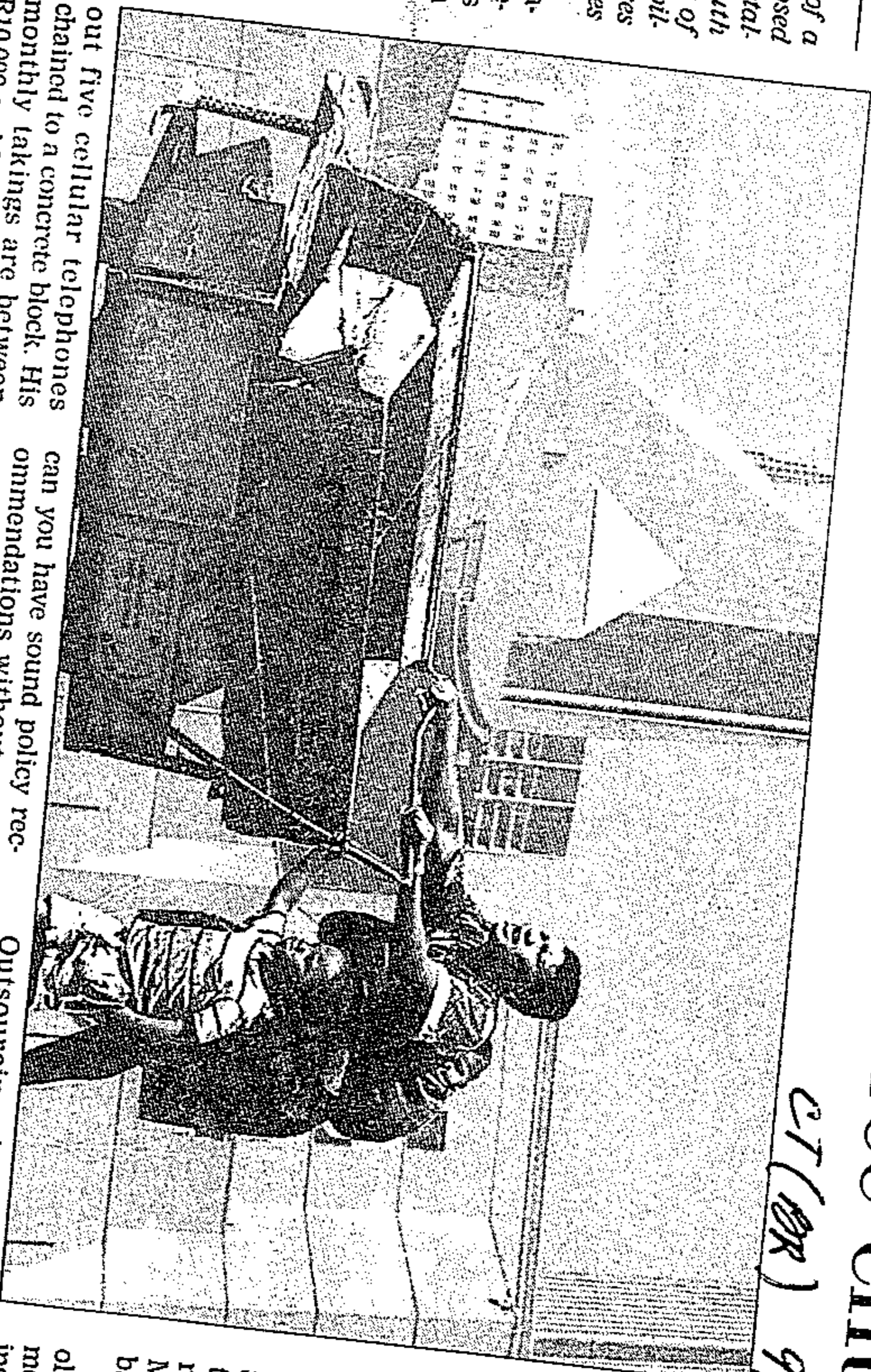
This is the second instalment of a two-part series on the proposed jobs summit. In yesterday's instalment, Sunter discussed South Africa's need for a climate of entrepreneurship and the possibility of financing new enterprises through regional stock exchanges

The second recommendation I have for an entrepreneurial society is entrepreneurial education in schools, where kids open up real businesses on school premises and in adjoining towns.

At the Wykeham Collegiate School for Girls in Pietermaritzburg, for example, they start training the girls at the age of nine. By the time they are 18 they are seasoned entrepreneurs. Obviously, there should also be adult entrepreneurial training centres, such as the business advisory centre operated by the University of Potchefstroom in Tembisa. (Sadly, this centre is about to be closed down for lack of funds.)

The third proposal I have is the establishment of chairs of entrepreneurship at universities and technikons. Rhodes University and Port Elizabeth Technikon have decided to jointly set up such a chair. The University of Pretoria already has one. And many other institutions would do so if they had the money. Such chairs should be used not only to provide courses on entrepreneurship for students at tertiary institutions, but also to act as centres of research into small businesses and informal sectors. We are woefully ignorant of what goes on in township economies.

I went into a shack the other day where the owner was hiring



CT (AAR) 9/4/98

out five cellular telephones chained to a concrete block. His monthly takings are between R10 000 and R20 000, on a capital employed of around R1 000 — a much higher return than is normal in big business.

On another occasion I had lunch with a Soweto loan shark. When I mentioned that 20 percent a year was a high interest rate, he responded: "Clem, I charge 50 percent a month, and when times are tight 100 percent a weekend. I will give you R100 on Friday. You pay me back R200 on Monday or else a special system of peer pressure comes into play!"

Have you ever seen an article in a newspaper, journal or academic treatise detailing the world of shack businesses and loan sharks? Has anybody done serious research on the stoked systems that are a major source of capital in the townships? The answer is no. But how

can you have sound policy recommendations without sound research? Government also needs to look at its own role in creating a conducive climate for entrepreneurs. Steps needing consideration include:

- The money in the Reconstruction and Development Programme fund which is used to guarantee investments by private financial institutions in emerging business;
- A corporation tax holiday for businesses up to a certain size (or even a graduated corporation tax similar to the graduated income tax);
- Minimising regulations to start and run a small business;
- A one-stop licence-issuing shop;
- Specific law and order measures to protect cash-based small businesses; and
- Roads for rural businesses to get their products to market.

Outsourcing is another method for job creation. Many activities done by the state at national, provincial and local level could be outsourced to small business. President Museveni of Uganda has gone to the people, asked them what they needed to run their own businesses, and prioritised government expenditure accordingly.

Museveni comes from the new generation of leaders who are focused on the future. He is the African Renaissance. Finally, we should have a presidential medal awarded each month to an outstanding entrepreneur. We need the government to help elevate the status of entrepreneurs in the minds of the public.

Unfortunately, South Africa has inherited the European attitude to entrepreneurs, epitomised by the large country manors in England where you

Have a front entrance and a tradesman's entrance. Trade, or the entrepreneur, is considered so inferior that he is not allowed to knock on the front door.

This attitude permeates our society: entrepreneurs are well behind politicians, lawyers, academics and others in the public mind. In fact, they are perceived as almost akin to criminals.

By contrast, in the US they are given the same kind of hero worship as sports stars. A guy beaver away in his garage in Silicon Valley making a revolutionary new computer chip is regarded in the same light as Michael Jordan, the ace basketball player.

New money is just as good as old money, but in Europe new money is nouveau riche, or lacking in status. So it's not surprising Europe suffers from an unemployment rate roughly triple that of the US. Most of Europe is not adjusting to the post-modernist age where people don't seek jobs — they create them.

I hope you have captured the spirit in which I am putting forward these fairly revolutionary ideas.

Somewhat, we should use the jobs summit (I would prefer to call it the enterprise summit) to turn the paradigm about small business upside down.

Small business will be the crucible for job creation in the foreseeable future. I am not for one moment saying the top 100 companies in South Africa will not also play a vital role in economic growth. But they simply are not going to create the jobs.

Clem Sunter is the chairman of corporate affairs at Anglo American Corporation and a well-known scenario planner

# Government carries jobless albatross into 1999 election

ST (BT) 12/4/98 (173)  
 Rigidity in the labour market is the key deterrent to job-creating investors, writes SVEN LUNSCHE

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

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

A quarterly poll by the Central Statistical Service among manufacturers shows that the majority of respondents expects a decline in staffing levels in 1998 (see graph). The situation is severe in the clothing and textile industry, general manufacturing and the paper and packaging sector.

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

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

For example, a 10% rise in real wages for workers leads to a 7.1% loss in jobs, says the World Bank, although this figure varies by sector.

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

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

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

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

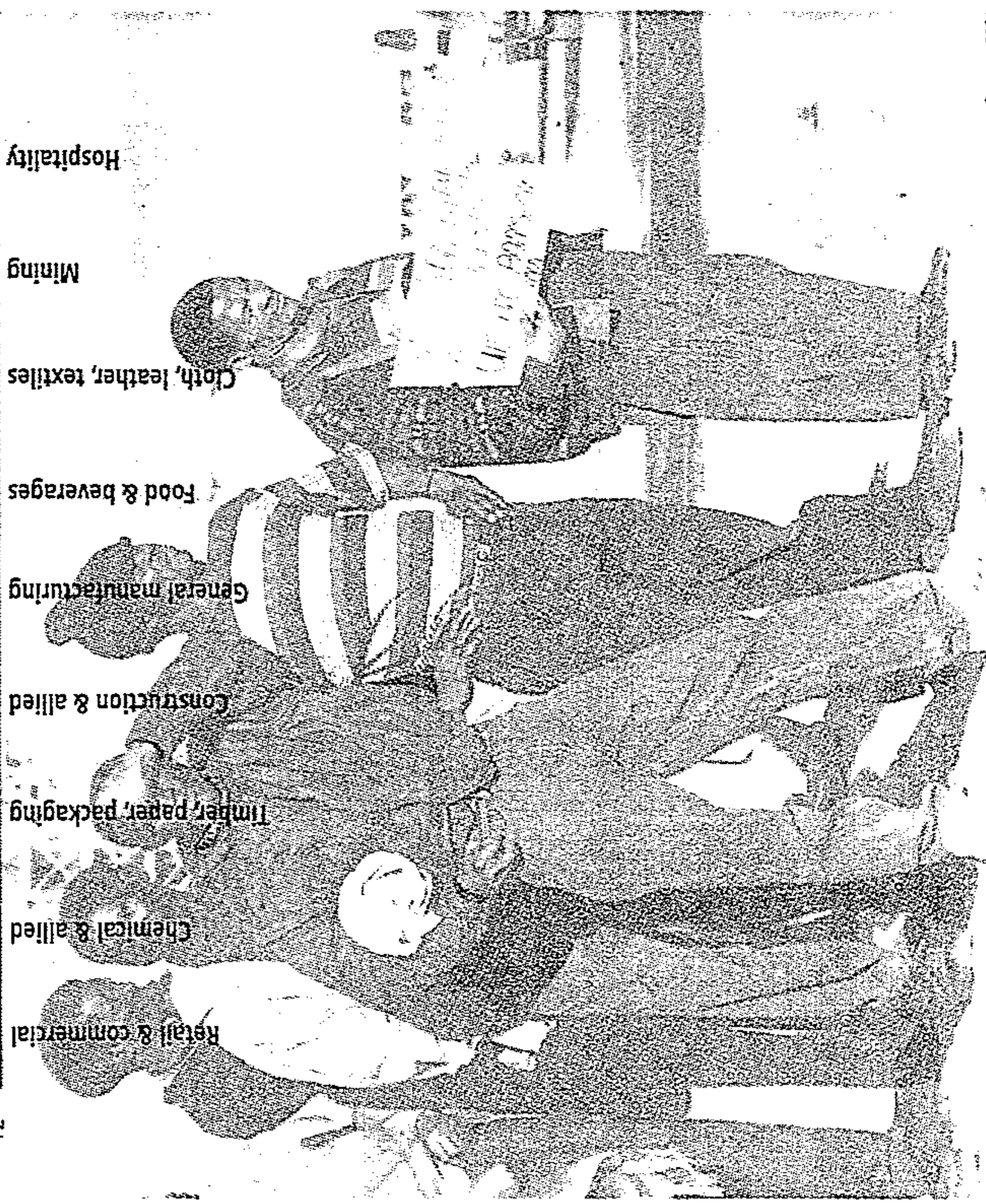
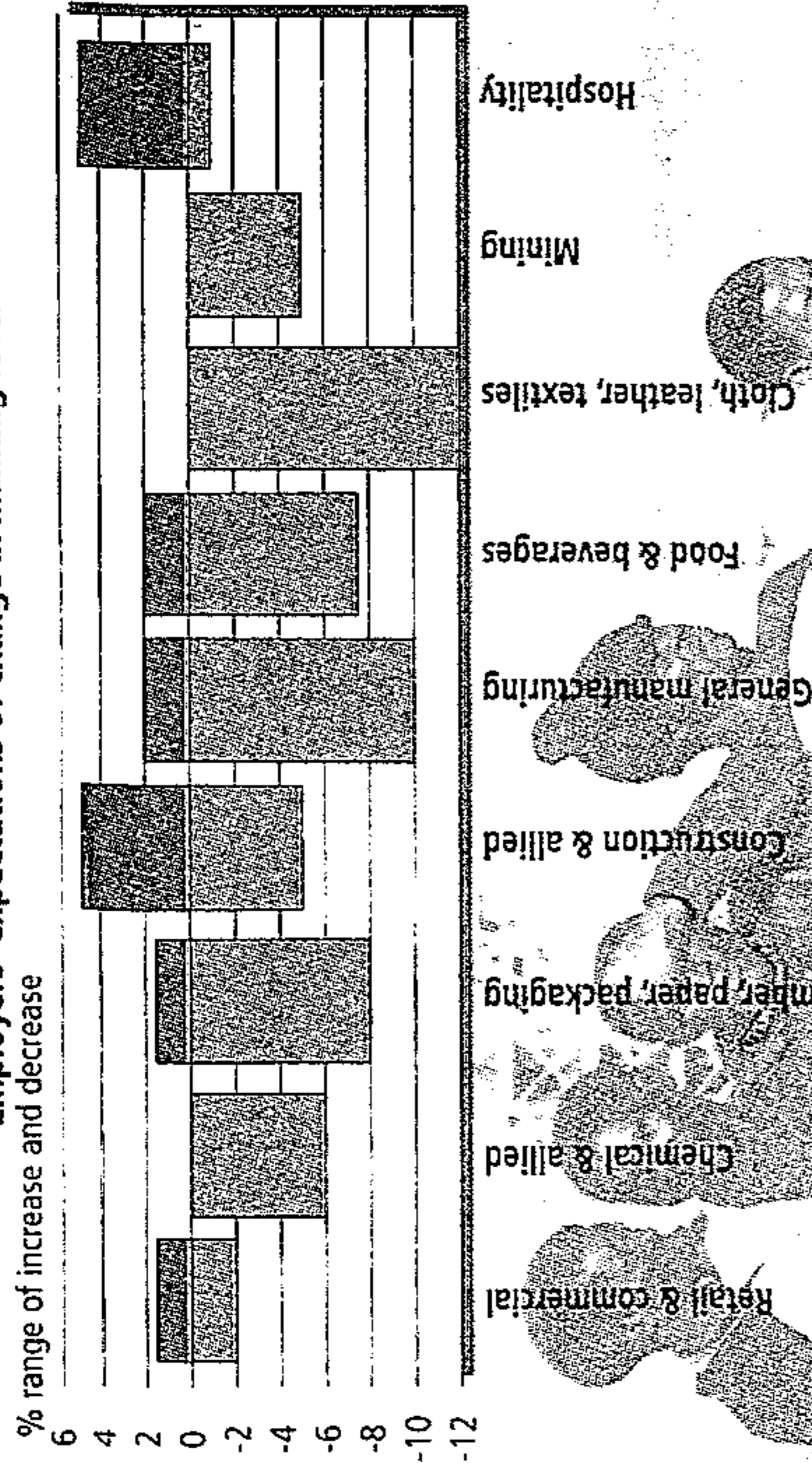
Not only do businessmen view labour as expensive when coupled with low productivity levels, but they also find workers difficult to lay off in times of economic hardship.

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

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

## EXPECTED CHANGE IN EMPLOYMENT LEVELS 1998

Employers' expectations of change in manning levels



Graphic: FIONA KRISCH

Source: CSS

words, "labour friendly".

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

The subject of labour market flexibility is unlikely to be raised in the forthcoming

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

At a recent meeting the labour delegation proposed four broad subjects for the

summit: measures to prevent job losses; job creation measures; support measures for the unemployed; and assistance to the informal sector. None of this goes to the heart of what most economists insist is the real obstacle to job creation — labour-market rigidity. The unemployment queues are bound to get longer.

# SMMEs pivotal to local job creation

*Sowetan 14/4/96 (173)*

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

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

Mahadea's surveyed firms in four urban areas of the Transkei - Umtata, Butterworth-Idutywa, Engcobo and Qumbu-Mount Frere.

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

About 77,5 percent of surveyed

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

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

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

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

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

He said about 20 percent of the firms were "mere survivalists" with value-added being less than the poverty datum line - assumed to be R500. These businesses were unlikely to create employment growth, he said.

Mahadea said 62,5 percent of the firms surveyed employed, including the entrepreneur, between one and six people with only 3,6 percent of the firms employing more than nine people.

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

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

Labour incentives, he said, should only be seen as temporary and had to be linked to "productivity improvement and outward expansion of firms".

# US bill could see 100 000 jobs in SA

BO 16/4/98

(173)

John Dlodlu

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

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

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

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

Other African countries and organisations, including the Organisation for African Unity and

African Business Roundtable, have welcomed the bill.

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

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

Africa accounts for only 0,67%. "So we do not believe Africa will be a threat."

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

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

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

Whitaker's position, created nine weeks ago, is one such step: other regions enjoy high-level at-

tention in the US administration.

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

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

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

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

She was at pains to address concerns about perceived conditions, saying they promoted only what many African countries were already implementing.

*Labour office to probe 100 top firms*

# Employment practices under state spotlight

ET (BR) 21/4/98  
CHRISTO VOLSCHENK  
AND THABO LESHILO

(173)

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

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

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

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

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

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

The research into typical employment practices of the "leading" 100 companies would provide the department with a

starting point from which to measure progress on equity-promotion in the workplace.

The report said registered trade union membership shot up 13 percent last year to 3,4 million members because of the freer environment accompanying the new labour relations regime.

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

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

The number of employer bodies increased from 196 in 1996 to 258 last year, Mboweni said.

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

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

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

TOURISM DEVELOPMENT PROPOSED

# Bird Island project could create jobs

**THE PROPOSED DEVELOPMENT** of a tourist attraction on Bird Island could be very beneficial to the people of Lambert's Bay. Tourism Writer **DAN SIMON** reports.

**T**HE bleak economic climate prevailing in the small, destitute fishing village of Lambert's Bay on the West Coast could be somewhat alleviated in the near future if a proposed R5-million tourism development of the near-by Bird Island gets off the ground.

The development of Bird Island into a top ecotourism centre could go some way to improving the fortunes of the 11 000-strong community whose livelihoods are mainly dependent on a depleted fishing industry.

It is estimated that the project could provide as many as 350 jobs. Other proposed facilities include a hotel, a mini-waterfront, a souvenir shop, an information centre and craft market.

While tourism to the Western Cape continues to increase and now contributes some R6 billion annually to the provincial economy, little of this financial impact is felt by West Coast communities

north of Saldanha — so the development is likely to be very beneficial to the Lambert's Bay community — and the 50 000 Cape gannets which breed on Bird Island, said Cape Nature Conservation's Dr Tony Williams.

Some 40 000 people (20% of them foreign tourists) visit the town annually and a tourist attraction of this nature could, in several years, push visitor numbers up to 100 000 and generate tourism income of some R2 million.

The town, Williams said, is renowned for its bird sanctuary. "It is one of only six islands in the world where the Cape gannet breeds. The island, which is connected to the mainland by the harbour wall, is also easily accessible for viewing gannets in their habitat."

Williams said the proposed development entailed replacing an existing bird-watching platform with three observation hides.

"One will be a two-storey affair which will be clad in fibreglass rock. The rock will be made by the same people who made the rock for the Two Oceans Aquarium. It will seat 20 people with a view straight onto the breeding colony."

A special tunnel would be created to give visitors eye-to-eye level contact with the gannets through a special glass dome.

"But there are time constraints (in terms of the breeding season) and we still need to prepare an environment impact assessment which could take four to six weeks. As soon as we get approval we could build these hides in a matter of four to six weeks.

"The development will be positive as we will be providing more breeding habitat. Because we will be charging people, we can also do more for the birds."

Two historical buildings on the island would be converted into museums depicting the guano and crayfish industries, Williams said.

He added that the development could be a precursor to a small waterfront project in the harbour area which is linked to the island.



**RELIEF IN SIGHT:** Jacobus Dirks is one of many people who could benefit from a proposed R5-million tourism development planned for Bird Island near Lambert's Bay.

PICTURE: BE

# Trade policies under fire for 'violating labour rights'

(173) (E4)  
John Dlodlu

BD 23/4/98

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

All the customs union countries have ratified the "core labour" conventions, although violations are continuing.

# DP unveils scheme to create 2,5 million jobs

CLIVE SAWYER  
POLITICAL CORRESPONDENT

(173)

ART 23/4/98

In a move timed to coincide with today's labour ministry budget debate in Parliament, the Democratic Party has released details of a plan to create training and job opportunities for 2,5 million young South Africans.

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

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

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

The proposals were based in part on similar measures which proved

successful in Chile, the United Kingdom and Australia.

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

The DP proposes:

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

- Apprenticeships should be based on freedom of contract.

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

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

Mr Leon will briefly outline the proposals during his speech in the labour debate today.



# Parties present job summit initiatives

Reneé Grawitzky  
and Linda Ensor

(173)

MD 24/4/98

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

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

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

Sapa reports that Labour Minister Tito Mboweni told Parliament yesterday that the summit, aimed at addressing the country's high levels of unemployment, would take place towards the end of the year. Introducing the debate on his budget vote,

Mboweni said insufficient new jobs were being created and jobs had been shed in the manufacturing and mining sectors. "There is no quick-fix solution to unemployment. We face a long haul to get the structure of our economy and labour market right."

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

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

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

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

Continued on Page 2

## Summit

(173)

Continued from Page 1

MD 24/4/98

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

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

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

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

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

young, unemployed people, 300 000 of them matriculants.

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

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

The DP believes that money to fund the project could be raised by scrapping unsuccessful job creation and training programmes; abolishing the labour bureaucracy (which employed 6 500 people); foreign donations and finance channelled from government's Umsobomvu Fund for job creation.

# Labour to 'look beyond Gear' at summit

Reneé Grawitzky

THE labour movement did not want the presidential job summit later this year to turn into a debate over government's Growth, Redistribution and Employment (Gear) strategy, Zwelinzima Vavi, the Congress of SA Trade Union (Cosatu) deputy general secretary, said yesterday.

Vavi was launching the platform of three union federations, Cosatu, the Federation of SA Trade Unions (Fedusa) and the National Council of Trade Unions (Nactu), into the summit.

At the same time Cosatu warned that the summit was doomed if alliance partners failed to reach broad agreement on a framework for job creation.

The unions warned government that its failure to table proposals could further delay the summit. Labour was not prepared to rush into the encounter without adequate time for parties to negotiate. Parties would need two months once all proposals had been tabled.

"The longer the summit is delayed, the more the unemployment crisis will engulf the country," labour said.

The SA Chamber of Business echoed this, saying business's document was being finalised. It would propose short-term and long-term job-creation measures. It is believed that business's submission would focus heavily on education, training and incentives to increase labour and man-

agement productivity, as well as public works programmes and youth programmes.

Labour's broad framework document views government as central to job creation. However, it emphasises the need to boost demand for locally produced goods and ensure supply-side measures to encourage exports.

It recommends that government consider tax disincentives to prevent the shedding of jobs and the use of employment subsidies to promote development of labour-intensive activities.

An employment creation strategy had to address poverty alleviation and unemployment, labour said.

The fact that Gear is no longer the exclusive focus reflects a shift

in Cosatu's thinking. Some Cosatu members wanted to use the summit to challenge Gear.

Labour sources said at the start of discussions on a joint labour position acceptable to all the federations, some unionists had adopted this approach. However, it had been rejected.

Vavi said such an approach would not assist the summit. However, where issues tabled were contrary to the Gear, they should be addressed. Government had repeatedly said that no policy was cast in stone.

Although the document only makes sporadic reference to Gear, it clearly states that SA needs a fundamentally different growth and employment path. The three federations rejected

any linkage between wages and employment, and said a job creation strategy had to address the quality of jobs. Fedusa general secretary Chez Milani said labour's broad framework document stressed job creation, job retention and improving the quality of jobs.

Despite rejecting low-wage jobs, labour acknowledged that those employed in public works programmes could not earn the same wage rates as their counterparts in the private sector.

Labour also rejected the idea of focusing only on labour-market flexibility and a wage freeze. However, Milani said labour would go to talks with an open mind. Companies prepared to create jobs should be rewarded.



Cosatu deputy general secretary Zwelinzima Vavi, left, and Federation of Trade Unions of SA general secretary Chez Milani at a news conference yesterday.

Picture: TREVOR SAMSON

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

(173) ARG 30/4/98

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

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

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

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

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

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

"We will insist that some of the aspects we put into this job summit find their way on to this election platform."

Cosatu said macroeconomic policy should not be over-restrictive.

Also, it warned against destroying jobs through "blind liberalisation".

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

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

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

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

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

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

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

Cosatu has criticised the Government for pursuing a tight budget deficit target of 3% which, it said, did not help stimulate job creation.



**BROTHERS IN ARMS** Zwelinzima Vavi, of Cosatu, and Dennis George, assistant general secretary of Fedusa, announce their jobs summit document

PHOTO: IORI WASEICHUK

## Jobs strategy 'will sway voters'

ET (PR) 30/4/98 173

**FRANK NXUMALO  
AND ROY COKAYNE**

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

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

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

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

The government proposed a "neo-liberal" policy for job creation, which was bound to

"drive yet another wedge between important stakeholders in this country".

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

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

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

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

The SAF said a jobs strategy had to include the global "new wisdom" — that flexible labour markets and job growth go hand in hand; skills development is a

necessary condition for entry into the job market; and incentives rather than punitive taxes to encourage foreign direct investment and boost exports.

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

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

Vavi said labour was not prepared to rush into the jobs summit without adequate preparation, but it was worried by recent media reports quoting Tito Mboweni, the labour minister, as saying the summit may only be held towards the end of the year or sometime next year.

*Central executive committee will examine its employment creation strategy*

# Cosatu targets jobs summit today

(173)

CT (MOR) 5/5/98

FRANK NXUMALO

LABOUR EDITOR

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

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

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

Nowethu Mpati, Cosatu's representative, said the CEC would also give special focus to dealing with building the organisation.

She said it would focus especially on the autumn campaign in which Cosatu was now engaged as part of its three-year



**ONSIDE** Sam Shilowa, the general secretary of Cosatu, left, and Zweli Vavi, the deputy secretary general of Cosatu, centre, meet Mluleki George, the president of the National Sports Council, to discuss Cosatu's stand on the dispute with rugby body Sarfu.

PHOTO: JOHN WOODROOF

organisational programme.

Mpati said the programme, first discussed at the last CEC meeting in November, was part of Cosatu's sixth national congress resolutions aimed at increasing its 1,8 million paid-up membership by 50 percent by 2000.

"The CEC will receive a detailed progress report on the campaign that will focus on the analysis, new recruits, problems

encountered and challenges facing the federation in terms of servicing current and new membership," Mpati said.

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

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

"We hope for an amicable solution. If there isn't one, we will reconsider the situation," said Joan Joffe, the group executive officer for corporate affairs at Vodacom.

# NEWS

Portfolio committee told that support programmes need fine tuning

## Red tape 'hampers job creation'

ET (BR) 5/5/98 (193)

LYNDA LOXTON

PARLIAMENTARY CORRESPONDENT

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

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

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

Hannes Fehrsen, the chairman of the Motor Industry Development Council's sub-committee

on supply-side measures, said the motor industry was at a significant disadvantage to other motor manufacturing countries when it came to export incentives.

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

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

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

on the rand, Lockwood said.

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

"Sacob recommends that this justifies a specific study into what additional assistance can be given to exporters," he said.

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

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

for the schemes to be approved and there seemed to be staff shortages at the department of trade and industry.

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

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

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

"And for that, there is no assistance," he said.



SHEER DRIVING PLEASURE



vodacom

BUS

# Job summit planning precarious, says BSA

Reneé Grawitzky

50 6/15/98

(173)

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

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

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

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

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

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

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

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

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

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

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

Botha said he would retain his position on the governing body of the Commission for Conciliation, Mediation and Arbitration.

# Mandela hails new 'model' factory

STAFF REPORTER

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

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

He was speaking today at the opening of a factory producing wind-up torches, which is jointly run by the Baygen Power Group, the Liberty Life Founda-

tion and the National Institute for the Prevention of Crime and Rehabilitation of Offenders.

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

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

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

ART 7/7/98 (173)  
"With the equity shared by Nicro, a workers trust, the Liberty Life Foundation and Baygen, the project extends profit-sharing to the workers at the same time as providing training.

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

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

He said the manufacture of products such as the wind-up

torch and radio in South Africa was helping to boost the country's exports and strengthened the economy.

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

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

He added: "The deep concern that we all feel about crime calls for creative strategies of many kinds to rebuild the nation's soul."



# Failure to submit proposals criticised

Pearl Sebolao

BD 8/5/98 (173)

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

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

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

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

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

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

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

# 'Advances preventing job creation'

Mzwandile Jacks

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

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

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

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

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

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

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

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

SA did not use its equipment properly and as a result capital productivity was not as good as it should be.

(173) 17 (173)

20 8/5/98

# Report on poverty calls for transformation plan

Reneé Grawitzky

(173)

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

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

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

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

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

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

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

It would also ensure that government became actively involved in extending social services, improving the infrastructure and transforming the labour market.

# Madiba lights up ex-convicts' hearts as new factory opens

## R30-m US boost for radio firm

**NORMAN JOSEPH**  
Star Reporter

APR 8/8/98

Out on parole and in a job which gave him the chance to meet President Mandela, William Francis is looking forward to a second chance at life, back in his community.

Mr Francis shook hands with Mr Mandela yesterday in Montague Gardens when the president officially opened the BayGen Power Group factory which employs and empowers former offenders.

The factory, which produces wind-up torches and radios, is run jointly by the Liberty Life Foundation and the National Institute for the Prevention of Crime and Rehabilitation of Offenders.

Mr Francis, 39, of Mitchell's Plain, who is married with three young children, has five of 18 months on parole left before he can relax after a seven-year jail term for housebreaking.

Mr Francis said he was eager to start afresh with his new-found skill. "This company has nothing

against me or people like me. I feel proud to be here, especially after meeting with Mr Mandela."

After executing his famous Madiba jive to the tune of *Viva Mandela* sung by company workers, Mr Mandela said: "With 10 000 prisoners being released from prison each month, successful reintegration is a burning necessity.

"If they are rejected by potential employers and the rest of society, reintegration is made much harder.

"Many return to crime or become dependent on the charity of others. Stable employment can break this cycle."

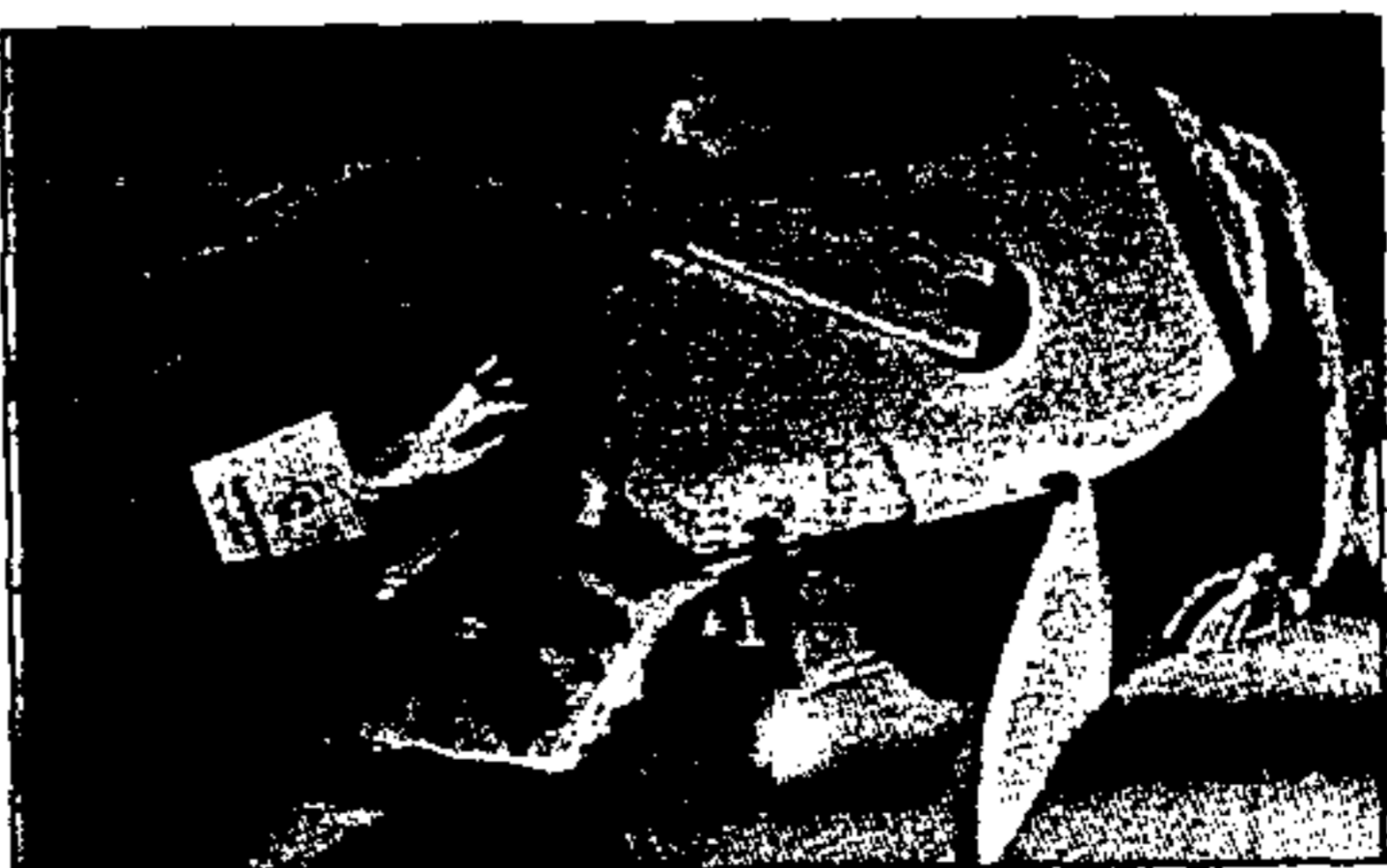
Western Cape police commissioner Leon Wessels pledged his support for the company which employed, trained and reintegrated former convicts into society.

He said he was very impressed with the constructive programmes to rehabilitate people.

The project would contribute towards normalising society, said the president, and it was good to see people being rehabilitated.



Meeting on the 'outside': former Beirut hostage Terry Wallis meets former prisoner President Mandela at the BayGen factory opening



On-the-spot demo: Florida Erasmus shows guests how a wind-up torch works

**ED WEST**  
Denn Business Editor

The BayGen Power Group, a Cape Town company which makes and sells wind-up radios and torches, has lured another giant investor as a shareholder, the Washington-based WorldSpace Corporation.

WorldSpace plans to deliver news, information and entertainment to 46 billion people by the turn of the century through a new satellite-based digital audio broadcasting system.

The corporation bought a 10% stake for R30-million yesterday because it believed the company's radios could be used by consumers to receive WorldSpace's services all over the developing world.

BayGen says the R30-million will be used to expand the company before it lists on the Johannesburg Stock Exchange in the next two years. Last year, US group General Electric Power Trust bought a 30% stake.



**THE LIGHT:** Baygen Power Group's production director Purcell Lakey, demonstrates wind-up torch to President Nelson Mandela.

PICTURE: BENNY GOOL

## Ex-prisoner project hailed

CT 8/5/98

ROGER FRIEDMAN

(173) (253)  
 PRESIDENT Nelson Mandela yesterday hailed South Africa's first business enterprise dedicated to the empowerment, employment and reintegration into society of former criminals and their families and abused women as just the type of creative strategy required to rebuild the nation's soul.

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

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

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

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

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

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

● See Business Report

# No-go jobs summit

(173)

MTG 8-14/5/98

## Sechaba ka'Nkosi

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

The Congress of South African Trade Unions (Cosatu) and Business South Africa (BSA) are ready and

waiting for the summit, but say they are in the dark about when it will be.

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

His address at the summit is expected to give an idea of whether the government is ready to have the

jobs summit this year, or whether it will be postponed once again.

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

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

BSA this week blamed the government for failing to implement crucial elements in its growth, employment and redistribution strategy and proposed the creation of export processing zones and more spatial development initiatives to create more jobs.

# War on unemployment a priority

## Projects afoot to provide 68 000 jobs, but statistics give no cause for comfort

ESTELLE RANDALL  
POLITICAL CORRESPONDENT

Unemployment has been revealed as a major threat stalking South Africa's new democracy.

And figures from the Central Statistics Service (CSS) show the scale of the crisis: about 62 000 jobs were lost in the formal sector in the first half of 1997.

Unemployment is hovering at about 83%, with women and young people particularly hard hit. About 69% of South Africa's unemployed have never had a job.

However, Trade and Industry Minister Alec Erwin has disputed a claim by the CSS that 22 700 manufacturing jobs have been lost so far this year. He said a joint study by the Trade and Industry Department and the Clothing Manufacturers' Federation had revealed that employment in the sector had grown this year and that the CSS had failed to record 20 000 new jobs.

But whatever their differences over precise figures, the Government, trade unions and business agree that unemployment is unacceptably high and that reversing the trend is a national priority.

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



ALEC ERWIN: disputes claim

But the Jobs Summit is unlikely to offer a quick solution to an unemployment problem that has been festering since the 1980s.

Labour Minister Tito Mboweni said at an inter-governmental forum meeting on the Jobs Summit in August last year: "An effective employment strategy must influence the economic structure, cost of living, education and training and overall investment."

He warned that a strategy to simply create jobs, any jobs, could result in more people becoming the

"working poor".

He said such a strategy would not necessarily create acceptable work conditions or substantially reduce inequality.

Mr Mboweni sketched the bleak scenario that the Government had inherited:

- Income distribution in South Africa is among the most unequal in the world. The poorest two-thirds in South Africa receive only about a third of the national income while 15% of South Africans own about 90% of the national wealth.
- South Africa has one of world's largest gaps in pay for skilled and elementary labour.
- South Africans have a high cost of living, reflected in apartheid-era residential patterns, relatively high-cost production of goods and weak social security.
- Compared with other middle-income developing countries, South Africa has high levels of illiteracy and low levels of technical skills.
- Policies of the previous government fostered capital-intensive sectors at the cost of more labour-intensive sectors. In particular, light industries, the service-sector and smaller enterprises generally received little access to Government support.
- Historically, South Africa had a two-tier labour market, with strong protection for some - mostly white - workers. That situation encouraged poor pay and working

conditions for relatively unskilled African workers. As a rule, workers do not have basic labour rights, unemployment insurance or adequate pensions. That effectively raises the cost of labour and aggravates conflict between workers and employers.

Racial and gender discrimination is widespread and people are not being employed where they could be most productive.

Weak training systems for the majority also means workers do not easily obtain new skills, or demon-



TITO MBOWENI: effective strategy

strate them to potential employers. Mr Mboweni said his department had introduced new laws to deal with labour market inefficiencies.

He said the Trade and Industry Department had also begun to support more labour-intensive sectors and had strengthened small and micro enterprises.

The department said this week it had identified about 400 investment projects, totalling about R33-billion and which could generate about 68 000 jobs.

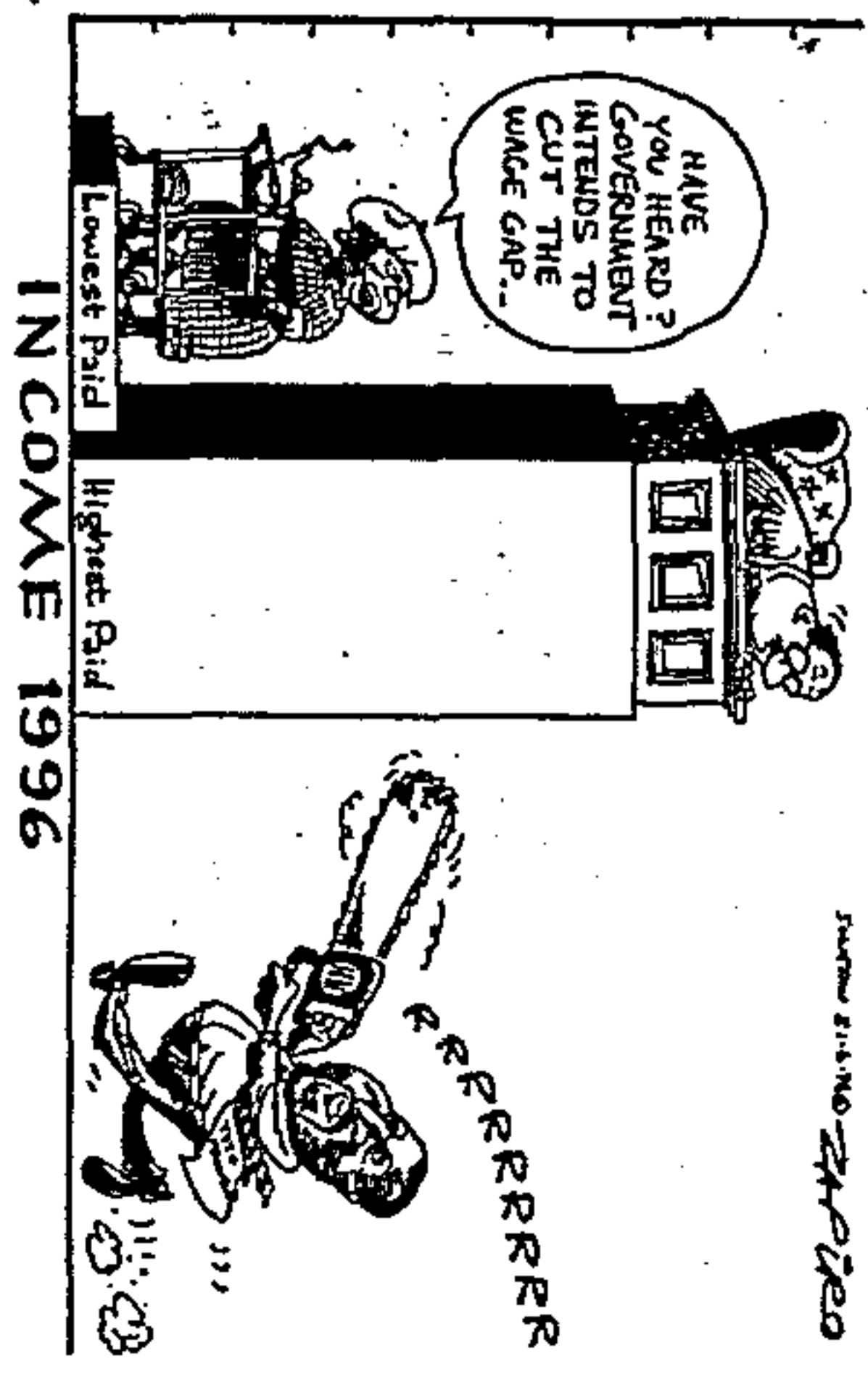
Indicating the direction of Government thinking on concrete proposals for the Jobs Summit, Mr Mboweni said tourism, agriculture and construction were most likely to generate substantial opportunities for employment.

"These sectors are highly labour intensive and have significant employer multipliers in terms of direct relationship with other industries and because of their potential to raise productivity in indirect ways," he said.

"For instance, improving household infrastructure and housing opens the door to a more vigorous expansion of home-based production, trade and services."

He said although small and micro enterprises would reach more people sooner, they would increase incomes only to a limited extent. On the other hand, large formal industry would reach fewer people but would provide more stable and better-paid jobs.

ARL 9/5/98



INCOME 1996

# Presidential jobs summit to take place earlier than expected

(193) RAL 9/5/98

**ESTELLE RANDALL**  
POLITICAL CORRESPONDENT

Minister of Labour Tito Mboweni has committed himself to convening the long-awaited presidential jobs summit next month.

Mr Mboweni had earlier set the date for sometime in August or towards the end of this year.

The Cabinet last year identified the summit as the key mechanism for kick-starting a national effort to reverse the unemployment which has dogged South Africa since the 1980s. About 33% of South Africa's economically active population is now unemployed.

While business has declined to comment, the Congress of South

African Trade Unions (Cosatu) said Mr Mboweni would not be able to hold the summit next month.

"June or July is not practical. We want a common understanding when we get to the summit. We don't want to argue positions there," Cosatu said yesterday. Although the trade union movement had published a jobs summit framework doc-

ument, Cosatu was only planning to flesh out these broad proposals at a meeting of its central committee in June, it said.

Cosatu deputy general secretary Zwelinzima Vavi earlier called for the summit to be held in July and on Thursday the federation said in a statement that it should be held as soon as possible.



# Get me a job,

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

**A**longside crime, unemployment is the major threat stalking South Africa's new democracy. And figures from the Central Statistics Service (CSS) show the scale of the crisis: about 62 000 jobs were lost in the formal sector of the economy during the first half of 1997.

Average unemployment is at about 33%, with women and young people particularly hard hit. About 69% of unemployed people have never worked.

The Government has challenged some of the CSS's figures. In Parliament this week, Trade and Industry Minister Alec Erwin disputed the CSS's claim that 22 700 manufacturing jobs had been lost up to last month.

He said a joint study by his department and the Clothing Manufacturers Federation had found that employment in the sector had grown this year and that the CSS had failed to record 20 000 new jobs.

But whatever their differences over precise figures, the Government, trade unions and business all agree that unemployment is unacceptably high and that reversing the tide is a national priority.

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

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

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

He warned that a strategy to simply create jobs - any jobs - could result in more people simply becoming the "working poor". It would not necessarily provide acceptable work conditions, more equal economic power or substantially reduced inequality - issues at the heart of the need for reducing unemployment.

Mboweni sketched the bleak scenario which the new government inherited:

- Income distribution is the most unequal in the world. The poorest two-thirds of South Africans receive only about a third of the national income, while 15% of South Africans own about 90% of the national wealth.

- South Africa has among the world's largest gaps in pay between skilled and elementary labour.

- South Africans have a high cost of living reflected in apartheid residential patterns, relatively high-cost production of wage goods and weak social security.

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

technical skills.

- Past government policies had fostered capital-intensive sectors at the cost of more labour-intensive sectors with, in particular, light industries, the services sector and smaller enterprises generally getting little access to government support.

- Historically, South Africa had a two-tier labour market, with strong protection for some - mostly white - workers, but virtual encouragement of poor pay and working conditions for relatively unskilled African workers. As a rule, workers did not have basic labour rights, unemployment insurance or adequate pensions. This effectively raised the cost of labour-aggravated conflict between workers and employers.

- Racial and gender discrimination was widespread and resulted in people not being employed where they could be most productive.

- Weak training systems for the majority also meant workers could not easily obtain new skills or demonstrate them to potential employers.

Mboweni said the Government had begun to address these issues.

He said his department had introduced new laws to deal with labour market inefficiencies.

"We have put major efforts and funding into establishing better mediation and conciliation mechanisms which have already improved dispute settlements substantially. We have also begun to establish more modern forms of sectoral bargaining, which should reduce administrative burdens and give workers and employers greater flexibility while providing for sectoral development," he said.

The extension of core organisational and working-condition rights through the Basic Conditions of Employment Act and the Labour Relations Act to workers previously excluded would also give employers and workers the incentive to develop more stable and productive labour relations.

The Employment Equity Bill, which would be tabled in Parliament this year, should also help to overcome the apartheid-era wage gap and support more flexible work organisation, Mboweni said.

There were also proposals to establish more appropriate structures to foster rapid expansion in training. He said the Department of Trade and Industry had also begun to support more labour-intensive sectors of the economy and had strengthened small and micro enterprises.

This week the Department of Trade



(173)

the Government of resources to enterprises and enterprises will be sooner, but they only in a limited industry but would prefer better-paid jobs. He warned that and money needed employment. Such policies to time because things may so do. But we must explore ways not hinder employment.

"We should do for the financial monetary policy especially harsh household infrastructure micro enterprises. The main role to be to support creation of jobs. The Government union mover formulate and sales for job creation. So far, the trend that a job creation emphasis on the most vulnerable strengthen employment for the most communities. Business has growth of jobs in private sector.

and industry said it had identified about 400 investment projects, totalling about R83-billion, which could generate about 68 000 jobs.

Indicating the direction of government thinking around concrete proposals for the Jobs Summit, Mboweni said tourism and the "value chains" associated with agriculture and construction were most likely to generate substantial amounts of employment in the future.

"These sectors are highly labour-intensive and have significant employer multipliers in terms of direct relationships with other industries and because of their potential to raise productivity in indirect ways," he said.

"For instance, improving household infrastructure and housing opens the door to a more vigorous expansion of home-based production, trade and services."

However, he raised the importance of



DESPERATE MEASURES: For many South Africans, the stark people in this country have never had a job

# job, please!



## Mboweni committed to jobs summit in June

the Government balancing its allocation of resources between small and micro enterprises and large, formal industry. He pointed out that small and micro enterprises would reach more people sooner but they would increase incomes only to a limited extent, while large formal industry would reach fewer people but would provide more stable and better paid jobs.

In an exclusive interview, Minister of Labour Mboweni this week broke his silence and committed himself to convening the long-awaited Presidential Jobs Summit next month.

He warned that "overly restrictive fiscal and monetary policies" also hindered employment growth. "Such policies are adopted from time to time because macro-economic situations may so demand. But we must always be open in exploring ways to ensure that they do not hinder employment creation unnecessarily."

The Cabinet last year identified the summit as the key mechanism for kick-starting a national effort to reverse the unemployment which has dogged South Africa since the 1990s. About 33% of the economically active population is unemployed. Mboweni's commitment to hold the summit next month should satisfy the trade union movement. Cosatu this week called for the summit to be held as soon as possible.

and industry said it had identified about 400 investment projects, totalling about R88-billion, which could generate about 68 000 jobs.

Mboweni dispelled fears that the Government was tardy in finalising its proposals. He said these would be finalised and discussed with stakeholders this month. "The Department of Labour has produced a document which has been used for consultation with other government departments."

Indicating the direction of government thinking around concrete proposals for the Jobs Summit, Mboweni said tourism and the "value chains" associated with agriculture and construction were most likely to generate substantial amounts of employment in the future.

"We should define a development role for the financial sector so that tight monetary policies do not have an unnecessarily harsh impact on key sectors, especially construction of housing and household infrastructure and small and micro enterprises," he said.

"Inputs from these departments have been put into a revised employment creation strategy document, which I have discussed with the core ministers involved in the summit - the ministers of trade and industry, finance and public works."

"These sectors are highly labour-intensive and have significant employer multipliers in terms of direct relationships with other industries and because of their potential to raise productivity in indirect ways," he said.

The main role of the public sector had to be to support and stimulate employment creation in the private sector.

Mboweni said the next step would be a meeting of all ministers, provincial MECs of finance and economic affairs, and local government representatives. "After this intergovernmental summit (this month) we will approach the Cabinet with our submission of what the Government's position should be."

"For instance, improving household infrastructure and housing opens the door to a more vigorous expansion of home-based production, trade and services."

The Government, as well as the trade union movement and business, is yet to formulate and discuss practical proposals for job creation.

With cabinet approval for that position, Mboweni said his department would convene wide-ranging discussions with business, churches and non-governmental organisations that were not represented in the National Economic Development and Labour Council (Nedlac).

However, he raised the importance of

So far, the trade unions have indicated that a job creation strategy must place emphasis on improving conditions of the most vulnerable workers and strengthen employment opportunities for the most marginalised members of communities.

"These discussions will run parallel and simultaneous to the Nedlac process," he said.

Business has tended to favour the growth of jobs outside the mainstream private sector.



DESPERATE MEASURES: For many South Africans, the slog of finding a job goes on day after day. Some 69% of unemployed people in this country have never had a job.

# New sense of urgency over jobs summit

BD 11/5/98

(173)

René Grawitzky

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

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

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

This view was endorsed by business.

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

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

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

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

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

Labour department spokesman Samantha Henkeman said yesterday government's

position paper would be referred to an interministerial meeting and the National Council of Provinces before going before the cabinet.

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

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



MBOWENI

□ UNEMPLOYMENT

(173) CT(MR) 12/5/98

### **Cosatu says presidential summit is premature**

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

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

# Gear has failed, so let public works projects have their chance

ET (CAR) 12/5/98

(773)



**MUKUENA MUKUENA**

benefits does not meet society's criterion of equity, the government can intervene to redistribute income or wealth.

This, however, poses additional problems since the government's fiscal tools for redistribution — taxation, expenditures and transfer payments — may distort incentives for effort for risk-taking, and market efficiency may be impaired. Governments, therefore, normally face tradeoffs between efficiency and equity which cannot be resolved by economics alone; hence Cosatu's justified objections.

We must never forget that the cure for the Great Depression of the 1930s was the Keynesian solution. Furthermore, the level of government expenditure versus the overall return to the economy was minuscule during that time. Given the fact that our work-

force cannot fully take advantage of the information age revolution because of historic educational deficiencies, the Keynesian imperative might be the easier way out of continued poverty and imminent instability caused by rampant crime.

A massive injection of resources through a comprehensive, well-directed public works expenditure programme is in order. It would not be a waste, anyway, since our roads need expanding, new bridges need to be built, and new harbours need to be opened to service the increased traffic the country is experiencing. Water shortages present a need for new dams and catchment areas to be made.

These are the kinds of projects which will help the country use its many unemployed semi-skilled workers, and take advantage of the Keynesian investment multiplier, which multiplies the effects of investment spending in terms of total income.

For example, an investment in a small plant increases the income of the workers who build it, the merchants who provide supplies, the distributors who supply the merchants, the manufacturers who supply the distributors, and so on. By making an assumption on the percentage each recipient saves, it is possible to calculate the total income produced by the investment.

Public works-based government expenditure must be embarked on now to avoid further economic erosion and discontent. Of course, other measures must be taken to reach a balance between fiscal and monetary policy, lest we again invite increased inflation.

The Jobs Summit has finally arrived, and the time has come for South Africans to reflect on the successes of the past and accept the failures as well.

The case under scrutiny is our Gear economic policy. While the policy was touted as being able to provide about 5 million jobs by 1999, in reality more than 100 000 jobs have been lost since its inception, and the end is not yet in sight.

The Gear policy was adopted to avert investor weariness regarding excessive state expenditure, the scourge of inflation and the erosion of the currency.

At the same time, the politicians also promised to stimulate economic growth and create millions of jobs over five years.

The contradiction lies here, since the very components of Gear were used in the US and Britain to curb economic over-

heating and rampant inflation during the 1980s. Economic contraction, not growth, was the desired effect. I fail to understand how the policies would have had an opposite effect on South Africa.

Concern about a jobs policy must focus on the economically disadvantaged and the harder-hit blue-collar working sector.

Overall improvement in the hi-tech and financial industries masks the trend of winners and losers and the accentuation of a two-class society. White-collar workers have gained from the hi-tech and finance boom while blue-collar workers are facing a more pessimistic future.

Moreover, whatever the future jobs growth emanating from Gear it will, by its nature, also heavily favour well-educated, predominantly white, white-collar workers and professionals.

More than 10 million people have argued that the market should be given enough room and a free hand in the economy, and with time things will turn around.

But this "do-nothing" approach has not worked. While the strength of a market system is that all resources will efficiently be allocated to their most productive uses by the "laws of supply and demand", market failures are also known to periodically occur, leading to inequality.

Concerning inequality, government intervention is justified even if markets are efficient. If the markets' distribution of

# Cabinet approves bills on employment and

Farouk Chothia

CAPE TOWN — The cabinet yesterday approved the revised Employment Equity Bill and the Skills Development Bill, opening the way for them to be presented to Parliament during the current session, Labour Minister Tito Mboweni said yesterday.

The cabinet also resolved to stop the payment of overtime pay to senior public service managers and professionals. A government source said this decision

would affect mainly public prosecutors and doctors. It was believed many of them should be promoted into higher public service ranks so their basic salaries became market related.

Mboweni told a media briefing the approval of the bills was a "victory" for SA. It would be welcomed by the millions of people who had been discriminated against, but it should also be welcomed by those who wanted to "dispense with our abhorrent past". Mboweni said "quite a significant"

late insertion in the Employment Equity Bill was that businesses should aim at workforces that reflect national and regional demographics of the "economically active population". The phrase included people seeking employment or those who had been discouraged from doing so.

He said agreement with business and labour had also been reached on the Skills Development Bill. However, business still opposed the provision that 20% of the funds collected from a 1% levy on payroll be di-

PHD 14/15/98

verted to a fund for financing national training priorities. Negotiations on this issue would continue while the bill went through the Parliamentary process.

Mboweni said the presidential jobs summit would take place in June or July. He could not give a more specific date because discussions were still taking place. Mboweni said an intra-governmental meeting to be attended by members of the inter-ministerial committee, provincial finance and economic affairs MECs, and represen-

ment to alleviate the impact of job losses.

Meanwhile, government spokesman Joel Netshitenzhe said the cabinet decided that no government official from the rank of director upwards should qualify for overtime pay. Negotiations in this regard would take place with the relevant labour unions.

Mboweni said this brought the government into line with the general practice in the private sector.

Alternatives: Page 14

# Skills development

# Jobs 'to dominate Nedlac summit'

LYNDA LOXTON

PARLIAMENTARY CORRESPONDENT

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

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

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

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

smooth", Naidoo said.

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

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

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

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

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

This perhaps indicated that South Africa was undergoing a relatively stable transition period, Naidoo said.

(173)

L. LOXTON

# Cosatu warns it will not compromise its policies <sup>(173)</sup>

BD 18/5/98

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

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

Cosatu deputy president Connie September fired the first shots.

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

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

"It does not help to pursue budget deficits at the expense of a widening

social deficit. Neither is it proper for the private sector and the media to call on the government to stick to Gear ... while it has failed to deliver on jobs," September said.

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

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

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

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

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





**MAKING A POINT** President Nelson Mandela and Jayandra Naidoo, the executive director of Nedlac, at the Nedlac conference held over the weekend

PHOTO: SEWYN TAJE

## Tito's jobs plan to be published

FRANK NXUMALO

LABOUR EDITOR

Johannesburg — The government's employment-creation strategy for the forthcoming presidential jobs summit would be published next month for public comment, Tito Mboweni, the minister of labour, said at the weekend.

Addressing the third Nedlac summit in Midrand at the weekend, Mboweni said: "Government will be publishing its plan at the beginning of June, and the public will be invited to consider their response."

The minister said the jobs summit was one of two important national gatherings to be held within the next two months — the other one was the conference on poverty.

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

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

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

Connie September, Cosatu's first vice-president, said labour wanted the government and the private sector to commit themselves to substantially higher pay-

ments for the unemployed and accommodate a wider group than currently qualified as a support measure for the unemployed.

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

Dorian Wharton-Hood, Business South Africa spokesman, said low savings were one of the leading causes of low levels of domestic investments compared with the average of developing countries. He said private firms were responsible for 96 percent of gross domestic savings last year.

CT(BR) 8/5/98 (173)

# Economy 'on track to sustainable job-creation'

**JOYAL RANTAO**  
PARLIAMENTARY BUREAU

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

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

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

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

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

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

"To call this jobless growth is a misleading

simplification as it takes no account of the crucial structural changes that will sustain growth in the future," Erwin said.

He cited as an example of successful government involvement the Technology and Human Resources in Industry Programme, where the state had contributed R21 million, which had benefited 207 projects involving 100 companies and 1 000 students. The Support Programme for Industrial Innovation had over the last four years cost R43,2 million, but had generated 1 800 jobs.

"These figures are significant, particularly so when one takes into account that they're the product of new policies that have been introduced in the last three years. We can with some

justification say that we're on track in our target to generate 100 000 new and sustainable jobs per annum in the manufacturing sector.

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

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

Erwin said the new legislation would provide for the effective regulation of the industry and strike a balance between social, commercial and empowerment policy interests.

(173)  
27/18/97/98

# Nedlac meeting 'paves the way for job summit'

*Source: 19/5/98 (173)*

By Shadrack Mashalaba

THE National Economic Development and Labour Council (Nedlac) summit left participants acknowledging the viability of the forum last week despite subtle tensions that still linger on among stakeholders.

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

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

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

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

Globalisation, which has been acknowledged by Finance Minister Trevor Manuel as a reality, was here to

stay, some of the delegates said.

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

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

## Globalisation

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

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

He said this was reflected through

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

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

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

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

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

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

situation.

Asked how long it would be before domestic factors came to the fore again and interest rates could resume their downward trend, he said: "It all de-

rate today. The

Continued on Page 2

companies under cautionary are Conshu and Da Gama Textiles.

# Business drafts strategy for job summit

Reneé Grawitzky

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

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

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

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

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

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

Business's submission focuses extensively on education and training

and links such initiatives to productivity improvements for both labour and management.

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

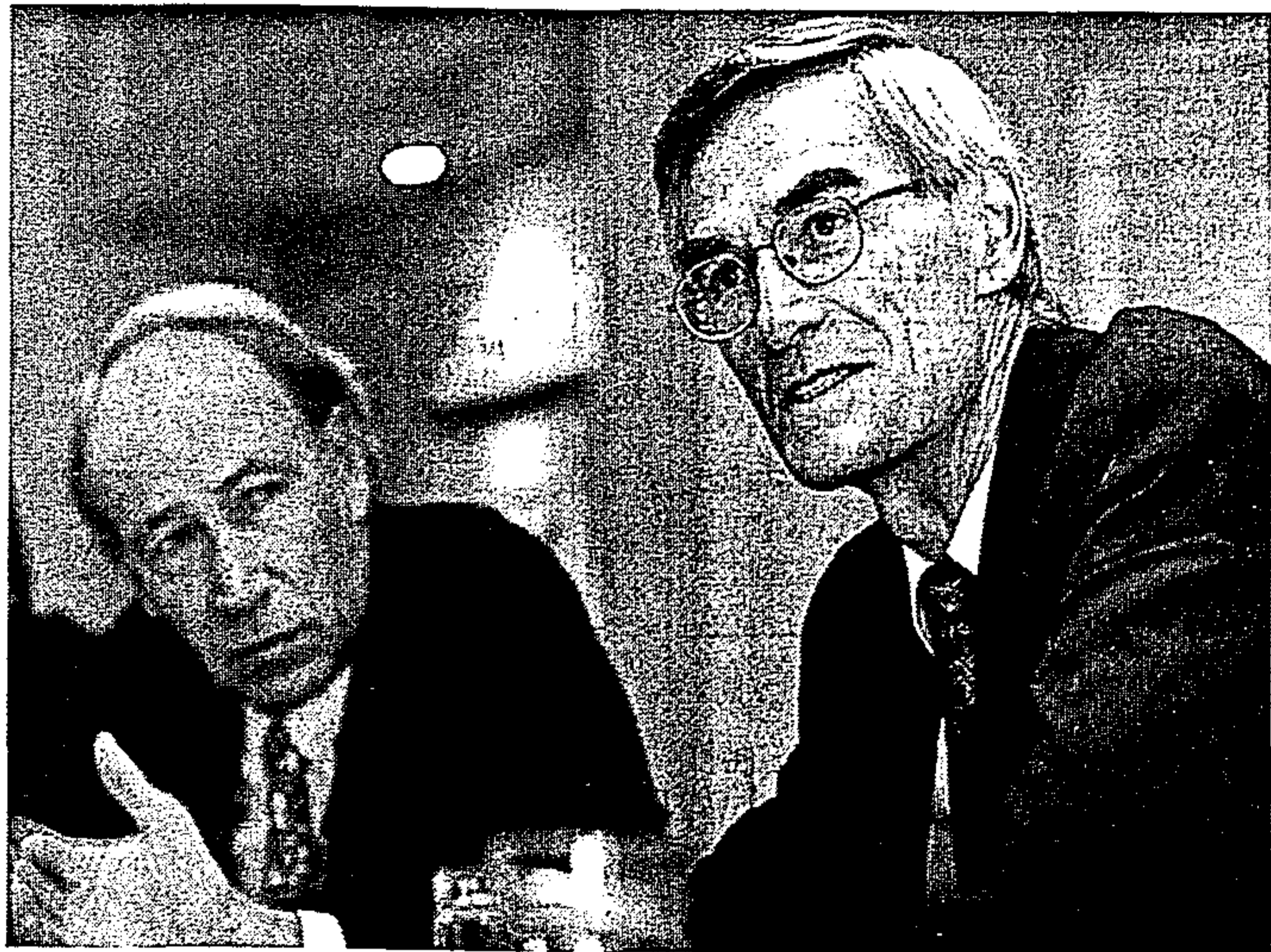
In the meantime a meeting of the African National Congress, SA Communist Party and Congress of SA Trade Unions alliance, which was to have debated an employment strategy, has been postponed from this weekend to an undisclosed date.

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

BA 20/5/98

(173)





Business SA chairman Dorian Wharton Hood, left, and the organisation's spokesman Jim Buys addressing the media yesterday.

Picture: TREVOR SAMSON

# Business puts forward its proposals

(173)  
Reneé Grawitzky

BD 22/5/98

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

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

BSA's programme for job creation centred on ensuring a stable environment for growth, raising management and worker productivi-

ty, and changing the collective bargaining environment.

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

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

Instead of proposing a two-tier labour market, business called for parties to be free to determine levels of collective bargaining and employment conditions outside legislation.

**EMPLOYMENT** *Appropriate medium and long-term economic and job-creation strategies, not quick fixes, are vital, says chief negotiator*

# Business South Africa prepares for crucial jobs summit

**FRANK NKUMALO**

LABOUR EDITOR

Johannesburg — The forthcoming jobs summit should emphasise the need for appropriate medium and long-term economic and employment-creation strategies as there were no "quick fixes" for unemployment in South Africa, Business South Africa (BSA) said yesterday.

Adrian du Plessis, BSA's chief negotiator at Nedlac, said a study of high-growth, high-employment economies invariably showed "there were no substitutes to getting the basics right".

BSA noted that South Africa did not have a "clean slate" from which

to tackle unemployment and job creation.

"In particular, BSA has serious reservations about certain official labour market policies and their impact on employment," said Dorian Wharton-Hood, BSA's chairman, but pointed out that this did not mean business was seeking to restate its fundamental concerns in this regard at this stage.

Jim Buys, BSA's principal researcher on the jobs summit, said his organisation's overall approach was that pre-summit planning and negotiation should have as an outcome a "sufficient degree of consensus" among the main stakeholders in the economy concerning what

could be done about unemployment.

"It is difficult to visualise a successful jobs summit being held in a situation of unbridgeable differences of approach from key participants in the process.

"The pre-summit negotiation process must therefore seek to promote convergence on key issues around appropriate growth and employment strategies. BSA is committed to engage in serious discussion on the options available to South Africa," said Buys.

However, BSA conceded that these key issues, namely Gear, labour market regulation and economic deregulation, were "sensitive" and potential flash points, though they would be

bravely debated.

Raymond Parsons, BSA's overall convener at Nedlac, said it was "necessary to accept that painless, quick-fix solutions" were not viable options for South Africa owing to structural elements in the economy.

"Government inherited a distorted economy on the verge of debt trap characterised by a strong inward and therefore uncompetitive bias," said Parsons.

The four-point plan for the summit unveiled by BSA could be summarised as:

□ Creating economic stability and growth by maintaining fiscal discipline throughout government and the independence of the Reserve

Bank;

□ Enhancing productivity by promoting world-class primary and secondary schooling, worker skilling and increasing managerial efficiency through formal training and structural flat-tening depending on the sector;

□ Modernising the "bargaining architecture" through the promotion of "free collective bargaining as the primary regulator" of labour market rules (as opposed to leaving the function to government); and

□ Establishing local-level public works programmes to assist ultra-high unemployment groups, including the introduction of "special dispensations" for them.

CT (Par) 22/5/98

(173)



**PRE-SUMMIT HOMEWORK** *The Business South Africa top table firms up its strategies: (from left), Adrian du Plessis, Jim Buys, Dorian Wharton-Hood and Raymond Parsons*

PHOTO: SEMWEN TAIT

# The social wage is the rage

mt-g 22-28/5/98

(173)

## Fertal Haffajee

**W**e are not going to eradicate poverty in a decade," says Minister of Welfare Geraldine Fraser-Moleketi. It's a very new song she is singing.

Fraser-Moleketi is the young minister responsible for breathing life into what used to be a "by-the-way" ministry run by the National Party's Abile Williams.

"This is a powerful ministry. It can make or break the country," she says matter-of-factly. That's because welfare is at the cutting edge of poverty alleviation — the social pensions she is responsible for support seven million people. Most old-age pensions keep entire families in food and basic needs.

Under her hand, Minister of Finance Trevor Manuel has had to cut a bigger slice of the national pie for welfare. It was one of the few budgets which grew this year. The combined national and provincial welfare departments received more than R200-million for this financial year. By the turn of the century, this will increase to R234-million.

With the additional revenue she will lead the search for a better way of catching the millions who live on the edge. Government gurus are investigating a social wage for the poor because they know welfare cannot reach everybody. It is a cross-sectoral plan which involves the

departments of health, public works, welfare and transport. The social wage is part of Deputy President Thabo Mbeki's plan to co-ordinate the work of different ministries to make them more effective.

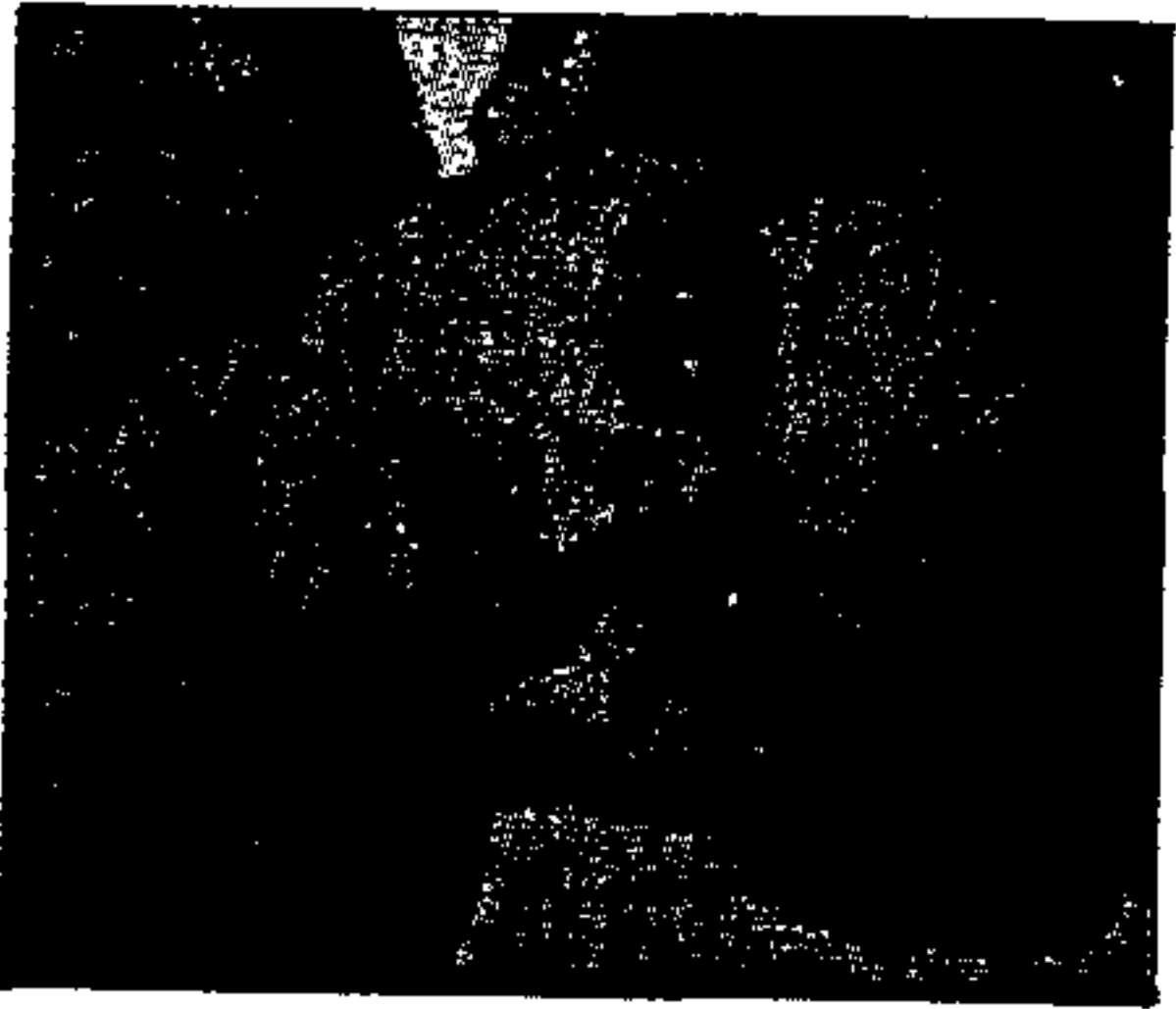
The social wage, says Fraser-Moleketi, will involve providing micro-credit (small loans) to the poorest of the poor, sustainable public-works programmes, food security, a provincial youth service to get young jobless people off the streets, and a national programme of skills training through joint programmes with busi-

ness. It will also mean investigating cheaper and more efficient public transport systems in the rural areas.

The social wage is an idea gaining currency again — it was first raised in the Reconstruction and Development Programme, but was never really implemented by the government. It is likely to now be marketed by the government in order to yoke together a range of development projects.

"All government programmes are targeted towards poverty alleviation," says Fraser-Moleketi. She acknowledges that things have taken longer than expected.

That's because before she could tackle the problems of the poor, she's had to engage in a huge ghost-busting exercise. Many dead people collect her pensions. Some of the living get double, even triple, grants, and backhanders paid to officials often buy a blind eye. Pensions are



Geraldine Fraser-Moleketi

paid out after a means test, but often those who should fall and those with private pension payments receive government grants as well.

She inherited a system where fraud and mismanagement were rife. The department is in the throes of a two-year clean-up aimed at ensuring that only the legitimately needy get on to the welfare roll-call.

This has meant some provinces have ceased payments while they audit and clean out. Fraser-Moleketi says she has also had to make the politically difficult decision to cut apartheid's state maintenance grants to (largely) coloured and white communities in order to pay R100-a-month per child to all parents in need.

The government also wants all those on the roll to have an identity document.

But these things are easier said than done, and many people have become unintended victims of change.

# Export boost could create 1,7-million jobs

(173) ~~(173)~~ BD 25/5/98

Reneé Grawitzky

ONE million skilled and 700 000 unskilled jobs could be created over the next five years if SA's nongold exports more than doubled its 1996 levels, a report compiled by the University of Pretoria says.

The report also found that increased government investment in "kickstart" public works programmes, at least in the short term, could create up to 1,7-million job opportunities for skilled and unskilled workers by 2002.

The implementation of government's procurement policy aimed at developing

micro-, small- and medium-size enterprises was also viewed as a constructive initiative in creating jobs.

These options emerged from an economic analysis conducted by the University of Pretoria's Bureau for Economic Policy and Analysis which evaluated various policies aimed at enhancing the labour absorption capacity of the economy and reducing unemployment. The report stressed the importance of policies which promoted education and training but expressed caution over wage subsidies.

SA's labour absorption rate, the report found, had declined from 80,9% between

1960-65 to 8,4% during 1985 and 1990. It was also revealed that more than half of total unemployment was among young people (less than 29 years of age); about 43% of the unemployed had education levels of less than grade seven and nearly 69% of all unemployed workers were new entrants to the job market.

The report said unemployment was caused by the lack of appropriate working skills and a "hostile market environment" which was a manifestation of trade union militancy and the "ill-timed implementation of some questionable labour policies". The report argued that a broad eco-

nomics policy framework for sustainable growth, development and labour absorption required trade liberalisation (including labour market flexibility), labour-intensive small- and medium-size enterprises; economic stability and investment in infrastructure and training.

International trends had shown that economic growth flourished where flexible labour markets existed, the report said. However, the SA labour market was not in equilibrium, while the other major markets were showing a greater extent of stability. At face value, it would seem that labour policies were at odds with other

policy measures, such as the growth, employment and redistribution strategy, the report said.

The report found that since 1980 the average remuneration in the public sector increased at a faster rate than in the private sector. It was also revealed that although wages for skilled workers were determined by demand and supply, unskilled wages were determined by factors other than demand and supply and related to other variables such as trade union power and militancy. "The wage here is higher than the equilibrium market wage, with unemployment as the result."

Report



# Business and labour must compromise to fight jobs crisis — govt

René Grawitzky

GOVERNMENT has warned business and labour that they would have to compromise to find solutions to create jobs in the build-up to the presidential job summit, and it could not be expected to provide all the answers.

In tempering expectations on what government could bring to the summit, Labour Department director-general Siphiso Pitso said yesterday that "there must not be an expectation that government will bring wholesale solu-

tions to the crisis".

The summit might not result in the creation of a large number of jobs, but it would be a success if it raised the priority of jobs in the eyes of policy makers, he said.

The success of the summit would depend on a willingness by labour and business to compromise and not wait passively to get answers from government.

The success of the summit should not be measured against whether an accord was reached. Pitso said

accords might emerge but this would require a lot of trade-offs.

It was, however, possible that the inclusion of other constituencies, besides organised labour and business, in the job summit might force parties to deal with mechanisms to alleviate youth and rural unemployment. This could force parties to address the question of lower-entry wages.

Government's call to involve the youth, churches and groupings representing women and the unemployed could ensure that "their voices will

have to be heard", Pitso said.

Labour and business were the major players in creating jobs. Government could not be the one delivering on jobs as it could provide only two basic fundamentals.

Government was responsible for creating an environment conducive to job creation through the implementation of various policies and it could create a limited number of jobs (some not sustainable) through infrastructure investment, public works programmes, development corridors and

industrial development zones.

The summit would be the culmination of a negotiation process which in the main would be influenced by government's proposals to be tabled in the middle of next month.

Government expected labour and business to comment on its proposals and to propose further measures to protect jobs and create new jobs.

Pitso said government policy would inevitably come under scrutiny, especially in relation to the capacity of the economy to absorb labour.

# Threats to job (173) summit

M+G 29/5-4/6/98

Sechaba ka'Nkosi

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

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

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

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

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

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

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

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

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

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

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

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

However, Nedlac constituencies believe this is too ambitious

# Dear

# Editor

Short letters are preferred and none is considered unless it is signed, with the writer's full address. You may indicate if you want to use a pseudonym but these are not encouraged. Where possible please include your telephone number.

Write to: The Editor, Sowetan,  
P.O. Box 6663, Johannesburg 2000

# Bravo to the pro-lifers!

It is shocking to read that 28 000 abortions have been done since the abortion Bill was passed on February 1 last year.

I applauded and support those brave and concerned pro-life groups who are legally challenging the right of choice for women to terminate their pregnancies.

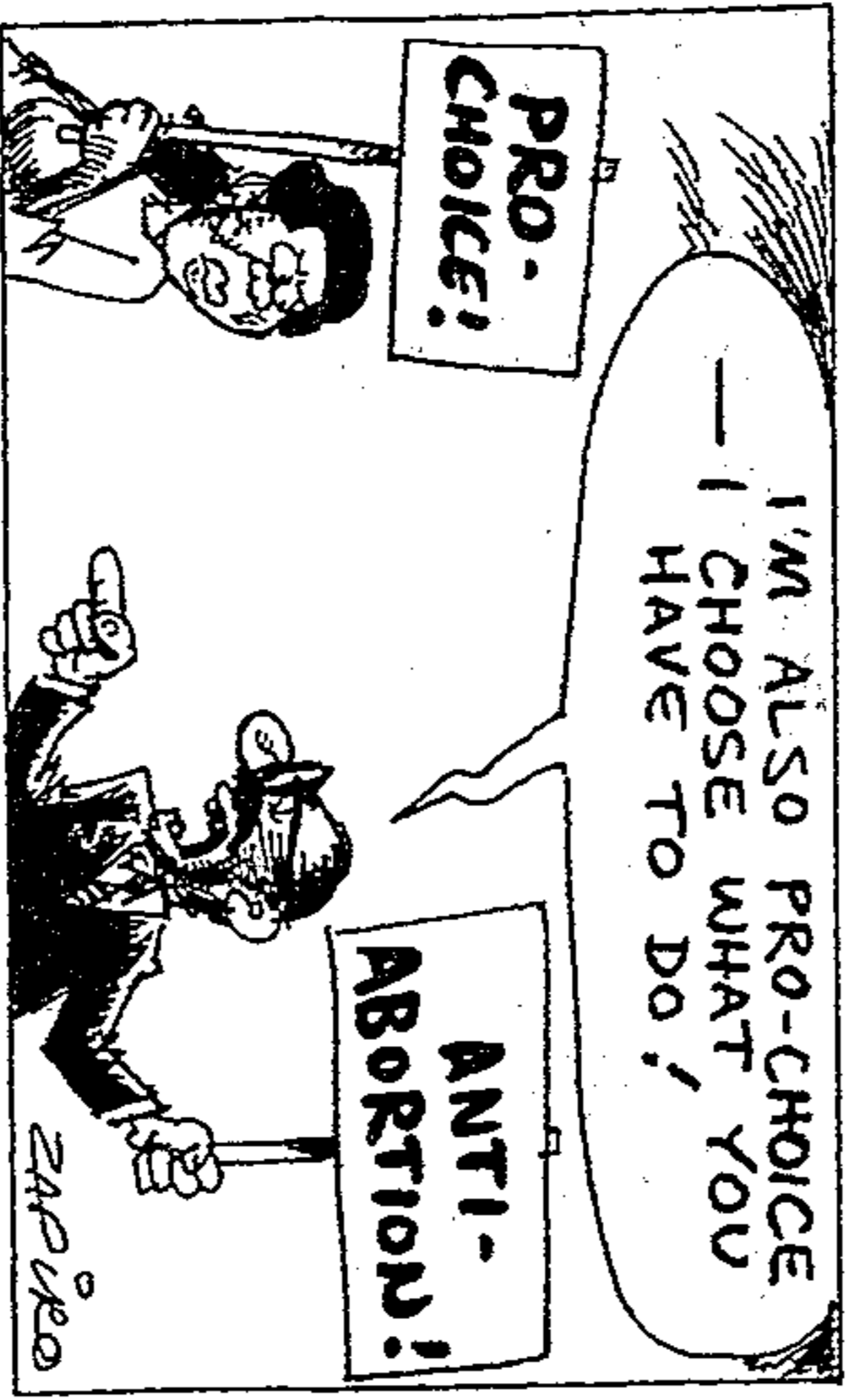
They are challenging the legality of abortion on the basis of the right to life clause in the Constitution.

Some women who are in favour of abortions claim that it is their bodies and they have the right to do whatever they wish. This of course is not entirely true.

Firstly, where did they get their bodies, if not from Almighty God? Secondly, if women could do whatever they wish with their bodies, there would be no need to have laws against drug addiction, prostitution, euthanasia, suicide etc.

Thirdly, the baby they are murdering is not their body. They are only carriers of it. It is another living soul who has the same right to life as anyone else. It is a well-known fact that abortion on demand has come about mainly because of the promiscuous behaviour of some in society.

Adultery, fornication, illicit sexual relation-



ships, teenage sex are the order of the day. To hide the burden of the one night stand, it has become necessary to murder the evidence.

Most advocates of abortions are unwed, pregnant teenagers, prostitutes and misguided feminists who want to play around without accepting the responsibilities involved.

Teenage girls are encouraged to use make-up, dress provocatively and start dating at a very early age. Naturally this leads to pregnancy. They take the easy way out and abort the innocent baby and today's immoral society condones this.

Because of our high crime rate, rapes and child abuse, overcrowded prisons and a justice

system on the verge of collapse, some perverts may even ask that crime be legalised.

In the long run, there is always a price to pay. As the saying goes: "You reap what you sow". Many so-called "sexperts" encourage women to abort.

But shrewdly omit to mention the misery, heartaches, severe mental and physical suffering, not to mention the moral and spiritual implications involved.

Many women who have aborted have paid a high price and have bitterly regretted their actions. Abortions may impair a woman's health through a variety of complications.

While the Islamic faith permits prevention for valid reasons, it does not allow doing violence to the pregnancy once it occurs. Muslim jurists agree unanimously that after the foetus has been formed and has been given a soul, aborting is forbidden. Abortion is only allowed in exceptional cases such as when the mother's life is in danger.

I pray that those who value human life will always oppose abortion.

**ABDULLAH OSMAN,**  
Chairperson International Islamic Movement, Pretoria

## Is it really worth helping whites?

ONE white man forgot his wallet on top of a chatterbox in the shop where I work. I was the first and only one who saw it.

I took it to a safe place. Some 20 minutes later the owner of the wallet came back and asked if I had seen it. I took it out and gave it to him. When he was satisfied that his money was still intact, he curtsy mumbled: "Thank you, bye." Without even glancing backward, he just walked out of the shop.

A while later colleagues of mine called me names for having been honest with a white person - who turned out to be so ungrateful. They said for all my kindness in giving him back his R564, I got nothing more than a thank you.

I realised they were right. It's no good to helping someone who looks down on you.

I felt like an idiot for the rest of the day. It seems as if many whites have lost decency and humanity. I still regret my honesty. I doubt if I will ever feel like helping any white person again.

**DUKES KUBU,**  
Mamelodi West, Pretoria

# To the point



# THE DAMBLIN DIPLOMA IN

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he complains about the same old faces on our television screens.

Does the SABC not know that familiarity breeds contempt? Why does the SABC not give young aspirant actors a chance? How will they develop their talent if they are not given a chance?

One other thing, why have black languages been removed from soccer broadcasting on *Laduma* and *Mabuleng* programmes? Why does the Independent Broadcasting Authority not intervene as the SABC is clearly failing its mandate to serve all South Africans?

Finally, Gwamanda must also write about the same production companies that always win contracts to produce programmes for the SABC.

**PHUTHI WA MASEMOLA,**  
Graskop, Kwazulu-Natal

I WANT to condemn without reservation those cowardly men who think that the answer to solving problems is by killing their wives, children and themselves. One hears a lot about such terrible cases these days.

Men must be brave enough to face their problems many of which they themselves cause. These men must know that they came into this world alone.

If they decide they can no longer take the pressures of life, they must kill themselves if they want to. But they must leave poor women and innocent children alone. It is only God who gives and takes away life.

**NONHLANHLA MAKAMEDI,**  
Saxonwold, Johannesburg

*The Words of Faith* section in *Sowetan* is one of the most important sections of Nation Building which your newspaper spearheads successfully.

For the nation to be strong, it does not need only physical strength but also spiritual growth.

I won't forget how one morning when I had so many problems, I felt a load of burden fall off my shoulders after reading *Words of Faith*.

**BROTHER JIMMY,**  
Joubert Park, Johannesburg

## Words of Faith

O LORD, what is man that you care for him, the son of man that you think of him? Man is like a breath, his days are like a fleeting shadow.

Psalm 144:3-4



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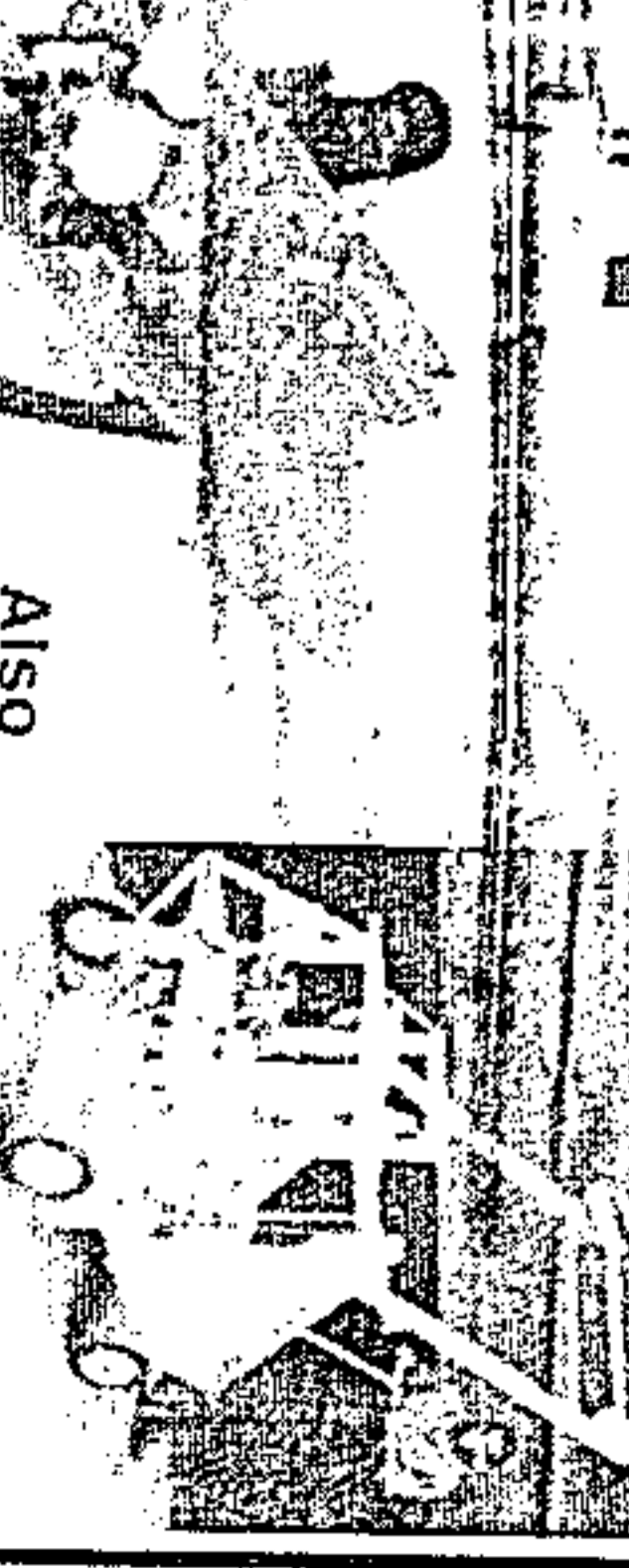
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# Business leaders and government discuss job creation initiative

(173) PD 1/6/98

## Reneé Grawitzky

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

A business delegation led by Transnet MD Saki Macozoma and including Murray and Roberts CEO David Brink, Anglovaal's Rick Menell, Thebe Investments' Vusi Khanyile, Kagiso Trust's Eric Molobi and Eskom's Dolly

Makgathe last month held an exploratory meeting with an ad hoc government team. This team was led by Frank Chikane, director-general in the deputy president's office, and finance director-general Maria Ramos. The purpose was to discuss a joint initiative between government and business in an attempt to contribute to job creation and "human capacity building".

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

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

The latest initiative stems from separate moves in the past few months spearheaded by individuals in the National Business Initiative and the SA Foundation. There was growing concern in business circles late last year about the deteriorating relationship

with government on one hand and tense relations between white and black businessmen on the other.

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

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

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

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

SA Foundation head Neil van Heerden said if joblessness was not addressed, "things could get out of control, with a lapse into civil unrest and massive destabilisation of society".

# Growing economy 'won't create jobs'

BUSINESS EDITOR

(173) ART 2/6/98

Economic growth will speed up next year but prospects for jobseekers will still be bleak, warns the Stellenbosch Bureau for Economic Research.

In its latest forecast for the South African economy, the bureau says economic growth should reach 4% next year, thanks partly to the demutualisation of life insurers Sanlam and Old Mutual, which will give consumers a R12-billion spending windfall.

But the bureau says that the extra work generated by the demutualisation will be mainly overtime or temporary.

Other tendencies in the economy that would continue to limit job creation included:

- Attempts by companies to cut costs and improve international competitiveness by cutting staff.
- Mergers in the financial sector which would lead to job losses.
- The crisis in gold mining.
- Budget constraints in the public sector which meant that surplus workers could no longer be absorbed into government service.

Formal sector employment is forecast to drop 1% this year and to grow by only 0,8% next year, says the bureau.

Demutualisation - the conversion of Sanlam and Old Mutual from mutual societies owned by policyholders into companies owned by shareholders - is likely to benefit mostly the young and middle-aged and people in the higher income groups.

Sanlam is expected to take the plunge in the last quarter of this year and Old Mutual about a year later.

The bureau predicts that much of the money which the windfall issue of shares will put into policyholders' pockets will be spent on durable goods such as electrical appliances.

Sales of goods such as clothing and of services will also be boosted. But a substantial amount of the demutualisation windfall will leak out of the economy in the form of higher imports.

Taking into account inflation, consumer spending is likely to grow by 1,8% this year and by 3,3% next year, says the bureau.

Without demutualisation, consumer spending growth this year would have been 1,3% and 2,3% in 1999.

# Clusters the key to IT sector and job growth

CT (PR) 10/6/98 (173)

VERA VON LIERES

Cape Town — Business clusters, or geographically bound concentrations of similar businesses, were key to expanding the local information technology (IT) sector and creating jobs, Jay Naidoo, the minister of telecommunications, said yesterday.

Clustering would help catapult Africa into the 21st century.

Naidoo was speaking at a workshop organised by the Cape Information Technology Initiative (Citi) to discuss clustering. Silicone Valley in the US was an example of a successful cluster. It was regarded as an outstanding high-technology global centre.

"There are between 300 and 400 sector-related companies based in Cape Town that could become part of the vision Citi has for developing a Silicon Valley for the Western Cape."

Naidoo said the region was rapidly becoming a global communications hub, with substantial strengths in service and financial service-related industries.

"But to be able to harness the strengths of the local industry we

have to be strategic about how the local sector is developed."

South Africa would probably come to be regarded as well developed in the IT arena within a couple of years, but it was locked into a continent that faced particular challenges, Naidoo said.

"The challenge is how to take Africa into the 21st century, how to create regional markets, regional projects. Here, clustering becomes an important process."

Ifor Ffowcs-Williams, an international expert in clusters, said South African business and technology firms had to work co-operatively if they wanted to meet the challenges of globalisation.

Communities that failed to specialise and work together as a local team would become import rather than export communities.

Ffowcs-Williams said clusters grew naturally in developed and less developed economies.

Faizel Mulla, the co-ordinator of Citi, said there had been considerable growth in the IT sector in the Cape Metropolitan area, but the sector needed a framework such as the cluster concept to reach its optimum level.

# DIGGROWN spur needed to boost job creation

(173)

A report by the IDC calls for serious structural reform across the board to achieve meaningful economic growth, writes ANDREW GILL

ST(MT) 14/6/98

**E**CONOMIC growth of about 3% a year will have little impact on the country's dire unemployment levels, and major structural changes are needed if the economy is to deliver the necessary impetus for job creation.

According to research by the Industrial Development Corporation and the Department of Trade and Industry, there is a need for serious structural reform if the economy is to break through a perceived growth ceiling of about 3% a year — most importantly a shift to labour-intensive production and adding value.

Even to achieve the baseline scenario, which would see economic growth averaging 3.1% a year in the period to 2001, major progress needs to be made across the board, the IDC says.

The report was written before the latest round of market turbulence that has seen interest rates jump by two percentage points at some commercial banks.

It is part of a research project undertaken by the IDC to look at about 80 sectors of the economy. It takes a five-year view on prospects for the economy and the impact on different sectors.

The report sees the need for the manufacturing and finance sectors to lead value-added growth, increased globalisation to raise exports, more investment in technology and fixed investment in machinery and equipment.

These factors should bring marginal employment growth in manufacturing, with services providing the bulk of new employment.

The baseline scenario foresees job growth of some 0.4% a year, with subdued domestic demand capping greater growth. Using this scenario, the research sees job losses of about 33 000 in agriculture and 24 000 in mining. Manufacturing should create about 5 000 extra jobs and services 142 000.

To achieve the high-growth scenario where overall employment growth should reach 3.1% a year, or 1.28-million jobs by 2001, investment growth of about 11.4% would be needed, resulting in strong employment growth which would stimulate disposable income and private consumption expenditure, the

IDC says. Domestic market production must also grow more strongly.

Investment and export-related sectors need to grow at the fastest possible pace, with chemicals, metals and forestry leading the way. A shift to more labour-intensive value added activities, and government supply-side support, are also necessary. Investment in labour-intensive industry is crucial to achieving higher growth.

"Employment creation cannot be viewed as an automatic trickle down effect... it calls for substantial structural changes aimed at overcoming SA's development dilemma," says the report, which also highlights a low road scenario where average growth is 2.2%,

resulting in marginal job losses over the five-year period. That scenario envisages trade liberalisation, but few supporting measures to stimulate growth.

The government's growth, employment and redistribution (Gear) strategy seeks GDP growth of 6% and 400 000 extra jobs by 2000.

The areas the report singles out that could lead the economy through its growth ceiling are metals,

chemicals and forestry — all traditional exporters.

It says the sectors are expected to post above-average growth in the five-year period, although forestry faces the greatest challenge in lifting output.

"But such challenges fall within the limits of reality following the restructuring of the industry towards world's best practice in the event of the privatisation of Safcol and other state forest assets," the report says.

It concedes that restructuring will have a short-term negative effect on employment, but says private and public sector management can minimise job losses.

Among initiatives that would help lift growth, the report recommends setting up industrial development zones, small and medium enterprise stimulation and reducing top-heavy overhead structures to international norms.

The report will be reviewed and updated every two years and is available in print and electronic form.

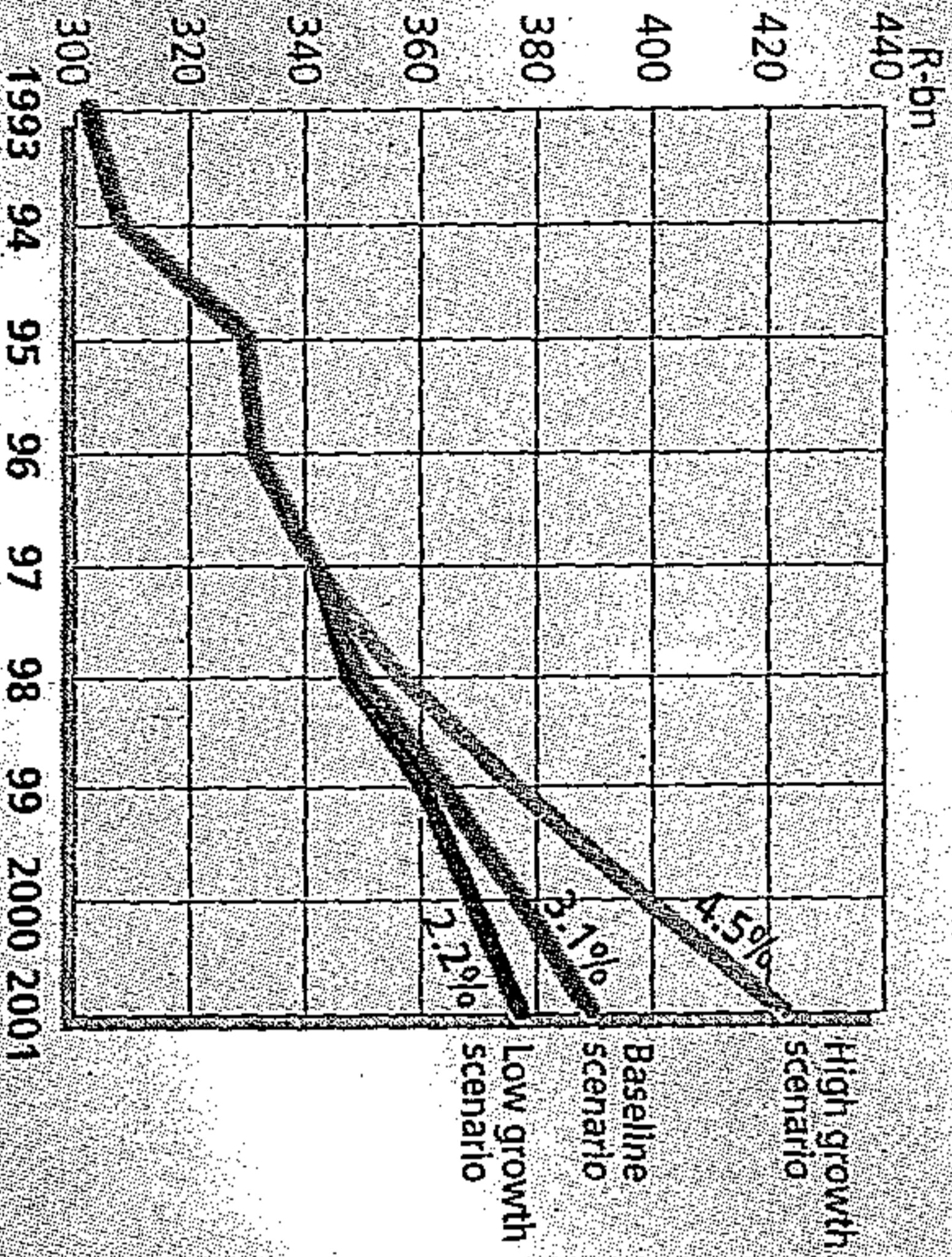
The IDC can be contacted through its website at [www.idc.co.za](http://www.idc.co.za).

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growth of  
11.4% a year  
is needed to  
achieve  
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growth of  
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KEYS TO FUTURE GROWTH

SCENARIOS



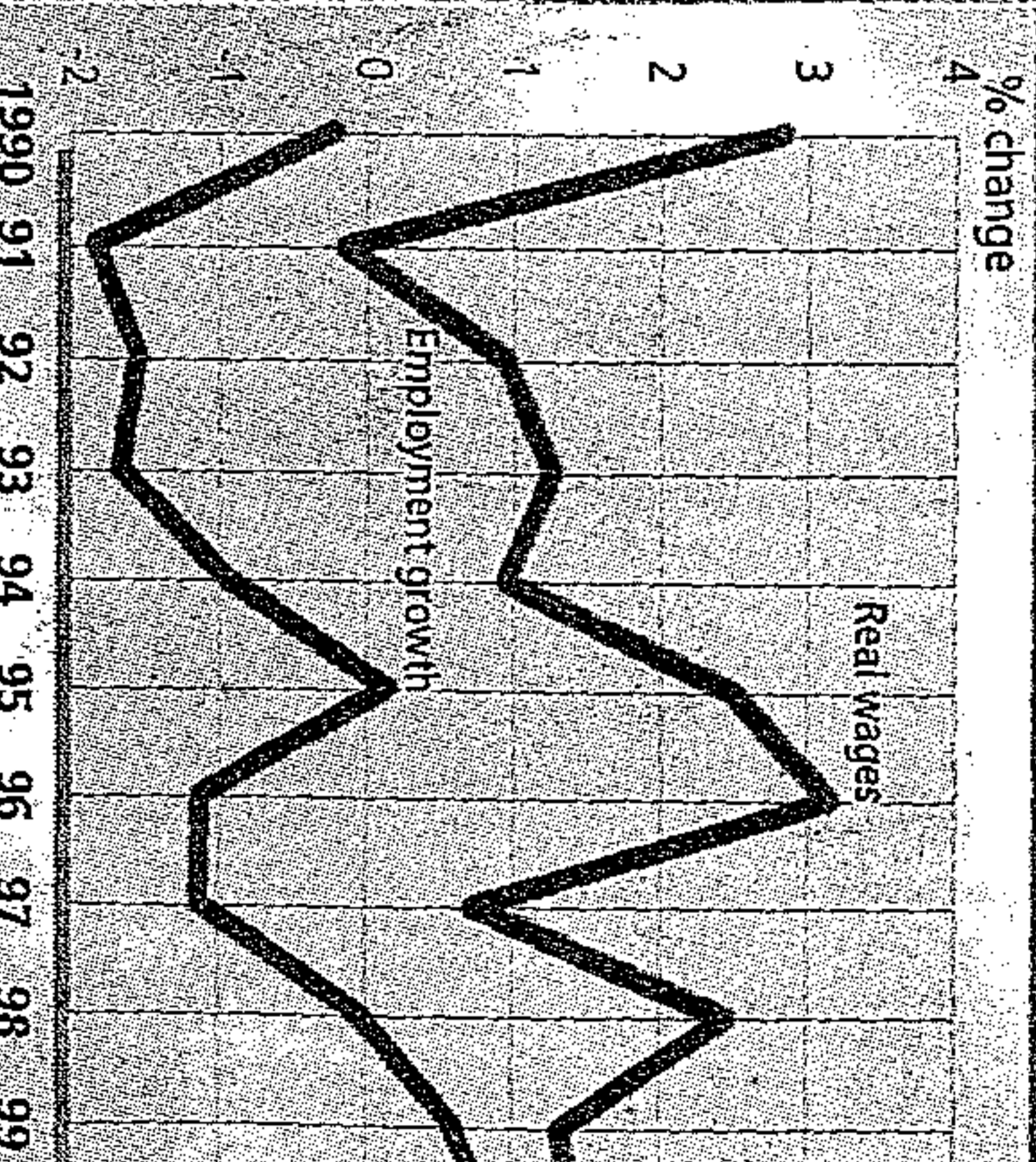
AVERAGE SECTOR GROWTH

	HISTORIC 1993 - 96	LOW	BASELINE 1997-2001	HIGH
Agriculture	0.0	-0.9	-0.9	-0.9
Mining	-1.2	-0.7	0.1	1.6
Manufacturing	2.7	2.7	3.2	4.7
Electricity	4.0	2.3	3.2	4.5
Construction	-0.5	1.1	2.5	7.3
Trade	3.4	2.6	3.3	4.5
Transport	3.6	2.5	3.1	4.8
Finance	2.5	3.4	3.7	4.4
Community	1.7	1.4	2.1	3.2
Other	1.4	1.3	2.3	3.8
Government	0.9	0.9	1.3	0.7
TOTAL GDP	2.7	2.2	3.1	4.5

JOB CREATION

	ADDITIONAL EMPLOYMENT ('000)		% growth p.a.	
	BASELINE	HIGH	BASELINE	HIGH
Agriculture	-33	141	0.6	3.1
Mining	-24	97	-0.7	2.9
Manufacturing	5	274	0.3	3.4
Services	142	769	0.8	3.3
ECONOMY	88	1281	0.4	3.1

EMPLOYMENT AND REAL WAGES



Graphic: BIGNA/KRUGER

# Study decries SA's education shortfalls

ET (MA) 17/6/98

(20) (173)

FRANK NXUMALO

LABOUR EDITOR

Johannesburg — South African education's failure to address labour market needs and to prepare students for appropriate career paths contributed to the country's dismal human resource record, said a study released yesterday.

The study by the Bureau of Market Research of Unisa said important factors contributing to the problem were the failure of school education to prepare students for careers, a shortage of qualified professionals to educate the youth and the failure of career guidance to address labour market.

Other factors included an overabundance of degrees awarded to students in fields of study that had "no application value in the labour market", the emigration of skilled labourers and low investment in skills development by some businesses.

Hardships caused by job losses in the formal sector had forced school leavers and other job seekers to turn to the small, micro and medium enterprises (SMMEs) sector, it said.

There were "good prospects for employment in this sector"

and SMMEs in previously disadvantaged areas envisaged "employment to more than double within the next three years" provided the constraints with which they had to contend did not dampen the initiative.

"The most serious problems faced in order of severity by the 425 formal enterprises in the previously disadvantaged areas where interviews were conducted are crime, conflict with customers, finance, small turnover and competition," the study noted.

Major problems encountered by the 1 059 employees interviewed at formal businesses and the 577 at informal businesses in the previously disadvantaged areas were low salaries, conflict with customers, long hours, crime and labour relations.

SMME owners worked more than 60 hours a week and expected the same dedication from their employees. The greatest needs for owners were in business management, bookkeeping, credit control, computer skills and marketing.

Employees expressed the need for training in computer skills, business management and bookkeeping, and in more technical fields such as dressmaking, culinary skills and motor mechanics.

# Cape job seekers thrown lifeline

ARG 17/6/98

(499)

(173)

A potentially far-reaching youth programme is being launched in the Western Cape today to give an initial 2 000 young people work experience and guidance on future careers.

The project will seek to place 2 000 interns in Western Cape companies and institutions for six months to better equip them in the search for jobs.

They will get experience and advice on opportunities in the job market.

Thousands of young people leave schools, colleges, universities and technikons every year with little hope of getting work, often because they do not have experience. Starfish 2000 has been conceived to remedy this problem.

Western Cape companies and institutions will be encouraged to take part in the programme as a social responsibility contribution to a solution that has wider socio-economic benefits.

Participating companies stand to earn Reconstruction and Development Programme points in competing for state tenders, as well as favourable media exposure.

The project is the brainchild of the Cape Argus, the Cape Chamber of Commerce and

MICHAEL MORRIS



How Starfish 2000 plans to bring hope to the young - see Job Shop inside today

Industry, the Association of Personnel Service Organisations and the Departments of Public Works and Labour. Various other organisations including Good Hope Radio have joined the founding group in turning the skills-transfer concept into a dynamic, workable programme.

The project will be run by the long-established non-government organisation Careers Research and Information Centre (CRIC). Full details are published in the Cape Argus's Job Shop supplement today.

Starfish 2000 takes its name from a parable that expresses the virtue of actively working towards a solution, even when the problem seems insurmountable. The parable tells of a man surrounded by thousands of

beached starfish, painstakingly throwing the creatures back into the water, one by one.

When questioned about the apparent futility of his task, the man replies, as he throws back another starfish: "It makes a big difference to this one."

Cape Argus editor Moegsien Williams said today: "It is imperative that we get as many starfish back in the water as possible.

"We must give hope and vision to the post-apartheid generation, and we believe Starfish 2000 is a key contribution to achieving that goal."

The project "brings together a network of business, government and non-government organisations committed to harnessing the energy and potential of all stakeholders in the economy in pursuit of the common goal of giving young people a kick-start in life".

Public Works Minister Jeff Radebe has given his support to the initiative.

He said: "The emphasis on skills transfer and imparting job experience ... captures the philosophy of teaching a person to fish, rather than merely providing a day's wages.

"Ultimately, the success of Starfish 2000

To page 3

CAPE ARGUS, WEDNESDAY, JUNE 17

## Job seekers given hope in

## new project

ARG 17/6/98 (173)

From page 1

will be determined by the degree of entrepreneurship we are able to instil and harness.

"I believe it is this promise that Starfish 2000 holds out for potential candidates: the chance to gain entry into a saturated job market and grow their own prospects there - either through proving their value to the host company or using their experience to open an enterprise."

Charl Adams of the Cape Chamber of Commerce and Industry said: "Starfish 2000 is an attempt to reduce the number of struggling starfish on the shores of life. We are making a difference."

He noted that in view of the trend among bigger companies to "outsource" many of their operations, Starfish 2000 gave employers an opportunity "to provide a valuable service as a nursery for young entrepreneurs".

Matt Esau, a director of CRIC and chairman of the Starfish 2000 board of trustees, said: "This initiative comes at a crucial time for young people."

At this stage, Starfish 2000 is canvassing support among companies.

A date from which interns will be invited to apply will be announced as soon as possible.

# Newspaper delivery p

*Independence and incentive are the names of the game for newspaper roundsmen who can earn up to six times their salary — while their former employer maintains quality control and cuts costs drastically. A win-win initiative that will benefit readers in the long run. CHRIS BATEMAN reports.*

**T**ELL a company it can save R2 million a year by paying staffers six times their present salaries and they'll probably tell you you've been smoking something.

Making such a claim certainly requires an altered state of mind — the kind that cuts the umbilical cord of traditional employment, makes business partners out of staff and gives them the wherewithal to "make it big".

That's what Independent Newspapers has done with its 142 "roundsmen" — your newspaper subscription delivery people — most of whom will in future be able to earn a direct percentage of every paper they sell and deliver.

Instead of company vehicles fanning out across the Peninsula and environs every morning and afternoon with roundsmen on a fixed income, Newspaper House now has a core of 40 agent contractors plus 11 subscriptions contractors, former employees, each with their own staff.

For the first 10 days the new set-up was chaotic, said Rhonda Macintyre, subscriptions manager for Independent Newspapers Cape. The company switchboard was inundated with 15 000 calls from angry subscribers in the first week, some of them calling several times to complain of late or non-delivery: "We were changing, in a month, the way we had operated for 30 years. Because we have to get two newspapers out daily, there was simply no chance of a dry run to test it, we just had to plan and plan and hope for the best."

What happened was that, by contracting out business to delivery agents, the main vehicle fleet was reduced from 56 vans to 40.

The company found that the routes it had to cover were too large and the roundsmen either received their bulk consignments late or not at all. Macintyre immediately added four extra vans she had on standby and slowly and painfully the drivers got to know their new routes and the scheme began to take effect.

Last week the switchboard returned to normal. "Once people understood what we were trying to do they became more supportive and understanding — thank heavens we've been able to rectify it —

from now on it's all win-win."

Each subscriptions contractor has signed a tight contract tying him into, for example, delivery times, and conduct with customers and now stands to initially earn up to R6 000 a month as he builds up his client base and sales on his own exclusive "turf". This is compared to his previous R400 a week wage. Macintyre says changing the mindset of staffers from being "looked after" to having their own business was not easy. "We sat for three days going through the requirements and every time we hit a snag, they would say, 'well what's the company going to do?'" Macintyre's predictable response was to say: "Well, it's your business now."

Finally with guidance and reassurances of back-up business advice and support (such as cell-phones), they "got it".

So much so that when Macintyre called one contractor days later to see how things were going, she got the snappy light-hearted response: "It's none of your business!"

"I, equally light-heartedly, reminded him that his contract says he had to speak to me!"

Among the support measures is providing a full-time business adviser for a year and helping contractors (many of them shack dwellers) find accommodation in the areas in which they do their rounds.

The criteria for selection as a contractor included access to or ownership of a vehicle (with a back-up vehicle), the ability to motivate staff and solve problem scenarios such as what they'd do if none of their roundsmen turned up — and administrative ability.

"We were delighted to find that the roundsmen themselves solved practical problems better than some of the old area managers," says Macintyre.

All roundsmen know their delivery areas intimately from

years of experience — several worked as gardeners or messengers for other companies and local residents during non-delivery times.

The scheme is not born of patronage or some kind of romantic liberalism. "The contracts are tight and were thrashed out with them adding several concepts — the key thing is we're setting them up to succeed, not to fail — and they are truly independent business managers," Macintyre adds.

Newspaper House will monitor progress for the first three months and develop training manuals.

And of course the real win-win equation is that the more newspapers the roundsmen sell, the more they can earn and plough back into their business, reducing delivery times (and therefore boosting sales), efficiency and serving customers better.

Our readers get personalised delivery from people they already know and direct action from suppliers whose bread and butter they are. Basically customised marketing.

Independent Newspapers saves over R2m a year on what used to be a hefty salary bill and vehicle maintenance and reduces the delivery cost of each newspaper by 40c.

No philanthropy. Just hard-headed creative business sense. Why then, if the scheme is so cost-effective, was it not introduced earlier?

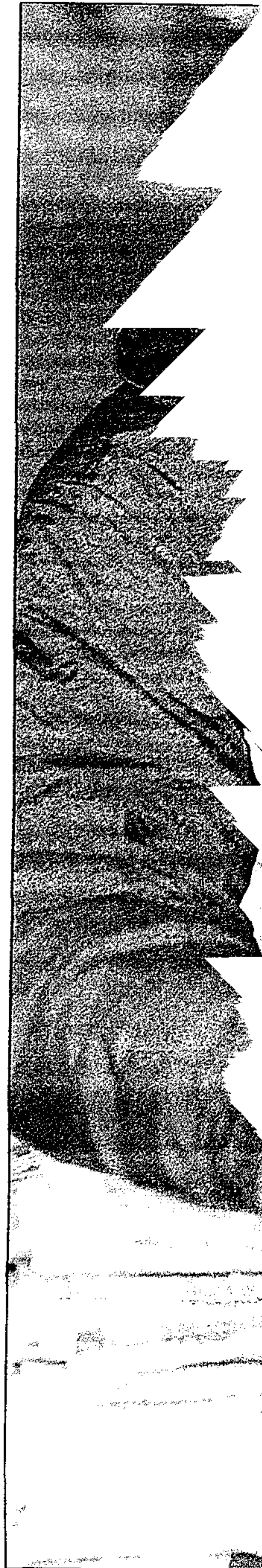
"Under the old dispensation (pre-1994) the political environment simply militated against it, there were stayaways people dared not ignore, strikes ... it just wasn't possible," Macintyre says.

It's been difficult initially — even more so than expected.

But it's been five years in the making and there are no losers in the long run.

"We're confident there'll be other companies metaphorically 'bumming a cigarette' to alter their corporate consciousness."

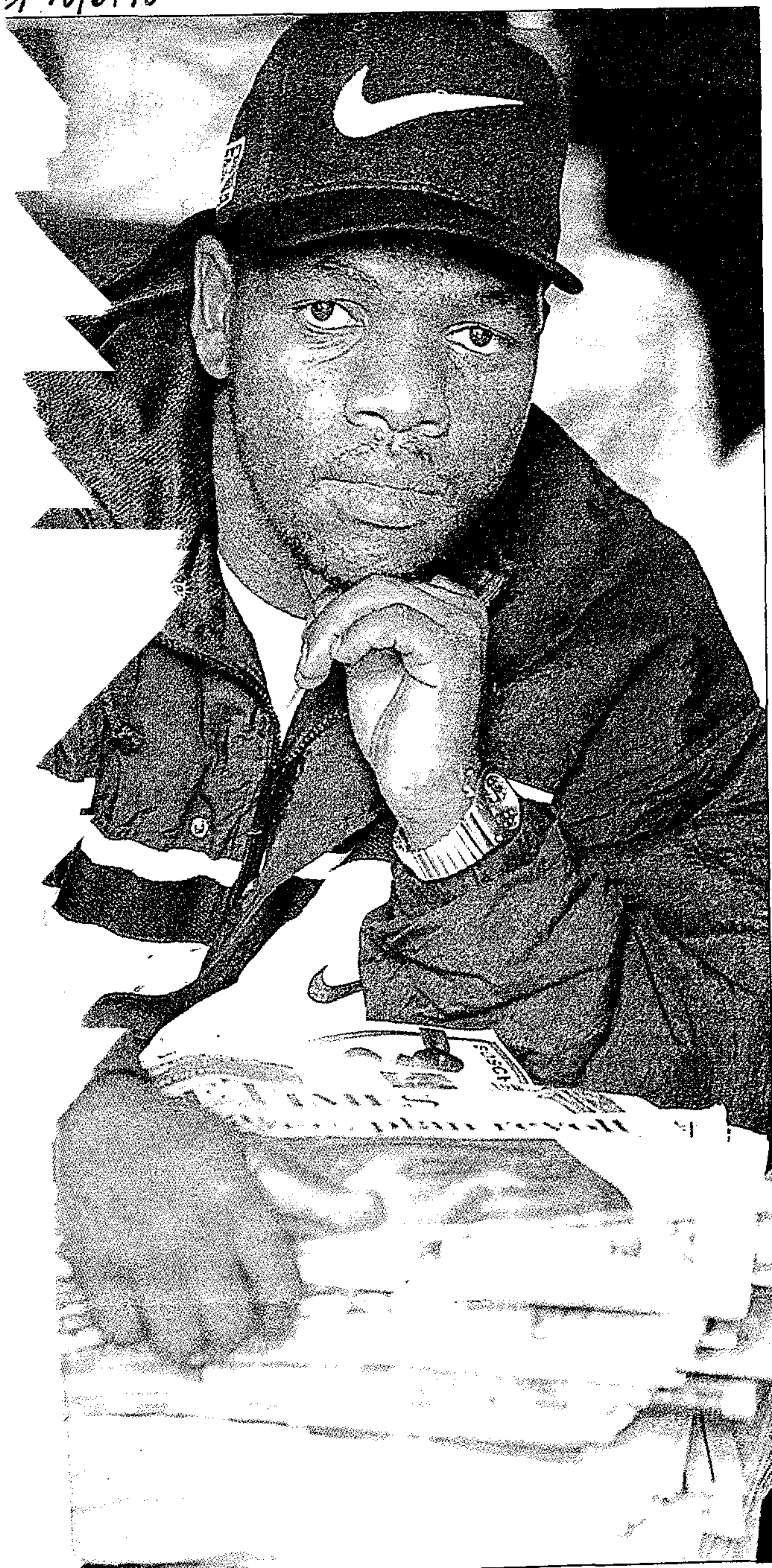
*We were changing in a single month the way we had operated for 30 years. Because we have to get two newspapers out daily there was simply no chance of a dry run, we just had to plan and plan and hope for the best*



**WAY TO GO:** Newly appointed news outside his Green Point flat.

# erson's round can pay

2T 18/6/98



## 'Now it's on our shoulders'

**A**T 24 Dan Nqwaba has moved from being a newspaper deliveryman trudging from door to door for a fixed wage to becoming a business entrepreneur wrestling with how to deal fairly with unreliable staffers.

"It's on our shoulders now," says the part-time law student who has chosen to give up full-time studies to take advantage of the Independent Newspapers' empowerment scheme which has already tripled his salary in the first month.

Nqwaba, area manager for Green Point, says one of his nine roundsmen who failed to pitch for work recently promised him "it wouldn't happen again".

"But it did.

"So now I have to find him and go to the company and have a word with him and give him a first warning. If it happens just a couple more times he'll be out of a job," Nqwaba says bluntly.

He's familiar with the proper dismissal procedures and has empathy with the vicissitudes of township life and how they can impact on daily work routines.

He began as a roundsmen with Allied Distributors in June 1995, earning R250 a week and through dedication pushed this up to R460 a week by October last year.

Independent Newspapers tried to sell the idea of self-employed deliverymen in 1996.

But, Nqwaba says, the roundsmen felt they would lose all their benefits, provident fund, pension and believed they would simply be retrenched.

"But we sat down and thought about it over the years and worked out how much we could actually earn and slowly our minds changed," he says.

One of six children from a poor Mount Frere family, Nqwaba arrived in Cape Town in 1995, the year after he matriculated with an exemption.

"I knew that even without money, if I was positive I would overcome obstacles, so I applied through a Catholic NGO in Athlone for a bursary to attend the University of the Western Cape".

He was accepted and registered for a BA law degree.

However, the strain of working for a living and studying proved too much and he failed.

Nqwaba now wants to invest his new income in Unisa correspondence and study for a Llb.

"Education is the main thing for me in the long-term," he says.

He says his 10-man newspaper delivery team is enthusiastic.

"Once we counted up all the different newspapers we worked out that we could earn far more than we did in wages and for me now even R7 000 per month is a reachable goal within a year or so," he adds.

Ensclosed in a Green Point flat with an ever-ready cellphone and smile for his customers, Nqwaba no longer trudges ...

per subscriptions contractor Dan Nqwabe wearing his characteristic early morning smile

PICTURE: ALAN TAYLOR.

JOB SUMMIT

(173) FM 19/6/98

# THE GREAT DIVIDE

Raising expectations so close to an election could be dangerous

**W**hen first proposed "as a matter of urgency" by the Labour Market Commission two years ago this month, the idea of holding a summit on job creation seemed like a good one — and important enough to have President Nelson Mandela launch it. The idea was to strike an "accord for employment and growth" between business, labour and government.

With unemployment around 30%, and seemingly unstoppable layoffs threatening to reach socially explosive proportions,

make-work public infrastructure projects (which are of short-term value), the bigger picture is one of classic division. There are likely to be two opposing approaches to job creation — free markets vs a planned economy. A summit would simply provide a platform for well-worn positions to be repeated, and turn into a non-event.

Labour and business have put forward their diametrically opposed proposals for the summit, but government's view has yet to emerge.

Recent reports suggest squabbling between Finance Minister Trevor Manuel, the czar of fiscal restraint, and the Minister of Labour (not Employment), Tito Mboweni, over government's approach.

Then there is the inability of the governing ANC and its junior alliance partners, Cosatu and the SA Communist Party (SACP) to reach pre-summit consensus — perhaps the main cause of delay. A rescheduled meeting of the alliance was due to take place this week. Assuming a common approach is stitched together, and government produces its framework document this week, the social partners still need time for pre-summit talks — two months, according to labour and business. But depending on how urgently government wants to meet, this process might be given no more than a week.

Government intended to put its proposals out for public comment. This may not be possible. By September, at the latest, the decks must be clear for parties (and alliances) to throw their energies into next year's general election.

The utility and advisability of a jobs summit look doubtful.

Why would a government caught up in a considerable financial crisis, with an alliance deeply divided over economic fundamentals, wish to arrange a highly public occasion in a situation of heightened politicking and expectation, and hope that anything constructive will come of it?

Under such conditions, a summit is an open invitation to Cosatu and the SACP to grandstand, attack and further undermine government's Growth, Employment & Redistribution (Gear) strategy. It is incon-

ceivable that the union movement will agree to work within Gear. Opponents are more likely to seize the opportunity to drive a stake through the heart of this policy, whose job creation targets look ever more out of reach.

The reason for this may be partly because one of its pillars — a flexible labour market — remains fantasy. But that is unlikely to receive dispassionate attention at a summit.

In the present climate of financial turmoil, there are growing, beguiling calls to abandon fiscal orthodoxy, drop privatisation and opt out of globalisation — in short, to scrap Gear.

"If the Washington consensus is in retreat ... are we at the stage where in polite company we can finally discuss strategies less concerned with inflation, more with full employment?" asks Patrick Bond of the Wits Graduate School of Public & Development Management in *Business Day* last week. "Strategies less aimed at international competitiveness at all costs, more at meeting basic needs through intelligent subsidies? Less with selling the family silver, more with strategic State interventions in areas such as infrastructure, housing and land reform where markets are failing?"

Bond's argument may be simplistic and based on selective quotation from International Monetary Fund and other economic heavyweights in support of a return to discredited State intervention; but it will strike a chord beyond the unions and the professional Left.

It is important for government to rebuff this line of argument and restate faith in the basic approach contained in Gear. Deputy President Thabo Mbeki, Gear's *ém-inence grise* and a master of the Big Idea, has to explain to people the need to cross the "desert of reform". He must articulate the vision and direction of Gear as a long-term strategy for growth and employment generation, and explode calls for what amount to short-term gratification.

From business's point of view, the summit is an open invitation to compromise on all its most deeply held economic prin-

## FM Cover Story

government later billed the Presidential Jobs Summit as possibly the most important *indaba* since it took office.

But a date for this momentous occasion has not yet been fixed — though an announcement is expected this week.

We believe, however, that a jobs summit so close to a general election is in nobody's interest, will achieve little and should therefore be shelved.

It is hard to see why, if government or anybody else had any brilliant new ideas on how to create jobs, they should have been kept under wraps until a summit came along. Unless some panacea is to be sprung on us, a summit now will be too political.

Yes, it is always healthy to exchange views on issues of public policy and the economy. But we already have the National Economic, Development & Labour Council (Nedlac), where the "social partners" have been at it for more than two years. It's hard to believe that any differences they have been unable to bridge through that forum can somehow be fixed at a summit.

The problem is that as soon as you announce a summit to the nation, you raise dangerously false hopes. And let's face it, the economy is not conducive to massive labour absorption at the moment.

Though there are indications that the Congress of SA Trade Unions (Cosatu) may be open to lower rates of pay in

LD

principles in favour of a set of soft programmes — such as job brigades and cluster projects — which can at best be palliative, at worst destructive.

Already burdened by the high cost of Mboweni's job preservation laws, business understandably feels that it will be mugged at a summit — blamed for not doing enough to create jobs (let alone maintain existing ones) and asked, again, what it has to offer.

Little wonder that one market analyst sees the summit as "another of Tito's image-building exercises". According to this analyst, the best jobs summit we could have had would have been to allow the rand to depreciate, instead of wasting R26bn in reserves to prop it up. New Zealand, for example, lives with currency fluctuations of up to 20%.

Depreciation of the rand would squeeze real wages, generate more exports and therefore jobs, and lead to a far more secure balance of payments position. In this way SA would reduce its dependency on notoriously skittish foreign portfolio investments, which plague all economies.

At the micro-level, he goes on, the way to generate relationships of trust between the social partners is through continuous interaction, not at a summit.

This may be why Labour director-general Siphosiso Pityana has recently been trying to dampen expectations of what govern-

ment can bring to the party.

"There must not be an expectation that government will bring wholesale solutions to the (unemployment) crisis," Pityana says. Though admitting that the summit might not result in the creation of many jobs, he says it would be a success "if it raised the priority of jobs in the eyes of policy makers".

Success would also hinge on willingness by labour and business to compromise, says Pityana. Significantly, the Labour Department is also amenable to the introduction of lower-entry wages — in the context of alleviating youth and rural unemployment. But instead of acting to give effect to this practical job-boosting measure — which the Democratic Party recently spelt out in its "voucher scheme" proposal for new job seekers — government is leaving that debate to labour, business and other constituencies.

This is because it remains hostage to Cosatu, which was apoplectic when big business in early 1996 proposed a deregulated two-tier labour market system to provide jobs.

Unions are, of course, honour-bound to protect their members' jobs by any means necessary.

This approach, however, has nothing to do with employment creation for the millions locked out by high entry barriers so obligingly erected by Mboweni.

The original aim of the proposed accord on employment and growth was to forge what would amount to a social compact on prices and incomes. It was stillborn — mercifully, in view of its failure elsewhere, notably under the Wilson and Callaghan governments in Britain.

Business representatives on the Labour Market Commission warned in a qualifying statement to its report that it "overestimates what commitments can meaningfully be entered into by business, especially in respect of ... investment and prices, which in the final analysis are commercial decisions by individual companies."

There is no evidence that business and labour are any closer to one another on ways to tackle unemployment and create jobs. As labour points out in its proposals, "the SA economy is a contested terrain".

Instead of a jobs summit, perhaps a better idea might be to convene a low-key gathering of key players, after the election and under the new President's chairmanship, to focus on a few target areas. Among these should be lifting restrictions on small business; identifying other sectors, such as tourism, which can be promoted to increase employment; targeting the reduction of unit labour costs; a more flexible capital market for budding entrepreneurs to access venture capital; and a concerted training drive to develop skills.

Amarnath Singh

## IN A NUTSHELL

### BUSINESS'S PROPOSALS

**STABILITY and GROWTH** through:

- \* maintaining fiscal discipline;
- \* maintaining Reserve Bank independence;
- \* ensuring inputs are cost competitive
- \* creating a competitive tax environment.

**PRODUCTIVITY** should be enhanced by:

- \* achieving world-class primary and secondary schooling through effective teaching;
- \* creating the right incentives for firms and employees to enhance worker skills

**Dorian Wharton-Hood**  
Business  
South Africa



through continuous training;

- \* increasing managerial efficiency and firm innovation through low trade barriers and enhanced product market competition;
- \* promoting the linking of pay to productivity and performance, among other ways through bargaining protocols.

**BARGAINING** architecture modernised by:

- \* promoting free collective bargaining as the primary regulator of labour market rules;
- \* Investigating barriers to new employment creation, and recommend steps necessary to encourage labour absorption.

**ULTRA-HIGH UNEMPLOYMENT** groups helped by:

- \* providing youth, rural women and the unskilled with a special dispensation to ease their entry into employment;
- \* developing a public works programme which establishes local level projects with the objective of transferring skills.

### LABOUR'S PROPOSALS

**MACRO-ECONOMIC** policies must:

- \* be predictable and achievable;
- \* have the support of labour, not just build investor confidence;
- \* expand demand for domestically produced goods and services;
- \* stimulate demand by lowering interest rates and introducing redistributive fiscal policies;
- \* avoid rigid deficit reduction targets which limit public expenditure.

**INVESTMENT** policy must:

- \* include supply-side incentives;
- \* develop small-scale lending programmes;
- \* introduce capital controls on speculation;
- \* ensure prescribed assets on pension funds are invested in job-creating ventures;
- \* focus on public corporation as key investors;

**INDUSTRIAL** policy should:

- \* maximise impact of job creating sectors;
- \* develop capacity for intermediate and capital goods production;
- \* introduce targeted employment subsidies;
- \* harness development financial institutions to labour-intensive processes.

**TRADE** policy needs to:

- \* stop the damaging effects of trade liberalisation on employment;
- \* be linked to job creating industrial developments;
- \* pursue import substitution and export promotion;
- \* implement a social clause against labour exploitation.



**Sam Shilowa**  
Cosatu's General Secretary

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## Market crisis spurs business leaders to request delay in job summit

Reneé Grawitzky

BD

CITY PRESS 19/6/98

(173)

**BUSINESS** leaders have approached Labour Minister Tito Mboweni to persuade government to delay the presidential job summit in view of changing economic and political circumstances. Two months ago business called on government to hold the summit sooner rather than later. However, there has recently been concern that the changed economic circumstances after the financial crisis should result in a delay in the summit.

Sources said numerous business leaders, including AngloGold CEO Bobby Godsell, had appealed to Mboweni. The SA Chamber of Business (Sacob) sent a letter to Mboweni last week urging him to convene a meeting of the steering committee dealing with the matter in the National Economic Development and Labour Council (Nedlac) to review the timing and consider "other possible courses of action". Sacob said the review process should also consider "possible interim measures which would underscore the com-

mitment of the social partners to address the unemployment problem — even if it was decided to postpone the job summit."

Sacob supported the need for a job summit but, in the light of the recent market developments and the forthcoming elections, it was doubtful whether these necessary conditions were in place. A source close to the process said business wanted certain reforms but knew these would not materialise ahead of the elections. Nedlac executive director Jayendra

Naidoo has sent a letter to Mboweni requesting him to set up a meeting of the steering committee ahead of next Friday's executive council meeting which is supposed to discuss a date and agenda for the summit.

Raymond Parsons, Business South Africa overall convener in Nedlac, confirmed that certain business associations and leaders had recently conveyed to senior levels of the labour ministry their concern about a job summit taking place in the present economic and political circumstances.

"While business remains committed in principle to the need to address the urgent challenge of unemployment there are obvious reasons to reconsider the timing of the job summit."

He said an urgent meeting of the job summit supervisory structure in Nedlac should meet to clarify the situation and examine other options. "A top-level meeting is necessary to discuss whether the job creation agenda can be pursued in other ways, should it be decided that a full-scale job summit is no longer feasible."



# Little hope for jobless in shrinking labour market

A new study notes that industrial action contributes to unemployment, writes THABO KOBOKOANE

ST (173) 21/6/98

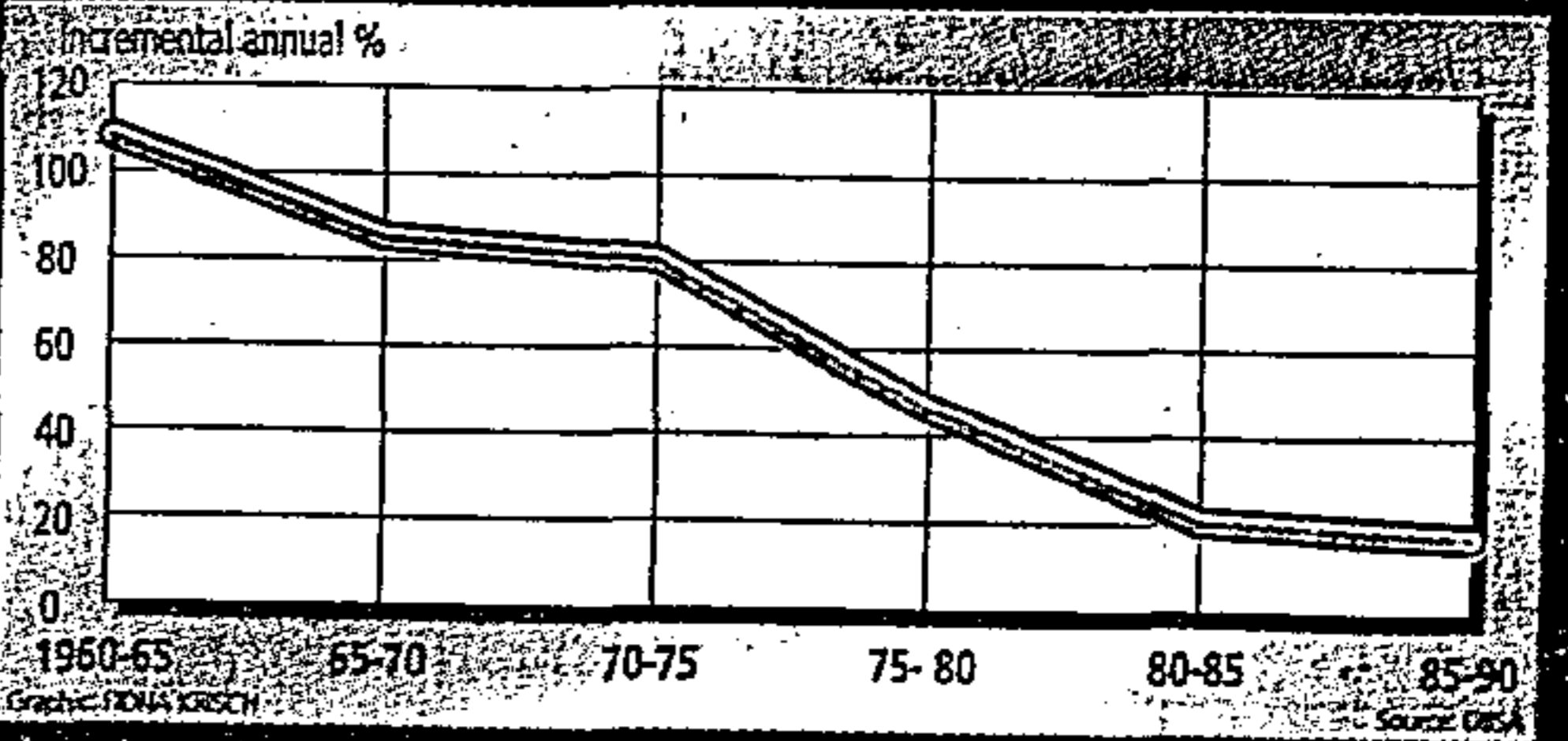


## LABOUR ABSORPTION CAPACITY

PERIOD	AVERAGE ANNUAL	INCREMENTAL ANNUAL
1960-1965	89.7	85.3
1965-1970	89.7	85.3
1970-1975	86.4	45.4
1975-1980	86.4	45.4
1980-1985	68.6	15.9
1985-1990	68.6	15.9
1990-1995	58.9	

\* During this period a net number of 365 000 people entered the labour market p.a. while 87 000 job opportunities have been lost annually.

## LABOUR ABSORPTION CAPACITY OF THE SA FORMAL ECONOMY



WE WANT WORK... job seekers queue for a diminishing number of positions

**O**F ALL the problems the government has to deal with, its biggest headache is rampant unemployment.

Many studies in recent months have pronounced that the government will enter the election period with unemployment at its highest in years as employment in the formal economy continues to dive.

A recent study by the Development Bank of Southern Africa, "Impediments on the absorption capacity of the South African economy", details the historical factors that have led to the current situation, and says interference and rigidities in the market have to be eliminated.

The study shows that the average absorption capacity — the percentage of the labour force employed in the formal economy — has decreased rapidly in the period between 1980 and 1994. In this period the absorption rate decreased from 82.7% to 53.9%.

In the same period the percentage of new labour market entrants able to find employment in the formal economy also took a dive. From 1975 to 1980 it reached 45%, and it declined to 15.9% in the following decade.

In fact, in the five-year period to 1995, the formal economy was unable to accommodate any new labour market entrants.

Translated into numbers the picture is bleaker. According to the study, the net increase in formal employment opportunities from 1980 to 1994 was a dismal 142 000 while the labour force increased by about 5.1-million, an annual rate of 365 000.

The situation is probably worse given the number of jobs lost in recent times. From 1990 to 1995, 365 000 people entered the labour market each year while 82 000 job opportunities were lost annually.

And it could get worse unless a meaningful plan is implemented soon.

The much-delayed presidential jobs summit could provide a starting point but, judging by the amount of political bickering ahead of it, the initiative is in danger of achieving little.

The DBSA identifies the historical shift from labour-intensive production to capital-intensive processes as a major reason for unemployment.

For instance, it shows that labour intensity — the number of workers required to produce goods and services worth R1-million — declined to 31 in 1994 from 36 in 1980 across all sectors of the economy.

Save for manufacturing, all other sectors recorded negative changes, with the hardest hit being agriculture, where the ratio declined from 90 in 1980 to 69 in 1990.

"The continuing drift to-

wards capital-intensive production processes is clearly the result of an attempt by firms to counter the twin problems of rising labour costs and lagging labour productivity," the report says.

So what has led to the substitution of labour with capital-intensive processes?

A number of reasons are suggested and these include an increase in wage pressures since the 1970s which led to employers retrenching workers so they could pay higher salaries to other employees, changes in technology (in particular in

agriculture), deepening import substitution to progressively extend protection upstream, relatively capital-intensive subsectors of manufacturing, and the rationalisation of the SA economy.

While labour costs — mainly upward movement in black wages — have had an effect on employment growth, much of the decline is attributed to other factors, in particular "labour problems".

"A possible interpretation of this is that industrial conflict widened the margin between perceived cost of employing

labour and the wage rate."

In the period between 1960 and 1969, a total of 73 strikes took place involving 4 235 workers, translating into 13 300 man-days lost. Contrast this with the period between 1986 and 1993, where 863 strikes involving 271 383 workers caused the loss of more than 2-million man days, according to statistics by the Labour Department.

The impact of these factors led to the wage increases of the early 1980s, which have since slowed as a result of sharp decreases in employment.

# Inquiry to probe conflict at Crossroads

## Violence escalated after iKapa sit-in

CLAUDIA CAVANAGH  
METRO EDITOR

● JANUARY: Women Power, a politically diverse group of women, calls on Crossroads councillors Depoutch Elese and Melford Gwayi to resign for failing to deliver election promises. Their grievances centre on rent increases and the small sizes of the houses being built. Members of the group occupy the former iKapa council offices.

● March 2: Six of the women are arrested on charges of trespassing.

● March 16: The sit-in resumes and 3 000 people march on MEC Patrick McKenzie's offices alleging mismanagement and nepotism by councillors. McKenzie orders a probe.

● April 20: Three people shot and injured and 10 shacks razed in an incident apparently involving the Women Power group. The sit-in continues.

● April 21: Hundreds of Crossroads residents say they have

stopped paying their bonds and municipal bills because their homes are not up to scratch.

● April 24: Two people killed and two injured as political rivalry, apparently over a housing development, leads to street violence. Councillor Depoutch Elese, ANC, comes under fire and his car is hit by a hail of bullets.

● June 8: Three people shot and wounded and five unoccupied shacks burnt in a clash between two groups in Old Crossroads.

● June 11: Cape Town Council stated by McKenzie for failing too long to launch the probe into Crossroads violence.

● June 19: Independent inquiry launched hours before four people are killed and two wounded in a shootout at a house in Brown's Farm, Philippi.

The shooting is believed to be linked to conflict over housing.

VETERAN human rights lawyer Essa Moosa is to head an independent inquiry into simmering political tension that has claimed at least two lives in Crossroads and this weekend split over into Philippi, where four people were killed.

Miamli Mfenyane, the minister at the Nyanga Holy Cross Church, and a member still to be announced, will also be on the panel.

Launching the inquiry on Friday, Cape Town city manager Andrew Boraine denied claims that it was aimed at clearing the council's name.

"I'm not interested in the image of this council.

"I'm interested in what happens to people living in communities plagued by conflict," he said.

Although violence has erupted sporadically in Crossroads over the

years and particularly in the 1980s, this investigation will concentrate particularly on events there over the past five months.

"We not interested in duplicating what the TRC is doing," said Boraine.

"Community groups in Crossroads have made allegations against ward councillors and council staff members, and they have made counter allegations. We want to get to the bottom of what's really going on there."

But only those who could substantiate allegations they made would be given a hearing, he said.

"We'll not countenance or even bother with unsubstantiated claims. I have pledged to investigate immediately and to take to the logical conclusion those that are," he said.

The inquiry will determine whether action should be taken against officials of the city or councillors. Community organisations and individuals found to be involved in

criminal activity will be reported to the police.

"This inquiry will not focus primarily on the issues of violence but will broaden to root out the underlying causes of the tension.

"We have to understand what lies underneath. Often living conditions are the primary cause of this sort thing and it's very important for us as a municipality to understand his," said Boraine.

"It is impossible for us to deliver services to communities racked by conflict, rivalry and tension."

The investigation will take the form of a private inquiry and not a public commission of inquiry.

"We want as many people as possible to come forward without fear of intimidation."

Those who have over the past few months commented publicly on the violence in Crossroads will be approached and asked to substantiate

or back their statements.

"Then we'll issue public notices indicating how people can get in touch with the investigating team," said Boraine.

Findings of the inquiry will probably be made public within the next two months.

The ANC has welcomed the inquiry into the recent Crossroads conflict.

"We cannot afford further violence in the Crossroads area. It appears to us that certain forces are hell bent on opposing any development of Crossroads," said provincial leader Ebrahim Rasool.

"It is vital that the inquiry establishes who is blocking development in the area and suggests ways in which the Crossroads community can take its rightful place in the Western Cape."

He called on ANC members to assist the panel in its work.

(173)  
27. 22/6/98

# NEWS

*Cosatu slams Sacob for insisting on postponement*

## Go-ahead for jobs summit expected

CT(MR) 22/6/98  
FRANK NXUMALO

LABOUR EDITOR

Johannesburg — Cabinet was expected to give the final go-ahead for the presidential jobs summit on Wednesday, ahead of the National Economic Development and Labour Council (Nedlac) executive council meeting on Friday, Siphosiphony Pityana, director-general in the department of labour said at the weekend.

Pityana said neither the minister of labour, Tito Mboweni, nor himself had received a formal letter from the South African Chamber of Business (Sacob) requesting the postponement of the presidential jobs summit. He said what the department had received was "a copy of a press statement" from Sacob on the issue.

Pityana said government had not yet published its position as promised because "we had not concluded the internal process".

(173)  
The Congress of South African Trade Unions (Cosatu) slammed Sacob for suggesting a postponement of the summit in the face of the "difficult economic circumstances" and the tense "political climate" ahead of the forthcoming elections, and said it would "resist this agenda".

Zwelinzima Vavi, deputy general secretary of Cosatu, said: "It is absurd that business even thinks of further delays to the presidential jobs summit when the carnage of job losses is continuing unabated. This confirms Cosatu's assertion that the business community is not interested in the transformation of our country in a manner that will address apartheid."

"It is disappointing to note that big business is bent on pursuing its ideological warfare no matter what its consequences would be to the rampant job losses and unemployment."

# Employers rip us off, say roadside job-seekers

## Complaints of abuse and no pay as workers battle unscrupulous bosses

MANDLA MNYAKAMA  
SPECIAL CORRESPONDENT

Hundreds of unemployed people who wait alongside Cape Town's main roads seeking jobs claim they are often not paid and are assaulted and abused by employers.

Some employers, they claim, have pointed firearms at them and threatened to kill or assault them to avoid paying for their services.

Those injured on the job said they were often kicked out when they asked for help.

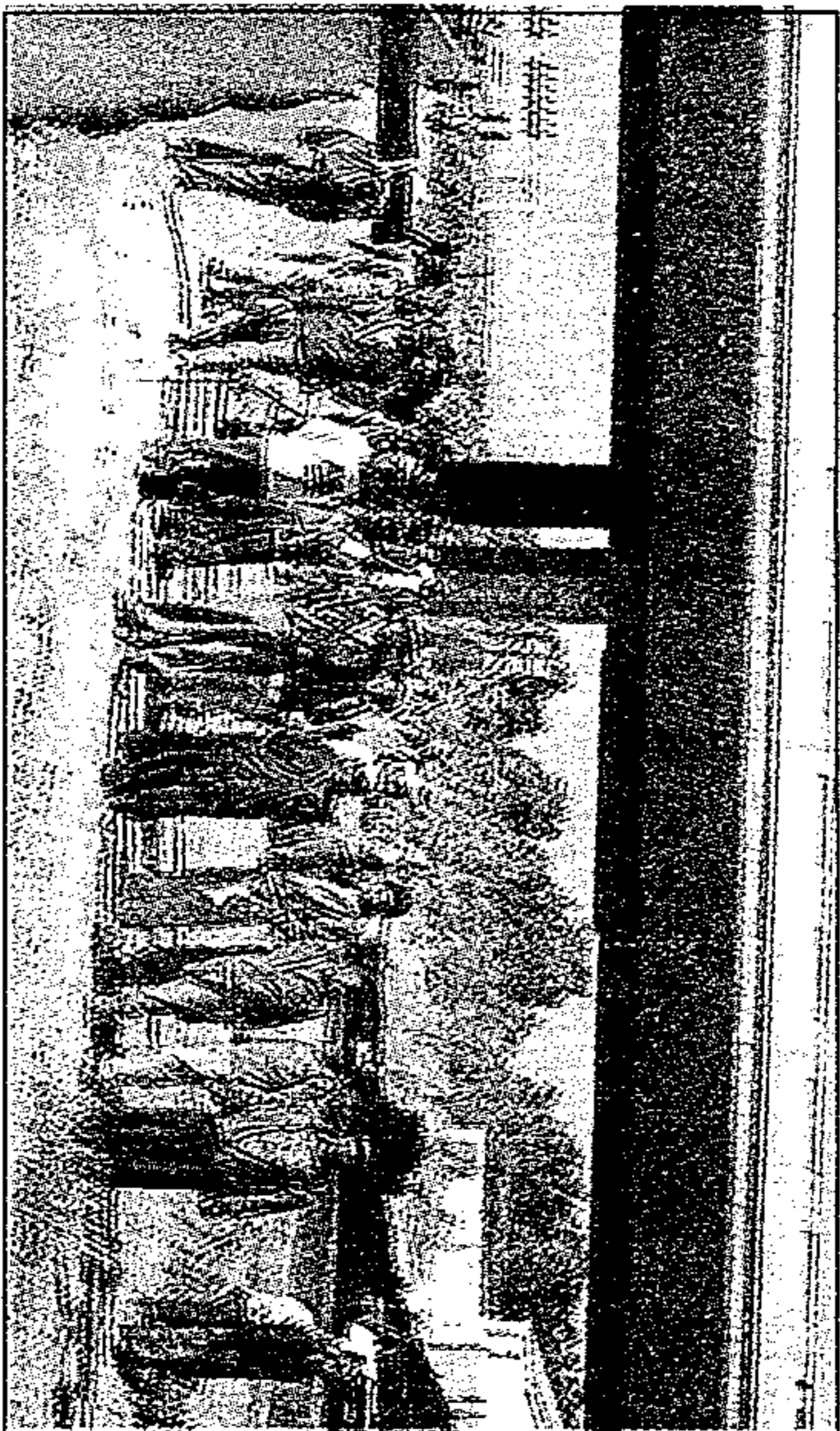
Most of those who did not get paid claimed to have been left with empty promises when their bosses brought them back to the spots where they had picked them up.

They often failed to collect them as promised on the second day, after not having paid them for the first.

Others were asked to wait until the end of the week for payment. The employers would then not turn up after the fourth day.

There were those who claimed to have been dropped off in the middle of nowhere after working for employers who were never seen again.

A group of job-seekers on the R300 near Khayelitsha recently stoned a car which belonged to an employer they accused of being a crook.



On the road again: people wait patiently for work on the R300 near Khayelitsha

He was alleged to have abused some of the job-seekers.

Police chased them away from the spot and warned they must not be seen in the area again.

Solomon Sondaka, a father of three from Khayelitsha, claimed an unregistered carpenter from Athlone did come to fetch him again after he spent three days working for him - but the man never turned up on the last day, when he was supposed to pick him up for work and pay him for

grinder during a building demolition. "When I asked the boss of the company to take me to hospital after the incident he told me he won't because he would get in trouble and arrested. I had to find my own way to the hospital without his assistance."

When he got out of hospital and went to demand money from the construction company, the employer told him he would not get any compensation because the accident was his own fault.

Mamli Mnyanda, 55, previously from Ciskei in the Eastern Cape, worked for a Stellenbosch-based housing construction company.

The company was responsible for a housing project at Khayamandi township in Stellenbosch, where Mr Mnyanda worked as a labourer for two weeks.

He then received a telegram informing him of a funeral in his rural Ciskei village.

Mr Mnyanda was forced to leave without his wages.

When he came back, his employer refused to pay.

Denzil van der Merwe of the Lawyers for Human Rights criticised the tactics of unregistered employers.

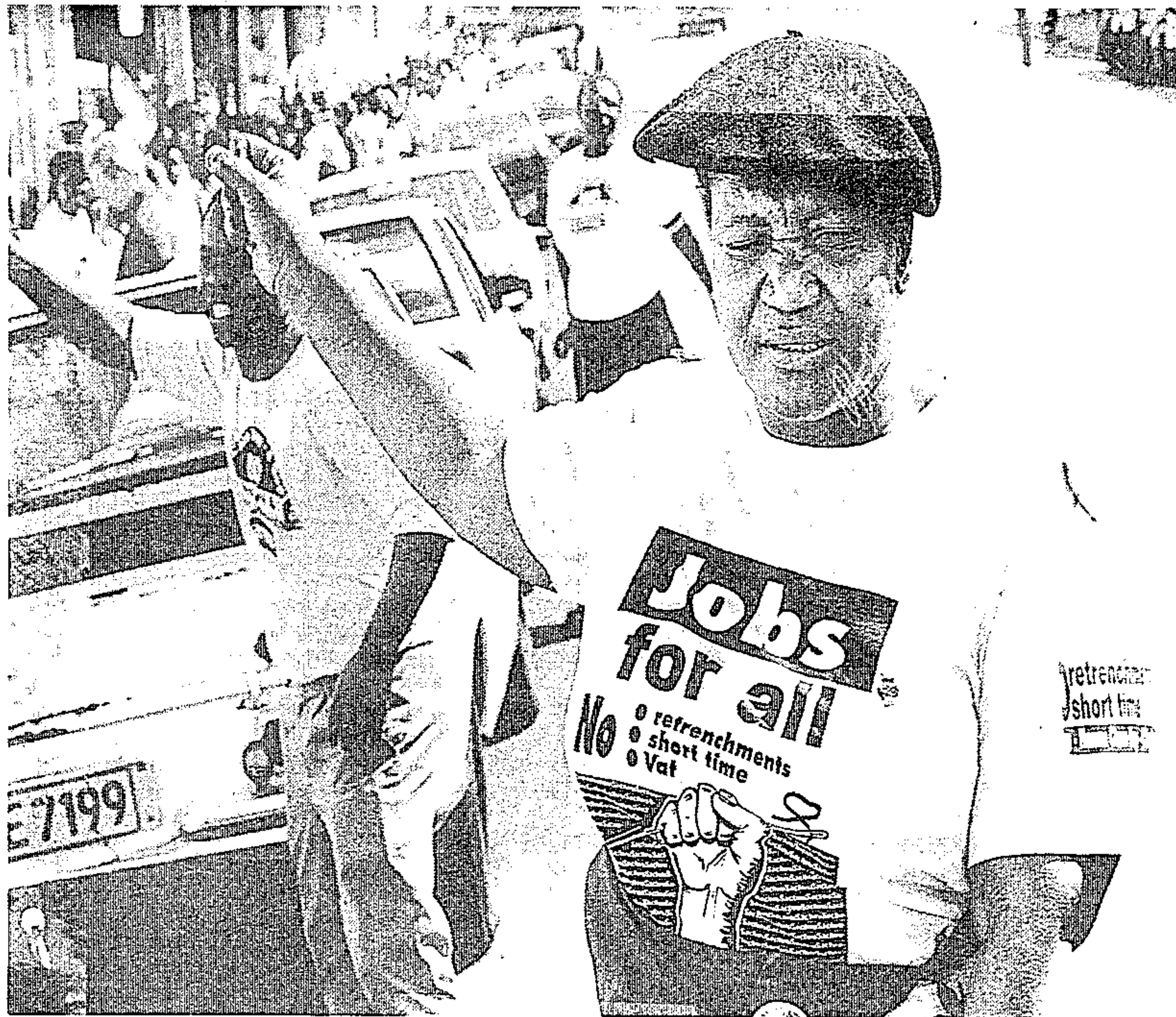
Mr Van der Merwe warned that the employers' behaviour was illegal. He said job-seekers were protected by the new Labour Relations Act.



No compensation: Nico Lumkile lost the use of his right hand in a construction site accident - but got no help from his

(173) ARK 22/6/98

# Sum



The drive for competitiveness is pushing job security to the bottom of the economic growth agenda

RETRENCHMENTS are an important cause and from all accounts retrenchments and restructurings are not only continuing, but are likely to intensify. Presently the drive for "competitiveness" tends to push job security to the bottom of the economic growth agenda. This is one of the most serious scenarios facing parastatals in the jobs summit process.

Provisions and measures dealing with job security mainly centre on the Labour Act's procedure for dismissal. Operational requirements associated with a code of good practice on a proposal for a National Economic and Labour Council (NELC) are yet to be finalised.

While the act provides comprehensive retrenchment procedures which include avoidance of redundancy, it boils down to a conflict which culminates in an industrial dispute. In reality, it is not a negotiable issue and the effectiveness of the act is doubtful.

The Nedlac social contract in its essence entails a three-pronged approach: prevention of job loss, and dealing with the social effects of retrenchment. While extremely co-

# nit should aim to limit job losses

BO 27/6/98

(173)

n SA constitute unemployment, widescale redundancies will escalate.

e for "competitive job security to economic agenda. any challenging participants in the w under way.

olicy proposals ity and job loss about Relations nissals based on nts and the as- ractice, as well ocial plan by the evelopment and lac), which has

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plan proposal in vo-pronged ap- and limitation of ith the economic f retrenchment. prehensive, all

Job and income security are principles that need to be addressed by the job summit, writes **Jeremy Daphne**

provisions are subject to availability of resources. Once again, in reality this could limit its effect.

Considering these circumstances, what approach needs to be adopted by the jobs summit in formulating its employment strategy?

The importance of job retention and security needs to be fully appreciated and realised when formulating policy on employment issues. The linkages between income levels, poverty and social indicators such as infant mortality rates generally mean any further drop in an individual's income could well result in dramatic and unacceptable social consequences.

As such, income loss should be regarded as socially and politically catastrophic by all policy makers and restructuring processes need to be informed by this perspective. Any policy focused on the development of SA society that entails increased poverty for any of its citizens, whether in the short or long term, should be avoided.

Labour's 1996 social equity and job creation proposal called for "a tougher attitude against retrenchments", including retrenchments being a legally negotiable issue. It is time that this

was implemented.

Legislative arrangements need to place maximum incentive on exploring job retention strategies, and ensuring that a rigorous process is followed to avoid job loss. It can be argued that this does not appear to be the case now. Clearly defined criteria also need to be formulated, outlining the economic circumstances under which retrenchment can be seen as unavoidable, to prevent the use of retrenchments as "quick-fix" economic solutions.

While the code of good practice on retrenchments extensively clarifies the manner in which the act's provisions should be implemented, it does not alter the nature of the process or establish economic criteria. Present legislative arrangements within the act need to be amended to ensure that they act as a stronger disincentive for job loss.

Where job loss is unavoidable, the uninterrupted provision of income and the subsequent creation of sustainable, new jobs at similar income levels should be the strategic objective. Social plans must be focused on improving survival skills and maximising the chances of obtaining sustainable employment in the shortest time possible.

During unemployment, income levels and social security provisions need to be maintained through a comprehensive social wage programme, including a basic incomes policy. Linkages between social plan programmes and community-based public works projects would also be developed. Priority needs to be placed in directing resources into a social plan, social wage and public works projects.

In arguing for increased labour market flexibility, business tends to maintain that current regulations, including the act's provisions on employment security, act as a disincentive for job creation.

On the subject of labour market regulation and unemployment, recent reports have asserted that the real obstacle to job creation is labour market rigidity, and that business finds labour expensive and difficult to lay off in times of economic hardship. Is there any validity establishing greater employment flexibility, and does this mean that the proposal for increased employment security is in fact undermining a job creation strategy?

In a comprehensive study on labour market restructuring in SA, the International Labour Organisation, disagrees with this position and presents a strong argument for considerable labour market flexibility to be in place already. They suggest that the call for greater flexibility and deregulation "as a prescription for dealing with economic malaise" is poorly conceived.

The organisation distinguishes three forms of flexibility: employment, wage and work-process flexibility.

Employment flexibility refers to the ease with which employers can alter employment, and in particular, the ability to retrench workers speedily and "without problems". They observe that increased flexibility, where applied, goes hand in hand with the international trend towards temporary and casual employment, and the decline of regular protected employment.

There are in fact strong incentives for enhanced employment security, both on the grounds of efficiency and equity. In addressing the call for employment flexibility, the organisation argues that "some institutional rigidity can limit opportunism, and thereby improve dynamic efficiency". They give as an example the negative effect on labour productivity of hiring and firing at will, and suggest that opportunistic behaviour facilitated by flexibility and "deregulation" results in short-term gains but impairs dynamic efficiency in the long term.

The organisation goes on to argue that the main priority of labour market policies must be labour security, including labour market security and employment security. This must entail "low or falling levels of unemployment" and protection from "arbitrary loss of employment, by collective agreements, regulations or the force of convention". In supporting the need for labour market regulation, the organisation concludes that the main aim of regulations is protection against insecurity and exploitation, but it also has an important "efficiency-enhancing character".

Business seems insensitive to equity issues and the devastating effect of job loss. There also seems to be inadequate appreciation of the disadvantages of hiring and firing at will.

However, certain management consultants advise against retrenching as a way to increase profitability. Michel Robert, a management consultant and author of *Strategy Pure and Simple II*, cautions against retrenchment, saying "downsizing by itself does not address the strategic problem that may be at the root of the organisation's difficulties", and signifies a failed strategy.

The state needs to play a central role in directing the necessary resources and political influence to amend legislation and establish effective social plans and social wage programmes. Overall, job and income security must be appreciated and promoted in SA society as a fundamental human need at both the level of principle and practice. This will require greater political will and clearer vision by all parties concerned with providing "more and better" jobs.

□ *Daphne is a researcher with the National Labour and Economic Development Institute.*

# Govt proposals for jobs go to cabinet

Reneé Grawitzky

GOVERNMENT'S proposals for the presidential jobs summit deal with the long-term restructuring of the economy and short-term jobs programmes which will require concessions and trade-offs by business and labour.

Government sources said the cabinet would consider the proposals, prepared by the labour department, today.

They acknowledge that deep structural problems in the economy have led to unemployment. But they argue that there is a need for short-term solutions or "quick fixes".

The cabinet debate comes in the wake of calls by business to review the timing of the summit. Deputy President Thabo Mbeki told trade union federation Cosatu's central committee yesterday that the summit had to go ahead and serious consideration should be given to "what can and must be done practically" to ensure economic growth and job creation.

Sources said government's draft document identified short-term solu-

(173) 80 24/6/98  
tions including proposals intended to alleviate youth unemployment by providing incentives to companies to employ youth at a lower pay rate.

It also focuses on a public works programme funded jointly by government and business. There was some initial consideration that union investment companies could also provide funding.

The short-term jobs programmes had been proposed with the knowledge that this was not the solution to unemployment, a source said. Solving unemployment would require restructuring the economy towards more labour-intensiveness and by not forcing short-term job creation at any cost.

Other proposals relate to the implementation of the long-awaited labour market commission's recommendations which include some amendments to the Labour Relations Act.

Controversial amendments relate to the extension of bargaining council agreements. The act currently allows extensions of agreements by the labour minister to those not party to the bargaining council.

Anglo AME agree to co-operate on KwaZulu

# Cabinet approves of plans to fight unemployment (173)

Star 25/6/98

## POLITICAL CORRESPONDENT

Preparations for the Presidential Job Summit have received a boost with the Cabinet's approval yesterday of the Government's plans to create jobs.

At the summit, Government, labour and business will draw up plans to deal with the high levels of unemployment.

Government spokesman Joel Netshitenzhe said the Cabinet had also reaffirmed the Government's resolve that the summit should take place in the next few weeks.

Labour Minister Tito Mboweni is expected to release the Government proposals in Johannesburg today. However, reports have said that the proposals included measures to alleviate youth unemployment by providing

## Large-scale public works expected to be announced soon

incentives to companies to hire youth at a lower pay rate.

The Government submissions were also expected to contain proposals of massive public works programmes funded by the State and private sector.

Netshitenzhe said the Cabinet was also satisfied with the preparations for the Non-Aligned Movement Summit, due to be held in Durban this year.

The meeting also approved the submission of the Competition Bill to Parliament, on condition that if there were substantive changes in the course of the current consultative process, the bill would be re-submitted to Cabinet for approval.

The meeting also agreed to invite interested parties to apply for a licence to run the National Lottery.

The meeting approved the recommendation for South Africa to host the Annual Ministerial Meeting of the SADC on Gender and Development, which is to take place at the end of July.

The Cabinet also approved for submission to Parliament the proposal that South Africa accedes to international conventions for the protection of cultural heritage in the event of armed conflict and against illicit import, export and transfer of cultural property. The meeting approved the submission of the following Bills to Parliament:

■ Agricultural Laws Rationalisation Bill, which repeals redundant legislation which operated in the former bantustans.

■ Road Traffic Laws Rationalisation Bill, which repeals legislation applying to the former TBVC "states".

■ Administrative Adjudication of Traffic Offences Bill, which improves the effectiveness of traffic law enforcement and lightens the burden on the criminal justice system.

■ Postal Services Bill, which establishes an orderly regulatory environment for postal services.

■ Broadcasting Bill, which rationalises the regulation of broadcasting and signal distribution and management;

■ Nuclear Energy Bill, which introduces transparent and accountable governance of the industry.

■ Gas Bill, which proposes the setting up of a Licensing Authority;

■ Local Government Municipal Demarcation Bill, which proposes the alignment of functional and service delivery boundaries with future municipal boundaries.

■ Adoption Matters Amendment Bill, which introduces new provisions regarding the right of mothers and fathers of children born out of wedlock.

■ Final version of the National Environmental Management Bill after inter-ministerial consultations proposed by the previous Cabinet meeting.



# Govt unveils its strategy to create jobs

BD 26/6/98 (F3)

Reneé Grawitzky

GOVERNMENT's long-awaited employment strategy released yesterday aims to generate — in the short term — an undisclosed number of jobs which could cost well more than R1bn a year.

The strategy — situated within the constraints of the growth, employment and redistribution strategy — calls for sacrifices from labour and business.

Depending on trade-offs achieved during the consultation process leading up to the presidential job summit near the end of next month, labour and business could be required to contribute to the Umsobomvu Fund — to be formed from the proceeds of the demutualisation levy — which will be used to create employment and development opportunities for the youth.

Business will also be required to provide funding to “other employment-generating initiatives; promote youth employment; facilitate small business entry into the economy; build capacity at local level by establishing managers' service programmes; promote education, training and skills development; and possible increases to unemployment insurance fund payments”.

Labour faces increased labour market flexibility, with moves to effect controversial amendments to the Labour Relations Act such as greater restrictions on the extension of bargaining council agreements to nonparties and relaxing provisions for probationary and notice periods.

Labour is asked to agree to an effective lower entry youth wage or “learnership wage” and a form of wage restraint. Labour should agree to

“wage bargaining appropriate to productivity gains and rates of inflation, and which do not contribute to job loss”, the document says.

A moratorium on retrenchments is unlikely in view of a labour agreement to “form a realistic labour regulation framework” to effect public and private sector restructuring. But this is balanced by an attempt to preserve jobs in the private sector through targeted government intervention.

Public service unions, in particular, face additional challenges. The document proposes “more adaptable employment practices and an affordable number of public servants”.

Labour Minister Tito Mboweni said he was hoping to squeeze more money out of the fiscus to finance job programmes. Additional funding might be made available through the reallocation of resources while there was some indication that additional funding made available would only marginally affect deficit targets.

The proposed special employment programmes form part of government's short-term measures while the medium to long-term aims are to “up the economy” into one which absorbs labour.

Government aims to stimulate labour demand through a range of public works programmes (with possible joint ventures with the private sector); by preserving jobs in the private sector; strengthening and refocusing existing investment promotion policies; promoting small- and medium-size enterprises; and targeting labour-absorbing industries such as the service and tourism sectors.

# Mboweni promises R1bn for jobs

CT (PR) 26/6/98

(173)

FRANK NXUMALO

Johannesburg — Tito Mboweni, the labour minister, yesterday announced fiscal support of up to R1 billion for special job-creation programmes, in addition to the Umsobomvu Trust vehicle which aims to stimulate employment opportunities for young people.

The government's employment strategy framework will form the basis of its position at the presidential jobs summit, scheduled for the end of July.

"In the short run, we seek to directly and indirectly promote the creation of a sufficient number of jobs to match net growth in the labour force," Mboweni said.

He said key programmes would include the municipal infrastructure programme, water and community-based programmes, the clean cities campaign and the land care campaign. The last two campaigns are new programmes.

Mboweni said the clean cities



**LABOUR INTENSIVE** Labour minister Tito Mboweni

campaign would include waste management programmes and the land care campaign would include soil conservation. An agreement had already been struck with labour on the wages to be paid in these programmes.

"In the medium to long term, we seek to fundamentally propel the economy to one that is innovative, inclusive and

labour absorbing," he said.

"Overall, we need to raise the skills base and move into higher value-added sectors to raise national income, enabling a more stable exchange rate.

"To better reflect our underlying cost structure, we will need to ensure a sustainable job creating path, where net job creation exceeds labour force entry."

Mboweni said the economy had to generate 250 000 new jobs in net terms simply to prevent a rise in present unemployment rates of about 29 percent. More than 350 000 net new jobs had to be created annually to absorb new entrants into the labour market.

While recognising business's contribution to social development, Mboweni challenged business to make a meaningful contribution to funding partnerships in support of Umsobomvu Trust programmes and other strategies. He challenged labour to contribute to the Trust and reduce shop-floor conflict.

# R1-billion to be spent on job creation

250 000 a year target

ALIDE DASNOIS  
BUSINESS EDITOR

The long-awaited presidential jobs summit came a step closer when the Government presented an outline of its proposals for tackling the unemployment crisis.

In an overview - in Johannesburg yesterday - of the Government's plans, Labour Minister Tito Mboweni proposed job creation programmes estimated to cost up to R1-billion.

He said the economy had to create at least 250 000 jobs a year just to hold unemployment down to its present level of 29% of the workforce.

New special employment programmes designed to increase demand for labour would be created alongside the current programmes driven by the departments of Public Works and Water Affairs.

Existing aid to industries, especially labour-absorbing industries, would be strengthened. The young, women and disabled would be especially targeted, Mr Mboweni said.

Measures to make young people more employable included the introduction of a "youth learnership wage" to be paid to young people who

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were learning on the job, as well as a holiday from unfair dismissal provisions for young people.

Mr Mboweni did not provide details of the proposals, which have been approved by the Cabinet, but they will be spelt out in the Government Gazette next week.

He said the Government was still aiming to hold the summit - which was first mooted by the Labour Market Commission in 1996 and was first set down for last October - in July.

Business and labour have already presented their own proposals.

They will all now be debated in the National Economic Development and Labour Council (Nedlac).

Reserve Bank figures published this week show that the economy shed 130 000 jobs last year.

The figure does not include jobs in agriculture or in the informal sector.

Public sector jobs, which had been growing at more than 5% a year, shrank by 0,5%, or 30 000 jobs, in 1997 as the Government moved to streamline the civil service.

In the private sector, the manufacturing, mining and construction industries were among the hardest hit by job losses.

## Cosatu will now invest to create jobs

CP 28/6/98 (173)  
By ZOLILE NQAYI

THE CONGRESS of South African Trade Unions' central committee has resolved that future union investments should also target social upliftment and job creation.

"Trade union investment should constitute a critical instrument in the transformation of the current South African capitalist economy into a socialist and worker controlled economy," said Cosatu's deputy general secretary, Zwelinzima Vavi.

Cosatu agreed that social investment should be directed towards building houses, clinics and other necessary infrastructure. Investment in socially beneficial projects, said Vavi, is seen as a means to address the legacy of apartheid by improving standards of living. Such investment would be targeting the poor and working class.

Cosatu's general-secretary, Sam Shilowa, admitted that in the past the federation had no investment guidelines and this sometimes led to affiliates bidding against each other.

Shilowa said the newly-formulated guidelines will co-ordinate operations of the federation's and trade union's investment companies.

"Whereas in the past, we only had moral persuasion, we now have a mandate that prevents rival bidding by union companies," he said.

They also decided that investment should be geared towards sectors with monopolies, with the specific aim of "changing current patterns of ownership, control and corporate governance."

National office bearers of the federation and union officials acting as trustees in the investment companies would not be allowed to gain financially from any ventures. The union investment strategy was discussed in tandem with the question of privatisation of state assets. Delegates argued that since union investment companies are bidding for some assets formerly owned by the state, the issue of privatisation should be clarified.

Cosatu indicated that although it is ideologically opposed to privatisation, that does not mean it would not engage in privatisation.

"We have identified eight strategic sectors that we believe are in the hands of the state even if partial privatisation takes place," Shilowa said.

The eight sectors are housing, education, communication, energy, health, transport, land and municipal services.

# Reserve Bank seeks reforms to spark job creation

ST(PST)28/6/98

The central bank says it is committed to reducing inflation because lower price rises offer certainty, writes ANDREW GILL

(173)

**S**A MUST introduce broad structural reforms to spur the economy to a higher growth level and accelerate job creation, the Reserve Bank says.

The Bank said the economy shed 130 000 jobs in 1997, leaving government's Growth Employment and Redistribution (Gear) strategy with a massive shortfall on the 250 000 jobs it planned to create last year and making the 400 000 jobs a year target by 2000 largely academic.

It said key to structural reform was reducing and removing rigidities in the economy, which in the first quarter left growth lagging badly behind a robust level of final demand.

"The seeming inflexibility of domestic production to react to firm increases in final demand, which have been ongoing for about five years, is not likely to be eliminated by adjustments to macro-financial policies as these operate essentially on the demand side of the economy," the Bank said.

It pointed to the first quarter draw-down in inventories to meet final demand, indicating reluctance by companies to maintain or raise stock levels despite strong demand.

"Removing production rigidities will strengthen the country's long-term economic growth potential and provide scope for accelerating job creation."

It said job losses were widespread, coming in the private and public sectors and felt mostly in manufacturing, mining, construction, electricity generation and the motor trade.

The Bank also gave some insight on its tight policy in the wake of emerging market turmoil, when it hiked interest rates in an attempt to contain the inflationary impact of rand weakness.

It said it remained committed to reducing inflation. Lower price rises offered more certainty. "The stabilisation of prices reduces risk and encourages fixed investments with attendant job creation."

Low inflation also emphasised the need to raise productivity.

Productivity levels have shown some reaction to the Bank's success in fighting inflation, but for the wrong reason — a reduction in the workforce.

The Bank said sedate economic activity and excess labour supply had done little to prevent wages from rising briskly in 1996 and 1997. The average nominal remuneration per worker in the non-agricultural sectors of the economy rose some 11.2% in 1996 and 10.7% in 1997.

The National Productivity Institute said in its annual report on productivity that the successful implementation of Gear would dramatically improve competitiveness.

# Cosatu calls for prescribed assets law

FROM SAPA

Johannesburg — The Congress of South African Trade Unions (Cosatu) called on the government at the weekend to formulate legislation on prescribed assets requiring financial institutions and pension funds to invest part of their funds in job creation and social services.

In a statement released after the organisation's central committee meeting in Johannesburg last week, Cosatu hit out at South African financial institutions, saying they were fleecing consumers.

The prescribed assets regulations would allow for financial institutions and pension funds to plough back some of their profits to the community, the organisation said.

It also called for an amendment of the Labour Relations Act to make retrenchments impossible without negotiations.

Cosatu reiterated its call for a moratorium on retrenchments until the proposed presidential job summit. "We cannot afford to destroy jobs during a national crisis of unemployment and poverty. There needs to be a national

agreement to do everything possible to save existing jobs."

Cosatu's call for a moratorium on retrenchments was rebuffed by the government and the private sector, which said the proposal was impractical and contrary to agreements reached earlier with the workers.

"We call for the government to embark on a deliberate and co-ordinated programme with clear time frames and targets, aimed at creating a specified number of jobs within an agreed period," Cosatu said.

South Africa needs about 350 000 new jobs annually to absorb new entrants to the job market.

Among other things, Cosatu's central committee resolved to mobilise its membership to give its ally, the African National Congress, a "decisive victory" in the 1999 general elections.

"The central committee resolves to engage the masses of our people in several phases of broad-ranging actions in support of these campaigns, rather than a one-off event," Cosatu said.

*The legislation would allow institutions to plough back some profits to the community*

The first phase, which includes report-back meetings and canvassing the community, will take place in the three months from July.

Cosatu's central executive committee will meet in mid-October to evaluate the campaigns and determine further actions to be taken during the second phase.

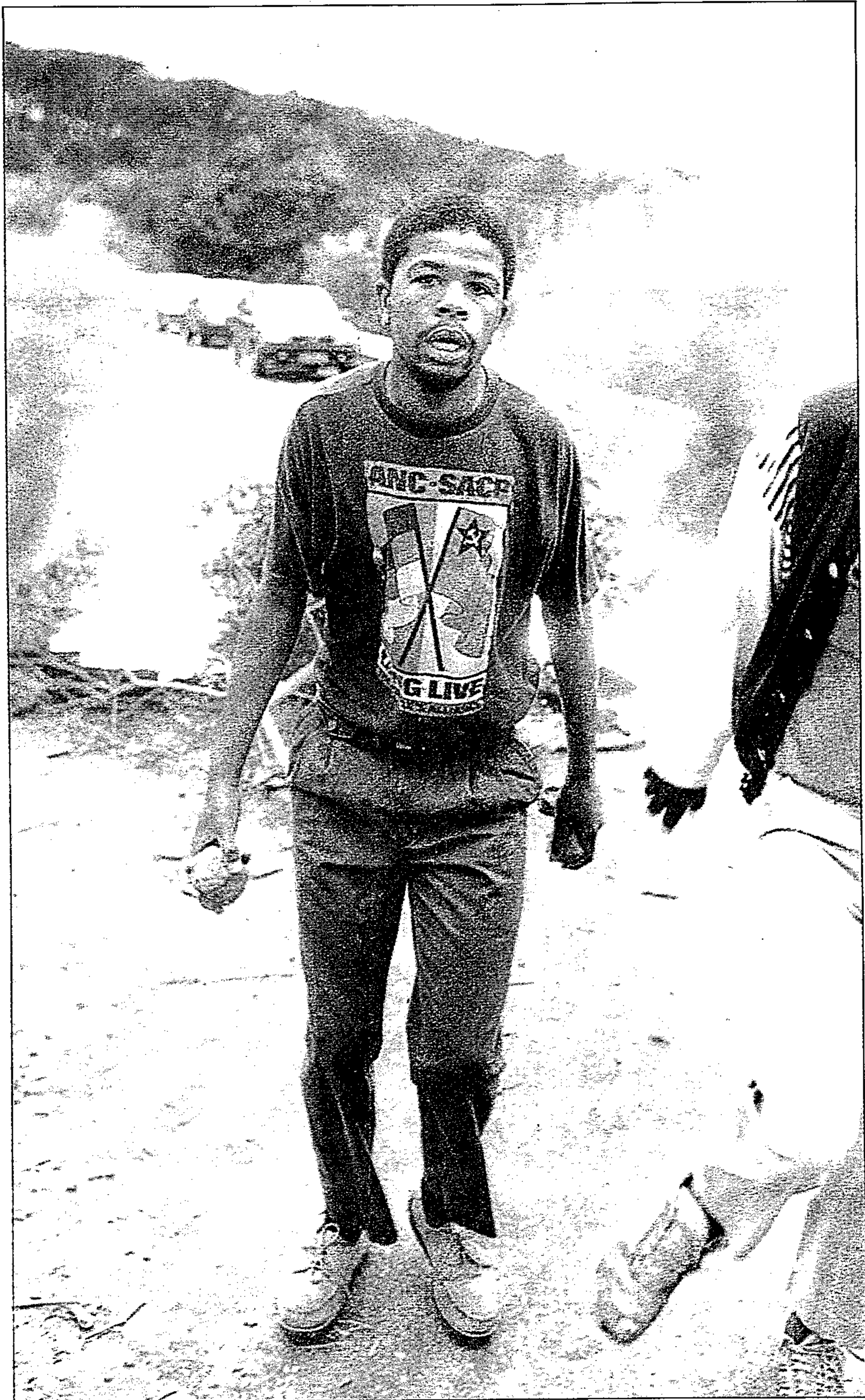
The third phase of action is expected to take place during the run-up to the 1999 elections.

"In the weeks leading to the jobs summit, marches of the employed and unemployed will take place in different regions. On the day of the summit, a massive national march will be organised in the region where the summit is being held to present these demands.

"In line with this programme, we commit ourselves to mobilising our members in solidarity with struggles being waged by various affiliates, including the current round of collective bargaining, around jobs, closing the apartheid wage gap and other related issues."

(173)

CT (BR) 29/6/98



**NOT LOOKING BACK IN ANGER:** Lucky Tshepo Montana was among the University of Cape Town students who supported a workers' strike in 1991. Today (right) he looks back from the perspective of his position as secretary to a cabinet minister.

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# Changing face of struggle

CT 30/6/98

Remember when P W Botha and F W de Klerk were presidents; the days of demonstrations and confrontations, when our streets were a battlefield of burning stones, shotguns and quirts? Award-winning photographer BENNY GOOL was there. We have chosen to focus this Then and Now series on some of the combatants, tracing their lives into the democratic era, writes ROGER FRIEDMAN. A Special Assignments Team report.

HEPO MONTANA, 28, in the civil service and primary to Minister of Public Works.

September 1991, during a strike at the University of Cape Town and Nusas had just merged into a debate in our ranks — a division — over which the workers' strike.

UCT was UCT and we made the majority of students support the strike. The progression of the students joined workers and set up barricades directly affected students, for example, the closure

was taken outside the sports Centre and on the entrance to the zoo. I that Professor John the Dean of Arts, caught him: 'Prof, you are alright!' But he was emo-

tional. He was kicking the barricades while we were hosing them down with petrol.

"The picture indicates the extent of division in the struggle. Some white students came out and were trying to remove the barricades. When I arrived at the scene I saw there was a confrontation. I shouted to my comrades to move away from the barricades so we could stone them. They did move, but the other students also moved away, so we did not have to stone them.

"The Archbishop (Desmond Tutu) had been asked to come to campus to try to defuse the situation and had just passed through the barricade when this confrontation took place. Some of the comrades joked that because The Arch was there, the fire was blessed.

"Today, when I look back I think

that, as with any struggle, one does not regret having been involved. I view my position today not as a result of my being particularly clever, but as a product of this struggle.

"The UCT struggle was just another of the thousands of struggles that took place throughout our country. It created divisions even in our Sasco ranks, with some people saying the way we took up the struggle was a mistake. We changed the emphasis of the struggle after that day.

"Today life has changed. We are all at different levels, dealing

with different issues in a different context. Obviously, being the private secretary to a national minister entails an entirely new set of responsibilities.

"You also have to realise that the way of doing things changes.

*The way of doing things changes.*

*Today the context of struggle is transformation*



**THEN & NOW**

"Today the context for our struggle is transformation.

"If you ask me today for my views about reconciliation, I would agree with (the positive views) the deputy president stated recently.

"But if you had asked me at the time the photograph was taken, my thinking would have been different.

"The photo was taken in my final year of studies, when we were already under threat of expulsion. I was doing social science. I returned the following year to complete my masters."





TIES WITH GOVT MAY BE REASSESSED

# Growing labour pains as Jobs Summit nears

ET 30/6/98 (173)

**SOME TOUGH** decision-making lies ahead for the government as the Jobs Summit, and general elections, approach. **PATRICK BULGER** reviews the situation.

**S**O revolutionary has been the change in South Africa's public priorities in the new era that the Presidential Jobs Summit is being invested with all the make-or-break significance that the Peace Accord was in 1992. Though peace of a sort was arrived at in volatile times then, jobs may prove a more difficult objective now.

More and more we are led to believe that the success of the Jobs Summit is crucial to the economy and to our future. We need 250 000 new jobs a year to keep up with demand, Labour Minister Tito Mboweni tells us. And as he does so, he lays R1 billion on the table for job-creation projects. This is intended to augment programmes conducted by the departments of Public Works and Water Affairs and Forestry.

But even as he comes across as the big spender, Mboweni will be telling the public sector unions that 50 000 jobs must go in the public sector. His top official, labour director-general Siphosiso Pityana, says that the government should be supporting those areas where jobs can be sustained, rather than artificially supporting unsustainable jobs.

Included in Mboweni's package are proposals to make people more employable: among them a youth learnership wage paid to young people learning on the job and an exemption to the law on unfair dismissal as it affects these young people.

Already the public service has shed 30 000 people as the cold logic of the government's Growth, Employment and Redistribution strategy (Gear) becomes apparent. But there were also significant job losses in manufacturing, mining and construction last year.

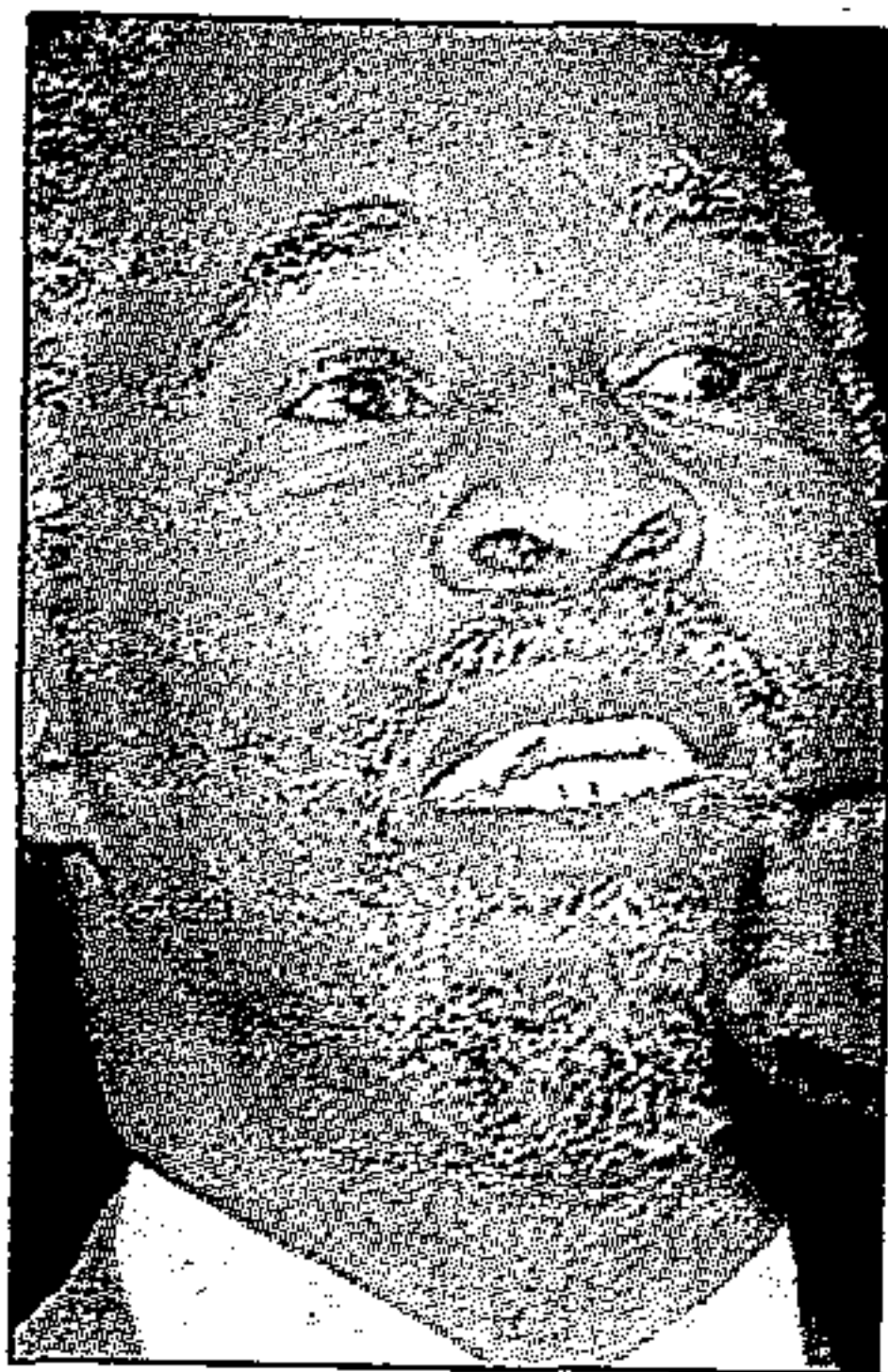
Earlier this year, President Nelson Mandela warned that the government was not an employment agency. And the bureaucracy is standing good for his statement.

What all of this suggests is that the ANC's patience with its trade union allies is under severe strain.

Mboweni has warned the unions that the government is not



**MORE JOBS NEEDED:** Labour Minister Tito Mboweni



**PUSHING FOR GROWTH:** Deputy President Thabo Mbeki

prepared to have the Jobs Summit turned into a rehash of the arguments for and against the growth strategy. Yet it is difficult to see how the debate will be ignored. And of course the unions will be able to argue that, far from creating jobs, the strategy is actually costing jobs, although its supporters claim there is significant investment in areas of the economy that will in the long-term create jobs.

For the ANC the problem is this: next year it must go to the people and explain why they should vote for another term for policies and

people that have not brought them gain. It must explain why jobs have not been created, why the currency is as weak as it is and why delivery has not happened to the extent promised. And then it must hope people understand and vote for more of the same.

So, caught between a rock and a hard place, the government realises it will have to reassess its relationship with organised labour, especially Cosatu, with which it now appears to be on a collision course. And up for grabs is not so much a failed growth strategy but the raft of labour legislation specifically adopted to reward the labour constituency for its political support.

The question must be whether the labour laws are appropriate for a developing country, one of whose assets should be a large pool of relatively inexpensive labour. It is pushing one's luck as a country to imagine that with high crime rates, a business community not renowned for its hospitality towards foreign investors and a government that is at best ambivalent about the whole question of business it can add to the list of negatives a labour constituency hostile to innovation, to productivity and performance.

Yet Cosatu acts as if it and it alone has the answers. Just days after Deputy President Thabo Mbeki had requested Cosatu's central committee to ask itself what it is doing for economic growth, Cosatu is announcing mass action. Its display of political petulance is intended to intimidate the government into backing down ahead of the Jobs Summit.

The ANC and Mboweni should call Cosatu's bluff and come to the Jobs Summit with drastic proposals to loosen up the labour scene. It is quite clear that the labour laws are not inhibiting companies from laying off large numbers of workers at will. What the laws are doing is giving the union bureaucrats inordinate power in the workplace and in turn stifling growth.

Politically the ANC retains overwhelming popular support. But even its own supporters will become disaffected if the impression is allowed to take hold that the ANC cares more for its political allies than it does for the common man and woman in search of a job.

# Job summit proposals skim the surface

**N**EVER in the history of mankind has so little been done by so many for so many for so long. This sentence might have read differently if Winston Churchill had been put in charge of preparing for the presidential jobs summit.

The process that began last year has been bedevilled by a lack of political leadership, no co-ordination between government departments and the poor quality of technical preparation. The result, to date, is an executive summary of a yet-to-be released government document on a long-awaited employment strategy — the final product of a three-week rush job.

Government has been working on a strategy for close to a year, but differences over approach finally led to a provisional draft being rejected by many departments. This forced an 11th-hour redraft by the labour department. The public still awaits the final, full document.

Where does this leave job creation and government's commitment to a process President Nelson Mandela claimed was the most important event since the 1994 general elections?

The executive summary of government's proposals outlines short, medium and long-term measures to improve the economy's capacity to absorb jobs.

The short-term measures focus mainly on creating a "large number" of jobs through special employment programmes that effectively consist of only two new projects at a cost of about R350m. It is unclear, at this stage, what government's contribution would be to boosting the tourism industry, which has been targeted as one of several growth sectors. Others have not been identified.

The medium to long-term strategy relies on raising skills and a move "into higher value-added sectors to raise national income, enable a more stable exchange rate and better reflect our underlying cost structure".

The danger of targeting "high value-added" sectors — apparently part of the trade and industry

## Government's proposals for the presidential job summit do not adequately address the long-term problems facing job creation, argues labour reporter Renée Grawitzky

department's contribution — is that they tend to be capital-intensive. This is unlikely to lead to labour-intensive growth and could lead to further rationalisation.

Government argues its long-term objectives could be addressed by improving the functioning of the labour market and education and training levels, introducing a range of industrial policy interventions, addressing crime and developing stable communities, and improving social security systems. In light of government's firm commitment to its deficit targets, an ingenious proposal would have to be developed to improve the social security net.

The creation of a more efficient and proactive public service would also be part of this approach but this sector faces major job losses after the elections, despite a call by the Congress of SA Trade Unions that the public service be the engine of job creation.

Government's strategy, as with any employment strategy, aims to increase labour demand and strengthen labour's employability. Labour demand could be boosted by a combination of supply and demand-side measures, such as public works programmes and interventions by the department of trade and industry.

Skills development, improving the functioning of the labour market and targeted projects for vulnerable groups such as youth and women could improve labour's employability, government argues.

Labour market changes, depending on the outcome of negotiations, could include amendments to the Labour Relations Act to create some degree of flexibility; formulating a more comprehensive social security net and introducing a social plan technical support facility, as well as improving

the unemployment insurance fund's provisions to retirees.

The labour market commission made wide-ranging proposals in 1996 to strengthen the unemployment fund. To date, this has not occurred and the fund continues to face a precarious future.

Some of the projects to promote youth employment and skills development appear to be more focused and achievable. They propose introducing a discounted youth learnership wage; the pro-

vision of a youth training subsidy — presumably financed through the National Skills Fund in terms of the Skills Development Bill; and removing youth workers' protection from procedurally unfair dismissal. As a quid pro quo, employers would have to undertake not to displace existing employees.

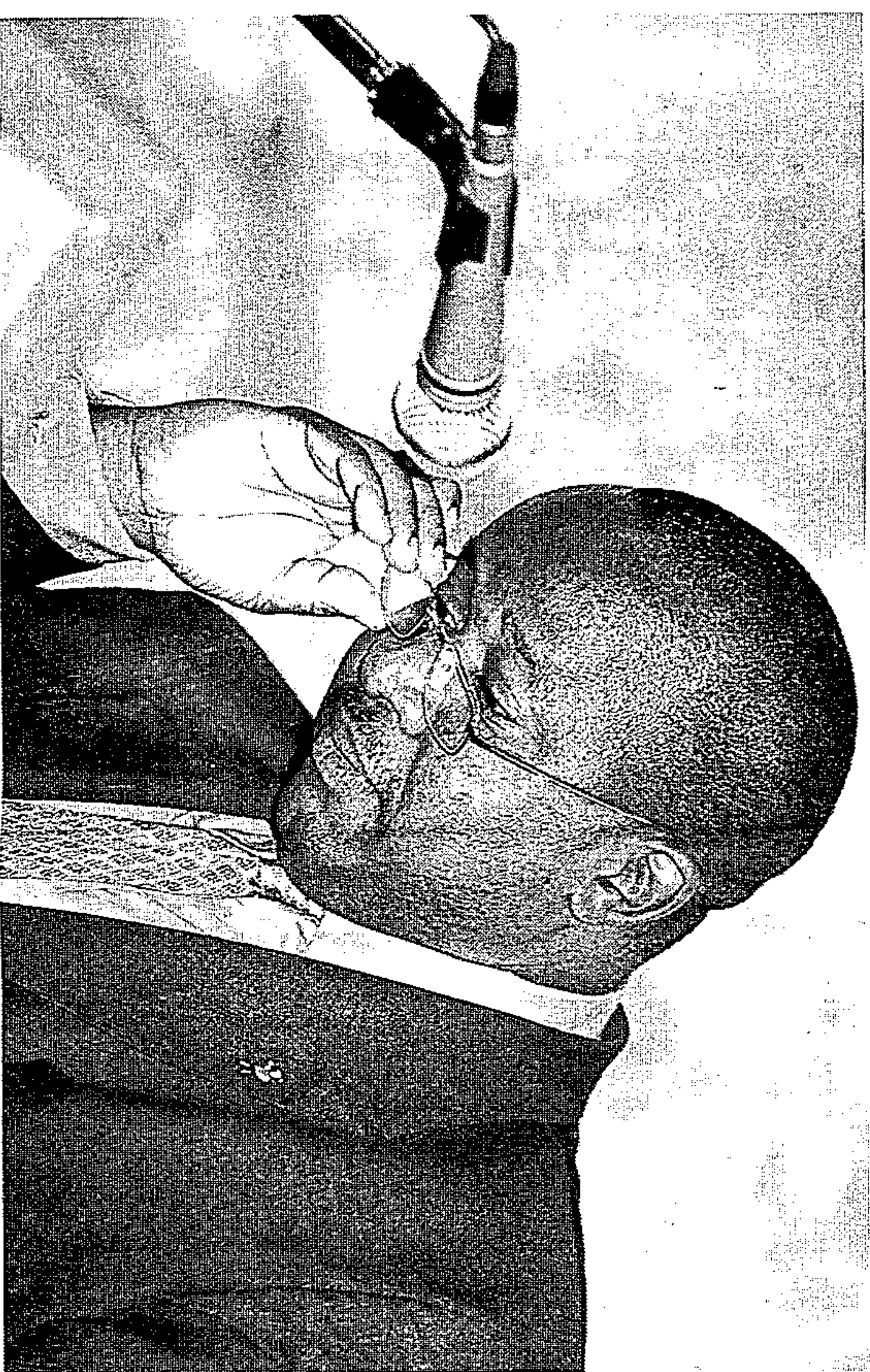
Government's proposals, as a first step at best, have the potential of leading to the adoption of a broad framework on potential trade-offs and vague policy review

commitments — or a declaration of intent similar to that which emerged from the gold mining summit in February.

An agreed broad framework is unlikely to deal decisively with the underlying economic fundamentals which have led to jobless growth in recent years.

A government source says the employment strategy is a three-way compromise between those in government who supported an in-

(173) 20/17/98



The process is less about negotiation than consultation, says Labour Minister Tito Mboweni

ensure serious economic restructuring and develop targeted sectors, and those government officials who failed to review their policies and merely paid lip service to the process.

In view of elements within labour and government calling for the growth, employment and redistribution strategy (Gear) to be placed on the job summit agenda, University of Cape Town economist Nicoli Natrass says "debating a piece of paper, which in effect is all that Gear amounts to, is a waste of time".

Government should be developing a genuinely consistent and integrated set of policies to be tabled at the summit. Gear's main failing was that it was never implemented as a coherent set of policies and that the worst inconsistencies in implementation were between labour market and trade and industry policies, and between the finance ministry and the Reserve Bank, Natrass says.

She says the summit should debate broad economic policies and avoid grandstanding about Gear. "Singing anti-Gear songs is not going to help and neither is school-marmish lecturing by senior officials of the finance department."

While no mention is made of Gear in government's proposed strategy, it does not shy away from cautiously reviewing labour market policies introduced by Labour Minister Tito Mboweni.

It acknowledges both the wage/employment relationship and that labour markets need to be loosened up at the lower end. If government is to win organised labour's support, it is unclear what tangible trade-offs government and business can offer beyond a so far ill-defined public works programme and possible funding to the Umsobomvu Trust.

Mboweni said last week the process leading up to the summit was less about negotiations than about consultations. That suggests government will try to win consensus, but it might ultimately be forced by public pressure to go ahead and implement its plans, no matter how transient the gains.

*Union federation has variety of targets in an intensive campaign*

CT (PR) 2/9/98

# Cosatu plans series of mass action protests

(~~TOP~~) (~~TOP~~) (~~TOP~~) (173)

**FRANK NXUMALO**

LABOUR EDITOR

Johannesburg — Cosatu said yesterday that it would embark on a series of mass actions and campaigns from now until October against the Reserve Bank, the commercial banks, demutualisation, privatisation of local government services and the Eskom Bill, and in support of job creation and preservation, and the forthcoming general elections.

It said the "campaign on business" would consist of "marches on Old Mutual and Sanlam to oppose the unilateral demutualisation process they have embarked on, and their use of workers' money to fund it".

The campaign would be extended to "action against the

banks and the South African Reserve Bank to protest against their irresponsible handling of interest rates and monetary policy, excessive profiteering and abuse of consumers".

In the weeks leading to the jobs summit, Cosatu said there would be "marches of the employed and unemployed for job creation and in defence of our jobs" that will "culminate in a big march the day of the summit in the region in which it is held.

"These marches in different regions will collect demands of the employed and the unemployed," the federation said, which would be handed to the summit participants.

In the action against the Eskom Bill, Cosatu said it would oppose "proposals for corporati-

sation and taxation, and to defend the public provision of affordable electricity to all.

"Similarly, action will be embarked on against the privatisation of municipal services, and other areas of unilateral privatisation, the proposed deregulation of the liquid fuels sector, and its implications for an effective state-led energy programme, as well as massive job losses," said Nowethu Mpati, the spokesman for Cosatu.

There would also be mass action against pharmaceutical companies which opposed measures to make medicines more affordable.

Mpati said preparations for regional congresses to coordinate the planned mass action campaigns had already started.

# Job summit not 'magic formula'

(173)

ARG 2/7/98

## Mboweni warns it will take time to create work

SIPHO KHUMALO  
POLITICAL STAFF

Labour Minister Tito Mboweni last night warned against over-expectations about jobs in the aftermath of the planned job summit

He said that there would be no "job rain" the day after the summit finished.

Opening the 11th annual Labour Law Conference at the Durban International Convention Centre, Mr Mboweni said the Government quite

clearly agreed job creation was a national task.

"But we must warn against over-expectations.

"The job problem in South Africa is a structural one," he said.

Regarding what had become an on-and-off job summit, Mr Mboweni said his ministry had tabled suggestions and processing of these had already started at Nedlac

He said the ministry had a few suggestions to make about the issue of job creation.

He suggested that specific indus-

trial sectors, like mining, should have their own forums.

These could look at the specific problems within their sectors and propose solutions.

Mr Mboweni said his ministry also would introduce short-term campaigns aimed at stimulating job creation.

He said these would include a "cleaning the cities" campaign which would aim to clean dirty cour-

Mr Mboweni said that during this process, small projects - employing

two or three people - would emerge from this campaign.

He said a second project would involve "land care" and would focus on protecting land and fighting soil erosion.

Generally, he said, significant progress had been made in overhauling and transforming the country's labour market.

However, he said, there still was a lot more to be done.

The three-day conference, which opened last night, would see more than 30 labour experts and 800 dele-

gates grappling with issues that affected the labour market.

These would include the job summit, skills development, pension funds, employment equity and affirmative action.

This afternoon, chief director of Human Resources and Employment Services Adrienne Bird will address the first plenary on "The challenges facing skills development in South Africa."

Some international speakers will give their own experiences of affirmative action.

## Thousands in textile industry set to strike tomorrow for higher pay

BUSINESS EDITOR

Thousands of textile workers are to strike from tomorrow for higher wages.

Southern African Clothing and

Textile Workers Union Cape region-

al secretary Wayne van der Rheede said yesterday that 90% of the 5 500 workers in the fabric knitting sector had voted in favour of a strike in a ballot held across the country on

Monday.

About 2 500 Western Cape workers are involved, at BMD Knitting Mills, Nettek, Finitek, Puma, LTI, Migra Textiles and Lebergo, Rotex in Atlantis and Darling Textiles.

The union's demands include a national minimum wage of R347 a

week, a 9,75% across-the-board increase and a skills-based grading system. Employers are offering a 7,25% increase and a minimum wage

of R6,91 an hour, or about R294 for a 42,5-hour week.

Mr Van der Rheede said the employers had been given the statutory 48 hours' notice and the strike would begin tomorrow.

ARG 2/7/98

# Sound economic policy needed to fuel creation of jobs

Renée Grawitzky

**BURBAN** — The labour relations environment in SA might be insufficiently sensitive to the challenge of job creation, labour ministry advisor Jeremy Baskin told delegates at the 11th Annual Labour Law conference yesterday, "but the labour market is not accused number one ... on the charge of falling to create jobs".

Baskin, speaking in his personal capacity, said labour market reform was important and necessary in the short term, but macroeconomic factors and other nonlabour policies were more important than labour market changes when it came to job creation, he said.

The primary means of promoting job growth was sound economic policy, increased growth rates and more investment, especially labour-absorbing investment.

Even World Bank analysts make the point that in SA, labour-market factors can be blamed for perhaps 25% of the unemployment problem, Baskin said.

There were two common responses to the challenges of globalisation. One response, he said, was to argue against entering the "global race to the bottom" and reject all pressure to create a more flexible labour market. The other approach was to accept the global realities and labour market deregulation.

Baskin said a third option existed which took into account the existing realities. This approach introduced more adaptability into the labour market but "not in an anti-union fashion nor in ways which undermine basic standards or labour security".

Adjustments to existing practices should be realistic and take cognisance of "our national circumstances".

Using various examples in the building and clothing industries, Baskin said a dual or fragmented labour market existed. For example, people doing similar jobs might earn as little as 20% against those covered by bargaining council agreements or those living in urban areas.

This led to either the collapse of bargaining council agreements or their renegotiation on simpler terms. Such renegotiated agreements could contain a small core of standards.

"This is not good news for unions in the industry", although it may provide some hope for workers falling outside the council's net, who

currently get virtually no protection.

Baskin stressed that in policy formulation, the reality of a dual or "multi-tiered" labour market required discussion on how to deal with wage-employment trade-offs.

Given the magnitude of the unemployment problem, it was clear that policy should "err on the side of creating more jobs rather than better jobs whenever such a trade-off is involved".

Studies had shown the relationship between wages, employment and potential growth sectors like tourism, agro-exports and construction, were highly sensitive to such trade-offs.

(172) PM 3/7/98

CP 5/7/98  
Let's get on with  
that job summit,  
says the BMF

(173)  
By CP CORRESPONDENT

THE GOVERNMENT should go ahead with its proposed job summit as soon as possible, the influential Black Management Forum (BMF) said in a statement issued last night. At the annual meeting of the BMF's corporate members, it was agreed that South Africa could no longer afford to defer such an important initiative.

BMF managing director, Neville Maimane, said an examination of unemployment in South Africa was long overdue and the BMF wanted to play an active role at the job summit.

The organisation, which represents black corporate and individual business, also reiterated its call for the establishment of a Black Economic Empowerment Commission, to be included in the Draft Bill on Employment Equity. Maimane said the BMF was currently facilitating a process of setting up workshops aimed at developing a fully-fledged commission.

"We need to look at some definitions within the Draft Bill; for example, we cannot only target companies employing more than 50 people. IT companies need only employ three or five people, but they generate lots of capital," he said.

The term "suitably qualified" also needed to be redefined, he said, since academic qualifications were not the only means of acquiring certain capabilities.

"We also need to link the Employment Equity Bill with the job summit, to ensure that there is some synthesis between the two," he said.

Maimane added that stakeholders should not evade the concept of affirmative action, and the issue should be addressed frankly and openly. In its feedback to the more than 100 corporate members at last night's function, the BMF confirmed that it would be backing initiatives to advance managerial development in South Africa and ensure equitable opportunities for all.

These include:

- The establishment of an investment company, to be called BMF Investment (BMFI), which would fund all the BMF's core activities. Maimane is currently acting managing director of BMFI, which will be officially launched at the beginning of August. He said the sectors to be targeted by BMFI would include information technology, financial services, education, retail, and tourism and leisure, amongst others. Although BMFI will offer investment opportunities primarily to BMF members, strategic alliances would be made outside the organisation, which also has 3 500 individual members;
  - The continuation of a scholarship programme, which offers prospective managers an opportunity to train and develop at educational institutions abroad. The BMF has already clinched scholarship opportunities, in Australia, Canada, Germany and the United States;
  - The development of a data base of black business, to be accessed electronically by anybody countrywide. The data base would be reliable, usable and highly accessible to all potential users.
- Maimane reaffirmed the BMF's mission to promote the development and empowerment of managerial leadership in South Africa, primarily amongst blacks within the corporate world.

# Minister-designate Mdladlana shocked by new position

(173) (756)  
Renee Grawitzky  
6/7/98

LABOUR Minister-designate Shepherd Mdladlana, who is recovering from the shock of his appointment yesterday, said his new position placed a heavy responsibility on his shoulders.

The Congress of SA Trade Unions (Cosatu) said yesterday it hoped to establish a similar relationship with Mdladlana to the one it had had with Tito Mboweni, to ensure the transformation of the labour market. However, the labour federation said it had been unaware of government's plans to replace the minister.

Mdladlana said Deputy President Thabo Mbeki hinted to him about the appointment in May but it was confirmed formally only on Saturday.

"I will do any job the ANC wants me to do," he said at the announcement.

Mdladlana, a former principal and unionist, advocates strong ties with labour and business. "I represent government and as such have to ensure positive interaction with the two major stakeholders."

His activities in Parliament since 1994 and his leadership role in the unity talks that lead up to the formation of the SA Democratic Teachers' Union (Sadtu) in 1990 make him suitable for his new post.

Cosatu deputy general secretary Zwelinzima Vavi said of the unity talks — which brought together 20 organisations from across the political spectrum — that Mdladlana helped bridge the different cultures and traditions.

It was Mdladlana's negotiation skills that enabled the union to incorporate many conservative teachers who were uncomfortable about the concept of unions in general, he said.

Mdladlana, a member of the SA Communist Party and leading figure in the African National Congress (ANC) in the Western Cape, was elected president of Sadtu in 1990. He remained in the post until he went to Parliament four years later as a unionist on Cosatu's list.

Former unionists and colleagues said although Mdladlana had left the labour movement he recognised the constraints government was under.

They said they were confident he would enforce the politics of the tripartite alliance — the ANC, Cosatu and the SACP — and had proved himself to be a competent and disciplined leader with firm and clear ideas.

In recent years he had earned respect and credibility in view of his constructive participation in the parliamentary standing committee on education, and within the ANC parliamentary caucus.

union analysts

# Mdladlana aims for continuity

(173) CT (DR) 6/7/98

FRANK NXUMALO

LABOUR EDITOR

Johannesburg — Shepherd Mdladlana, the labour minister-elect, said yesterday his vision was to continue with his predecessor's "programme of action" rather than introduce new labour market policies.

Mdladlana, the deputy chairman of the parliamentary portfolio committee on education and the former founding chairman of the South African Democratic Teachers' Union in the Western Cape, succeeded Tito Mboweni as the minister of labour at the weekend.

Mboweni will be replacing Chris Stals as the governor of

the Reserve Bank in August next year.

Mdladlana will take over his new post on July 18, President Nelson Mandela's birthday and the date that Mboweni leaves his political portfolio.

During his tenure as labour minister, Mboweni introduced the famous "Mboweni Bills", a package of labour legislation that radically transformed the face of South Africa's industrial relations.

These bills include the Nedlac Act, the new Labour Relations Act, the Basic Conditions of Employment Act and the Skills Development and Employment Equity Bill, which will be tabled at the next parliamentary session.

They are not popular with the markets but were approved by labour, especially Cosatu, the trade union federation.

Mboweni leaves unfinished the business of the presidential jobs summit. This work has been passed to the department of trade and industry.

Mdladlana said yesterday: "You get excited (with such an appointment, but then) obviously ask yourself, why me? But then you agree to do the job."

He said he was grateful to President Nelson Mandela for showing confidence in him.

He described his new job as "a heavy responsibility, especially when one has to deal with vocal and vociferous stakeholders such as business and labour."



## 'Labour market flexibility not main cause of Asian miracle'

René Grawitzky

CLAIMS that labour market flexibility was behind the economic success of the east Asian countries until last year rests on "thin evidence", International Labour Organisation economist Eddy Lee says.

Addressing delegates at the recent 11th annual labour law conference in Durban last week, Lee said factors such as the Asian countries' overall economic policies and strong investments in human resource development were probably the dominant determinants of their success.

The relative flexibility of their labour markets, coupled with wage repression

through suppression or tight control of unions, was viewed as an important contributory factor.

Lee stressed that cross-country generalisations were a poor guide to policy formulation in any specific country.

He said: "The policies and circumstances that led to the economic success of east Asian economies included openness to competition; the use of international markets; high levels of literacy and education; successful land reforms and the provision of incentives for investment, exporting and industrialisation."

Lee said the macroeconomic management of the US economy was far better than

that of the European economies. (73)

Turning to SA, Lee said the country's growth record was very poor. It was difficult to advance equity in such a climate and trade-offs became more acute if the country was stuck in a low-growth scenario.

Labour market reform in such an environment had to be the subject of careful planning.

The transformation of the eastern European economies provided important lessons, he said.

Those countries which tried to do everything at once were not as successful as those which were more conservative in terms of effecting change.

PD 717198

## Report urges job creation in small business

~~30~~ (173)

Sello Mabetja

BD 9/7/98

SMALL, micro- and medium-sized enterprises can alleviate SA's worsening unemployment if the constraints which hamper their successful development are tackled seriously, says a report released by the University of SA's (Unisa's) Bureau of Market Research.

The report says SA has an acute shortage of technical skills which has made the country perform badly when compared with other developing countries with similar resource bases. An education system that fails to address labour market needs is one of the reasons for this.

Both the formal and informal (those that are not registered with the tax authorities) small to medium-sized enterprises experience similar constraints. These include weak labour relations, poor customer relations, low pay, long working hours, small premises, non-paying debtors, lack of finance and crime.

The report says most owners of these businesses are willing to acquire business and management skills. It suggests government, private sector and training institutions explore ways to implement skills development programmes.

# Job creation the strongest plea from poverty talks

B09/7/78  
Dustin Chick

~~(173)~~ (173)  
SPEAK Out Against

Poverty, a joint programme between the human rights commission, the gender commission and the SA NGO Coalition, said yesterday that it would release two reports from the poverty meeting held earlier this year at Regina Mundi Church in Soweto.

The reports, entitled People's experiences of the Bill of Rights and The People's Voices, are based on key obstacles to poverty eradication which were identified at the nationwide hearings held before the Soweto summit.

The reports will be released today.

The strongest theme which emerged from the hearings was a call for job creation, with suggestions for volunteer programmes to enable unemployed youth to gain experience.

Parents testified that the youth needed to be kept off the streets and out of gangs.

Land, housing, transport and water were identified as being critical concerns for the poor.

Many of those who testified at the hearings said they believed that government's economic policy contributed to unemployment.

School fees, uniforms and the proximity to schools were major obstacles to education, with many children being excluded from schools because their parents were unable to pay the fees.

COMMENT & ANALYSIS

# Labour not to blame for economic crisis

Labour market flexibility means different things to different people. In the first of a two-part series, Ebrahim Patel looks at labour's position in the build-up to the forthcoming job summit

THESE troubled times, let us sketch a fairy tale ending to the economic crisis. Imagine SA's economy experiences five consecutive years of labour productivity growth. Since this is a fairy tale, let us imagine further that over this five-year period, for at least four of the years, unit labour costs in real terms decline. (Mbazima Shilowa, eat your heart out!)

But wait a minute: this is not a fairy tale. In the latest Quarterly Bulletin of the SA Reserve Bank, the statistical tables show that from 1993 to 1997, the period for which the statistics are recorded, labour productivity in the non-agricultural sector grew by a minimum of 1.9% a year.

Indeed, over this period, the highest growth in labour productivity is in the most recent year, namely 1997, when labour productivity grew 3.5%.

Over the same period, unit labour costs in real terms decreased in 1993 by 3.1%, and last year by almost a full percent. Bar- rington 1995, unit labour costs decreased in real terms in each of the five years.

What this means is that the labour cost as a commodity or service costs less today in real terms than a few years ago. Put simply, productivity growth has exceeded real wage increases in four of the five years.

Moreover, the data shows that labour's share of national income has declined from 60.9% in 1993 to 59% last year. This means that operating surplus, or capital's share of national income, has risen in the same period.

Notwithstanding these developments and this data, the Bank in its Quarterly Bulletin for March this year says: "As a consequence of productivity increases not fully keeping pace with the rises in the average remuneration per worker, nominal unit labour

costs kept on growing, thereby putting upward pressure on the output prices of domestically produced goods and services."

Three months later, in June the Bank repeats what has become a standard sentence in all their recent Quarterly Economic Reviews, when they say: "Despite the growing excess supply of labour, worker remuneration continue to grow at a rate that was not consistent with low inflation."

It does not require a rocket scientist to know that if labour productivity grows faster than real wage increases, then real unit labour costs decrease. This means in turn that, all else being equal, aggregate labour costs are exercising a deflationary pressure on the SA economy.

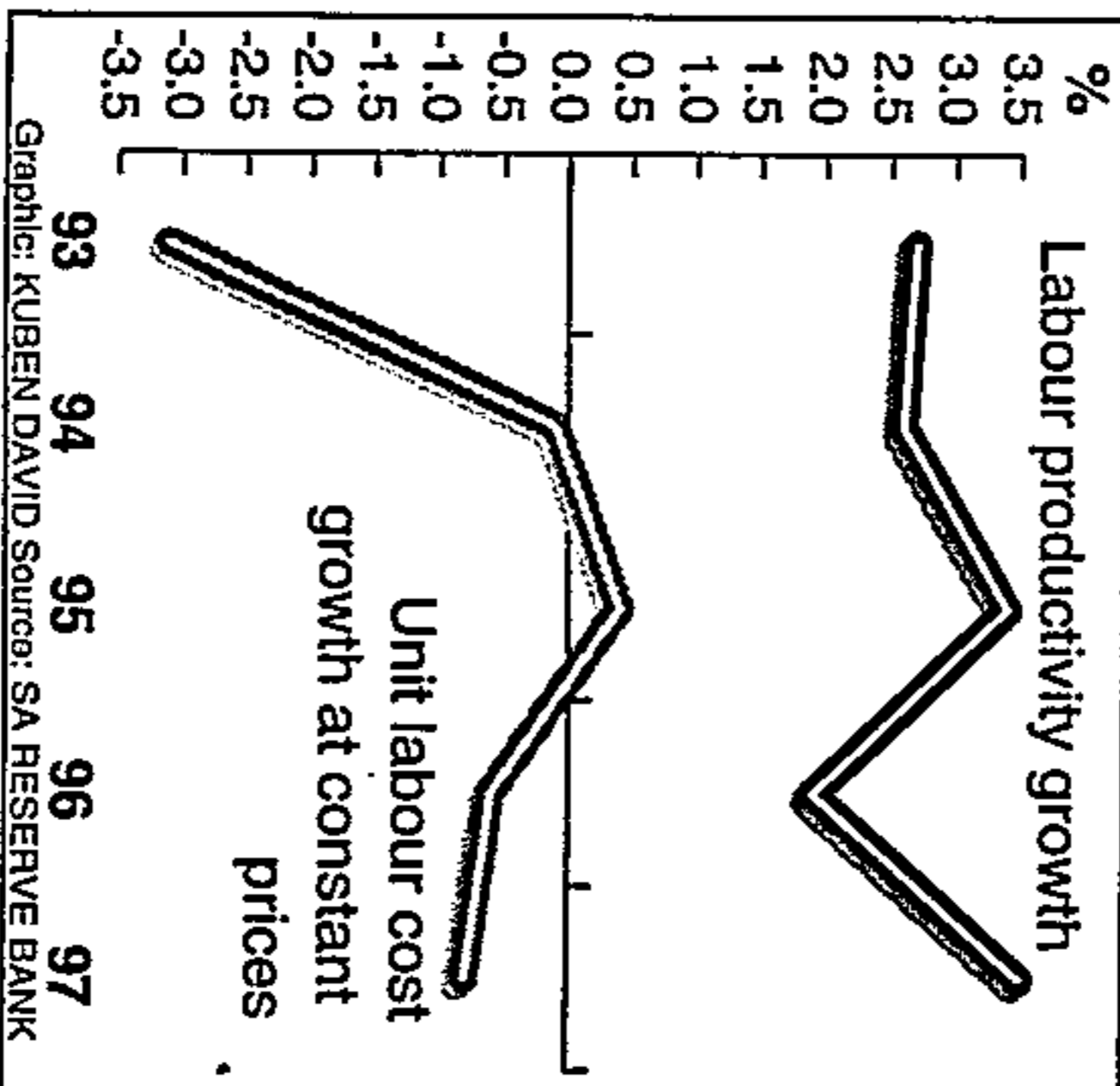
However, there is a bias deeply embedded in the old public servant soul of the Bank, which finds it difficult to accept the evidence that the core problems of the SA economy do not arise in the labour market, even when their own data show it.

Labour can ignore that bias, but we ignore it at our own peril, since it is a bias dressed up in techno-speak beloved of economists. It seems objective and factual, but in truth it feeds a "conventional wisdom" which argues for a particular form of labour flexibility. Unless there is debate on the evidence, many citizens, and indeed some policy-makers in all constituencies may uncritically accept this conventional wisdom.

While labour productivity has grown over this period, it has not

1993 1994 1995 1996 1997

## Productivity and unit labour cost growth (non-agricultural formal sector)



been without its own problems.

The Bank comments that productivity has grown in part because of job losses and a decline in strike activity. Other economists point to changes in technology and work organisation as the driving force behind recent productivity gains.

What is beyond dispute is that labour productivity growth has been accompanied by massive job

losses. The challenge for the society therefore is to convert the productivity growth into jobs.

In our view, the critical missing link in the supply side of the economy is investment in productive activity, and in the demand side of the economy, the size of the market. In this latter respect, the domestic market is not growing fast enough, and our penetration of global markets is not proceeding at the required rate.

Labour has contended that productivity growth can lead either to job losses or to job gains, and that it is not the nature of the productivity growth which determines this, but overall comparative strategies and philosophies, social agreements, legal regulation and the macroeconomic performance of the SA and global economy which predisposes the productivity growth to job losses or job gain.

Yet, even with the relatively impressive increase in labour productivity, more needs to be done in the area of productivity performance. In labour's view, the combination of poor training of blue-collar workers, the effects of slow economic growth on capacity utilisation, the lack of world-class technology and work planning systems and importantly, a managerial layer not always up to the challenges of modern production, are all important contributors to the productivity problem.

However, the problems are not confined to the workplace itself. The residential policies of the past which now require workers to spend long periods travelling to and from work (in parts of the country workers wake up at 4am to be at work at 7.30am) is one example of a social policy which limits its opportunity for productivity growth.

To address the combination of these issues, labour proposes a national productivity and equity framework agreement to be negotiated through the National Economic Development and Labour Chamber, to cover all industries. Such an agreement should cover the goals and methods of improving productivity levels of managers, workers, raw material and capital. It should cover equity issues such as the distribution of productivity gains, and the re-orientation of relations on the shop floor. It should deal also with job security and job creation.

The agreement should embrace a range of vital matters influencing efficiency and productivity, such as the effective implementation of competition policy, corporate structures, education and

training, and the role of institutions such as the Industrial Development Corporation.

In such an agreement, the critical element of public sector and private sector investment would also have to be addressed.

One of the difficulties in the processes of social dialogue has been the reluctance of the business community to address investment. Business associations have contended that they have no control over the investment decisions of individual businesses.

Yet there are a range of mechanisms available precisely to foster and promote overall investment, from the use of prescribed asset requirements, tax mechanisms to encourage the reinvestment of profit, to the introduction of a job creation levy on companies to finance public investment.

Incidentally, the levy has an apt analogy: former finance minister Derek Keys introduced a 5% transition levy on higher income earners, to finance the 1994 elections, and in the 1998 State of the Nation address, President Nelson Mandela compared the jobs summit and the 1994 general elections in significance.

But, instead of exploring these proposals, some representatives of the top companies in the economy call regularly for labour market flexibility. They have focused on labour legislation as the easier front to tackle the problems of unemployment. The labour market reforms that they argue for are reforms intended either to reduce aggregate earnings, or lower the aggregate labour standards.

Labour's proposal for a productivity and equity agreement is an alternative to the calls for labour market flexibility predicated on a return to the past.

Patel is national convenor for trade union federations Cosatu, Nactu and Fedusa at Nedlac.

# Little work at rural poor

*Incomes shrink as the men lose jobs in cities*

(173) (44)  
INSIDE STORY

Mr Mawasha was compelled to leave Johannesburg and return to his family in the poverty-stricken village of Ramogale in Northern Province where he lost his job in a factory earlier this year.

For his wife, three children, mother and grandmother - who were all relying on his meagre earnings for a living - this was the beginning of hunger.

About 60% of the people in this village of 4 000 are unemployed. They live in poverty on dry, rocky land, where even small-scale crop farming is inhibited.

But a glimmer of hope emerged for Mr Mawasha and other villagers when the Greater Mankweng transitional local council began labour-intensive anti-poverty projects in the village, using funds from the Department of Public Works.

The department has allocated R5.2-million to the area to build sports facilities, access roads, a multipurpose hall, additional classrooms to a local school, a community garden and a brickfield.

When Public Works Minister Jeff Radebe visited this area to announce the projects, Mr Mawasha was standing right at the back, dutifully looking after the electricity generator used for the function.

Gratified that he was again able to earn some money by working on the construction of the access road to the village, he said:

"I think it is better to work closer to home, although this work will also come to an end some day."

The sum of R85-million was allocated to the Department of Works by the Cabinet last year to fight poverty. It is estimated that 19 million people in South Africa live in poverty, most of them in rural areas.

Mr Radebe said at the opening of the anti-poverty programme in Ramogale village that his department

had decided to target the three poorest provinces - Northern

Conditions for tens of thousands of people in remote corners of the country are as close to desperate as it gets, but initiatives by the Department of Public Works have brought relief to some villages.

Argus Correspondent **SIMON ZWANE** reports from Johannesburg

Province, KwaZulu Natal and the Eastern Cape - to maximise the impact of this poverty-alleviation initiative.

Mr Radebe, who has visited other desolate areas in the forgotten corners of Northern Province - such as Ga-Modjadji, Bolobeda and Ga-Mamabolo - where people struggle to make ends meet, said the project was focused on women and households headed by women.

He has allocated R21-million for relief in Northern Province and the project is expected to create 3 733 jobs, of which 2 437 will be for women.

Mr Radebe said: "Through the revival of small-scale agriculture and community entrepreneurship, 1 200 sustainable jobs will be created.

"Nationally, the rural anti-poverty programme is delivering 12 800 temporary and 3 140 sustainable jobs," he said.

"Of these, most will go to women, who represent 65% of the target group."

His approach is in keeping with the findings of the Poverty and Inequality Report released in May.

It found unemployment tended to be highest among Africans in rural



areas, among women and the youth, and among those with no previous work experience.

"In 1995, the rate of unemployment was 59% among the poorest quintile (fifth) of the population, compared with 5.5% among the richest quintile," it was reported.

"With respect to the characteristics of the people in the poorest quintile, 93% of the unemployed are Africans, 56% are female, 70% are under 35 and 58% are from rural areas."

Report compilers believe dedicated public works programmes for poverty relief are problematic, as their job-creation benefits are usual-

ly not widely long-term.

This seems the case with the programme launched by Mr Radebe - three-quarters of the jobs created are only

"These (jobs) are at high risk of providing amenities that are only available via line functions," the authors of the

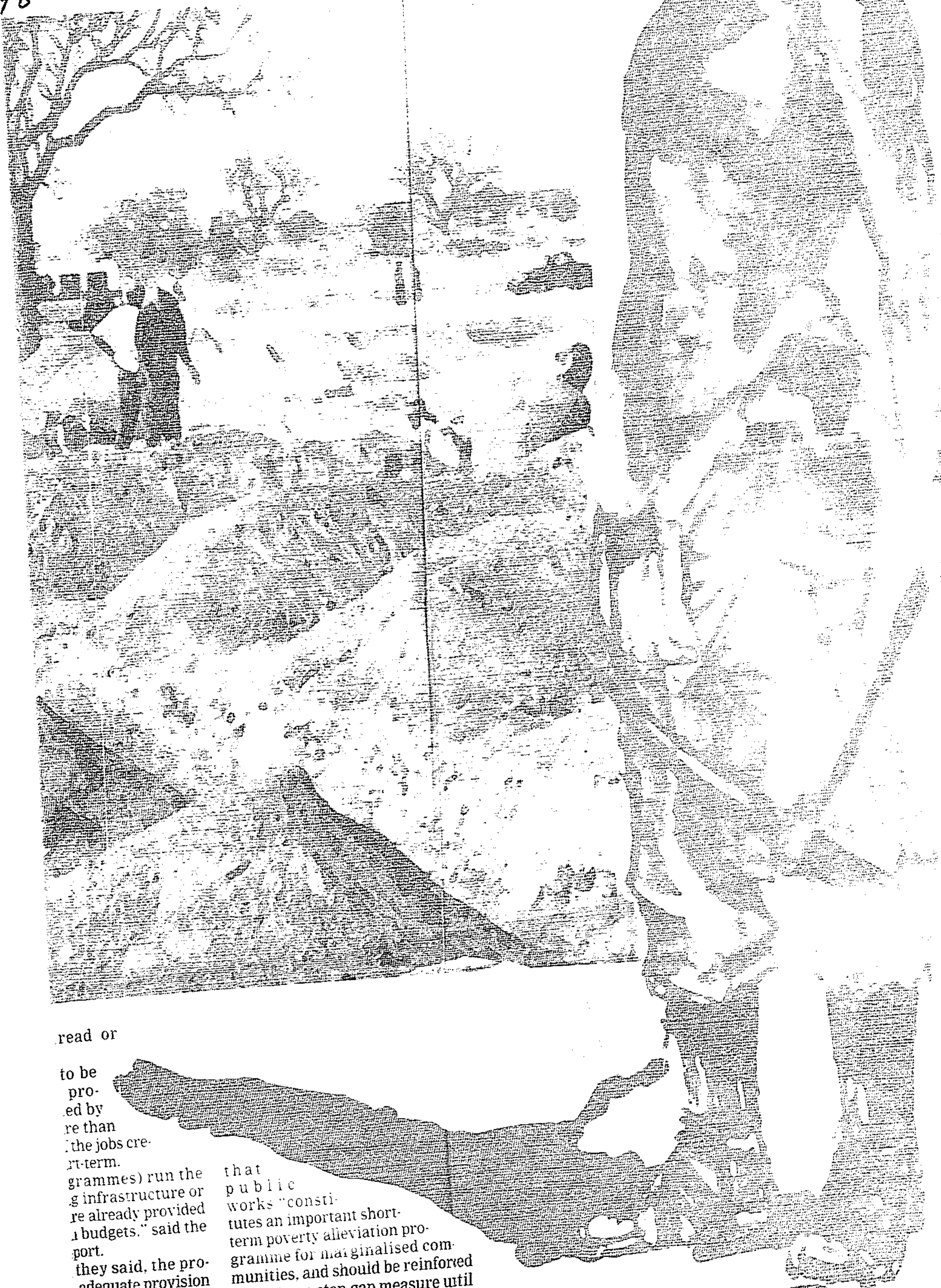
In addition, the programmes lack the resources for continuing maintenance.

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# ISSUES

# Hand for

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 and other sectors increases".



# Summit must not die in sterile debate

In the second of a two-part series leading up to the jobs summit, Ebrahim Patel spells out labour's proposals to be presented there.

**J**OBS summits have become a feature of the international political economy. They and other efforts reflect a pervasive feature of the modern global economy: that economic growth often does not lead to job creation; and more pertinently, that some economic growth is at the expense of job creation.

Policy-makers focus, therefore, on how to ensure that public policy, and the private activity that the state regulates and influences, can result in job growth.

On the one side of the debate on jobs are the advocates of policies based on the neo-liberal approach: a blind belief in the efficacy of the market as the mechanism to deal with all economic problems. This approach calls for lower trade tariffs, deregulated labour markets, privatisation of state-owned enterprises, reduced corporate taxes and weakening of unions.

In SA, advocates of this view are particularly persistent in their calls for labour market flexibility as the "silver bullet", or primary means, of job creation. By labour market flexibility they mean lower wages, longer hours of work, and reduced protection against unfair dismissal.

Some of the proposals advanced by sections of the business community through the SA Foundation, which represents the country's top 50 companies (including some parastatals), seek to re-open the agreement reached on the Labour Relations Act in 1995, which has become the bedrock of SA's post-election industrial relations dispensation.

It is an irony that business, which normally defends the sanctity of contract, seeks to re-open areas where there was unequalled agreement in the 1995 nego-

tiations. And they now urge government to do this for them. Not only are their prescriptions inappropriate on economic and social grounds, there are in addition, dangers and lost opportunities in that approach.

We should focus on how to sustain and increase rising productivity and how to ensure that investment (in technology, in plant and machinery and, crucially, in skills for the labour force) converts the productivity growth into jobs and higher incomes. The danger is that if business seeks to lower labour standards, in the guise of flexibility, they will plunge industrial relations into renewed conflict. Society would lose an important opportunity to forge a consensus on the challenge of job creation and job security.

But perhaps this is not unintended. A recent publication on the summit by the SA Foundation rails against inflexibility, regulation and powerful unions. It sets out a number of proposals to negate some of the social progress made in the new labour laws. It concludes by saying: "On the whole, there can be no illusion about the kind of proposals we have made here. They essentially amount to a 'neo-liberal' strategy to create jobs, and are bound to drive yet another wedge between important stakeholders in this country."

The lost opportunity is that society will focus on the wrong things. Instead of a comprehensive

review of industrial, trade, public sector and other policies, the job summit will get bogged down in the quixotic of labour market "flexibility". There is no such "silver bullet" to the jobs challenge.

Labour calls instead for a set of integrated policies, short term and long term in character, to address the crisis of job loss and unemployment. Some of the proposals are aimed at a short-term stimulus, with their economic multiplier converted into long-term jobs through appropriate industrial and other policies. Others address the systemic constraints to the economy absorbing large numbers of workers.

In all of this, there is one golden question: who initially pays for the job creation programmes. This question cannot be separated from a consideration of aspects of macro-economic policy, such as the deficit target, taxation levels and monetary policy. I wish to highlight three measures put forward by labour to address the cost of job creation.

On deficits, instead of the current inflexible target of 3%, we propose a fiscal deficit that may fluctuate within a band, depending on the size of the social deficit and the state of joblessness.

On taxation, we tabled proposals for a "solidarity tax" on wealthier South Africans, similar to the idea alluded to by Deputy President Thabo Mbeki in his "two-nations" speech in May this year, as

a short-term measure to deal with the financing challenge.

On capital mobilisation, we proposed a prescribed asset requirement on the financial sector, including on worker provident/pension funds, to raise capital for social investment.

Labour has developed additional detailed proposals for the job summit. These may be summarised under four headings:

First, industrial and economic development policies for employment creation. These embrace a careful blend of demand management and appropriate supply-side initiatives. The objective of demand management is to maintain and expand demand for domestically produced goods and services.

This requires monetary policy geared in general to the lowering of interest rates, fiscal policy which is redistributive in character, and trade policy which hits the erosion of the domestic market through imports. The supply-side measures seek to lower cost-in-provide quality and promote rod-uct and process innovation into South African made goods and services.

The trade proposals focus also on improvements in custom administration and rules of origin, a review of tariff reductions here these have been decreased how, or faster than, the required world Trade Organisation (WTO) ties, and the implementation of a vital clause to ensure that multilateral trade flourishes on a bedrock of

rising labour standards.

The proposals address specific mechanisms to improve labour productivity, introduce technological innovation and promote active investment policies towards the goal of job creation.

Second, proposals that recognise the continuing and important role of the state in employment creation, economic activity and service delivery.

Public works programmes are identified as a particularly important short-term employment creation mechanism with important implications for longer-term development.

The current programme to re-structure state assets should have as an explicit goal the retention and, where possible, expansion of jobs. There are specific proposals to improve the social wage and rebuild the public service.

Third, promoting active labour market policies to create, and save jobs. We call for the introduction of social plans in every industry to manage the economic restructuring process in a manner that is sensitive to job creation. Unions propose a review of the legislative framework, which currently makes retrenchment too easy an option for employers.

Other proposals seek to:  Enhance the role of collective bargaining, both as a means to address job losses and as a mechanism to promote rising incomes and hence expanding domestic demand; and

Direct adequate resources towards, and promote appropriate policies for education and training as a vital element of rising productivity, and better labour market absorption of workers who are unemployed.

Fourth, identifying key areas of focus for employment creation. These are primarily among marginalised and isolated groups, and include women, the informal sector, and the rural unemployed. Labour has also called on its members to promote SA goods, through a "buy local, buy fair labour" campaign. Such a national campaign, aside from reliance on changing consumer behaviour through appeals to patriotism, should also include the co-operation of the retail sector in actively promoting SA goods, wherever possible.

This campaign, identified by a distinctive label, would have to be part of industry and sector policies to improve the quality and lower the cost of locally made goods.

Together, these proposals constitute a package that addresses the need for immediate action on the jobs front, and also the structural dimensions of the jobs crisis. The job summit process is an opportunity for the society to tackle some of the short-term and longer-term challenges of growing the number of jobs in the economy. There is no guarantee of a successful outcome.

One of the many obstacles is that the discussion and the negotiation founders on the rocks of a sterile debate about labour market reform and labour flexibility. We can and should do better.

Patel is national convener for trade union federations Cosatu, Nactu and Fedusa at the National Economic Development and Labour Council.



INTO TITO'S TIGHT SHOES . . . Shepherd Mdladlana takes over from Mboweni

# Shepherd says unions are not

## his only sheep

(179) ST (BT) 12/7/98

NEW LABOUR MINISTER

By MARCIA KLEIN

THE appointment of trade union-linked Shepherd Mdladlana, 46, as Labour Minister came as a surprise to most people, not least to Mdladlana.

Mdladlana has been promoted from relative obscurity to succeed Reserve Bank-bound Tito Mboweni.

He is a member of parliament and serves on the education and home affairs portfolio committees, but, in his own words, he is "a low-profile person — a back-room boy in the movement".

Mdladlana was trained as a teacher and has a BA (Unisa) in education and Xhosa. He was a teacher and school principal until 1994, when he joined parliament. He feels his past positions as chairman of the Democratic Teachers' Union and national president of the SA Democratic Teachers' Union (Sadtu) may have got him the job, demonstrating he could "unite the teachers of the country".

Mdladlana, who says he is humbled by the appointment, says he can be harsh and hard, "but I am not crazy — I am both disciplined and loyal".

Political insiders were reluctant to comment on his appointment as they know little about him. But it has been welcomed within government, a member of which says: "He's politically mature and has both the capability and the potential and understands the issues."

At the start of his tenure in 1994, Mboweni introduced the five-year plan for labour, much of which has run its course.

But Mdladlana will have to steer two controversial Bills through parliament — the Employment Equity Bill and the

Skills Development Bill. He will also have to oversee the implementation of the Bills.

Trade and Industry Minister Alec Erwin takes responsibility for the jobs summit.

Mdladlana says this is for continuity, but the department will continue to be involved.

He is reluctant to discuss details of labour issues, saying he is in the process of "self-briefing". He will soon meet labour and business.

Reacting to criticism that his roots in the trade union movement indicate he will lend a better ear to the unions than to business, he says: "I will stick to the policies of government. I don't know why people panic over this issue. Cosatu is aware the alliances led by the ANC, as is business."

And on the controversial issue of labour market flexibility: "All of us need to understand flexibility. To many, flexibility means workers have no rights. But there are also business associations which are unions in their own right. If people say we don't want unions, does this also refer to Sacob?"

Mdladlana is well aware of the shoes he has to fill. "Tito is a good manager. He has transformed the department."

Mdladlana is seen by some as a caretaker for the ministry until the election next year.

His appointment brought with it renewed speculation that Cosatu secretary-general Sam Shilowa is being primed for a Cabinet position — possibly as Minister of Labour.



# ANC picks loyal backroom boy as next labour minister

Shepherd Mdladlana is a surprise appointment as the next labour minister. Renée Grawitzky found a man willing to prove himself.

SHEPHERD Mdladlana, SA's labour minister-designate, is a man of contradictions.

On the one hand he has been branded a firebrand former trade unionist and SA Communist Party member who can be abrasive, unreasonable and obstinate.

On the other hand he is a lay preacher in the Presbyterian Church, an old member of the Boy Scouts movement and is considered human, warm and charming.

Mdladlana — a loyal African National Congress man who admits he will "do any job the ANC tells me to" — was thrust into the limelight last week when Deputy President Thabo Mbeki announced Tito Mboweni's move to the SA Reserve Bank.

Mdladlana is a former school principal and president of the SA Democratic Teachers' Union (Sadtu). Since entering Parliament in 1994 he has occupied various positions, and is currently deputy chairman of the parliamentary standing committee on education. He is also an ANC whip.

Mdladlana, 46, was born in Ezingcuka near Keiskammahoek, in the Eastern Cape. He grew up, he says, as a poor "boer and farmer". His father worked on the mines in Gauteng from the 1920s and in later years had a bent posture after being hurt in an accident.

Mdladlana rose to prominence as a result of his involvement in black education during the 1980s and the central role he played in the formation of the Sadtu in 1990.

Democratic Party (DP) MP Ken Andrews remembers meeting Mdladlana, then a primary school principal in Crossroads outside Cape Town, in the late 1980s. Andrews remembers him fondly and said his involvement in the education crisis was constructive. "My impression was that he ran a tight ship at the school." On a personal level, he was a human and likeable person, but in front of an audience he turned into a firebrand.

DP leader Tony Leon has faced Mdladlana's wrath during a debate in the parliamentary standing committee on education.

Leon said Mdladlana appeared to be unreasonable and failed to observe the discourse of debate. "I hope that during his tenure as labour minister Mdladlana will show a greater level of understanding of different viewpoints."

On reflection, however, Leon indicated he had seen a more friendly and easygoing side of Mdladlana when they co-chaired the committee on the bill of rights dur-



Shepherd Mdladlana Picture: ERIC MILLER/i-Afrika

ing the constitutional process.

Mdladlana acknowledges the contradictions around his life but believes he can manage them. He compares himself to a prickly pear with a soft centre.

He recounts that when he was about to marry his wife, concerned friends asked her how she could marry a man who was so arrogant, abrasive and obstinate.

A former colleague who worked with Mdladlana during the 1993 teachers' strike said his abrasiveness could be misinterpreted. He could be charming and open but he did not tolerate fools gladly. As a unionist, he was a visionary who had far-reaching, exciting ideas and was very constructive in resolving the strike.

A concern among some in business and within the DP is that government has appointed a former unionist to head the labour ministry.

Leon said: "What really disturbs me is that there is no one in the ministry or department who has ever worked in business."

A former unionist says such concerns are misplaced, while Mdladlana says: "I will follow the policies of the ANC. As labour minister I will represent government and will ensure the old and new imperatives are addressed."

Mdladlana is regarded by business as an unknown entity as he has not played a prominent role in national politics. Business appears less concerned about his background than with whether he

will adopt a balanced approach to his dealings with labour and business.

A business source says Mdladlana would inspire confidence if he handled business and labour in a balanced way.

Mdladlana believes his involvement in the education crisis in the 1980s forced him to listen to all parties and bring rival factions together.

"I learned to be a good listener and to carefully ponder issues," he said.

Business says: "Until we get to know him better we will adopt a wait and see approach."

Mdladlana must be given an opportunity to prove himself, but this may be difficult as Trade and Industry Minister Alec Erwin is handling the presidential job summit and the remaining labour leg-

islation "is almost in the bag".

As a result, there would not be too many opportunities for Mdladlana to demonstrate his abilities, industry sources said. There was also some speculation that his appointment marked an attempt by government to reduce the profile of the labour ministry.

A former unionist says it is unlikely that he will rock the boat at this stage, while business and political sources are unsure of his period of tenure as minister.

"Any appointment made now, one year ahead of the election, has a terminal date," they say.

Mdladlana said the post could not be permanent. "No one can guarantee permanence and I am not thinking about anything permanent. I am a cabinet minister up until a certain point."

He still sees his future in education. He says: "I have never been in a national leadership position and up to now have been more a backroom boy who is loyal to the organisation."

This could be one of the reasons for his surprise appointment. As Mbeki allegedly told him when he was approached about the position — "a position like this will require a stable comrade."

Ultimately, Mdladlana acknowledges the difficult challenges facing government in trying to transform the labour market, ensure economic growth and reduce unemployment.

"At the end of the day we do not want to have the situation where the majority of the people remain poor. As a member of the SACP, there can be no success for any democratic revolution if people remain poor."



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## Negotiators briefed about proposals for job summit

(173)  
Renee Grawitzky

BD 15/7/98  
PRELIMINARY discussions on the presidential job summit are continuing under the auspices of the National Economic, Development and Labour Council (Nedlac) but parties have still not discussed a final date.

The supervisory committee — comprising the key negotiators of government, labour, business and the community — met yesterday to receive a report back from a technical committee which meets periodically to discuss the various proposals on the table.

Sources close to the process said it was difficult to evaluate progress made while the parties wanted to keep the discussions "quiet".

The supervisory committee, in terms of an earlier undertaking, will meet weekly until the end of the month.

Nedlac executive director Jayendra Naidoo said at the recent labour law conference in Durban that the summit's agenda would comprise two broad aspects — a framework for employment creation and programmes to be effected.

Reinforcing labour ministry views about the summit, Naidoo said there had to be a realistic attitude towards it. "We need to talk this down so that a modest outcome is seen as a success."

# Help to create jobs, new minister of labour urges

By JOVIAL RANTAO  
Political Correspondent

The new labour minister, Shepherd Mdladlana, has called on South Africans from all walks of life to help the Government in its endeavour to create jobs.

Mdladlana, who was sworn in at the presidential guest-house in Pretoria yesterday, said the creation of jobs would be one of his immediate priorities as the Government prepares for the Presidential Job Summit scheduled to be held next month.

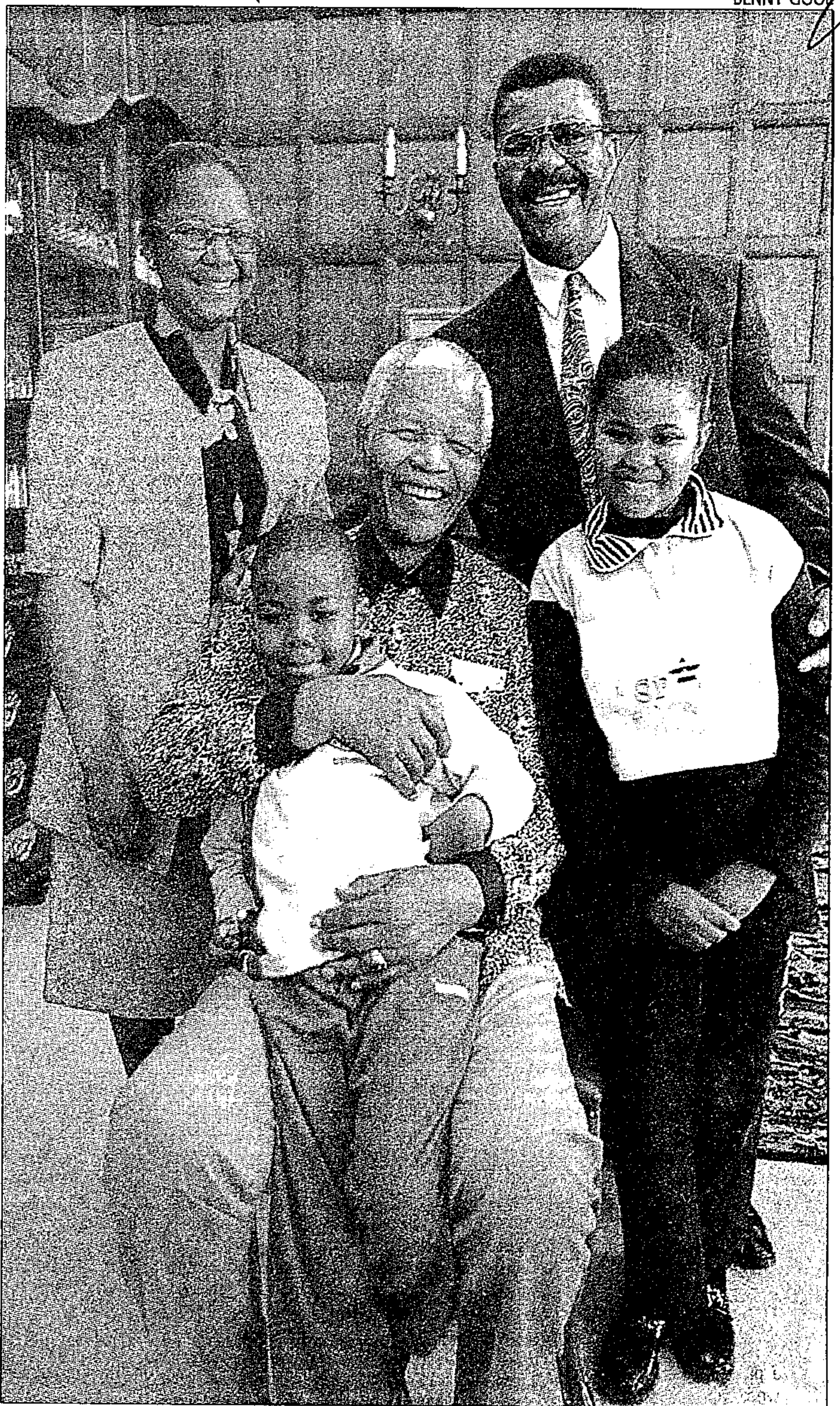
"What we would like to see is jobs being created ... this is why we're sensitive to the retrenchments that have been taking place," Mdladlana said.

He pronounced himself ready and willing to step into the shoes of the ANC's first labour minister, Tito Mboweni, who leaves the Government on Friday to begin a year of internship as governor-designate of the Reserve Bank. "It's a big challenge but I accept it. Leadership is responsibility and not power," he said.

Mdladlana took the minister's oath from Judge Edward Stafford, undertaking to hold office with honour and dignity and to perform his duties to the best of his ability.

He was then congratulated by President Mandela and several cabinet members. Mdladlana was accompanied by his wife Sindiswa and their daughters Simile (8) and Sonele (5).

A former president of the South Africa Democratic Teachers Union, Mdladlana holds a BA degree from the University of South Africa and was principal of Andila Primary School in New Crossroads, Cape Town, before he became an MP in 1994.



Happy occasion ... new Labour Minister Membathisi (Shepherd) Mdladlana, his wife Gladys, son Sonela (5), with President Nelson Mandela, and daughter Simile (8).

86/15/17/98

# Govt asked to agree to employment subsidies

BD 16/7/98

(173)

Reneé Grawitzky

GOVERNMENT has been asked to discuss and debate its macroeconomic policy and to agree to the introduction of employment subsidies.

Community representatives made the request at the National Economic Development and Labour Council (Nedlac) as part of preparations for the presidential job summit at the end of this month or in August.

Government is pushing for the summit to be held at the end of this month. Other involved parties feel the present round of discussions should determine the date or that the event should take place in August.

Measures to deal with the marginalised informal sector of the economy and the rural poor were central to the community representatives' submission for the summit. Nedlac community convener Godfrey Jack said opportunities should be created to allow the informal sector to move into the formal sector of the economy as it had a huge potential to create jobs.

Jack's proposals include a call to amend the Small Business Enabling Act to cover the informal sector; calls for legislation to recognise and protect workers in the sector; the provision of skills to facilitate labour market mobility for these workers; and to make microcredit available.

Jack said government should revamp the social security system to provide benefits for workers in both sectors of the economy. It should intro-

duce measures also to alleviate and reduce rural poverty.

Jack said community representatives at Nedlac supported the introduction of an employment subsidy. This was supported also by labour. Community representatives said this would have the effect of reducing the cost to employers of hiring labour while not lowering wages and living standards.

Jack said economic incentives were needed to encourage employers to comply with job creation strategies. Employers could claim a tax credit for a given share of their wage bill if they employed unskilled workers.

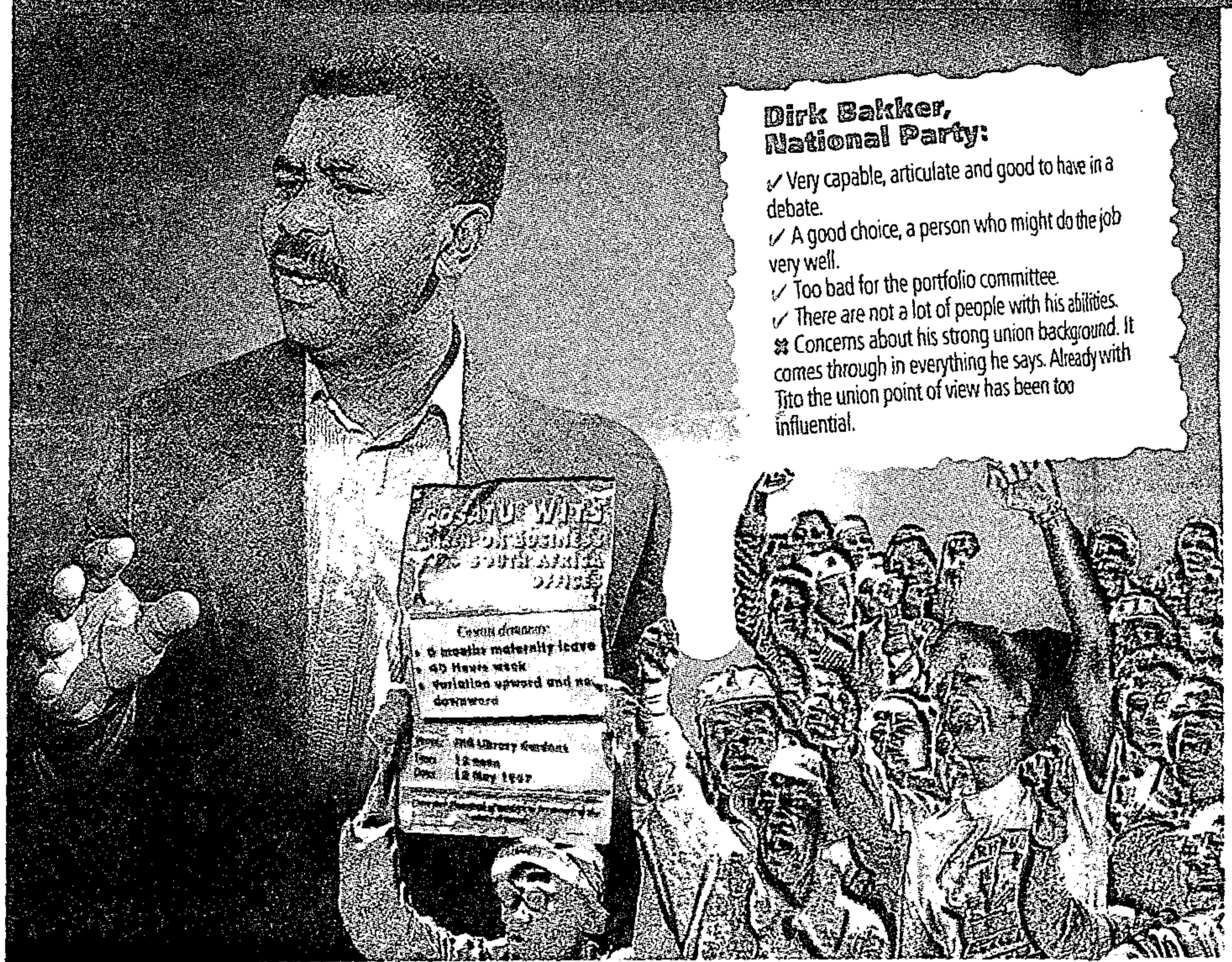
The subsidy would encourage informal sector employers to come into the tax net as it would take the form of a tax credit, rather than a cash handout.

The subsidy could be paid for by new taxes. Consideration could be given to a tax on the employment of higher skilled workers or on fixed capital assets.

Jack said government's macroeconomic policy could not be the main driving force behind job creation. Macroeconomic policy, he said, should be moderately expansionist, rather than restrictive, to allow other reforms to take effect.

It is understood that community representatives, and possibly labour, might compromise and agree to a commitment from government that it would endorse a post-summit debate on the growth, employment and redistribution strategy (Gear) and its linking to job creation.

# FROM UNION LEADER TO LABOUR MINISTER: HOW MDLADLANA SC



## Dirk Bakker, National Party:

- ✓ Very capable, articulate and good to have in a debate.
- ✓ A good choice, a person who might do the job very well.
- ✓ Too bad for the portfolio committee.
- ✓ There are not a lot of people with his abilities.
- ✗ Concerns about his strong union background. It comes through in everything he says. Already with Tito the union point of view has been too influential.

# A bit of Tito, and pragmatism

By LIZEKA MOA

What will it take for Shepherd Mdladana to be a successful minister of labour? Evidently he has to be more like his predecessor Tito Mboweni.

Labour experts credit the Reserve Bank governor-elect with political astuteness and an intellectual understanding of the labour portfolio.

"Tito was great," says Glenn Adler, senior researcher with the National Labour and Economic Development Institute.

"He was a senior policy-maker who was extremely knowledgeable about key issues in his portfolio.

"He had a total view, not a partisan one. He was very, very sharp and had a really clear sense of the political process - managing the movement from policy to law and getting laws passed. On that he was in the company of very few ministers in the Cabinet."

Mboweni was also interested in ideas, and as a person trained in economics he could engage different people and be on the same wavelength.

This is one issue Mdladana will

have to work on, says Sakhela Buhlungu, lecturer in sociology at Wits.

"I don't think he is connected with an independent intellectual base.

"What's needed is someone with a consultative style, someone who does not rely on the formal power as minister. That's one legacy Tito has left.

"You need a negotiator, someone who recognises that there is no single solution. Every solution needs to be negotiated, at all times and around all issues."

Mdladana will have to be active and get his hands dirty just like Mboweni did with supermarket strikes and trucker blockades. He must go back to

his roots, meet individual unions and get to know them again. Forging relationships at the beginning will make it easy to talk even in tense times.

"There should be a hotline between him and the unions," says Buhlungu, "and he should not fob them off with secretaries and 'leave a message'. He should be accessible at all times. Shepherd should know all these things already because he was a unionist first."

Mboweni was not and he was able

“Someone who will consult, not wield power, is needed”

## Bible-thumper gets ready for his

By JOVIAL RANTAO  
Political Correspondent

Membathisi Shepherd Mdladana is a strong man. In Parliament, his colleagues in the ANC have often turned to him for stirring words when engaged in debates of national importance with opposition parties.

Mdladana (46) is also known as a pillar of strength for his family and his congregation at the Presbyterian church where he is preacher.

But at 2.15pm on Tuesday at the Presidential Guest House, the strongman from the Western Cape felt weak at the knees as he stood before President Mandela and Mr Justice Edward Stafford to take the oath of office as the new minister of labour.

"When the announcement was made I was shocked and shaky but I was able to recover. However, when I stood before the judge and recited the oath I felt weak, in particular when I said 'so help me God'. It was

at that stage that I felt weak. It was also at that stage that I started to have visions of Jesus Christ and glimpses of my late father, both smiling... I knew then that I had to be strong," South Africa's bible-thumping labour minister said.

Mdladana cut his political teeth as an activist in the Eastern Cape during the 1970s before the joining the ANC underground. He was a founding member of the South African Democratic Teachers' Union, of which he later became president.

Mdladana knows that he will need to strike a balance between the needs of labour and capital in order to play his role in ensuring the growth of the economy.

He is also well aware that his new post comes with a heavy responsibility.

"Leadership is responsibility and not power. That's going to be my motto for as long as I serve the people of this country. Replacing someone who is as able as Tito Mboweni

to win the trust of business.

In many ways though Mboweni had a relatively easy job. He was the first minister in the new dispensation. The imperatives of justice and equity were paramount.

His five-year plan involving the

Labour Relations Act, National Economic Development and Labour Council, and the bills on Basic Conditions of Employment, Employment Equity and Skills Development is nearly through.

Mdladana will have to steer the

**RES WITH THE PEOPLE WHO WORK WITH HIM**

**Sten Rajoo, Katha Freedom Party:**

- ✓ Very articulate and committed to fight for downtrodden.
- ✓ A stickler for detail and discipline.
- ✓ Has the experience and grounding to make successful transition from education to labour.
- ✓ Easy to get along with.
- ✓ A committed family man with integrity and moral values.

**Blade Nzimande, African National Congress:**

- ✓ Strong personality, I say that in a positive way.
- ✓ His presence is always felt.
- ✓ Particularly suited to this otherwise tricky position of Minister of Labour.
- ✓ Still needs to learn the ropes like everyone else but he will make it.
- ✓ A very important member of the education portfolio committee
- ✓ It will be sad to see him leave.

**Leon Louw, Freedom Front:**

- ✓ Quite capable of doing a good job.
- ✓ A strong, individual thinker.
- ✓ Strict on principles and moral values.
- ✓ He is his own man.
- ✗ I am wary of his communist outlook and what he will bring to the labour portfolio.
- ✗ His union background is a problem.
- ✗ Better sense to get him into the education department.

**Mike Ellis, Democratic Party:**

- ✓ Diligent, competent and hard-headed.
- ✓ A likeable chap, even though strongwilled.
- ✗ Hasn't been known to respond positively to points of view other than his own.
- ✗ Not always the easiest person to work with.
- ✗ Needs to polish up his negotiation skills otherwise he will find himself at serious loggerheads with business, labour and other parties he has to deal with.

**will do for Shepherd**

(173) STAN 16/7/98

**new post in the Cabinet**

no has been appointed to succeed governor of the Reserve Bank) not an easy task but I accept the challenge and I'm willing to do the job. I'm confident," he said.

July 14 1998 will remain written in indelible ink in the memories of Mdladlanas. It was the day on which the head of the family - "the son of a Std 4 labourer" - was born in as a cabinet minister.

The day, said Mdladlana's wife Sindiswa, started at 6am when the couple's excited daughters Simile and Sonele (5) woke up.

"The children were very excited. When they woke up they came to our bedroom and woke us up. They were eager to wash up and get ready to go and meet President Mandela. It was the biggest day of their lives and they couldn't wait. We were all nervous and happy. Our plane from Cape Town was scheduled to arrive at 11am but we were already ready to go at 8am," she said.

Simile had another special reason why she wanted to see Mandela.

The Grade 3 pupil wanted to present the president with a birthday card that she had designed.

Sindiswa knows that her husband's appointment will mean a big change to the family's lifestyle. She and her children are unlikely to see Mdladlana as often as they used to.

"We're ready for the changes and we will adjust," she said.

The first sign that their lives had changed came at the Johannesburg International Airport where the family was met by a government driver in a bottle-green Mercedes-Benz. The luxurious car was a far cry from the family's two Toyota cars.

They will have to move from the house in Pinelands, Cape Town to a ministerial home in Rondebosch and get used to having another house in Pretoria.

"We're very happy for him. It's a challenge that he must take with both hands and go for it," Sindiswa said. A happy Sonele said; "I'm proud of my dad."

reaucratic game? He needs the ability to ensure that the people who run these institutions are doing the job."

The environment he is walking into is very different from that of 1994. The tide has turned, says Buhlungu.

"A lot of people are saying the labour market is very rigid, and needs to be made more flexible.

"Global pressures are intensifying. Business is saying we are not attracting foreign investors because the unions are too powerful.

"There are very few people left in the Government who still believe we can stand up to global pressures. Pressure will be on Shepherd to water down the LRA and the Basic Conditions of Employment Act. Unemployment is high."

A labour minister needs a balancing act and skill to find consensus because the parties involved - business and labour - are too powerful to ignore.

"In the labour portfolio you have to find a win-win solution for business and labour," argues Adler. "Tilting too much in one direction could be detrimental to the economy."

Mboweni's charisma and congeniality stood him in good stead.

It may be all Mdladlana needs if, as some sceptics say, he is just caretaking the ministry until next year's election.

attain success.

"There are things like the Commission for Conciliation, Mediation and Arbitration budget that needs to be funded to an acceptable level.

"Will he be able to play the bu-

ster two through Parliament.

Now that the legislative framework is there, another set of skills around administration may be needed, says Adler, to ensure that policies become real. Mdladlana's managerial skills will be the key to

**the tourist**

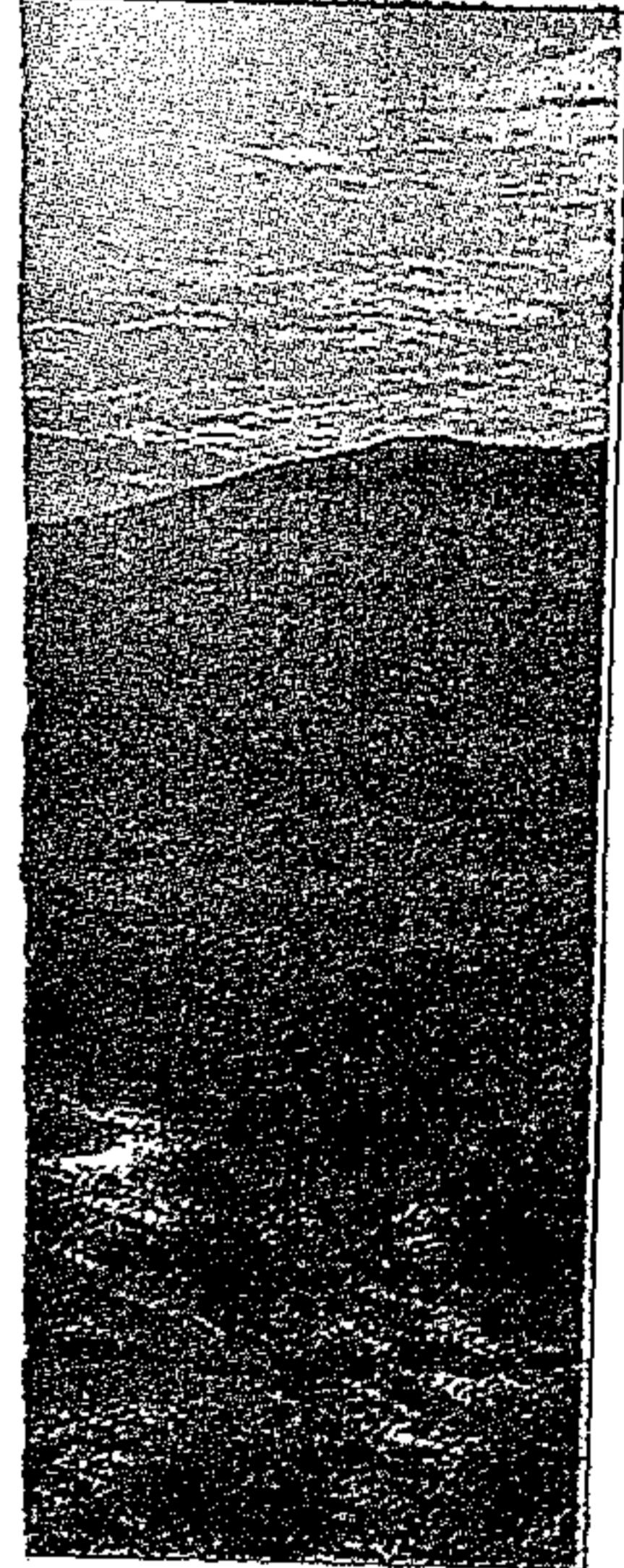
tal road from the KwaZulu Na-village of Hluhluwe to the ambican border.

liver emphasises the impor- of planning. Some roads are suitable by sedan car, some tly 4x4. Travellers who venture the highways of Botswana, ibia, Mozambique and Zam- he warns, should always travel onvoys of at least three four- el drive vehicles, equipped to with any emergency. And be- e summer rains make many s impassable, he suggests that l to September are the best hs for exploring Southern a.

erland through Southern is illustrated with superb graphs and is published by k.

**at escape crime**

ID THROUGH SOUTHERN AFRICA



Falls on the Kunene River are among the country's lions.

is enough. Newspapers are a treat as news is covered on a smalltown basis and stories are milked to the bitter end.

Another highlight is a four-hour drive through the Namib desert, with tour operators Oryx Tours, to the coastal city of Swakopmund. To find out more about a Namibian getaway call the Namibia Tourism Board on 0944-171-636 -2924/8. Flight bookings at Air Namibia on (011) 442-4461/2 or (021) 216-685.

*[Handwritten signature]*

# Creating jobs for all SA's people must be a priority

An SA Institute of Race Relations survey shows that unemployment is rising, writes THABO KOBOKOANE

**N**EW impetus and urgency is needed to solve South Africa's economic Achilles heel: unemployment.

The presidential jobs summit — hailed as the most important jobs indaba — has yet to get off the ground.

The appointment of Trade and Industry Minister Alec Erwin to co-ordinate the summit is expected to give the stalled process a badly needed boost, but the summit itself may not be enough to solve the country's unemployment crisis.

It is estimated that the SA economy has to create 250 000 jobs annually just to prevent a rise in unemployment rates and 350 000 jobs a year to absorb new entrants to the labour market. Official unemployment rates hover at 30% while the formal economy is unable to offer new job seekers even a single vacancy.

Many reasons have been advanced for the high unemployment rates including labour market rigidities, the failure of the economy to grow sufficiently to absorb new labour-market entrants and the shift from labour-intensive to capital-intensive production.

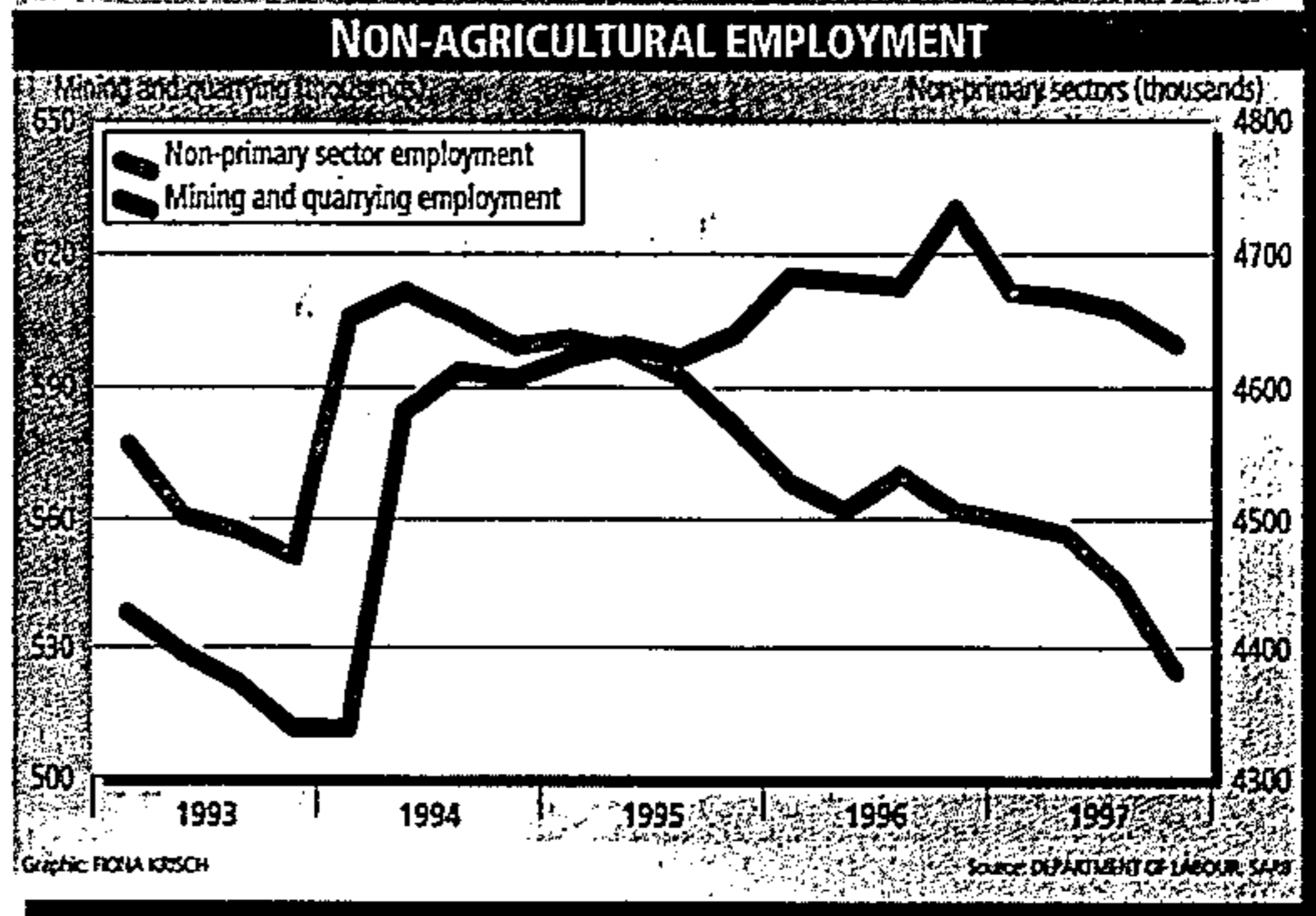
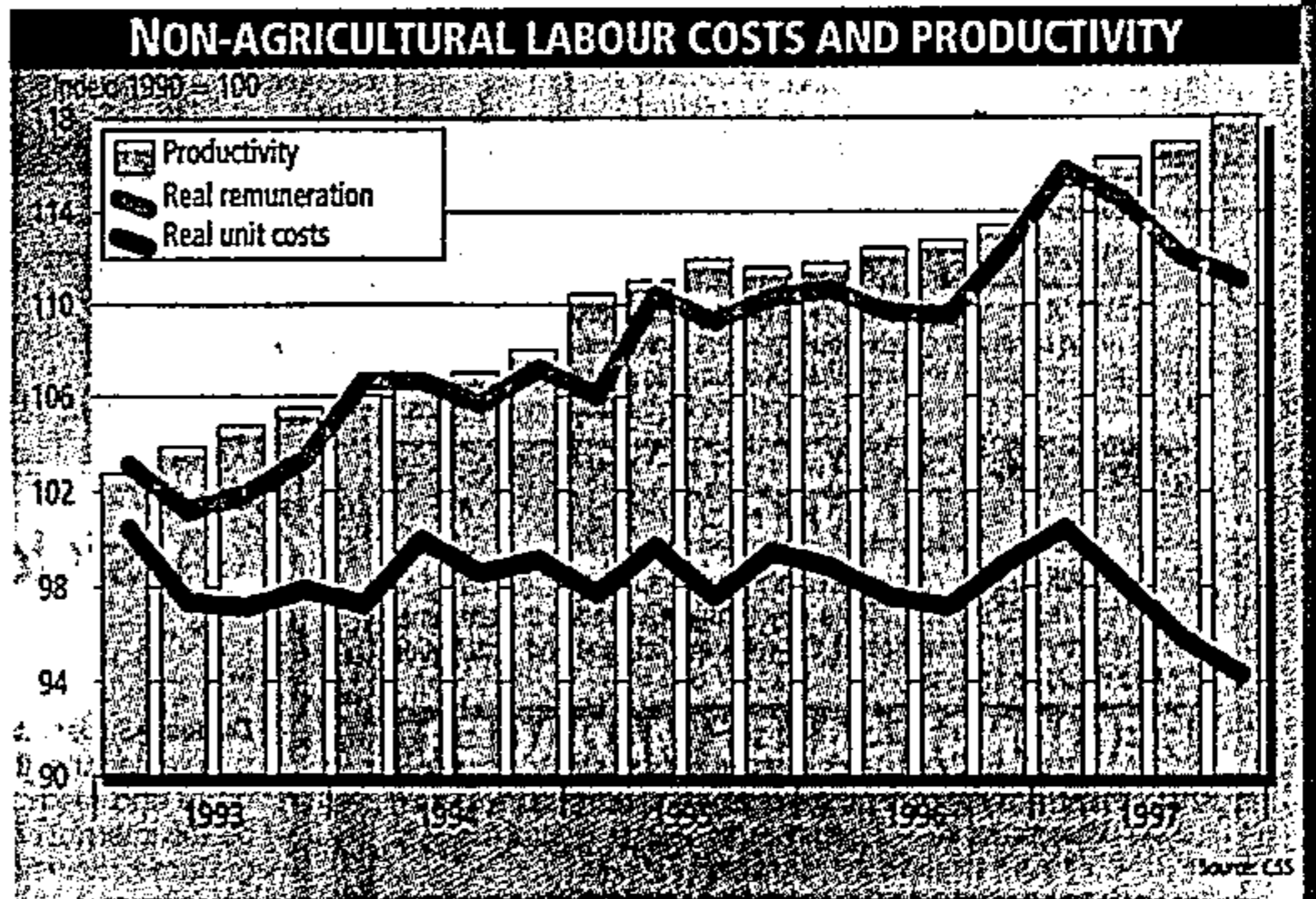
A recent analysis by the SA Institute of Race Relations, based on a World Bank study on the SA labour market, sug-

gests that rising black wages have led to an increase in black unemployment.

According to the World Bank study, cited in the Institute's July issue of Fast Facts, black trade unionism and wage-setting mechanisms — such as the Wage Board which is to be replaced with the Employment Conditions Commission — have "inflated black formal wages, decreased employment and widened the gap between formal and informal wages".

Union membership has had a larger effect on wage differences in SA than it has in other countries. For instance, between 1980 and 1983 union earnings were found to be 25%-35% higher than non-union earnings in the manufacturing sector.

The study showed that employment is even more sensitive to increased wage levels than previously believed. For example, a previous World Bank paper, cited in the same report, found that a 10% increase in African real wages led to a 2.8% decrease in African employment. The latest study estimates that the same wage increases lead to a 7.1% decline in black employment. "The effect is not immediate but is reflected years later. If black real wages had remained constant in 1970-94,



black formal employment would have been about 13.3% more than it is now."

The study adds that the probability of unemployment for blacks as a whole is high while that for highly skilled blacks is negligible, suggesting that education remains the key to removing glass ceilings.

African women living in rural areas with no education have the highest probability of unemployment at 72%. For an African male with 14 years' ed-

ucation the probability is less than 1%. "Within black groups, although average unemployment probabilities are much higher than among whites, these probabilities fall off very sharply at high education levels, indicating that markets open up for skilled blacks."

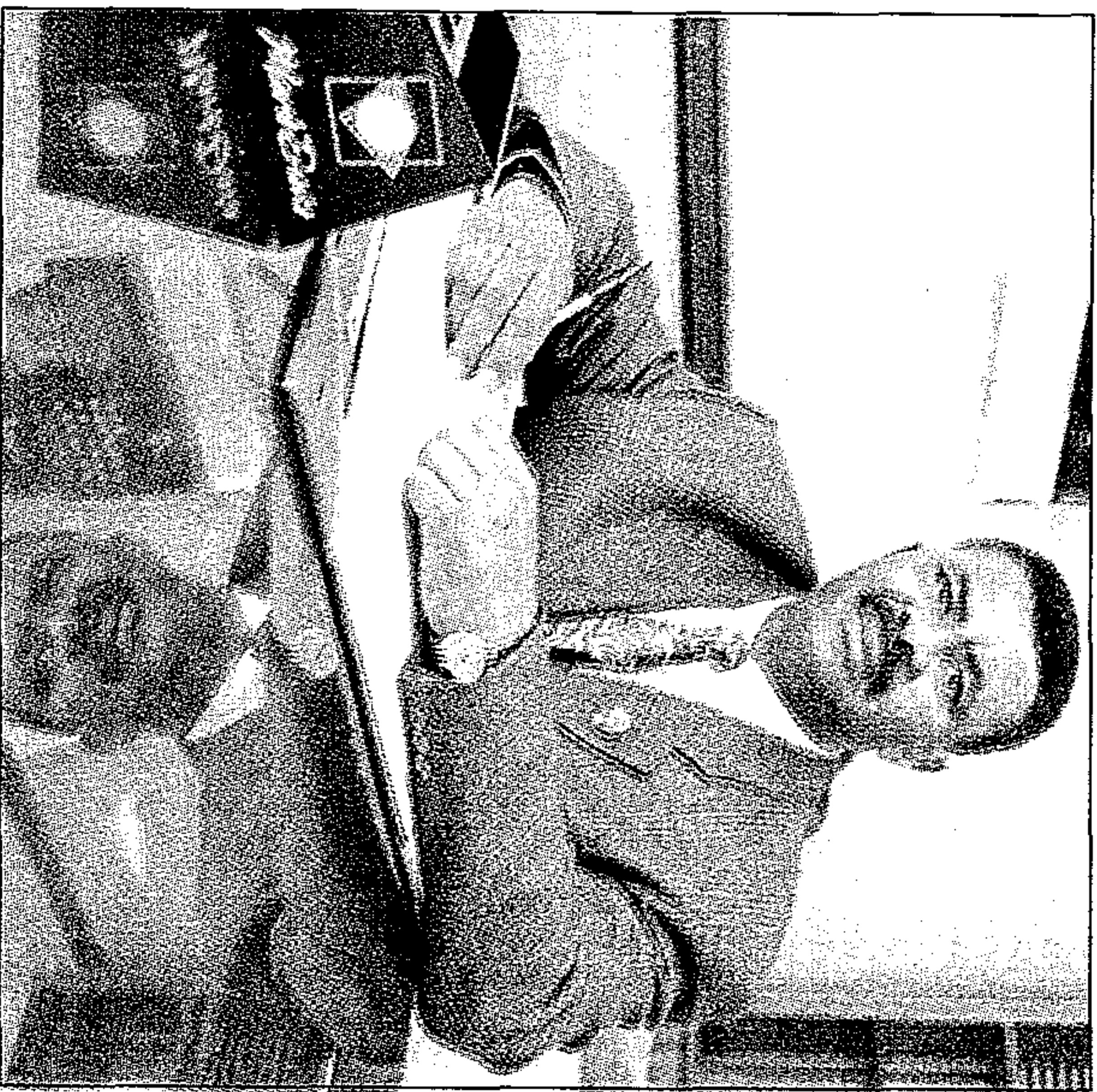
The study therefore concludes that education coupled with a competitive environment is highly effective in eliminating wage and employment discrimination.

But is this true? Despite the advent of affirmative action, black senior managers account for less than 5% of senior managers in SA corporations. Take also the plight of black graduates. Estimates suggest 59% of graduates find work immediately after graduation. However, black graduates are less likely to find jobs than whites. Only 28% of Africans find work after graduating compared to whites (66%), coloureds (34%) and Indians (56%).



WHO IS . . . SHEPHERD MDIADLANA?

Nothing new: Shepherd Mdladlana is seen as stable, loyal and disciplined, someone unlikely to rock Thabo Mbeki's boat.  
PHOTO: KARIN RETIEFF/AFRIKA



# A caretaker in

(173)

Andy Duffy MTG 17-23 | 7198

**S**hepherd Mdladlana is duty-bound to say he will serve wherever the African National Congress deploys him. But the Minister of Labour? Tito Mboweni, a flamboyant, populist politician was always going to be a hard act to follow — more so for Mdladlana, who until now has preferred operating out of the limelight.

Mboweni, now anointed the next governor of the Reserve Bank, has also already done most of the glory stuff at the ministry, such as the Labour Relations Act. It falls to Mdladlana to steer the employment equity and skills development Bills through Parliament.

But then he is largely following the map Mboweni has drawn up. Even the potentially exciting jobs summit has been left in the hands of Minister of Trade and Industry Alec Erwin.

In effect, Mdladlana is a caretaker until the next election — a responsibility that all but ends when Parliament goes into recess in September. "I'll just be tightening and finishing off the programme started by Tito," Mdladlana says. "I'm not expecting anything new to come up."

Still, there has to be some reason why Deputy President Thabo Mbeki surprised everyone, not least Mdladlana, by appointing the 46-year-old as Mboweni's successor.

The obvious answer is that Mdladlana is seen as stable, loyal and disciplined; someone unlikely to rock Mbeki's boat. Perhaps Mdladlana represents a valuable ally in the Western Cape ANC — he is chair of the party's peninsula region.

Maybe Mbeki is also looking to strengthen his ties with the ANC's alliance partners. Mdladlana is a member of the South African Communist Party and came into Parliament in 1994 on a labour ticket.

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# The Cabinet

Or perhaps Mdladlana is seen as a potential successor to Minister of Education Sibusiso Bengu — very likely Mdladlana's favourite explanation.

Mdladlana has education running through his veins. He was a teacher for 22

years, a founder of the South

African Democratic Teachers' Union (Sadtu), and is now one of the most influential politicians in the field — someone

whom Bengu has always sought to

have on his side. And yes, he could jump at it if Bengu's position came up next year.

It's a big "if", of course: suitability for a portfolio is rarely

a determining factor in getting it.

"I would have wanted education, but it's a choice," he adds. "You have to be prepared to be a utility."

Two weeks ago a relative unknown, Mdladlana has been the subject of numer-

ous press profiles since his appointment.

His background is well-documented: a BA in education and Xhosa from Unisa; years spent as a teacher and then principal in Guguletu and New Crossroads. Mdladlana was drawn into active politics

## The Democratic Party dislikes him, it seems, for his ability to upset

## Tony Leon with his street-fighting style of debate

In August 1976, when the murderous events of Soweto were repeated in Cape Town.

"We had always been very professional in our approach — grievances could take a year to get to the top," he says. "My principal used to say, 'Be careful of biting the hand that feeds you.'"

But the government's insistence on teaching in Afrikaans was a political gesture, he adds, "that needed a political reaction. That [August 1976] was the turning point for me."

In the 1980s Mdladlana became a prominent player in mobilising teachers and

parents, playing an active role in teachers' unions. He drove through Sadtu's creation in 1990 and then headed it for four years, until he went up to Parliament.

Portrayed as forceful, short-tempered, arrogant and obstinate (religious and charming too), Mdladlana has aroused most concern within business.

It describes him as an "unknown quantity", but believes that it should be worried — given Mdladlana's background.

The Democratic Party also dislikes him, mainly, it seems, for his ability to upset leader Tony Leon with his street-fighting style of debate.

But Mdladlana does not come across as someone bound by dogma to either labour or to the SACP.

The recent clash between Sadtu and the education ministry Mdladlana blames in part on the union's failure to consult its members and negotiate properly.

"You don't just walk out of negotiations at the drop of a pin," he says.

Forced retrenchments among teachers will still have to be addressed, Mdladlana adds — for all the reasons Bengu and his minions have previously tabled.

Mdladlana also does not stand alongside those within labour or the SACP who panic the government's growth, employment and redistribution strategy (Gear).

## Vital Statistics

**Born:** 1952 in Keiskamahoek, Eastern Cape  
**Defining characteristics:** Forceful, disciplined, loyal

**Favourite people:** The president and the deputy president

**Least favourite people:** People who argue

**Likely to say:** "Comrade, can I have Education instead?"

**Least likely to say:** "Sometimes, you know, Tony Leon has got a point"

In fact, he says, he is quite happy with it and the alliance should be too. He would also much prefer if the leaders of the alliance drew closer together, rather than battling it out in public.

"The ANC leads the alliance and I don't see why people are wavering. All of us who are MPs of the ANC have agreed to abide by the rules and objectives of the ANC.

"There is nothing that I'm confused about. Gear is government policy. I stick to what we've agreed to do."

Doubtless it's that sort of stance that has endeared Mdladlana to the deputy president. He takes his place in the Cabinet this weekend.

## Erwin's input 'very useful' in buildup to the job summit

Reneé Grawitzky

BO 22/7/98 (173)  
TRADE and Industry Minister Alec Erwin participated in his first official meeting as government's representative at the presidential job summit in the National Economic, Development and Labour Council (Nedlac) yesterday.

Sources at the meeting said Erwin's participation was very useful and assisted the parties to focus more clearly on the issues which should form the basis for debate.

Nedlac executive director Jayendra Naidoo said the supervisory committee — which comprises the main negotiators for government, labour, business and the community — was meeting every week and receiving report backs from its technical committees.

He said he was confident that Erwin's input would add value to the process, especially as he was an experienced negotiator.

Five technical committees have been established to deal with "high policy issues" such as the macro-economic debate; small and medium-size enterprises and industrial policy; human resource development; social security and immediate job creation strategies.

# Starfish hooks jobseekers out of sea of despair

LYNNE RIPPENHAR

STAFF REPORTER

Starfish 2000, Cape Town's new, dynamic internship programme, is emerging as a real alternative for jobless young people who are desperately in need of workplace experience in the career field of their choice.

Take 19-year-old Fadiel Galant, who is working as a tuckshop assistant at the Careers Research and Information Centre (Cric) exhibition in Athlone this week. Fadiel, a former Spes Bona pupil,

wants to be an engineer. With this in mind, he enrolled through Cric to do N1, N2 and N3 qualifications in boiler-making.

If he continues his studies - up to N6, and a further set of between six and 12 subjects - he will qualify as a mechanical engineer.

What Fadiel he needs now is an apprenticeship, but if he does not manage to secure one, he says, he will definitely opt for a Starfish 2000 internship.

The Starfish 2000 programme is aimed at young, jobless people aged between 18 and 30.

It will seek to provide on-the-job internships of between three and six months for about 2 000 candidates, starting in September.

The project takes its name from a parable about a man rescuing stranded starfish by throwing them back into the sea, one by one.

When asked what difference he could possibly make, since there were thousands scattered over the sand, the man said as he was about to cast another starfish into the water: "I can assure you it makes a big difference to this one."

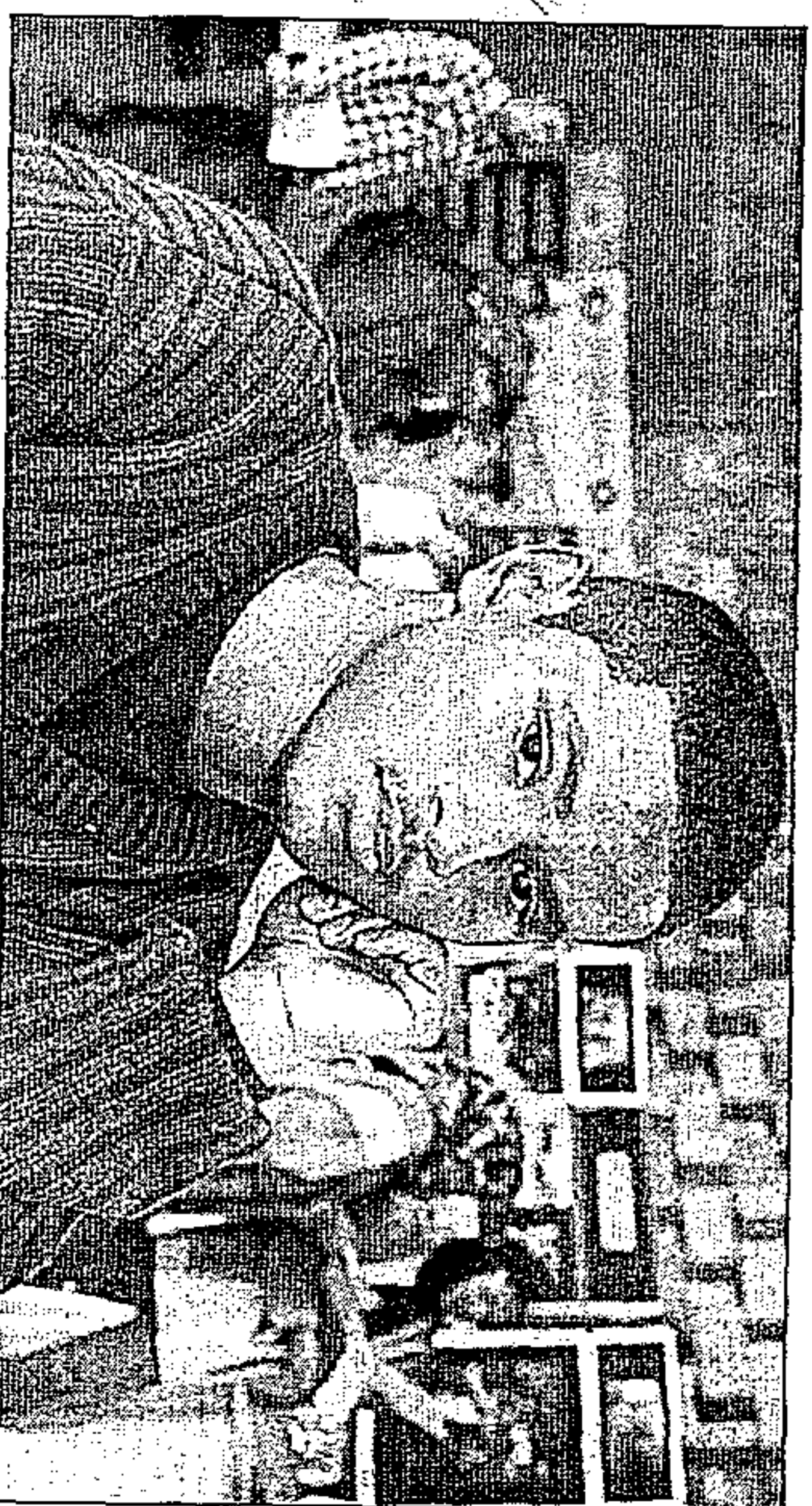
Interns will not be paid, but com-

panies may contribute to interns' travel and meal expenses.

Interns will not be guaranteed jobs at the end of their six-month internship, but will be given vital skills and work experience to better equip them to compete on the job market.

Interns will be mentored and will emerge from their participation in the project with a recognised certificate confirming their experience, a CV, and practical guidance on career choices.

The project is being run by the Careers Research and Information Centre.



JACK LESTRADE

Potential: Fadiel Galant could be a candidate for the Starfish 2000 programme

AR 4 22/17 198

(173)

# Market flexibility a condition for survival

NTWO articles published in Business Day (July 9 and 10 1998), the Congress of SA Trade Unions' Ebrahim Patel claims that economic growth in the modern global environment rarely leads to job creation and may even destroy jobs.

This may be cyclically true of the corporate sector in SA today, but is certainly not true of countries like the US and the UK and of many other developed and developing countries that have recently freed up their labour markets and like SA, have pursued sensible macroeconomic policies.

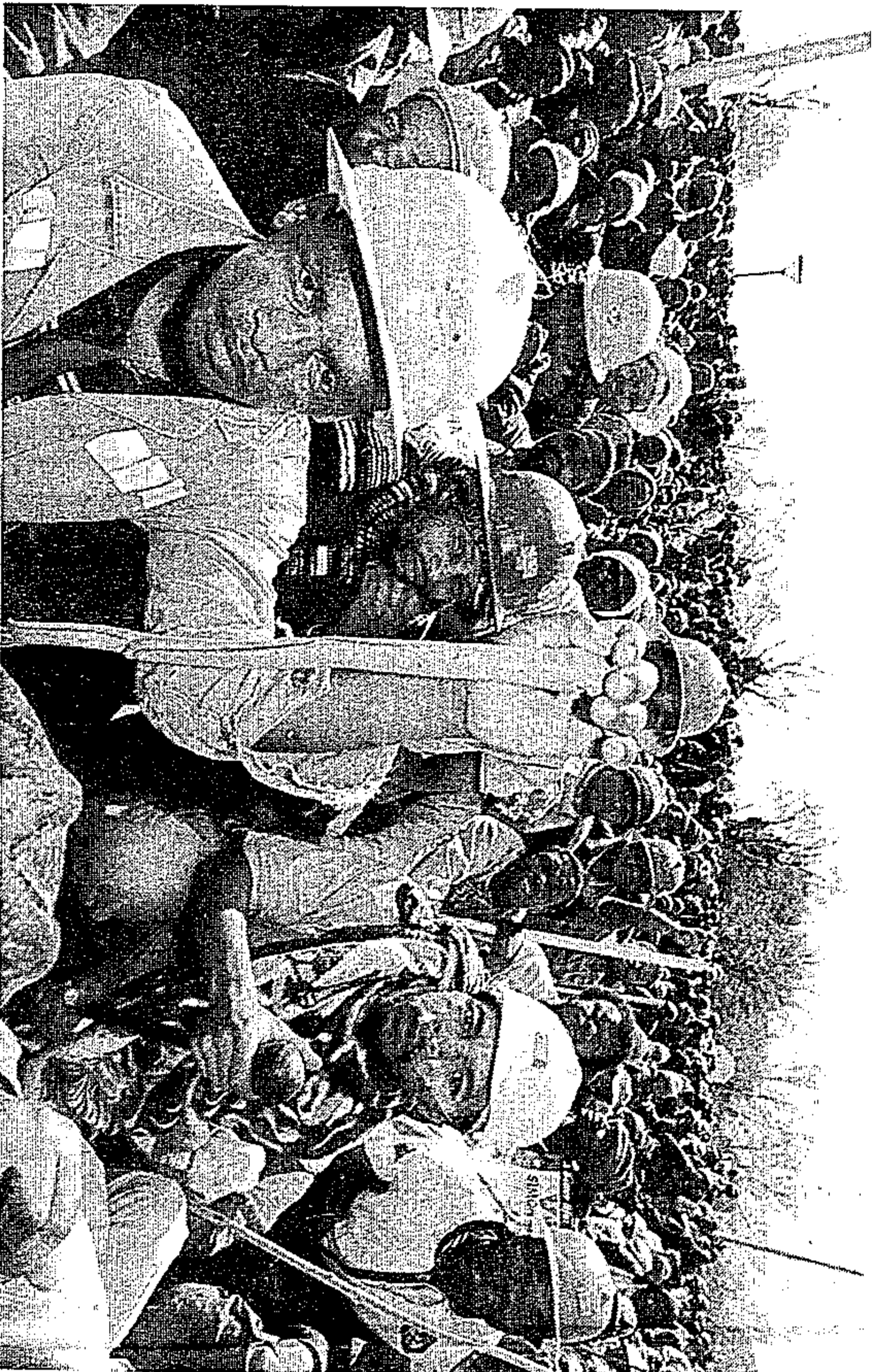
In these countries many new jobs have been created, not only in the corporate sector, but also in the all-important small business sector. Small and medium-sized enterprises, including one-person operators, have been able to use new market opportunities and extend existing ones, often subcontracting for big business.

The US is experiencing its lowest unemployment rate for 35 years, while similar trends apply in the UK and the Netherlands. What these countries have in common is a supportive and facilitating business environment conducive to capital investment and a thriving small business sector.

SA appears to be moving in the opposite direction — witness the new labour laws and the lack of progress made in the proposed restructuring and privatisation of state assets. While the business community strongly supports fair labour standards and has indeed often led by example, many business organisations are concerned about the economic and social consequences of the new labour laws and about what is fast becoming a regulatory wilderness.

In terms of the Labour Relations Act, for example, all businesses — small and big — must accept the same wage increases negotiated at the sectoral level. Similarly, the Basic Conditions of Employment Act and Employment Equity Bill are bound to raise the nonwage costs of production of small firms in particular: they now have to pay about 13% more for overtime work; cope with much longer periods of minimum annual leave and maternity leave

Flexible labour markets are a necessary condition for economic growth and with it, job creation. Leaving the issue off the job summit agenda would be foolish, argues Philip Black



Workers are growing restive as employment opportunities are becoming more scarce

— in some cases 50% longer; bear additional costs involved in reducing their work force; and face severe minimum penalties for non-compliance.

While these cost increases could conceivably be absorbed by big business, admittedly making them less competitive, the new labour laws are bound to have a particularly damaging effect on the more vulnerable small business sector which accounts for about 45% of private sector jobs in this country.

The new laws are also small comfort to the unemployed and

underemployed, some of whom have begun to make their voices heard. As the Malumalele Social Movement for the Unemployed recently said: "The unemployed has a right to decide if they want to accept low-paying jobs" (Business Day, May 8).

Patel refers to the SA Reserve Bank's findings that unit labour costs in real terms have declined over recent years, while labour productivity has increased; and effectively argues that organised labour cannot be blamed for the jobs crisis in the country. The fact is, however, that re-

labour costs, are not the only costs of employing labour. Others derive from the "basic conditions of employment", which we argue have been significantly affected by the new labour laws.

Patel claims that our observations are inappropriate on economic and social grounds, when in fact quite the opposite is the case: our primary concern is the plight of the unemployed and underemployed in the informal sector, as well as the fate of the small business sector in this country — rather than merely the well-being of those who are fortunate enough to work fulltime in the formal sector. About one third of our labour force is unemployed, while at least a further 17% are working in the informal sector, often in a part-time capacity. This means that the formal sector provides employment for no more than 50% of the labour force.

Patel's claim that we have missed an opportunity to provide a "comprehensive review of industrial, trade, public sector and other policies" is a misrepresentation of the scope of our observations.

The focus of our original paper does in fact extend well beyond the labour market and includes proposals aimed at promoting exports on a group or organised basis; adopting an appropriate competition policy that would free up markets and prevent the abuse of dominance; formulating sector-specific social plans to deal with retrainments; establishing "alternative trade organisations" to support traditional craft industries; and promoting small enterprises by facilitating their access to financial markets and launching appropriate training initiatives — to mention only a few.

Patel also addresses the question of who should bear the cost of job creation and offers several intriguing suggestions, including

the introduction of flexible deficit targets, a "short-term solidarity tax" and the reintroduction of prescribed asset requirements.

While these suggestions are worthy of serious consideration, it cannot be denied that the solution to joblessness ultimately lies in our ability to achieve sustained economic growth — something which may well be thwarted by the very proposals Patel puts forward. He wants to use the proposed tax and prescribed assets to create new jobs quickly, but fails to recognise that the very same measures will undermine growth and effectively destroy existing jobs. This is surely a zero-sum game — at best.

We do agree with several of Patel's "detailed proposals", some of which are also addressed in our original paper. These include the proposed national productivity and equity framework, his trade proposals and his plea for appropriate education and training policies aimed at making people employable.

However we take issue with his proposal that the role of collective bargaining should be enhanced, inter alia, "to promote rising incomes and hence expand domestic demand". The net effect of an "enhanced" bargaining system could well be the opposite: if enhanced bargaining leads to higher wages and higher wages lead to job losses, incomes may fall and demand contract — another zero-sum game, at best.

Nobody would argue that the debate around the job summit should be limited to labour market reform and labour flexibility only — other issues are important too, as we have tried to indicate here. However, market flexibility is important in a global world where change has become the rule rather than the exception and where the ability to adapt quickly is a condition for survival.

Flexible labour markets are at least a necessary condition for sustained economic growth and hence job creation — something which, we submit, Patel will ignore at his own peril.

Black is the SA Foundation's research director.

PH 29/7/98  
(173)

SP, (93) TO  
**EMPLOYMENT** *State will not place labour law on agenda*

## No date yet for jobs summit

CT (BR) 23/7/98 (173)

LYNDA LOXTON

Cape Town — The discussions about the forthcoming jobs summit had reached "a sensitive stage" in Nedlac and the government could not unilaterally set a date for the summit until the talks had been resolved, Deputy President Thabo Mbeki said yesterday.

Speaking during a mini-debate in parliament, he said it was important that business, labour and the government were involved in "a process which, as a result, will commit each one of them to participate in whatever programme is agreed to".

Mbeki said it was not the government's intention to place labour legislation or Gear, the macroeconomic policy, on the summit's agenda "since we are

convinced that these policies are in the right direction in current circumstances.

"The government has, however, proposed changes to some aspects of labour legislation, which are being discussed with our social partners."

These proposals covered the employment of young people through learnerships and the need to exercise more discretion in the extension of bargaining agreements to non-parties.

He said Nedlac was discussing the agenda "and possible outcomes" of the summit "to ensure that there is consensus about practical steps that can be taken to address the very serious problem of unemployment".

He said it would be "premature and pre-emptive" to give any details about what was

being discussed, but "significant progress" was being made.

"The government also intends to consult with other concerned parties not directly represented in Nedlac, such as the churches and representatives of the unemployed."

But he expected the final details about the summit to be released "quite soon".

Marthinus van Schalkwyk, the leader of the National Party, said a reason for the repeated delays in setting the date for the jobs summit was the disagreement within the ANC's alliance with labour and the South African Communist Party about economic policies, especially Gear.

Mbeki that said the jobs summit would "go ahead and it will succeed".

# Mbeki upbeat on imminent jobs summit

ARG

24/7/98

(173)

The job summit would give South Africans a good opportunity to discuss at length issues relating to the country's labour and market policies, Deputy President Thabo Mbeki said.

Speaking during an interpellation in the National Assembly, Mr Mbeki said demand for the Government to set a date for the summit was inappropriate, as debates on the agenda, content and the need to ensure participation by all stake-

holders were still being held at the National Economic, Development and Labour Council (Nedlac).

The Government was currently discussing with its social partners various aspects of the summit, and "significant progress has been made for the summit and it will not be proper to divulge details at this stage".

Mr Mbeki made these remarks in response to National Party leader Marthinus van Schalkwyk's request

that he furnish details on the planned job summit, with specific reference to the date, the roleplayers and the agenda of the gathering.

He called on Mr Mbeki to "do the right thing" and call the job summit immediately.

"Call the job summit, put Gear and labour market policy on the agenda," Mr Van Schalkwyk implored the deputy president.

The Freedom Front's Willem Botha said he could not understand

why the summit was not taking place, and therefore perpetuating the unemployment situation in the country.

He urged Mr Mbeki to also accept that the Government's macro-economic strategy was wrong, and suggested that the summit would therefore not be successful even if it went ahead.

Mr Mbeki replied: "It (the summit) will go ahead and succeed." - Sapa

# Economic summit begins

BD 24/7/98

(173)

Kevin O'Grady

A MAJOR economic summit meeting intended to find ways of eliminating poverty, create jobs and establish a multisector economy starts in the Free State today.

The meeting will be attended by government, labour and business representatives.

Free State finance, expenditure and economic affairs MEC, Zingile Dingani, said the meeting followed a similar initiative last year aimed at increasing the growth of the province's share of the SA economy.

The summit would cover several areas, including the establishment of an inland industrial development zone and several corridor and cluster developments.

These included the Bloemfontein-Botshabelo-Thaba Nchu development, the eastern Free

State-Lesotho tourism corridor and the Free State-North West farming machinery cluster.

The development or upgrading of infrastructure, such as secondary roads linking eastern Free State with Gauteng and the Bloemfontein airport, would also be up for discussion, along with the idea of a business incubator for emerging businesses and the establishment of an investment equity fund to promote small enterprises, for which government had set aside R10m.

Dingani said the province needed to "focus on those areas of our economy that have more potential to yield immediate spin-offs, while at the same time developing those areas that will benefit the province in the long term".

"For example, Free State contributes 14,1% to total mining, the fourth-highest among the prov-

inces. It has large deposits of coal and is responsible for 80% of the total bentonite production in SA," Dingani said.

"On the other hand, the lack of human resources development is an area which has been shown to hamper SA's competitiveness, with SA companies on average spending only 2% of their budgets on training and human resource development as opposed to 25% in some western countries."

A working document which dealt with how to bring about fundamental change towards sustainable growth and development in the Free State would be tabled at the summit. It identified transformation as including economic liberalisation, human resource development, industrial development finance, value-added exports and the attraction of foreign direct investment.



# Yes to 'learner' salaries

(298) (173)

THABO MABASO  
BUSINESS REPORTER

ARG 27/9/98

Youth organisations have accepted a Government plan to introduce a "learner" wage for young people in a bid to create jobs.

The South African Youth Council accepted the proposal mooted by former labour minister Tito Mboweni as part of the Government's strategy on job creation after heated discussion at a two-day summit in Johannesburg at the weekend.

But council deputy president Chemist Khumalo said the organisation wanted more details about the proposal.

"We are not going to allow a situation in which young people will be paid peanuts," said Mr Khumalo.

"However, in principle, we are not opposed to a youth wage," he added.

The wage was the most controversial issue discussed at the summit, with some delegates saying it would amount to young people being paid "slave wages".

The meeting was attended by Public Works Minister Jeff Radebe and new Minister of Labour Shepherd Mdladlana.

The council adopted the proposals to create jobs for young people, and they will be presented at the long-awaited Presidential Jobs Summit, scheduled to take place this month.

Among proposals adopted by the council was a resolution to persuade the private sector to hire young people. Mr Khumalo said that this should be done through incentives such as tax breaks.

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# Low wage (776) plan to create jobs for young gets the nod

(173)

OWN CORRESPONDENT

SVM 27/9/98

Youth organisations have grudgingly accepted a government plan to introduce a learnership wage for young people in a bid to create new jobs.

After a two-day summit in Johannesburg at the weekend, the South African Youth Council accepted the proposal mooted by former labour minister Tito Mboweni as part of the Government's strategy on job creation.

But council deputy president Chemist Khumalo said the organisation wanted more details about the proposal.

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"However, in principle we are not opposed to a youth wage," he added.

The learnership wage was the most controversial issue discussed at the summit, with some delegates saying it would amount to young people being paid "slave wages".

At the meeting, attended by Public Works Minister Jeff Radebe and new Minister of Labour Shepherd Mdladlana, the council adopted its proposals on strategies to create jobs for young people.

The proposals will be presented at the long awaited Presidential Jobs Summit. This summit is scheduled for this month but a date has not yet been set.

Among the proposals adopted by the council is a resolution to persuade the private sector to hire young people. Khumalo said this should be done through incentives such as tax breaks to the private sector.

The council, which represents more than 40 political and cultural youth organisations, also called for the establishment of an interdepartmental structure in government to co-ordinate job creation.

# IDC to spend R1,5bn on job creation

Pearl Sebolao

THE Industrial Development Corporation (IDC) would pump more than R1,5bn into special projects intended to stimulate job creation, it was announced yesterday.

The cash injection is expected to result in the creation of 7 000 new direct jobs this financial year.

At a media briefing yesterday CE Khaya Ngqula also unveiled the corporation's proposals to be presented to the coming job summit, saying the R1,5bn could be doubled as the corporation had enough resources.

The summit, which will bring together representatives from government, labour and business as part of an initiative to develop a common approach to job creation, is expected to be held before the end of August.

Ngqula said: "There's no restriction

on how much we can spend. The only criteria is that the projects be viable, create sustainable jobs and become profitable." Last year the corporation amassed a record R400m in profit and was worth more than R25bn.

Projects identified for investment included the promotion of a linen industry, funding the growing of cotton in the SA Development Community to supply the local textile industry and establishing remote data processing services for developed countries.

The corporation had identified other areas in which it could contribute to job creation. One would include assisting in the promotion of an environment conducive to attracting foreign direct investment. The corporation also intended to improve its own operations and tools to enable job creation. This would be achieved by, among other things, moving towards an approach

where the corporation would get involved in "mega projects" where downstream development occurred.

IDC economic development manager Riaan Joubert said that for this to happen, fundamental issues such as the lack of a credible common economic policy, a rigid labour market and uncertain economic growth prospects would need to be addressed.

The corporation's development advisor, Flip Kotze, said SA had the potential to host labour-intensive industrial development. The country had a good labour supply, adequate physical infrastructure and business costs, including salaries, were internationally competitive.

Kotze said SA needed more jobs to increase domestic expenditure and to raise the export-based growth of 3% per annum of the gross domestic product to a job-creating 4,5%.

# SADC calls on Savimbi to end conflict

SWAKOPMUND — The Southern African Development Community has placed the responsibility for taking steps to end the renewed conflict in Angola on Unita leader Jonas Savimbi.

SADC leaders, in a communique after a special meeting on Angola, urged Unita to stop prolonging the suffering of Angolans. Savimbi and Unita should comply with the provisions of the Lusaka peace protocol and United Nations (UN) Security Council resolutions.

Their call coincided with a move by the European Union (EU) to impose sanctions against Unita for failing to implement the peace accord.

The 14 SADC leaders called on Savimbi to go to Luanda immediately and play a constructive role in the recon-

struction and development of Angola.

They expressed support for the government and encouraged it to maintain national unity and reconciliation.

The leaders were committed to doing what they could to ensure that the peace process was speedily completed. Countries in the region said they would work together to ensure their territories were not used as springboards to destabilise Angola.

The SADC called on the international community to help ensure the speedy implementation of the Lusaka peace protocol and UN resolutions.

The EU sanctions include bans on imports of Unita's diamonds and on the supply of petroleum products to Angola other than through certain entry

points. The EU will also freeze all financial assets held outside Angola by Unita or by its senior officials. The EU move came after similar UN sanctions.

An EU official said the original decision to impose sanctions was taken on July 3. "This is an implementing decision. It is against those who are standing in the way of the implementation of the peace agreement."

The last two months have seen an increase in armed attacks following a collapse in negotiations after Unita resisted disbanding its troops or surrendering territory to the government. Both sides are reported to be mobilising for full-scale war. — Sapa, Reuter.

Comment: Page 11

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# R1,5-bn to create 7 000 jobs next year

(173)  
THE Industrial Development Corporation said yesterday it would invest at least R1,5 billion to create more than 7 000 jobs in the 1998-99 financial year.

At a news conference in Johannesburg, the Government's industrial development arm expressed concern at the jobless growth South Africa was going through.

IDC development adviser Mr Flip Kotze said the time had come for intellectual debates and theories on South Africa's unemployment to be matched by practice.

"South Africa still has to improve its incentive structure, especially for labour intensive export development, its labour skills, management, labour relations, and to narrow the gap between salaries and wages," Kotze said.

*Sowetan 29/7/98*  
"The coming year is going to be a bad one for the South African economy. There is not much optimism, with interest rates and inflation going up, but we hope that through our clients we will be able to create 7 000 jobs or more - given the right environment."

IDC chief executive officer Khaya Ngqula said South Africa needed to attract more foreign direct investment. This would have a ripple effect on the economy in general, and unemployment in particular. - Sapa.

(173)

# Millions for new jobs in W Cape

(173)

ALIDE DASNOIS

BUSINESS EDITOR

ARG 30/7/98

A chunk of the R1,5-billion the Industrial Development Corporation has set aside for new job creation projects over the next year is likely to come to the Western Cape.

The corporation's development advisor, Flip Kotze, said yesterday this amount could be doubled if enough businesses came forward.

The corporation had R25-billion in assets and could raise as much money as necessary, he said. The corporation would concentrate its funding this year on more labour-intensive projects. About R800-million had been set aside for manufacturing industry, R400-million for emerging entrepreneurs, R200-million to R300-million for agro-business and up to R60-million for tourism.

The money would be made available as loans or as equity in joint ventures with private sector partners.

RUSSIA. and investment would be...  
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# Agency sets up R80m jobs programme

BD 30/7/98

(173)

Reneé Grawitzky

A PROGRAMME worth R80m to promote job creation and rural economic development has been set up by the Mineworkers' Development Agency.

The project, a key aspect of the National Union of Mineworkers' (NUM) vision for a social plan in the mining industry, would be funded by government, the private sector, foreign donors, mineworkers and their investment company, agency CEO Kate Philip said yesterday. The agency is the development arm of the NUM.

Anglogold will be the first mining company to contribute to the programme. It has agreed to channel a portion of a R6m fund to finance the

establishment of a regional development centre in Kokstad in the Eastern Cape. Philip hoped other companies would follow suit.

Anglogold was also considering a funding proposal to set up a centre in Mozambique, she said. Steve Lenahan, Anglogold's executive officer for labour relations, said the company had set aside funds to assist retrenched miners to find alternative employment.

He said it made sense for Anglogold to get into some kind of partnership with the agency to administer funds to help retrenched workers, given the agency's success.

Philip said the programme was mainly a rural self-employment strategy which entailed setting up a net-

work of 15 regional development centres in rural areas where most of the mines' labour force came from.

The centres would be based on the model used by the agency, which had set up four centres, including the Mhala development centre in Mpumalanga, which won the first national presidential award for community initiatives earlier this year.

The centres would not only act as business and technical training centres, but would also provide economic services to trigger local economic activity. They would provide raw materials to budding entrepreneurs and would operate out of underutilised facilities belonging to the Employment Bureau of Africa.

Key Market Movements — 28/7 to 29/7



# Small projects go a long way

Sarah Bullen

**T**he sheer magnitude of South Africa's unemployment statistics is daunting. More than 29,3% of South Africans are unemployed. Nearly 47% are stranded in the abyss of poverty four years into the democratic era.

These figures, and the pressure of a looming election contest, were what led President Nelson Mandela to pitch "jobs, jobs and jobs" at the opening of Parliament as the top priority for 1998.

The figures sparked a rush of government-led job creation programmes, with the aim of denting the numbers and offsetting the hopelessness with a new set of numbers of jobs created before 1999.

But the figures on both sides of this equation mask the personal tragedies and triumphs

in the field of unemployment and job creation.

NGOs work differently. Grassroots projects and interaction with poor communities brought home the tragedy of joblessness long before the official response, and NGOs working in job creation have no means of quantifying their successes within the smaller, wider and deeper goals of income-generation and self-sufficiency.

Ask the sector how many jobs they have created and they point to hundreds of NGOs targeting everyone from postgraduate job-seekers to the homeless, perpetually jobless and the desperate through projects funding small-business development and providing loans, skills training and adult education. They point to people like Vosayini Mnu kwa, who shares a tiny shack on site 17 in Lusaka, Nyanga, one of the largest townships on the Cape Flats, with her unemployed son and three grandchildren.



Queuing for jobs: More than 29,3% of South Africans are unemployed, and nearly 47% are stranded in the abyss of poverty four years into the democratic era. PHOTOGRAPH: MADINE HUTTON

As part of an outreach programme run by urban agriculture and greening project Abalimi Bezekhaya, Mnu kwa used the support of the Neighbourhood Gardens Group in Nyanga to upgrade a small vegetable garden on her plot.

Provided with training, support and access to seedlings and manure by the Nyanga Garden Centre, Mnu kwa expanded her vegetable garden and diversified her crop by planting fruit trees.

With the money she made from selling some of the vegetables, Mnu kwa has bought herself a brand new sewing machine for R290. She now makes clothes for her family from scraps of cloth and has begun selling clothes to her neighbours.

Sydney Mtakati is another example of the kind of incremental human progress NGOs have assisted. Mtakati obtained a loan of 15 tons of manure from Abalimi in 1994, set up a manure depot in his area of Khayalitsha and began hawking the manure to the township's wealthier suburbs. He started his deliveries using a supermarket trolley and when the volume increased, he hired a van from a friend.

By mid-year he was selling 15 tons a month, had repaid his initial loan and was making a profit on his sales. Mtakati's eyes, however, were open to further opportunities and he identified a need for a lawn-mowing service in these suburbs. With a R460 deposit saved from his manure sales, he raised a R2 200 loan and bought a weed-eater. Once the loan is paid off, Mtakati plans to buy a lawnmower.

Abalimi, through its various outreach programmes, supports 10 000 individual home food growers throughout the townships, most of them women desperate to put food on their tables.

The metamorphosis of both Mtakati and Mnu kwa highlights

the essential problem of quantifying results of such small-scale projects: on the one hand you have a grand scale of need, on the other the personal stories — a continual anomaly with which any "job creation" initiative has to contend.

"You do not need to go out and create an army of jobs — you need small initiatives that go a long way," says lone Burke, former chair of For the Advancement of Adult Education.

Nicholas Cole, director of the Southern Cape Herbarium, has seen the effect of creating a standard botanical garden within the Melkhoutfontein community in Stilbaai on the Garden Route. Targeting tourists, the project has acted as a catalyst for a number of jobs.

By training members of the local community to guide tours around the garden, and encouraging others to collect and grow and sell indigenous plants, a rising percentage of the community is now involved in the garden.

A small craft market of local wares has sprung up outside the garden, and a refreshment stand caters for visitors. The herbarium is essentially empowering people to create jobs for themselves. Quantify the direct jobs created, however, and you get only three.

Once the darling destination of international funding, the South African NGO sector is now facing a cash crunch as benefactors find sewage installation and artisan training less glamorous than crusading against apartheid. The dearth of funding has forced NGOs to find a niche, like Abalimi and Scherb, which targets green organisations.

The funding crisis has also forced initiatives to move from the grant mentality to focus on offering a financially viable service. It also means the ownership for success needs to shift from the organisation to the individual.

There is now a strong move within the NGO sector to steer away from giving grants to finance business initiatives, to providing loans. Grants simply have not worked, according to Kagiso Trust chair Thabiso Radsomo. As soon as the grant money runs out, the businesses collapse.

By creating the Kagiso Trust Small Business Enterprises, a funding vehicle that will run loan schemes, Radsomo hopes to transfer accountability to the borrower and to instill the imperative that the business needs to be financially viable.

Steven Friedman from the Centre for Policy Studies says NGOs are involved in big ideas, on a small scale, with the hope that pilot projects will deliver and be taken up by government.



THE  
SOUTH AFRICAN  
DEVELOPMENT DIRECTORY



1998 / 99

REQUEST FOR INFORMATION

## P • R • O • D • D • E • R

In November 1998 the Programme for Development Research (PRODDER) at the Human Sciences Research Council (HSRC) will publish the new edition of its biannual development directory which focuses on South African development organisations.

The objective of this publication is to support the South African development process with a comprehensive overview of the activities of the country's development roleplayers. It is a source of information which is widely used by all who are involved in the development process.

Organisations to be covered include NGOs, CBOs, government departments, research institutions, corporate social investment (CSI) departments, development corporations and international funding agencies.

A Geographical Information System (GIS) dimension to this publication will enable all end-users to have a better understanding of the spatial distribution of NGOs and the issues they are addressing, while the directory will also be made available on the Internet.

All South African development-related organisations are requested to submit information on their activities for inclusion in the PRODDER Directory by Friday, 21 August 1998.

Directory questionnaires are available from the PRODDER office in Johannesburg.

PRODDER: The South African Development Directory 1998/9 is compiled in conjunction with the South African National NGO Coalition (SANGOCO).

# Job statistics provide some hope for govt

Greta Steyn

BD 3/8/98

(173)

THERE was a surprise increase in the number of jobs in the manufacturing and construction industries in the first quarter of this year, according to the Central Statistical Service (CSS).

As the jobs summit nears, there will be increasing emphasis on official statistics showing the extent to which the formal economy is able to create jobs without government intervention.

Economists said an improvement in official statistics would take some of the heat off government, which had been on the defensive as it became clear the employment targets in the growth, employment and redistribution strategy had been overly ambitious. The strategy projected the creation of 246 000 jobs this year — against expectations of an actual decline in employment.

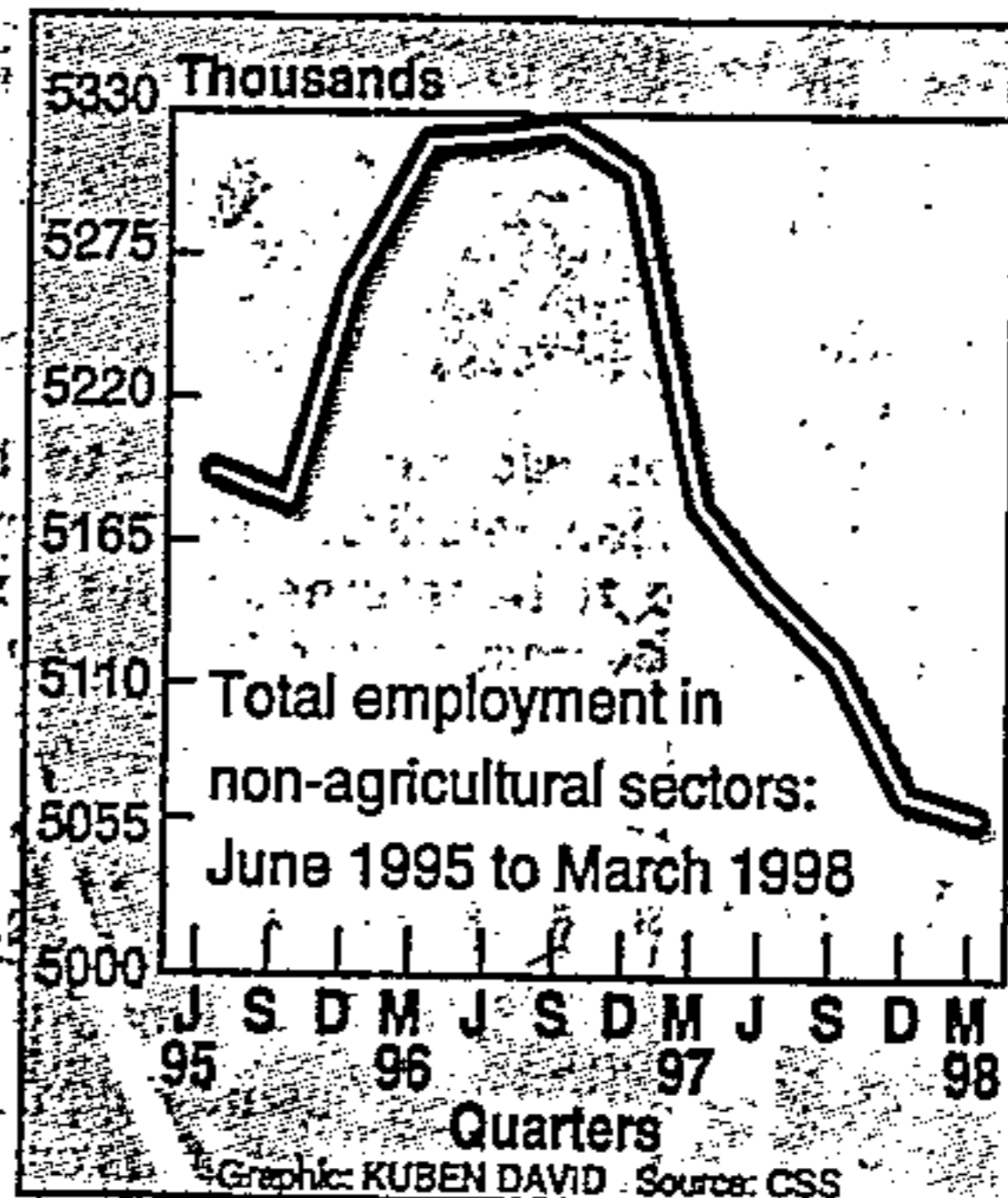
The figures for the first quarter show a small overall decline in employment from December last year, but in some sectors there was a gain in employment and in others a big fall.

The CSS has overhauled its employment statistics to comply with international standards, and Friday's figures were the first revamped numbers to appear for the economy as a whole.

The CSS said there was a small quarterly increase of 0,6% in jobs in the manufacturing sector and a rise of 2,8% in the number of employees in the construction sector. In both cases the increases are off a low base and economists were wary about reading too much into the improvement.

One economist said it was possible that large, once-off job shedding in the

## Non-farm jobs



manufacturing industry was coming to an end as companies completed their plans to become more internationally competitive. Others, such as the Bureau for Economic Research's Pieter Laubscher, disagreed. He said the bureau's surveys showed there was little hope for meaningful job creation in the manufacturing industry.

The figures showed the economy as a whole recorded its sixth successive quarterly fall in employment in the March quarter. The figure was encouragingly small; however, with the number of jobs lost coming to 7 960.

Year on year, however, the picture looks worse as substantial numbers of jobs were lost last year. There was an annual decrease of 109 976 jobs in the

Continued on Page 2

## Jobs data

Continued from Page 1

year to March, bringing the total number of employed people in the formal economy to 5,06-million.

Despite the steep decline in the year to March, the overall wage bill still rose by a fairly substantial 10,1%.

The CSS said it had replaced 17 discrete monthly and quarterly surveys

by two new surveys, each addressing a particular but integrated aspect of the labour market. Friday's data — on total employment and earnings — collected 24 data items including the number of employees on the last payday of the quarter and total gross salaries and wages paid in the quarter.

A separate survey on average monthly earnings, collecting 89 data items, came into operation in May and would be important for economists and policy makers, the CSS said.



# It's a double jobs bonanza 300 000 posts on way in tourism,

CLIVE SAWYER AND CHARLES PHAHLANE  
Political Staff

Government proposals for the presidential job summit include bold initiatives linked to the tourism industry and the emerging new defence force, which could soon create more than 300 000 new jobs.  
Briefing journalists and diplomats in

Cape Town yesterday, Environmental Affairs and Tourism Minister Pallo Jordan and Defence Minister Joe Modise lifted the veil on some of the Government's plans.  
Dr Jordan said the proposals included an empowerment programme, involving advice and funding aimed at helping community groups and new entrants get involved in tourism.  
The Government plans to supplement

training for the tourism industry to fill gaps left by existing training establishments.  
A programme to improve tourism infrastructure will allow local government to ask the Government for financial help in improving visitor attractions and facilities.  
The Government also intended using underdeveloped state-owned conservation areas to boost private sector investment and opportunities for community participation.

It would provide tourism development incentives to encourage job creation, community shareholding and investment in underdeveloped areas.  
The Western Cape, as the country's prime tourist destination, stands to benefit most from the initiatives.  
Dr Jordan said more than 600 000 people were employed directly in tourism. The department's strategy aimed to increase this

number to 860 000 by 2000.

Foreign exchange earnings from international tourism had exceeded R20-billion for the first time last year.

In his parliamentary briefing, Defence Minister Joe Modise said the system of offsets in the acquisition of weapons by the SA National Defence Force would be used

To page 3

SA sets up arms sales for jobs deal  
From page 1  
ARU 4/8/98  
(173)  
towards the creation of 30 000 to 60 000 new jobs in the next few years.  
He said the offsets - where South Africa buys weapons from a country on a promise that the seller will spend an equal amount on job creation in South Africa - were made up to more than a rand for rand exchange.  
The Defence Ministry would not say how much it would cost to acquire the weapons, but independent estimates are that the Government will spend about R12-billion.  
"It is an extraordinary tender that will enable us to assist government in addressing some of the acute problems facing this country," Mr Modise said. "The key factor facing this government is the creation of jobs. In acquiring equipment there will be offsets which should be directed at jobs and technology transfer."  
Ron Haywood, chief of Armscor, said South Africa was being "paid to buy" because it gave the seller countries opportunities to enter into the Africa market.  
Global cutbacks in defence spending made the world armaments market a "buyers' market" and strong competition was driving down prices, opening up opportunities for offsets.  
Also, "Madiba magic" was boosting South Africa, since seller countries wanted to help us develop.  
Mr Modise said South Africa was able to drive a hard bargain and insisted that the investments that these countries made should be profitable for these countries.  
"Only when they invest in profitable ventures will jobs be created."

defence  
4/8/98

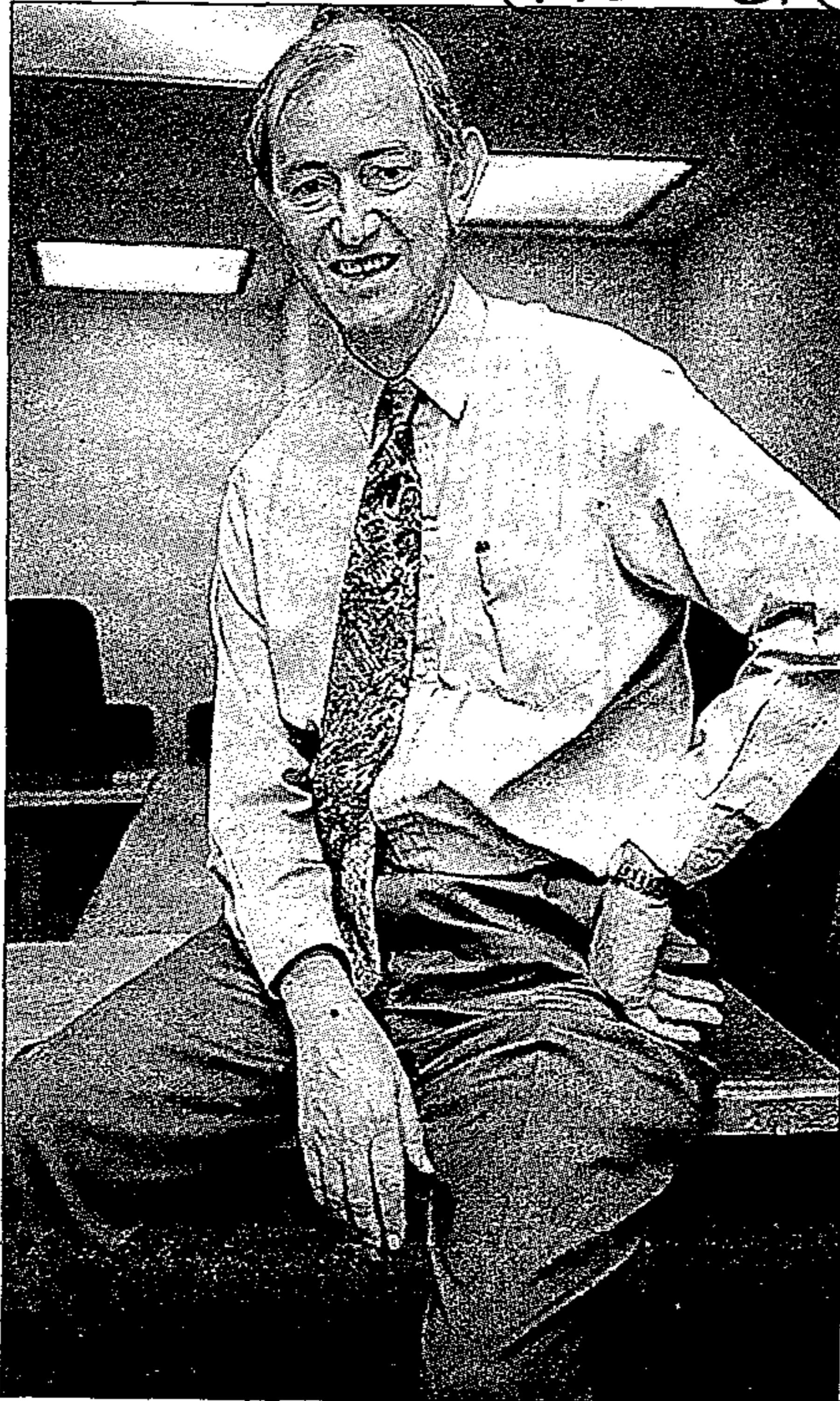
**JOB SUMMIT** *Committee's input document nears completion*

# Agreement 'soon', says Nedlac

(173) CT(BR)4/8/98

FRANK NXUMALO

LABOUR EDITOR



**INTO THE BREACH** *Alec Erwin has taken over the political leadership of the preparations for the jobs summit*

PHOTO: SEIWYN TAIT

Johannesburg — Government, business and labour representatives on Nedlac's supervisory structure, set up to co-ordinate preparations for the presidential jobs summit, were on the verge of agreement on a Nedlac input document, the department of trade and industry said yesterday.

The document will help set a date for the summit.

Alec Erwin, the trade and industry minister, took over the political leadership of the preparations for the summit last month from the department of labour when Tito Mboweni, the former minister of labour, was appointed governor-designate of the Reserve Bank.

"We are not far from an agreement at Nedlac," said Themba Rubashe, the department's director of communications. The department would meet the community constituency, including representatives of the unemployed, for the last time on Friday.

Wendy Dobson of the Nedlac secretariat said the document could be finalised within a couple of weeks, but the Nedlac partners obviously would take as much time as the government would give them.

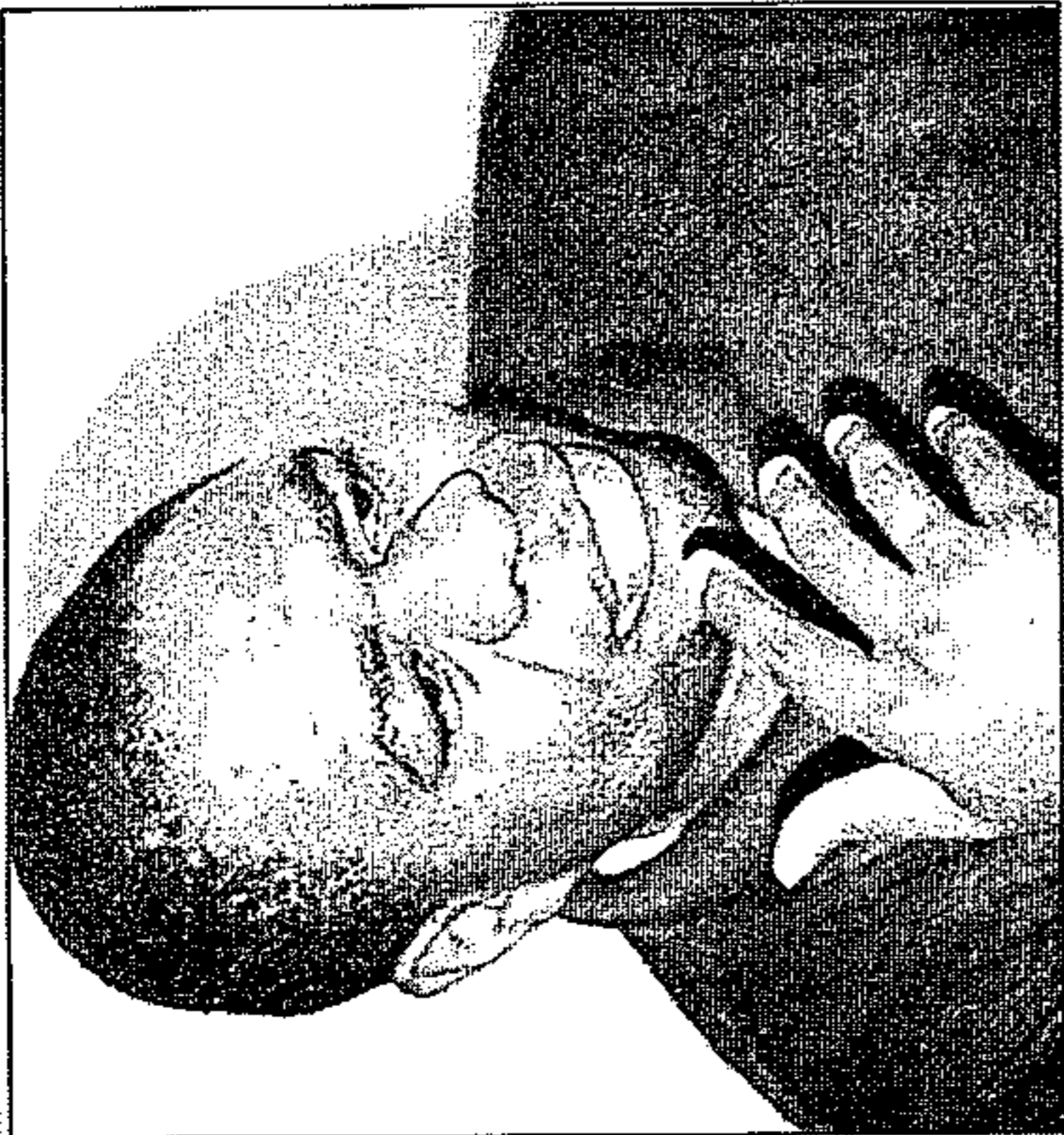
# Full employment key to stable economy

(177) Sowetan 4/8/98

By Mzwakhe Hlangani

THE SA economy is fundamentally not a labour-absorbing one. A coordinated and ambitious policy programme is a requisite for addressing key constraints in this area.

Congress of South African Trade Unions general secretary Mhazima Shilowa told a business gathering that the ongoing unemployment crisis could be addressed through challenging and transforming current economic power relationships. The economy should be developed to



Congress of South African Trade Unions general secretary Sam Shilowa.

reach and sustain full employment. Addressing a Finance Business Week breakfast recently, he made it clear that the principal objective was full employment and "where unemployment occurred, a guaranteed living income must be implemented".

"Macro-economic policies must encourage employment growth by facilitating the implementation of the appropriate industrial, investment, labour market and public sector policies."

This would entail the need to maintain and expand demand for domestically produced goods and services, meet increased demand through an expansion of production, which in turn would generate new jobs and stimulate demand by lowering interest rates, pursuing redistributive fiscal policies and develop effective strategies to boost exports.

The structure of the public service, he said, needed to be changed to improve the quality of public employment. Employment equity policies within the public service should also serve as a model for the rest of the economy.

## Market inflexibility

"The misconception that a key problem facing the SA economy is labour market inflexibility is an attempt to turn the clock back, remove basic rights and the protection of workers. It will lead to the exploitation of workers as well as entrench the notion that global competitiveness could be achieved only through the use of child labour and the suppression of worker rights."

"The concept of flexibility also needs to be explored to ensure it is not achieving the opposite of what is intended. For example employers in South Africa often confuse government intervention and regulation with rigidities, and deregulation with flexibility."

"The reality is that effective targeted intervention is needed here to overcome many of the inherited rigidities that retard economic development and introduce dynamism where there is stagnation."

"Failure to do this will lead to an economy trapped within the same structural constraints."

Shilowa, who also believes that high interest rates inflate SA debt repayments, proposes "pay as you go", as another creative approach the government could explore to deal with interest rate problems.

## Public expenditure

A carefully targeted programme of expanded public expenditure, particularly on capital investment, could play an important role in promoting faster growth, broadening of tax base, and thereby creating a virtuous cycle.

"A contrast to the gloomy picture of job losses and jobless growth is that profitability has been improving, particularly since the democratic elections. In 1994, the operating surplus of incorporated businesses was 12,6 percent of gross domestic product (GDP) and the total income of incorporated businesses was 28,7 percent of GDP."

This increase in profitability was made possible by the fact that the productivity of workers had increased faster than wages during this period.

"What is clear though is that these productivity increases have not translated into substantially higher levels of investment and new jobs at a living wage, but have simply supported the recent jobless growth in the economy."

Turning to industrial policy formulation Shilowa proposed that industries that can serve as engines for job creation in South Africa need to be identified.

# Development of tourism to be linked to job summit

Star 4/8/98

(173) (173)

BY CLIVE SAWYER

Cape Town – Government proposals for the presidential job summit include a series of bold initiatives linked to the growing tourism industry, which it plans to use to create a further 200 000 jobs by the year 2000.

Briefing journalists and diplomats in Cape Town yesterday, Environmental Affairs and Tourism Minister Pallo Jordan said the proposals included a special empowerment programme aimed at helping community groups and new entrants to get involved in tourism.

The Government also plans to supplement training for the tourism industry to fill gaps left by existing training establishments.

A programme to improve local tourism infrastructure will allow local provinces to obtain financial help from national government for improving visitor attractions and facilities.

The Government intended using underdeveloped state-owned conservation areas to boost private sector investment and community participation.

Also planned was a special domestic tourism and travel campaign.

A special heritage tourism campaign would be developed to showcase African heritage using the arts.

The Government would provide a portfolio of appropriate tourism development incentives to encourage job creation, community shareholding, investment in underdeveloped areas and sustainable management.

Jordan said some jobs would be created directly, while in fields like

transport, crafts, various service sectors and the culture industry, there would be indirect job-creation. Much of this would be done through small, medium and micro enterprises. "We want to see tourism making a difference, and we are certain it can," he said.

Current estimates were that more than 600 000 South Africans were employed directly in tourism. The department aims to increase this number to 860 000 by 2000.

Jordan said international experts had had "nothing but praise" for South Africa's performance in the past few years.

South Africa now ranks 26th in

## Both direct and indirect job-creation envisaged

world tourism, compared to its 1990 rating of 55th.

Foreign exchange earnings from international tourism had exceeded R20-billion for the first time, and visitors totalled 5,4 million last year, including 4 million from Africa.

Factors contributing to South Africa's success included improvements to the country's international airports and hotels, and various campaigns by the SA Tourism Board.

But the experts agreed that two major weaknesses were Sator's inadequate marketing budget and the problem of safety. – Parliamentary Bureau

# Labour, business, govt to submit job creation ideas

Reneé Grawitzky

(173)

LABOUR, business, government and community representatives are expected to submit short-term job creation proposals and programmes to the National Economic, Development and Labour Council today as part of the council's preparations for the presidential job summit.

The submissions follow a request from the government's chief negotiator, trade and industry minister Alec Erwin, earlier this week, asking the parties to come up with creative proposals for the summit.

Erwin's request was apparently intended to focus the debate on what can be

achieved in the short term.

Sources said it appeared that the current debate on the summit was not focused on policy areas.

Business is reported to be pleased that Erwin has tried to move the debate away from policy issues such as the growth, employment and redistribution strategy (Gear) to discussions on short-term achievable plans.

However, a labour source expressed unhappiness that government was not prepared to discuss Gear, and said labour would not agree to certain labour market issues until it did.

Congress of SA Trade Union (Cosatu) as-

PDD

7/18/98

sistant general secretary Zwellinzima Vavi however denied yesterday that government was trying to shy away from policy debates.

He said business only wanted to discuss matters which could be easily agreed upon while government had undertaken to discuss policy and structural problems in the economy before and after the summit.

Cosatu, he said, could not agree to short-term job creation projects which would only amount to "public relations tinkering".

Pieter Haasbroek, group Barlow Rand economist, said there had to be a "no-holds barred policy debate" during the summit as short-term public works projects were not sustainable in the long term.

# Jobs on the line as strike action (173)

## spreads ST (PT) 9/8/98 Government says it will review labour market flexibility if necessary

**T**HE strike action crippling SA's chemical and motor industries is set to continue this week, resulting in production and wage losses running into billions of rand and potential job losses. Analysts say the action is threatening to hit other sectors and is also weighing on foreign investor sentiment.

Car makers will lose about R130-million a day in sales while an estimated 21 000 workers will forfeit R4.2-million a day in wages during the "blown" strike by unions.

The strike by over 40 000 workers in the chemical industry enters its second week tomorrow with little hope that the dispute will be settled before Wednesday.

The Chemical Workers' Industrial Union and the National Petroleum Employers Association will meet on Tuesday to discuss the dispute.

Fuel sector spokesman Chris Clucas said that in view of severe intimidation and violence, employers did not feel inclined to improve their wage offer.

New Labour Minister Shepherd Mdladlana on Friday condemned unprocedural and violent dispute actions and said he was open to debate and if necessary amendments to the law on labour flexibility.

He said if legislation had to be amended following talks on labour market flexibility, "we will not run away from it". He added that government was listening to the concerns of a wide range of players.

Labour flexibility has become a political hot potato as economic growth slows and it becomes clearer that SA has no hope of meeting job creation targets as set out in government's Growth, Employment and Redistribution programme.

In his first three weeks in office, Mdladlana has witnessed more strike action than he would have liked. Motor industry employees on Friday joined what has at times been violent industrial action involving unions in the chemical industry. There is also dissatisfaction among rail workers and employees at Iscor, which plans to retrench 6 000 workers in the next three years.

The most significant aspect of the motor strike is its impact on export orders, especially the deal recently negotiated by VW for the production of 68 000 Golfs for the UK over 18 months. The contract has a tight delivery

schedule. The VW deal is worth R5-billion and when at full tilt, will require the production of a new car every six minutes.

A legal strike was initiated by the National Union of Metalworkers of SA (Numsa), which declared a dispute with the Automobile Manufacturers Employers Association (Ameo). This was subsequently referred to the Commission for Consolidation and Arbitration (CCMA), but was not resolved.

Numsa has proposed a three-year agreement based on the inflation rate plus 2% in 1999 and 2000. Ameo, having increased its initial offer from 6.5% to 8% for hourly paid production workers and to 7.5% for artisans, insisted that wages be linked to the CPI.

Andrew Levy of industrial relations group Andrew Levy & Associates says it is too early to establish how many days have been lost to the strike in the past weeks, but at least

40 000 chemical workers have been out for a week, and 21 000 motor workers began their strike on Friday — resulting in a loss of at least 220 000 days in the week.

In the first six months of this year, just 310 000 man-days were lost to strikes. National Association of Automobile Manufacturers of SA (Naamsa) head Christoph Köpke says the biggest priority facing SA is the total lack of jobs being created. He says the job summit is doomed to failure without a common vision between labour, business and government.

"A total focus on exports could compensate for the lack of domestic demand and assist in much-needed economic growth. Every step taken to jeopardise export initiatives will jeopardise not only new job creation, but threaten existing jobs as well.

"I am deeply concerned that the current dispute (in the motor industry) will neg-

atively affect employment in the longer term and that this will be to the detriment of all South Africans, especially the unemployed," says Köpke.

Brian Smith, human resource director at VW and Ameo chairman, says the production of Golfs is now in the build-up stage and only one shift is being worked. A second shift will begin at the end of this month and a third shift in September.

A two-week stoppage would be critical, but not serious at this stage. "The message it is sending overseas, however, is bad," Smith says.

The chemical industry has also been battered by strike action which has affected deliveries of petrol and could, in time, have an impact on the mining sector.

Levy adds that with the current poor economic conditions, the disputing parties will probably not allow strike action to last too long. — *Business Times Staff*

Picture: TERRY SHEEN



STRIKING AT THE HEART... About 21 000 workers will forfeit R4.2-million a day in wages during the strikes

# Jobs on the line as strike action <sup>(17)</sup> spreads <sup>(17)</sup>

ST (PT) 9/8/98  
Government says it will review  
labour market flexibility if necessary

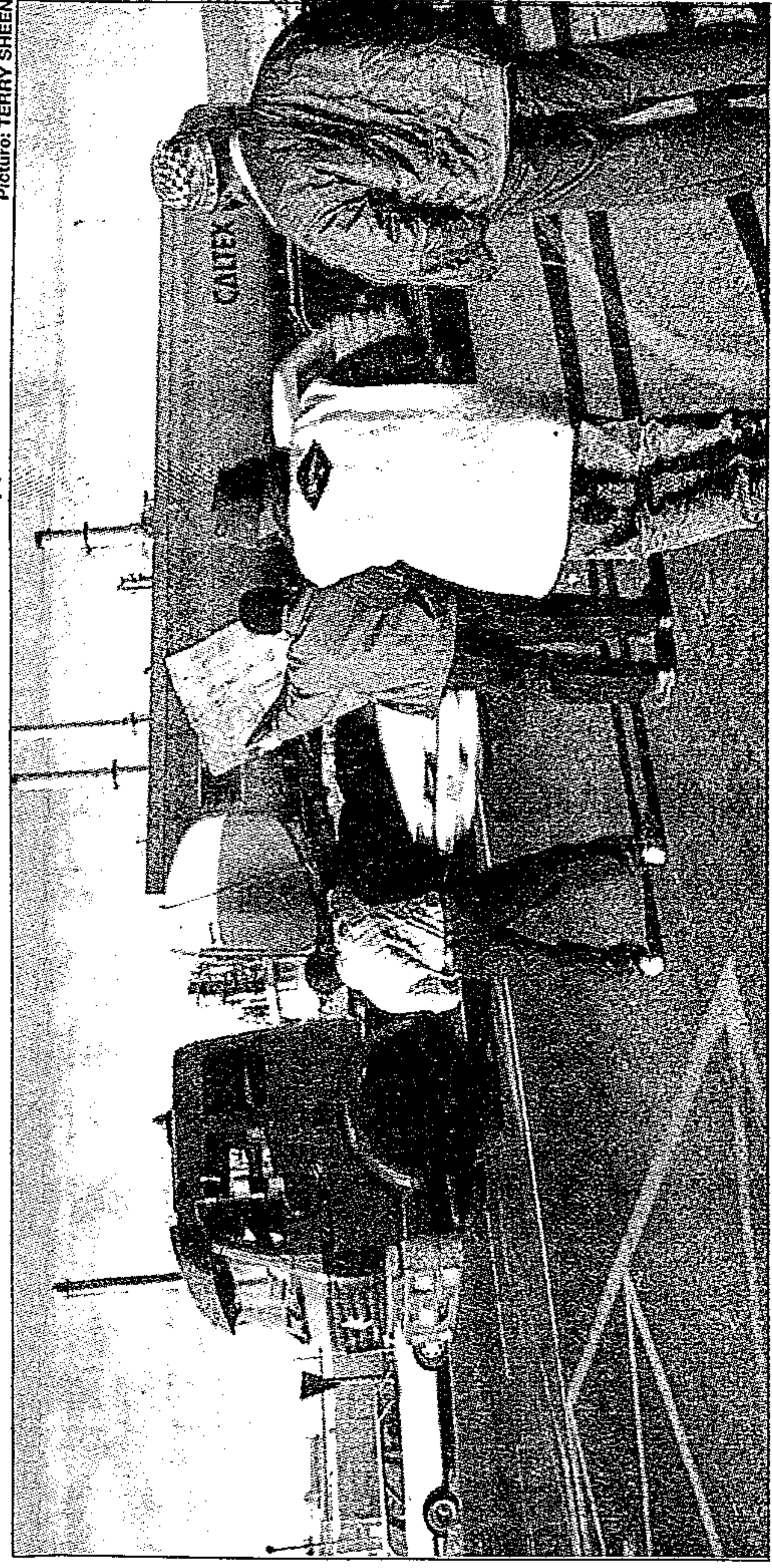
**T**HE strike action crippling SA's chemical and motor industries is set to continue this week, resulting in production and wage losses running into billions of rand and potential job losses. Analysts say the action is threatening to hit other sectors and is also weighing on foreign investor sentiment.

Car makers will lose about R130-million a day in sales while an estimated 21 000 workers will forfeit R4.2-million a day in wages during the what has been called a "full-blown" strike by unions. The strike by over 40 000 workers in the chemical industry enters its second week tomorrow with little hope that the dispute will be settled before Wednesday.

The Chemical Workers' Industrial Union and the National Petroleum Employers Association will meet on Tuesday to discuss the dispute.

Fuel sector spokesman Chris Clucas said that in view of severe intimidation and violence, employers did not feel inclined to improve their wage offer.

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# Ultimatum on stalled jobs summit

ESTELLE RANDALL  
POLITICAL CORRESPONDENT

Labour Minister Shepherd Mdladlana has warned that if the jobs summit was not held by next month, the Government could be forced to carry on alone and implement its own job creation programmes.

Further delay could cause the summit to lose impact and credibility, Mr Mdladlana said.  
"If the others are not going to go forward," Mr Mdladlana said, "the Government will proceed with the

programmes it has developed."

The Government's programmes, contained in its own proposals for the summit, include various job creation initiatives in the tourism, agriculture, trade and small business sectors.

Mr Mdladlana said it appeared business and labour were committed to the summit, but if unnecessary delays occurred, "the Government would have to govern".

The drive to finalise preparations for the summit comes at a time when key industries have been hit by high-profile strikes.

But Mr Mdladlana denies the strikes have affected summit preparations and argues they are a normal feature of annual wage negotiations.

He said a meeting this week - with religious, women's and non-governmental organisations not represented in the National Economic Development and Labour Council (Nedlac) - would help to raise "the consciousness of business and labour about the urgency of the summit".

Up to now, most of the preparation for the summit has taken place in Nedlac, where the Government, organised business and the trade

union movement are represented.

Eddie Webster, director of the sociology of work unit at the University of the Witwatersrand, echoed the view that this week's strikes were merely part of the "strike season".

But he suggested they raised the issue of the need for a broader pact between the Government, business and labour over regulation of prices, wages and ways to boost basic services for ordinary people.

The idea of such a pact was mooted in the original proposal for the summit but is not on the agenda of current preparatory discussions.

(173)  
ARU 10/8/98



# Agricultural job creation a 'low cost investment for big business'

~~Josey Ballenger~~ (173)

BIG business could spend as little as R3 000 a person to create a self-sustaining job in agriculture, the Peace Gardens, a corporate-sponsored initiative, said at the weekend.

Peace Gardens chairman Mike Zingel, who spoke at the initiative's annual awards ceremony, said companies such as Nestlé could spend R50 000 to R100 000 to create jobs in the formal sector. The alternative was to invest a few thousand rands to create a job in the rural areas. All that was needed was capital for seeds, garden tools, fencing, fertiliser and pest control, provided land was already secured. Training in food gardening could come from a variety of sources.

Nestlé, in conjunction with the Women's Bureau of SA, was honoured for improving food security and reducing malnutrition in a Western Cape community. Thirteen other awards were presented to nongovernmental organisations Food Gardens Founda-

BD 11/8/98  
tion and Afrida Co-operative Action Trust, schools, individuals and communities for similar projects throughout the country.

Nomvula Mokonyane, Gauteng's agriculture, conservation and environment MEC, highlighted the department's household food security and poverty-alleviation programme which assisted 20 community food-production units in townships including Tembisa, Dobsonville and Tembalihle in different stages of implementation.

More projects were in the process of being approved by the department and priority beneficiaries were unemployed youth and women, the elderly and the disabled, Mokonyane said.

The department assisted beneficiaries to produce food for their own consumption and to sell the surplus to earn income. It made resources available in the form of a once-off grant of R3 000 a beneficiary and provided skills in organisational development, production methods and entrepreneurship, Mokonyane said.

## Job summit date may be set soon

Reneé Grawitzky

(173)  
BD 12/8/98

THE date for the presidential job summit meeting could be announced in the next two weeks, with strong indications that the summit could be held towards the end of next month.

This followed a meeting of key government, labour, business and community negotiators yesterday in the National Economic, Development and Labour Council (Nedlac). The council denied that any stakeholders were trying to delay the summit and said all parties remained equally committed to a successful job summit and that "inferences that any party is delaying the process are unfounded".

Nedlac's denial comes in the wake of claims by a weekend newspaper that labour was placing obstacles in the way of the job summit meeting.

Trade and Industry Minister Alec Erwin said progress had been made but that there was a lot of work to be done and it would take some time.

Nedlac said the stakeholders had elaborated on their proposals in a bid to seek consensus.

Erwin asked the parties last week to table proposals on specific short-term job creation projects.

Most of the parties submitted their proposals yesterday.

Nedlac said more meetings between government and the various parties involved would be held.

The meetings would culminate in reports to the supervisory structure in Nedlac which would then prepare a co-ordinated programme for the job summit.



Alec Erwin and Jayendra Naidoo at yesterday's meeting on the presidential job summit.

Picture: ROBERT BOTHA

## Body for unemployed lashes out at govt

BD 12/8/98

(173)

Reneé Grawitzky

THE Unemployed Masses of SA — an organisation representing thousands of unemployed people in Gauteng — yesterday lashed out at government for failing to involve it in the presidential job summit and for ignoring numerous requests for a meeting.

Godfrey Debeila, the organisation's president, said government had failed to respond to urgent appeals to discuss the plight of the unemployed, despite three marches to the Union Buildings in Pre-

toria and numerous approaches to the labour department.

The claims were made yesterday during a meeting between the organisation and Democratic Party leader Tony Leon aimed at investigating ways to assist unemployed people and to look into job-creation initiatives.

Debeila accused government of lying when it said it had involved various unemployed organisations in the process leading up to the job summit.

Government only accommodated and "heard the voices" of

organised workers and those with skills, the organisation said.

Leon said often the voice of the unemployed was not heard. "At the parliamentary level I intend to focus more sharply on the concerns of the unemployed and to highlight their exclusion in hearings on labour legislation and from the forthcoming job summit", he said.

The organisation welcomed the DP's co-operation and willingness to meet to discuss areas of concern, which included a lack of access to micro loans.

# New approach to data might do the job

HERE seems to be few things one can say for sure about SA's jobs statistics. One certainty is that there is much debate; the arguments about the accuracy and interpretation of the employment data have not been settled. With the jobs summit coming up, the debate is likely to be aired again.

The Central Statistical Service (CSS), mindful of the criticism, is revamping its labour and wage data. Last week it released the first new set of data—a survey of total employment and earnings for the first quarter of this year.

Does CSS's revamp address questions of the reliability of the statistics? What do the latest figures say about SA's labour market, and how will they affect discussions about job creation?

On the face of it, the figures for the first quarter are encouraging. True, they still show a decline in overall employment, but it is a small decline of only 0.2%, or 7 960, since December. As the graph shows, the pace of decline seems to have slowed.

The second largest employer in the SA economy, the manufacturing industry, created jobs in the first quarter of this year, as did the construction industry. There were increases of 0.6% and 2.8% respectively from the last quarter of last year, raising hopes that the destruction of jobs in these sectors of the formal economy has at last come to an end.

However, it is not quite that simple. A closer analysis reveals that the figures do not tell us much about the underlying conditions in the labour market.

The picture could, however, become clearer after the next set of figures.

There is much controversy over employment in the construction industry. Subcontracting and casual labour resulted in CSS understating the number of construction jobs—something that is often trotted out as proof that CSS employment trends do not reflect the underlying situation in the

The Central Statistical Service, which has been criticised in the past for providing unreliable figures, has taken the first step towards improving its employment figures. However there is still a way to go, argues economics editor Greta Steyn

economy.

Surveys by the Building Industries' Federation of SA (Bifisa), done before the latest CSS release, showed CSS had understated the number of jobs in the industry by almost double.

Bifisa CEO Ian Robinson said direct employment in the industry was shrinking as independent subcontractors were taking up the slack. A lot of work had moved to "emerging contractors" in the informal sector, as people were seeking legal ways to circumvent the Labour Relations Act. Robinson said Bifisa had gathered data on the number of jobs in the building industry for Business SA to be used in its preparation for the jobs summit.

The question now is whether the rise in jobs in the construction industry reported by CSS in the first quarter is an actual increase, or whether it just reflects a change in the survey which is now picking up more people?

The new survey has changed the definition of employment, explicitly mentioning that casual employees should be included. CSS's chief director of economic statistics and surveys, Annette Myburgh says under the old definition, respondents were also supposed to include casual employees—although the old survey did not explicitly mention them.

"Respondents in the construction sector confirmed that the increase in the number of employees between December last year and March this year was mainly due to new contracts that were entered into during the first quarter of this year," Myburgh said. The rise in jobs could reflect the low-cost housing programme gathering momentum.

However, any excitement about the increase in jobs has to be tempered by the fact that the rise coincided with a change in the definition of employment. Obviously the new definition improves the reliability of the data, but it is not clear that it solves all the problems of measuring employment in the construction industry.

The new definition of employment specifically excludes "self-employed people such as subcontractors". This raises the question to what extent the CSS is capturing employment created by "emerging subcontractors" in the construction industry.

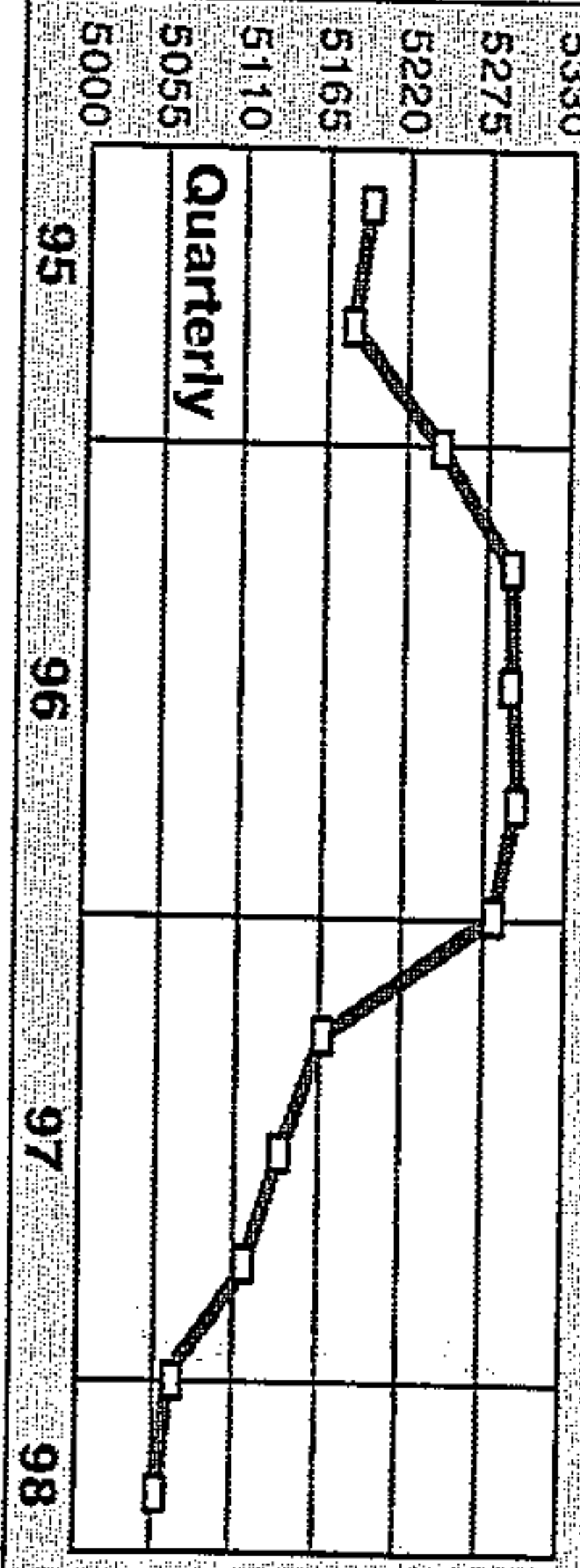
## Nonfarm jobs

### Employment distribution in the formal non-agricultural sectors

Sector	June 95	March 98
Financial institutions	0.8%	4.3%
Transport, storage and communication*	5.0%	5.0%
Construction	6.1%	9.7%
Mining and quarrying	9.7%	14.9%
Trade and accommodation services	14.9%	27.0%
Manufacturing	27.0%	32.2%
Community, social and personal services**	32.2%	

\*Beyond government, this sector is not fully covered in this labour survey. For example medical and dental activities in the private sector are excluded.

### Total employment in the formal non-agricultural sectors June 95 to March 98



Graphic: KAREN WOOLMAN Source: CSS

(173) Bd 13/8/98

for policymakers trying to get a picture of what the starting point for a strategy is. However, it is less of a problem if the changes in the CSS figures are indicative of the underlying trend.

The absolute numbers might be wrong, but if the direction they are moving in is right, then one has some useful information. It is not clear at this stage, however, that the CSS statistics on the construction industry can already play that role. That will only become clear as the revamped statistics evolve.

As far as the manufacturing industry is concerned, the small increase in the number of jobs in the first quarter has raised hopes that the long period of job-shedding, as SA industry geared up for global competition, might have come to an end.

The CSS, asked to explain the increase, said it was mainly due to seasonal factors. Sections of the manufacturing industry close during the Christmas holiday period, which affects the fourth-quarter figures.

Seasonally adjusted, employment in the manufacturing sector decreased 0.5% between December last year and March this year.

The fact that there was a seasonally adjusted decline in employment emerged only after inquiries were made at CSS.

Do the CSS numbers provide an accurate picture of employment in the manufacturing industry? Steel and Engineering Industries' Federation of SA economist Michael MacDonald believes the official numbers understate the situation. MacDonald says before the present downturn in the steel industry, output and turnover reached the same levels as the

early 1980s, yet job numbers continued shrinking. "Technology and imports cannot be the sole explanation. Part of the explanation must be that the real job numbers are not being reported."

He says the fact that the SA Revenue Service found that about 30% of companies were avoiding tax suggested huge under-reporting of employment. People who are not paying tax are not likely to report their staff numbers to the CSS. MacDonald says that apart from evading income tax, other reasons for failing to report employment data include evading the payment of payroll levies, unemployment insurance and sick pay.

There is apparently widespread fraud in unemployment insurance, with evidence of people substituting fixed employment for contract work and then claiming the insurance.

The new CSS employment survey should get a better response than the old one. It includes a "respondent friendly" shorter questionnaire instead of 17 "discrete, extensive long questionnaires" according to CSS. But with tax evasion rife, it might take more than a respondent-friendly questionnaire to arrive at the complete story.

With all the claims that the CSS figures do not reflect the true picture, there is a temptation to disregard the official numbers in favour of the latest trendy estimate. However, CSS has made a very good start towards providing better information. It is also preparing an accommodation survey that will provide information on tourism—regarded as a prime target for job creation. Also on the cards is a survey of average monthly earnings.

Reliable official figures on employment are vital. CSS, with no vested interests, must provide the data by which economic policies should be judged. Every effort should be made to help it produce better numbers.

The CSS has already taken a major step towards improving the credibility of its figures.



Key players behind the jobs initiative include Dave Brink, Cyril Ramaphosa, Saki Makozoma and Johann Rupert.

# Business in major job creation drive

(173)

BD 14/8/98

Reneé Grawitzky

BUSINESS is expected to unveil an ambitious job creation and education project today — costing more than R1bn — which is designed to signal its commitment to the new SA.

This is to be achieved through a business trust financed by a set share of companies' market capitalisation or after-tax earnings.

The initiative has been under discussion with officials in Deputy President Thabo Mbeki's office since March, and has been thrashed out in recent months primarily by a 15-man committee consisting of the chairmen and CEOs of some of SA's leading companies. They include Transnet's Saki Makozoma, Murray & Roberts' Dave Brink, New Africa Investments Ltd's Cyril Ramaphosa, Thebe Investments' Vusi Khanyile, Kagiso Trust's Eric Molobi, Avmin's Rick Menell, Premier's Doug Band, Rothmans International's Johann Rupert, National Business Initiative's (NBI's) Theuns Eloff and the SA Foundation's (SAF) Neil van Heerden.

The plan focuses primarily on creating jobs through the promotion of tourism and by boosting basic education programmes. Similar proposals were raised earlier this week by Business SA as part of its submissions to the presidential job summit.

The project's success depends on a "buy-in" from businesses through a contribution to the business trust.

Listed companies will be called on to contribute 0,15% of their market capitalisation to the trust. Unlisted companies will be asked for 2% of after-tax earnings.

Within this there is some flexibility in terms of how companies can make such payments. They could either make a minimum five-year annual cash contribution equal to 20% of their total contribution or a once-off issue of shares to the trust to the minimum value of their contribution.

The initiative is unusual in that it has the backing of white and black business leaders. It was hammered out against the background of initial tensions between and within the two business groupings.

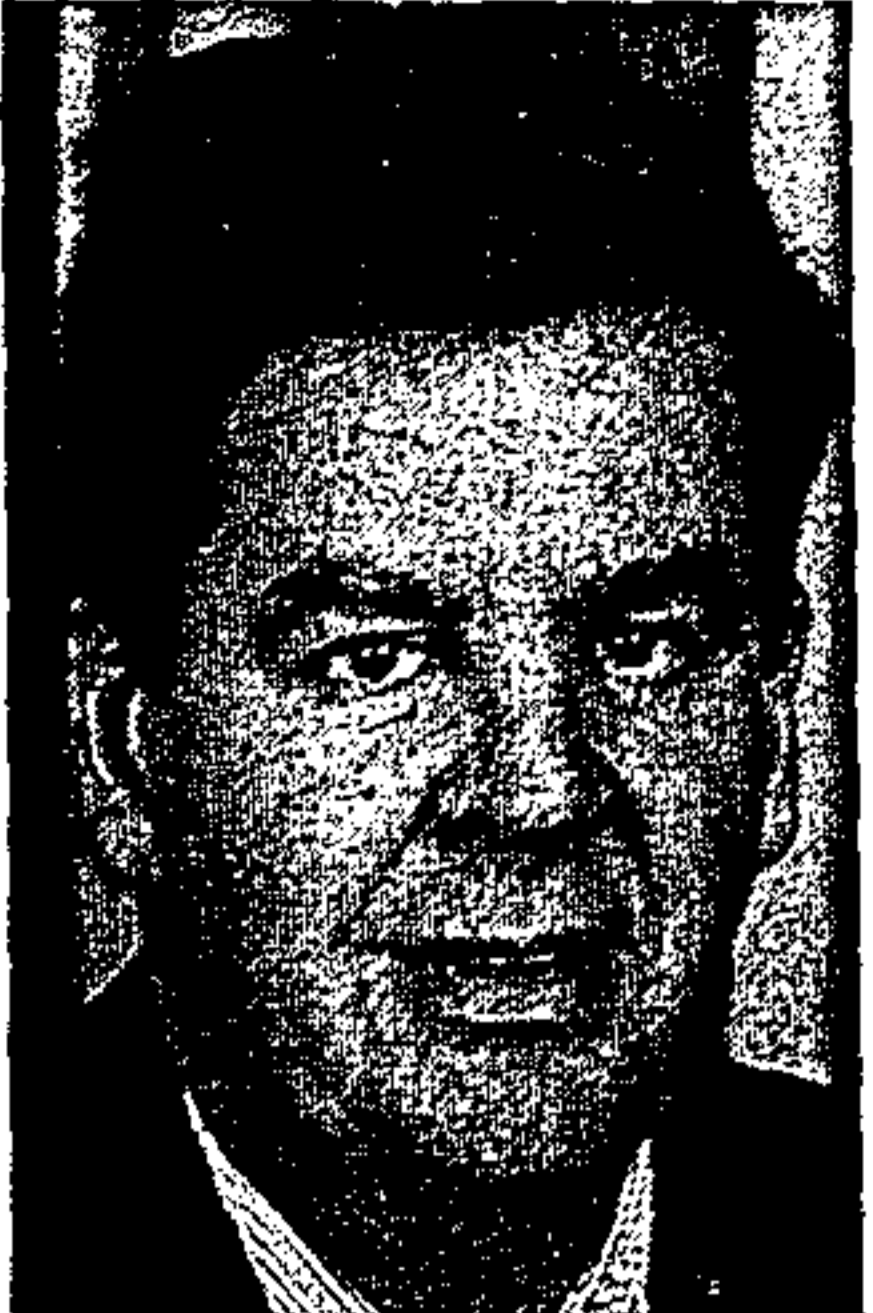
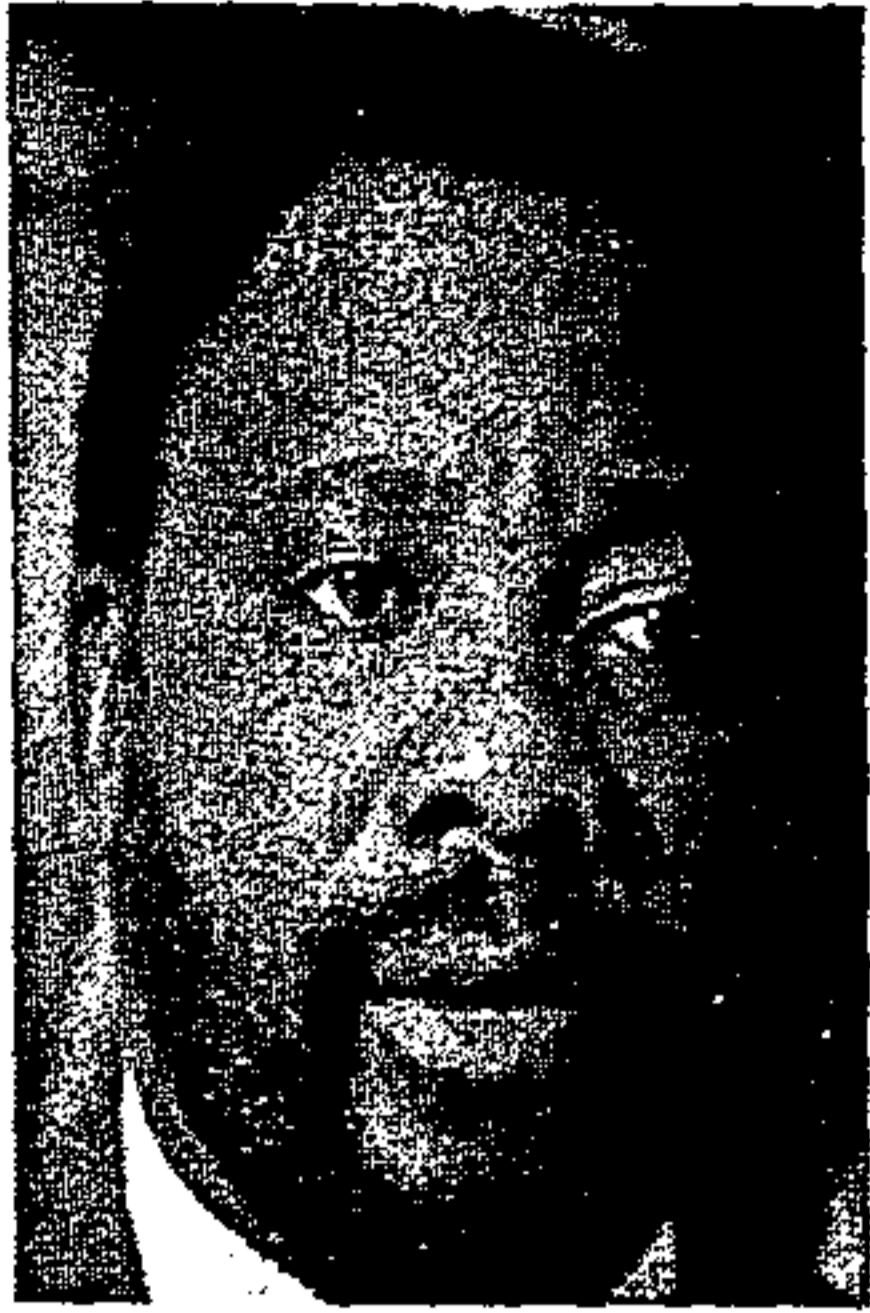
Business sources said the process of formulating the plan had facilitated closer ties between white and black business and between business and government. It also highlighted more clearly the cleavages between the old and new white guard in big business.

The initiative stems from separate moves towards the end of last year and the beginning of this year spearheaded by individuals in the SAF and NBI.

At the time there were growing concern in business circles about the deteriorating relationship with government and the tense relations between white and black businessmen. In addition, there were worries about rising unemployment levels.

Various business groupings began discussions with leading black businessmen. Out of these meetings a preparatory committee of representatives from black and white business was formed which began discussions with Mbeki's office.

Last week the NBI and SAF outlined details of the project to their members and urged them to participate in it.



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Unemployment at 11.1% in 1997

**B**USINESS has unveiled an ambitious initiative that will see it plough at least a billion rand into job-creation and education as a starting point in tackling South Africa's mammoth unemployment problem.

The scheme, hatched after months of negotiation between business leaders and government, aims initially to stimulate employment in tourism, which is seen offering the best opportunities for job creation.

The plan's success depends on a broad spread of SA business buying into the idea.

Most of the big names have already signed on in principle.

Amic chairman Leslie Boyd, who with Saki Macozoma announced the scheme on Friday, says members of the SA Foundation — comprising 50 of the largest corporations in SA — agreed in principle to the fund.

The fund, called the Business Trust for Job Creation and Human Capacity Development, is looking for support from a broad range of players, including all listed companies, unlisted companies, parastatals, mutual societies and other private companies, partnerships and trusts.

Listed companies will be expected to contribute 0.15% of their market capitalisation and unlisted concerns 2% of after-tax earnings.

Payment can be by annual cash contribution or a one-off issue of shares.

The Anglo group alone, which plans to pay 1% of its annual dividends, will be contributing more than R50-million a year.

Contributions are expected to be over and above any current corporate social initiatives.

Boyd warns, however, that the initiative will fall flat if government seeks to impose levies such as a wealth tax. He says business is already heavily taxed.

Although forward-looking, business hopes the initiative will go some way to redressing the perception in some quarters that business is a reluctant player in the new South Africa.

# Business digs deep to find R1bn for jobs

ST(BT) 16/8/98

Mandela endorses initiative which has the backing of 50 of SA's top corporations, writes ANDREW GILL

(173)

The most ringing endorsement of the plan came from President Nelson Mandela on Friday.

"The response of business has exceeded my wildest expectation." Business was always a willing partner when he asked for contributions, for instance to clinics and schools, he said.

The initial R1-billion worth of projects that the trust aims to develop will be increased if the scheme proves successful. It already has the support of a broad range of business groupings, black and white. These include the SA Foundation, The Black Business Council and the National Business Initiative (NBI).

The project will be put to a broad business caucus next month, and if broad support is found it could be in operation by the end of the year.

It is envisaged that the trust will be run primarily by business and led by the National Business Initiative.

"Preliminary indications are that the initiative could create tens of thousands of jobs and improve the quality of education for millions of people," says the business initiative.

Funds will be used to bankroll a small number of targeted projects that will help to create jobs



LESLIE BOYD

in tourism and improve education. The initiative seeks to complement, not compete, with government programmes.

The NBI's Theuns Eloff says he hopes the initiative will build higher levels of understanding and confidence between the government and business, and within the business community. "Such an initiative will also demonstrate the genuine commitment of the business community to the future of the new South Africa while supporting economic growth and social equity."

The initiative chose tourism because it is expected to create jobs faster than any other sector of the economy in the near future, with projections showing that it could generate up to 450 000 jobs by 2005.

Over the same period, it is estimated that the construction sector will be the second most intensive job creator, offering 60 000 jobs.

Three core tourism sector strategies will be followed:

- Stimulating international demand and developing a national commitment to the industry;
- Training to improve service levels; and
- Creating joint ventures between new and established firms, local communities and small suppliers.

Schooling was chosen because it supported human capacity development.

The focus will be on the efficiency, effectiveness and quality of basic schooling. A key issue to be addressed in education will be reducing the repeater rate at schools.

Other goals are more focused and effective further education and training in the last three years of school, and improvement in the quality of schools and the education system.

## TOURISM R1bn trust seeks business support for development

# '450 000 new jobs by 2005'

FRANK NXUMALO

ET(BR) 17/18/98

Johannesburg — About 450 000 jobs are expected to be created in the tourism industry by 2005 if a R1 billion initiative by the South Africa Foundation (SAF) and the National Business Initiative wins broader business support at a jobs indaba set for the middle of next month.

The SAF is made up of the country's 50 biggest companies.

The initiative, in response to the country's rising unemployment, seeks to establish a business trust for job creation and human capacity development.

The trust will be separate but complementary to the Industrial Development Corporation's R2,5 billion initiative and the presidential jobs summit.

On Thursday, the Central Statistical Services pegged unemployment at 22,9 percent using a method that only took into account those who had been actively looking for work four weeks prior to the survey.

That statistic is 14,7 percentage points lower than the 1996 figure, which was arrived at using the expanded definition of unemployment. The old method put joblessness last year at 37,6 percent, two points higher than in 1996.

When Tito Mboweni, the former labour minister, announced the government employment strategy framework in June, he said the country needed to create 250 000 new jobs to prevent a rise in unemployment and more than 350 000 jobs a year to absorb new entrants into the labour market.

"If broad support is found, the new initiative could be in operation by the end of the year," Leslie Boyd, the chairman of Amic, said last week at the scheme's unveiling. Amic plans to contribute R500 million a year, or 1 percent of dividends,

Boyd said invitations to the



**HIGH HOPES** Amic's Leslie Boyd hopes the new initiative will be in operation by the end of the year PHOTO: JOHN WOODROOF

caucus would be extended to all JSE-listed companies and major non-listed companies.

The initiative will also focus on education, to reduce the repeater rate, which the SAF said "robbed the system of up to 40 percent of its efficiency", and to improve effectiveness by helping to establish a viable

further education and training sector for grades 10, 11 and 12.

The plan will be carried out in partnership with the government, the tourism industry and other stakeholders. It has been endorsed in principle by the Black Business Council.

□ 47 Sauer Street, Page 2



3A

# R1-bn fund for job creation projects planned

*(173) sunset A/8/98*

By Isaac Moledi and Sapa

UNEMPLOYMENT – which reached its highest level yet last year with a jobless rate of 37,6 percent – could be alleviated if an initiative unveiled by business on Friday is implemented.

The initiative, unveiled by the South Africa Foundation, the National Business Initiative and the Black Business Council, proposes to raise at least R1 billion from business organisations through a business trust financed by a set of shares of companies' market capitalisation or after-tax earnings.

In terms of the plan, the resources of South African businesses will be mobilised and applied to a number of highly targeted projects that will help to create jobs and develop human capacity.

Tourism and education programmes have been proposed as the two focus areas that will yield the quickest and best results.

Tens of thousands of jobs could be created even before the end of this year if the initiative takes off, business leaders said.

The initiative has been applauded by the Tourism Business Council of SA (TBCSA) which said the tourism organi-

sation was delighted that the initiative had chosen tourism as one of its pilot projects.

"Studies in South Africa show that the best prospects for employment growth lay in tourism," the TBCSA said.

The tourism body said given enough support and resources, tourism could grow by more than 10 percent a year, thereby creating an additional 500 000 jobs by 2005.

A member of the preparatory committee that will marshal the resources of business to ensure the initiative's success, Dr Theuns Eloff, said the initiative endeavoured to foster higher levels of understanding and confidence between the Government and business and within the business community itself.

"Such an initiative will also demonstrate the genuine commitment of the business community to the future of the new South Africa, while supporting economic growth and social equity," he said.

In terms of the plan, listed companies will be asked to contribute 0,15 percent of their market capitalisation to a trust that would be managed by existing business organisations.

Unlisted companies will be asked for two percent of their after-tax earnings.

Cosatu members give up one day's wages

# Millions are pledged to create jobs

CT (9R) 18/8/98 (173)

FRANK NXUMALO  
AND THABO LESHILO

Johannesburg — Financial commitments to job creation ahead of the jobs summit will be boosted by about R100 million after Cosatu's two million members pledged yesterday to donate one day's wages for each worker.

Cosatu also proposed that the measure be extended not only to sister labour federations, but to "every worker in South Africa".

The sentiments were echoed by the ANC and Alec Erwin, the trade and industry minister and political head of the preparations for the presidential jobs summit.

Well-placed union sources said about R100 million would come from Cosatu members.

Nowethu Mpati, Cosatu's spokesman, said: "We have agreed to give one day of our salaries. The money will be put in the Umsobomvu Fund. Affiliates like Numsa have already started to put this into practice."

Last week the South Africa Foundation and the National Business Initiative unveiled a R1 billion initiative that could result in creating 450 000 jobs in the tourism industry by 2005, if supported by a broader business caucus scheduled for next month.

Anglo American has proposed to pay R50 million a year, or 1 percent of its annual dividends, to the initiative.

Erwin said labour's pledge

showed the social partners were proposing practical steps to tackle the unemployment problem.

Ronnie Mamoepa, an ANC spokesman, said the organisation's national executive meeting at the weekend had noted discussions within Nedlac, "including practical proposals beginning to emerge from both the trade union movement and the business community", in addition to those of the government to take the jobs summit process forward.



Nowethu Mpati

The date for the much-awaited presidential jobs summit, provisionally set for mid-September, seemed to be shifting more solidly towards mid-October after Mamoepa said it was decided that the event would only happen after an NEC economic policy meeting and a tripartite Alliance summit.

The date also depended on the finalisation of an agenda for the summit by the Nedlac partners, and the schedules of Deputy President Thabo Mbeki and President Nelson Mandela.

The cut-off date for the summit is the rising of parliament, which this year will happen in October because of the forthcoming general elections.

Important developments on the summit agenda are expected to be announced on Friday, after the supervisory structure reviews the results of bilateral meetings held this week between the partners and fresh proposals that have been tabled.

# Huge boost for fund to create jobs (173)

CT 18/8/98  
JOHANNESBURG: The Presidential Jobs Summit fund is set to be boosted by millions of rand after the two million-member trade union federation Cosatu pledged yesterday to donate a day's wages per worker as their contribution towards job creation.

Cosatu also proposed that the measure be extended to sister labour federations Fedusa and Nactu, and "every worker in South Africa".

"This is a practical proposal. We have agreed to give one day of our salaries. The money we will put in the Umsobomvu Fund," Cosatu spokesperson Nowethu Mpati said.

Mpati's sentiments were echoed by the ANC and Alec Erwin, the Minister of Trade and Industry and political head of the preparations for the jobs summit.

Addressing a media briefing earlier, Erwin said labour's pledge showed that the social partners were not just talking, but proposing practical steps to tackle the rising unemployment problem.

ANC spokesperson Ronnie Mamoepa said the NEC meeting at the weekend had noted discussions within Nedlac, "including proposals from the trade union movement and the business community", besides those of the government to take the (summit) process forward.

● The devaluation of the Russian rouble dealt tottering equity markets another blow yesterday, but the local currency held up well.

Also yesterday, the Russian government announced a 90-day moratorium on foreign debt repayments.

● See Business Report

# SA NEWS DIGEST

□ LABOUR

CT (MR) 19/8/98

## Fedusa expresses full support for Cosatu's R100m jobs donation (173)

The 510 000-member Federation of Unions of South Africa (Fedusa) said yesterday it fully supported Cosatu's initiative in donating one day's wages a worker — about R100 million, analysts estimate — towards the presidential jobs summit.

"We are fully part of it," said Chez Milan, the general secretary of Fedusa. He said the monthly earnings of Fedusa's membership varied from R60 a week for agricultural workers to more than R350 000 a year for top management professionals.

The National Council of Trade Unions (Nactu) said the Cosatu pledge was a common labour constituency proposal at Nedlac. The council would not elaborate further. Financial commitments towards job creation already run into billions of rands, with R2,5 billion already pledged by the Industrial Development Corporation and R1 billion by the South African Foundation and National Business Initiative, pending broader business support at a caucus scheduled for the middle of next month. — *Frank Nxumalo, Johannesburg*

# Labour unveils mass job creation plan

Reneé Grawitzky

(173)  
DD 21/8/98

LABOUR will unveil proposals today designed to create hundreds of thousands of jobs costing R50bn as part of its contribution to the jobs summit planned for later this year.

A joint labour proposal argues that a prescribed asset requirement of at least 10% on retirement funds; additional taxes and levies on employers and a pay-as-you-go system for financing the public sector pension fund could release billions to finance a comprehensive job creation initiative.

The Congress of SA Trade Unions (Cosatu) said yesterday only large-scale national intervention along the lines of a Marshall plan could deal with the unemployment crisis.

Workers would also contribute and generate up to R2bn by releasing one day's output to the Umsobomvu job creation fund that was created in the budget and will initially be capitalised from the proceeds of demutualisation.

Labour has opposed government's decision to use the proceeds of demutualisation to finance the fund.

Some of labour's far-reaching programmes — which could force government to revise its budget deficit targets if implemented — call for the building of 1-million houses over four years at a cost of up to R35bn. Such a project could generate more than 500 000 direct and indirect jobs.

While Cosatu has agreed, in line with government's position, not to place the growth, employment and redistribution strategy on the job summit agenda, it will seek a statement of intent for further debate.

However, if government agrees to many of labour's proposals it would effectively be forced to amend its macroeconomic strategy.

The labour proposals, drafted by Cosatu, the National Council of Trade Unions and the Federation of Unions of SA, also calls for a national youth brigade programme offering opportu-

nities for at least 500 000 young people. Each volunteer would receive an allowance of R400 a month, which would cost the fiscus R2,4bn a year.

Other proposals put forward relate to the promotion of domestic investment through the expansion of contractual savings; the expansion of domestic demand and locally produced goods and services; and the negotiation of a national productivity and equity framework agreement.

This agreement, labour argues, could ensure productivity gains for employers and job security for workers.

Labour also proposes measures to stem job losses and has called for a moratorium on retrenchments in each industry until sectoral summits are convened to develop concrete programmes to avoid job losses. In addition, all listed companies should disclose in their annual reports the extent of job losses or gains.

Cosatu criticises business: Page 3

# Cosatu slates business's R1bn job creation drive

DD 2/18/98

(173)

Reneé Grawitzky

THE Congress of SA Trade Unions (Cosatu) yesterday criticised business for "tinkering on the outskirts of the problem" by targeting only R1bn for its proposed job creation initiative unveiled last week.

General secretary Mbhazima Shilowa said the federation was not implying that the proposed Business Trust was not a contribution, but labour felt business

could do more on a scale reflecting its understanding of the unemployment crisis. He warned that the public should not romanticise positions of some parties and denigrate those of others.

The federation's assistant general secretary Zwelinzima Vavi said business's contribution could be likened to someone going to the edge of the sea and urinating in it in the hope it would change colour. The sum of R1bn would not make much difference to SA's structural

unemployment problems.

Cosatu announced a two-month programme of mass action during which SA will be hit by countrywide marches, pickets and lunchtime demonstrations next month and in October to highlight its opposition to demutualisation, privatisation, high interest rates, continued job losses and the plight of the unemployed.

Next month's action will focus on opposition to privatisation and demutualisation and will culmi-

nate in marches on September 23.

The SA Reserve Bank and other financial institutions will be the target of demonstrations culminating in marches on October 24.

The presidential job summit also formed the focus of intense debate. Vavi said the federation wanted to see the summit convened as soon as possible. However, it agreed with the African National Congress (ANC) that it be held late in October to "allow more space" for preparations. "We how-

ever, will be extremely concerned if the summit was to be postponed beyond October 1998."

The executive committee also adopted resolutions on affiliates' contributions to finance voter education for the 1999 elections, the nomination of candidates and opposition to demutualisation.

Despite concerns raised by Sasob, the finance union, the federation said all affiliates were bound by the resolution adopted at the central committee that contribu-

tions would be made to Cosatu for voter education.

A sensitive discussion took place on the deployment of Cosatu leaders to national and provincial government. The executive committee agreed to support leaders who indicated they would be available if nominated by ANC structures. They included Shilowa, Cosatu's first vice-president Connie September, KwaZulu-Natal regional secretary Paulos Ngcobo and treasurer Ronald Mofokeng.



Congress of SA Trade Unions general secretary Mbhazima Shilowa announced during a media briefing in Johannesburg yesterday a two-month programme of mass action intended to protest against privatisation, the demutualisation of Old Mutual and Sanlam, high interest rates and continued job losses.

Picture: ROBERT BOTHA

# Starfish 2000 dispute unites union federations on job creation

ET (PR) 21/8/98

(173)

All and any job creation and skills training initiatives will be welcomed by the trade union movement — provided they involve “real” jobs, “proper” training, at least a “bread line” wage and they apply agreed labour standards.

That was the position spelled out this week by all three of the country’s federations in the run-up to the much-delayed jobs summit.

The summit, involving labour, the government and business, is now scheduled to take place in October. Yesterday Cosatu released its proposals for the meeting. At the same time it condemned any job creation and training initiatives which might undermine labour standards.

This was the same stand taken by the two smaller federations, Fedusa and Nactu. The federations were responding to a pilot “internship” programme scheduled to start next month in the Western Cape.

The programme, Starfish 2000, plans to provide “on-the-job training” and has the backing of a wide range of organisations. It aims to create “a business environment that networks and forms partnerships in government and the community”.

Among its founder members are the department of labour and the ministry of public works. It proposes that unemployed people between the ages of 18 and 30 work for three to six months without pay “to acquire the skills ... to get a job”.

“We were not approached and, as it stands, this project looks more like slavery than plain exploitation,” said Nowethu Mpati, Cosatu’s spokesman. Nactu was also not approached.

“We would totally oppose any scheme which tries to create a special category of worker in the workplace,” said deputy general secretary Mahlomo Sikhosana. “Once a person starts working, that person is a worker and

must be treated as such.”

Sikhosana felt the programme could amount to “smuggling the flexibility business wants, and we oppose, into the labour market”.

Gr e t c h e n

Humphries, the assistant general secretary of Fedusa, was concerned about the issues of flexibility and the undermining of labour standards, and the fact that the trade unions were apparently not approached. “We are also opposed to any loss of jobs in the process of creating new jobs,” she said.

However, Matt Esau of the Starfish Trust said the unions had been “invited to participate in the project since its inception”.



**TERRY BELL**

Nactu and Fedusa had not been approached, but Connie September, Cosatu’s first vice president, had been briefed because she was “a mover in the trade union movement”.

Starfish was not intended as “any cheap labour programme”. Nor could it, by its constitution, jeopardise existing jobs. Although the scheme was only two weeks away from implementation, the details had not been finalised.

“We have a window of opportunity to dent the (unemployment) crisis we are in at the moment. The programme is still at its inception and open to involvement,” Esau said.

But was it not elementary to involve the trade unions in such a project at the earliest stage? “What is elementary to you, with a labour perspective, is not necessarily elementary to other people,” he said.

“However, there is not one person on this trust nor any other people

working on it who are out to create a situation where we are going to be arguing with the trade unions or with business,” he said.

Business, in the form of groups such as the Cape Chamber of Commerce, is already on board as a “Starfish partner”. A representative of the Careers Research and Information Centre, which is coordinating the Starfish project, stated that moves were under way yesterday to contact “the unions”.

This raised some labour movement eyebrows because the Starfish initiative was launched in April this year. “All I can say is that we will completely oppose any scheme which does not treat workers as workers — and that means paying wages and applying standards,” said Sikhosana. Although none of the federations would discuss a minimum wage, Cosatu’s definition of a “breadline” wage is R1 100 a month.

**EMPLOYMENT** *Poverty crisis does not allow 'gradualist approach'*

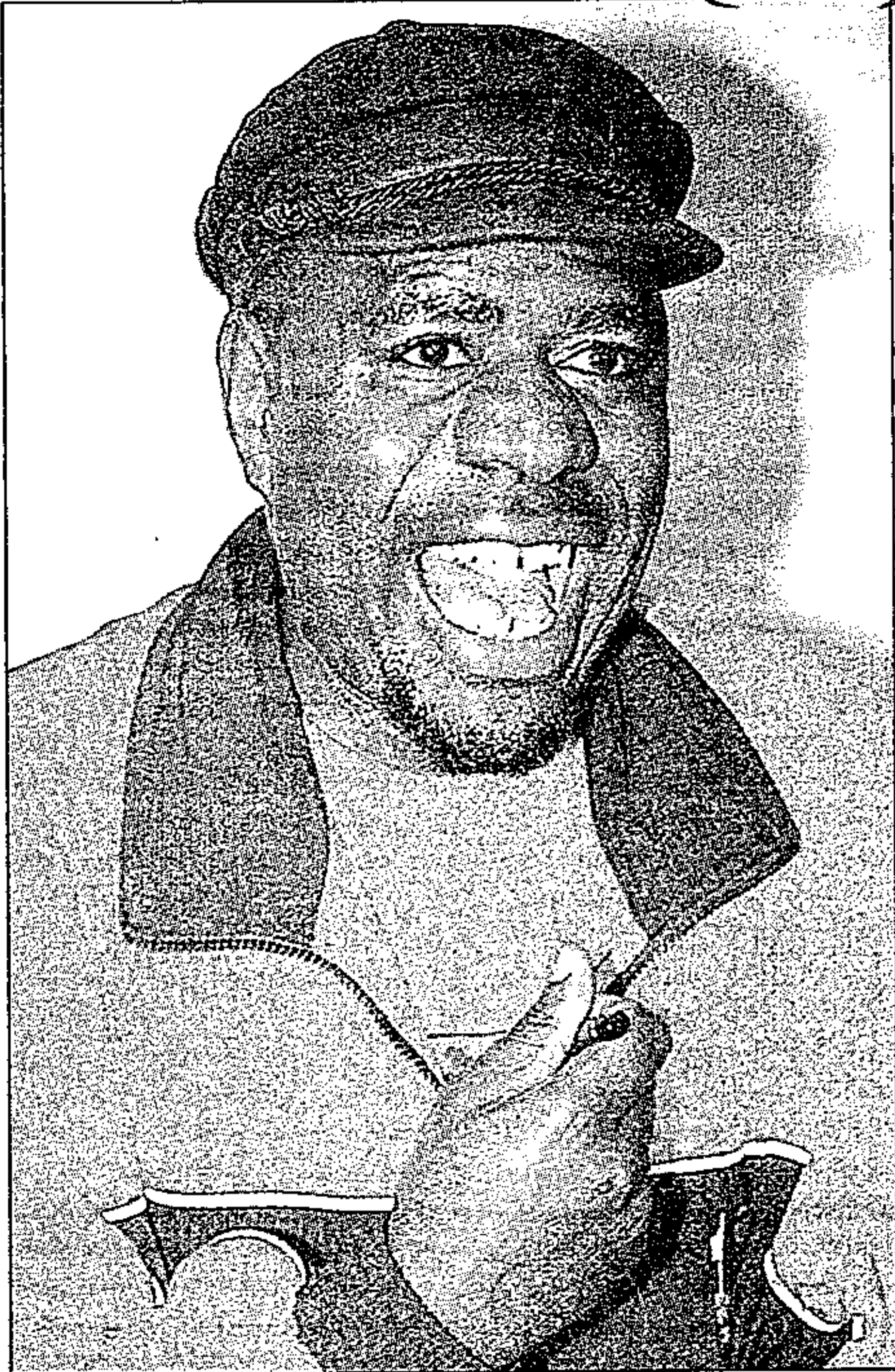
# Cosatu plans to unlock R50bn for jobs

(173)

ET(BR) 21/8/98

**FRANK NXUMALO**

LABOUR EDITOR



**HEAR THIS** *Mbazima Shilowa of Cosatu will release the jobs proposals by three labour federations today*

PHOTO: SHAUN HARRIS

Johannesburg — Cosatu, the labour federation, yesterday proposed a range of measures to unlock more than R50 billion for the presidential jobs summit.

Zwelinzima Vavi, the deputy general secretary, said the crisis of poverty and inequality in the country did not allow for a "gradualist, trickle-down approach to eliminating unemployment".

Vavi said labour therefore proposed "a large-scale national intervention of the Marshall Plan type, which other societies have embarked on to deal with social crises on a similar scale.

"These proposals include the proposal to donate the value of one day's output into the Umsobomvu Fund; the introduction of a prescribed asset requirement on retirement funds to leverage investment in employment creation; and consideration of the introduction of a 'Pay as You Go' fund for public sector pensions, to release funds to the fiscus.

"Taken together, these ... would release over R50 billion to finance the projects to be agreed at the jobs summit," Vavi said.

He said while Cosatu welcomed business's R1 billion

employment creation initiative, it did not believe this would "make a difference on the structural unemployment problem.

"R1 billion is like tinkering on the outskirts of a problem."

Vavi warned that Cosatu did not want to see the money spent recklessly without long-term benefits, nor swallowed up or used to build a new bureaucracy. He warned against taking a conservative view that one could not release large sums of the money unless one was 150 percent certain of what one was doing.

He said Cosatu had agreed with the ANC's proposal that the summit be held late in October to allow more time for these preparations. But it would be concerned if the summit was postponed beyond this new date.

Cosatu, headed by Mbazima Shilowa, said details of the estimated number of jobs that could be created, of concrete projects and of the financial programmes would be released this morning jointly with sister federations Fedusa and Nactu.

Vavi said debate on macro-economic policy had been taken off the agenda, but Cosatu supported the approach of the preparatory process that a firm basis needed to be laid at the summit for talk on these issues later.



# Time to change the skills landscape

SIPHO PITANA

The shortage of skills is a major handicap to our country's growth opportunities. We have a skills profile that is totally out of sync with the needs of our country. The economy simply no longer generates the same large numbers of unskilled jobs it did in the days when the mining and agricultural industries were dominant.

In the 20 years from 1973 to 1993, the proportion of highly skilled jobs (needing at least a post-matriculation diploma) has risen from 10 percent to nearly 18 percent, and the proportion of skilled jobs has risen from 29 percent to 34 percent. However, the semi-skilled and unskilled categories have declined from 61 percent to 48 percent.

Of the economically active population in South Africa, only 3 million are skilled or highly skilled (some 20 percent); 7 million are employed in so-called "semi-skilled" or "unskilled" jobs (together some 80 percent of the economically active population); and 4 million are unemployed. In other words, only one out of every five South Africans is formally qualified to perform highly skilled work.

This compares poorly with other middle-income and advanced industrial countries. For instance, professionals constitute fewer than 4 percent of the labour force, as compared with 8 percent in other middle-income countries and 10,5 percent in advanced industrial countries.

This same shortage is evident in craft and related trade, where South Africa's 12 percent

compares with 18 percent and 16,5 percent respectively.

There is little doubt, therefore, that we have a skills crisis, never mind a skills shortage. Understanding how this situation arose helps us to understand the kinds of interventions required to remedy it.

At the most obvious level, the collapse of the apprenticeship system has clearly meant fewer and fewer people are entering the skilled labour market from a "workplace-linked route".

There are many reasons for this collapse, but complex and onerous contracts, insufficient funding, rigid trade demarcations, lack of responsiveness to new technology and wage issues are the most important.

As this route has collapsed, so the alternative has become increasingly oversubscribed. Given the lack of choice, it is hardly surprising that youngsters queue up to enter tertiary educational institutions.

Most matriculants face unemployment when they leave school. To delay this, many stay on at school, repeating year after year; in an attempt to achieve the elusive exemption. Many young African men and women get their first jobs only in their late twenties.

Those who do leave school find that they are caught in a classic "catch-22" situation: they cannot get work because they have no work experience; they don't have experience because they have not worked.

There is clearly a need to overcome this barrier and provide a way for many more new entrants to gain relevant learning and work experience when they leave the formal schooling



system in preparation for a formal entry to the labour market.

So much for first-time entrants. But if employers require the skills, why do they not simply train their workforce to meet their needs? Extensive research under the auspices of Nedlac shows that large employers are training at levels equivalent to 2,7 percent of payroll.

Medium and small companies generally do little, if any, training. The question still stands, why?

The reasons include on the one hand a labour market history based on low-skilled labour for commodity export and a poor understanding of the complementary relationships between knowledge, skill, innovation and technology change.

On the other hand, there are traditional market deterrents such as high labour turnover of skilled workers — meaning one

employer trains and another employer benefits. It is clear, therefore, that the government needs to create some form of catalyst to improve the demand for skills by companies.

The low skill base of our country means we are ill prepared for the massive restructuring taking place in our economy — with falling tariffs, changing commodity prices and a general increase in competition for markets and trade.

Moving from basic commodity exports to more value-added exports requires a different labour force than the one that is being retrained. Categories acutely affected will be site supervisory capacity (foremen, leading hands), site management (contract managers and site agents) and the professions. So even social development is impeded by skills shortages.

It is also clear that measures

The Skills Development Bill aims to create an enabling environment within which these key problems can be addressed.

In respect of the constraints facing first-time entrants to the labour market, the skills bill puts in place a new learnership system which combines learning and work experience for job competence in areas where there is a clear skill demand.

The opportunities will be identified by employers and workers in forward-looking planning exercises, and will be put into practice through simple learnership agreements entered into between employers, learners and training providers.

Special learnerships will also be developed to assist those seeking to become self-employed, where skill and business capability will be woven together.

Both learnerships and more general skills programmes will also become more extensively available to those already in work — to underpin productivity and competitiveness drives and employment security.

This increased "availability" will be based on increased demand for skills. This demand is to be stimulated by the introduction of the levy/grant system. The Skills Development Bill does not address this — the levy/grant component of the skills development strategy has had to be treated as a money bill in terms of the Constitution. All employers have to pay a levy, but only those who train will be able to qualify for the grant.

The detailed arguments pertaining to this component of policy will be presented when the Skills Development Levies Bill is tabled shortly.

The need to accommodate both restructuring and equity considerations is addressed through the establishment of a special National Skills Fund.

This fund will focus on national priorities that include targeting training funds in areas of economic and employment growth and social development, funding of the unemployed and special designated groups. It will increase the incentives available to small and micro enterprises for training as well as learnerships.

The money for training in the context of the Coega project or the social plan will need to be drawn from the National Skills Fund. We believe that joint contributions from the private as well as the public sector should resource this fund, as both industry and the society at large will benefit.

All of these initiatives will not happen without people with the authority, time and resources. At a national level the National Skills Authority is to play this role in partnership with the government.

In each economic sector across the country, it is envisaged that employers and unions will form a partnership with relevant government departments to catapult us into a future where increasingly skilled citizens are able to design, construct and operate their own destinies.

Partnership is not only the process that was followed to achieve the proposals contained in the Skills Development Bill, it is also a precondition for the success of that strategy.

Siphso Pitana is the director-general of labour.

(173) (199) 2118198

# Labour, state set to grate gears

(#9) JOB CREATION (173)

By THABO KOBOKOANE

GOVERNMENT and labour appear headed for a showdown on the state's macro-economic strategy after the release this week of labour's proposals for the presidential job summit due to take place in October.

Labour has denied media reports that it agreed to remove macro-economic issues from the agenda of the summit.

"It is not true," Zwelinzima Vavi, deputy secretary-general of Cosatu, told journalists in Cape Town on Friday after the release of labour's proposals for the job summit.

A number of proposals by organised labour run counter to the government's macro-economic strategy. If some of these are put on the summit agenda, they will almost inevitably put labour on a collision course with the government.

Labour, in particular Cosatu, has publicly criticised Gear, provoking the wrath of President Nelson Mandela and Deputy President Thabo Mbeki.

Labour unveiled a set of measures aimed at freeing up at least R50-billion for job creation. Proposals such as a national housing programme and support for the unemployed, which would require massive state spending, run counter to government's tight fiscal policy.

Other aspects of the proposals include the reintroduction of



UNHAPPY ... Cosatu's Mbhazima Shilowa snubs jobs plan

ST (BT) 23/8/98

a prescribed asset requirement of at least 10% of the investment streams of retirement funds and the Public Investment Commission; donation of the value of one day's output by all workers to the Umsobomvo Fund; consideration of the introduction of a "pay-as-you-go" public sector

pension systems; and a training levy.

Organised labour's proposals follow on business and government's earlier proposals, both of which plan to unlock a total of at least R2-billion for job creation, but, in the case of government, are carefully designed to steer

clear of government macro-economic spending.

Business unveiled plans last week to plough at least R1-billion into job creation and education to tackle SA's unemployment problem. In response, Cosatu general secretary Mbhazima Shilowa criticised business for "tinkering on the outskirts of the problem" by targeting "only R1-billion".

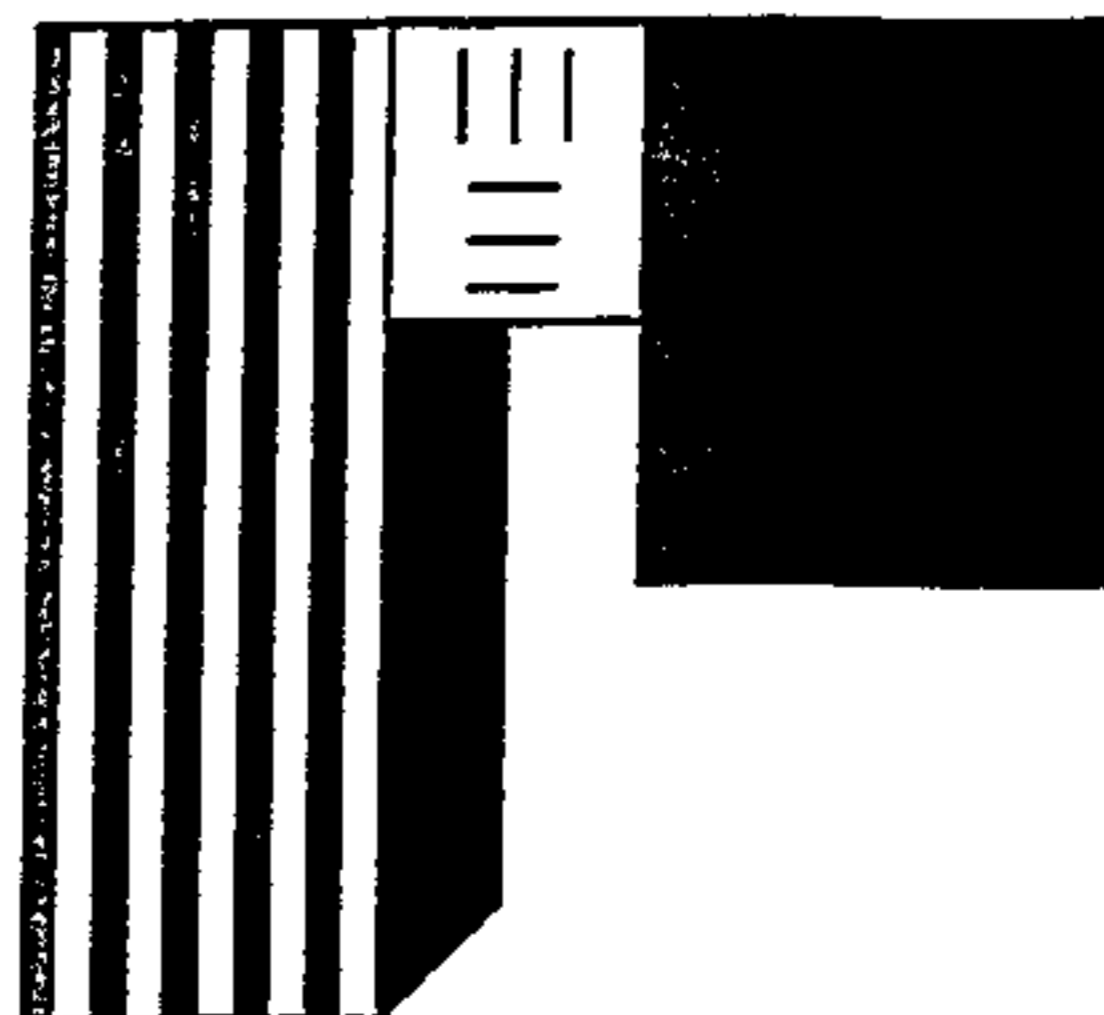
In June, government announced its plans to spend more than R1-billion a year to generate jobs in the short term. It said the strategy would be within the constraints of the growth, employment and redistribution (Gear) strategy.

Labour proposals come at a time when it seems that some finality on a date for the job summit appears imminent.

The summit, which has been on the cards for more than a year, will take place before the end of October, according to Trade and Industry Minister Alec Erwin.

A specific date for the summit will be announced this week after the Nedlac Supervisory Structure dealing with the job summit meets on Thursday and after consulting Mandela.

Erwin says the committee will meet on Thursday to develop and consolidate policies, programmes and projects for the summit. "All proposals are being considered and their merits addressed in a serious and constructive manner," says Erwin.



# SA critical of job creation efforts

BD 25/8/98 (173)  
Business Day Reporter

SOUTH Africans are generally pessimistic about the job situation and highly critical of the failure of labour, government and business to find solutions to the unemployment problem. This is shown in a survey conducted for Business Day by ACNielsen•MRA (Market Research Africa).

Almost three-quarters of urban adults believe there are fewer jobs now than there were a year ago.

The latest official figures, released by the Central Statistical Service earlier this month, indicated that unemployment reached record levels last year, with 37,6% of the working population jobless. Even with a revised approach, in line with the International Labour Organisation's definition which excludes people who have stopped looking for work, the figure was 22,9%.

The MRA Multibus study was conducted among 2 500 respondents, who were interviewed in April, representing a population of almost 14-million adult urban residents, spanning all races and income groups.

The survey asked respondents:

- Whether they thought there were more or fewer jobs available than a year ago;
- Which organisations were doing most to stimulate job creation; and
- Which organisations were responsible for job losses.

Answering the first question, 74% of respondents said there were fewer jobs, with the most pessimistic being Indians (91%) and whites (82%). Only one out of four people questioned believed there were more jobs, or the same number of jobs, than a year ago.

Older people were more despondent than young people, with 80% of respondents in the over-50 age group saying there were fewer jobs, compared with 67% of those aged 16-24. Government was praised for doing more than other groups to create jobs, but was also blamed for the rising unemployment.

When asked which organisations were doing the most to create jobs, 85% of those who believed there were more jobs now than a year ago gave national government the credit. Local government was seen by 81% to be stimulating employment. Three-quarters of the optimists also credited business and the trade unions with job creation.

MRA director Brian Culross said the praise for government could be a result of the reported increase in public service jobs since 1994.

However, in answering the third question on which organisations were responsible for job losses, 80% of those who thought job numbers had declined said it was the fault of national government, and almost two thirds were critical of the labour movement.

Coloureds, Indians and whites were the strongest critics of national government's role in the loss of jobs — nine out of 10 holding it "very" or "slightly" responsible for the situation.

People were also negative about local and provincial government, with 75% saying they were the cause of dwindling job numbers.

Business did not escape criticism either, with almost 70% of the pessimistic blaming it for job losses.

The unemployment issue will be tackled by a presidential jobs summit in October, which will involve government, labour, business and community organisations.

# Government, labour and employers will have their say at key jobs summit on October 30

The long-delayed presidential jobs summit is to be held on October 30, President Nelson Mandela announced yesterday. Speaking in Upington, he described it as perhaps the most important event since the 1994 election.

"It brings us an opportunity, as a nation, to make a practical impact on the scourge of unemployment and to commit ourselves to eventually eliminating it," he said.

The venue has still to be decided but is probably in Gauteng. It will be attended by representatives of the Government, business and labour - all of which have already unveiled their own job creation proposals - and of community organisations.

The Government has made it

clear it does not want the meeting bogged down in divisive debate on the Growth, Employment and Reconstruction (Gear) strategy, but organised labour has denied reports it had agreed to the removal of macro-economic issues from the agenda.

"Most important, however, is to reach agreement - and achieve backing - for initiatives which will have a significant impact on unemployment," Cosatu deputy secretary-general Zwelenzima Vavi said.

Some of labour's proposals - which could force the Government to revise its budget deficit targets - call for the building of a million houses over four years at a cost of up to R35-billion. Such a project could generate more than 500 000

direct and indirect jobs.

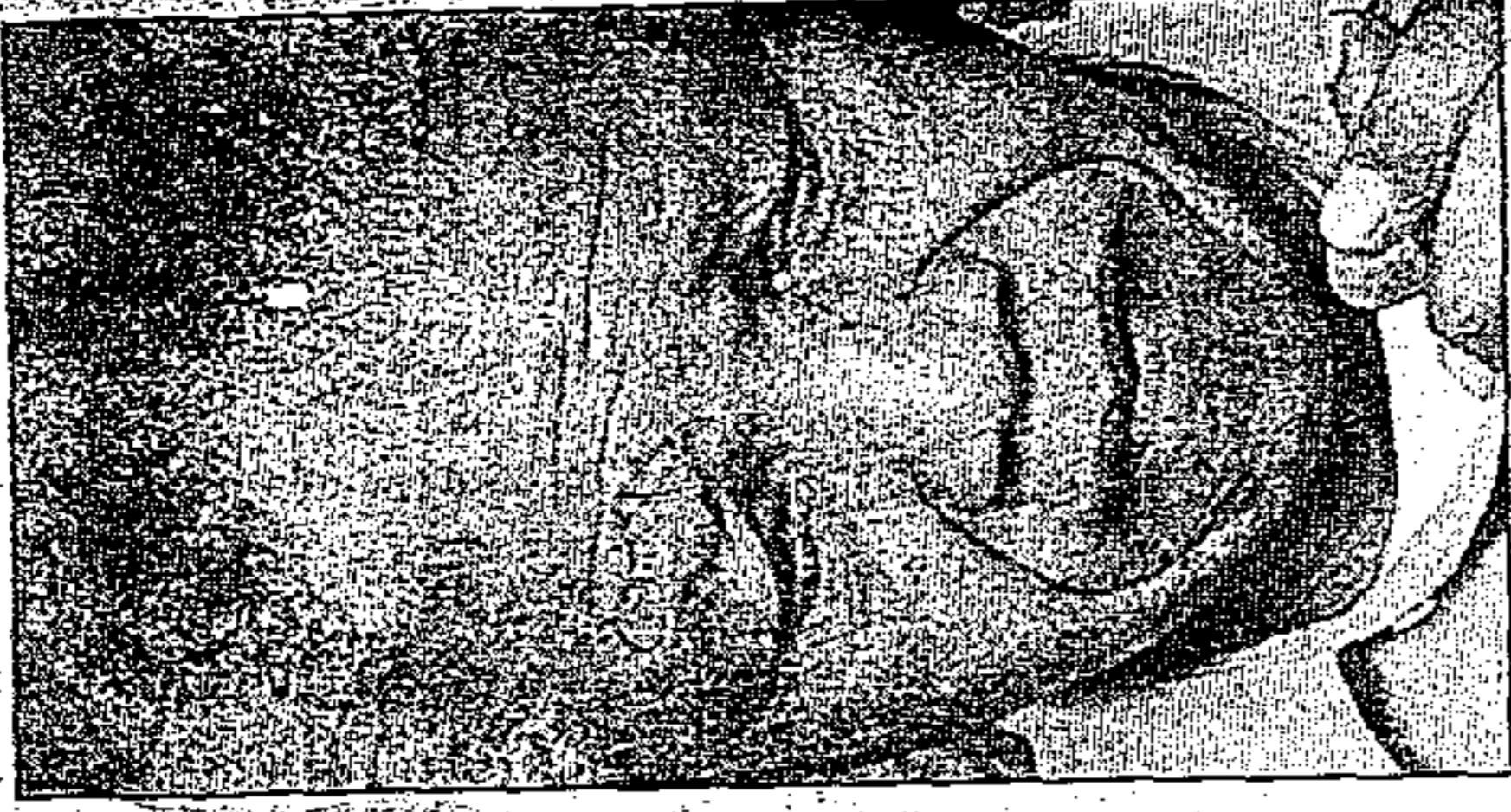
Labour is also seeking additional taxes and levies on employers to finance a comprehensive job creation initiative.

Business last month released an ambitious job creation and education project costing some R1-billion, to be achieved through a business trust financed by a set share of companies' market capitalisation or after-tax earnings.

According to the Central Statistical Service, the economy recorded its sixth successive quarterly fall in employment in March, when 7 960 jobs were lost.

There were also 109 976 fewer jobs available in the year to March.

Sapa



Nelson Mandela

Star 29/8/98

# Let's make a success of jobs summit — Mandela

(173) ST (BT) 30/8/98

**UNEMPLOYMENT**  
By THABO KOBOKOANE

A DATE has finally been set for the long-awaited presidential jobs summit.

After months of uncertainty, President Nelson Mandela announced on Friday that the summit would be held on October 30 at an unnamed venue.

"It brings us an opportunity, as a nation, to make a practical impact on the scourge of unemployment and to commit ourselves to eventually eliminating it," he said.

"It is incumbent upon us as a nation, and we owe it to present and future generations to make the jobs summit a success."

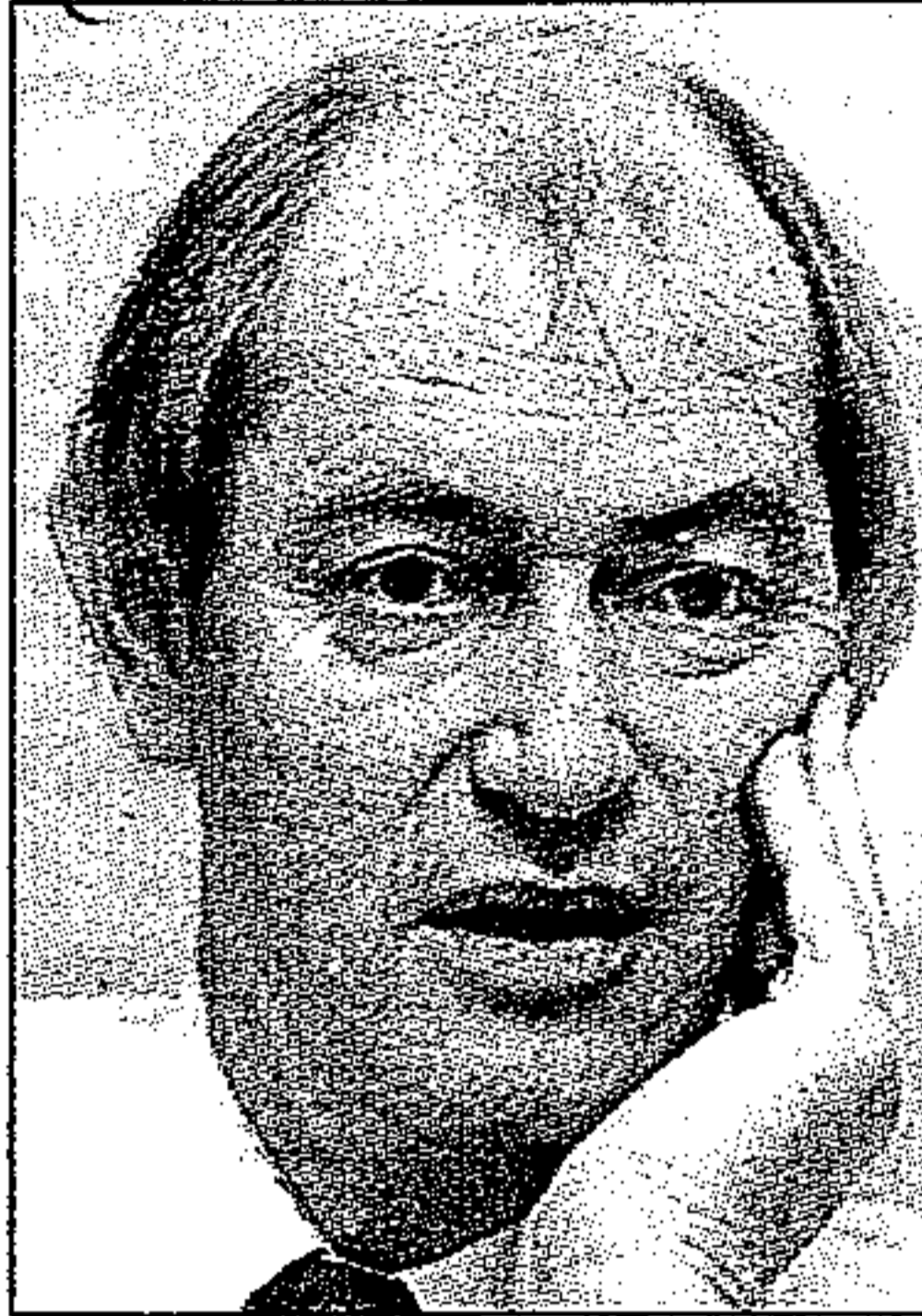
The summit, which Mandela described as perhaps the most important event since the 1994 election, was mooted a year ago to provide short-term solutions for high unemployment.

Yet for a year nothing happened as government, business and labour bickered about how to proceed with the summit.

The appointment of Trade and Industry Minister Alec Erwin to coordinate the summit appears to have provided fresh impetus for the process.

By the end of last week, all three major players had tabled their proposals for the summit.

The stakes are high. Unemploy-



**ALEC ERWIN**

ment has reached crisis levels (some say higher than 30%), the economy is on the brink of recession, high interest rates are threatening to throttle the economy and little growth expected this year.

But the summit could also prove to be a battlefield for labour and government over government's macro-economic strategy.

Labour holds this policy directly responsible for job losses.

Government is keen to avoid the summit being reduced to a debate on its macro-economic strategy.

However, that may prove to be

inevitable. Cosatu has put forward ambitious proposals to unlock R50-billion.

They include proposals for greater state spending — the polar opposite of the government's commitment to curb its own outlays.

The inevitability of a debate on macro-economic policy is reinforced by the broad agenda, which will include a statement on the relationship between macro-economic management and job creation.

In a statement, Erwin said there was already a high degree of consensus on many proposals, and processes are under way to further integrate and refine various submissions and contributions from the Nedlac social partners.

"The aim of the summit is to add value to current initiatives in order to maximise their impact on employment generation and job retention in a manner that is sustainable in the long term, but within a stable and sound macro-economic context," Erwin said.

Specific agreements and proposals are being discussed with all the players involved in the summit with a view to promoting employment through the development of infrastructure and related works programmes, for example in the fields of tourism and agriculture.

● See Page 4

# Strategy crucial for summit

René Grawitzky

(173)

THE Democratic Party (DP) has warned that the presidential job summit will serve no purpose if labour market restrictions and government's macroeconomic strategy are ignored.

This followed the long-awaited announcement by President Nelson Mandela that the summit would take place on October 30 — a year after it was supposed to have occurred.

DP leader Tony Leon said it appeared that neither the growth, employment and redistribution (Gear) strategy or labour market flexibility would be on the summit agenda.

This was despite the fact that SA's restrictive labour laws had been identified as a stumbling block in reducing unemployment, while the labour movement was determined to derail Gear by calling for four new taxes to finance its summit proposals.

Sources close to the process said the Congress of SA Trade Unions (Cosatu) still insisted on raising some of the big policy issues such as Gear through some of its "impracticable" programmes. The summit was likely to emerge with a broad statement on Gear, but no national agreement or "social accord" as envisaged in 1996.

In line with government's current thinking, the summit will produce a

BD 31/8/98

range of directed projects and programmes as opposed to a policy review. They will be directed at enhancing employment among the youth, disabled and women. Other programmes will be directed at boosting tourism, agriculture and small business, and enhancing training and education.

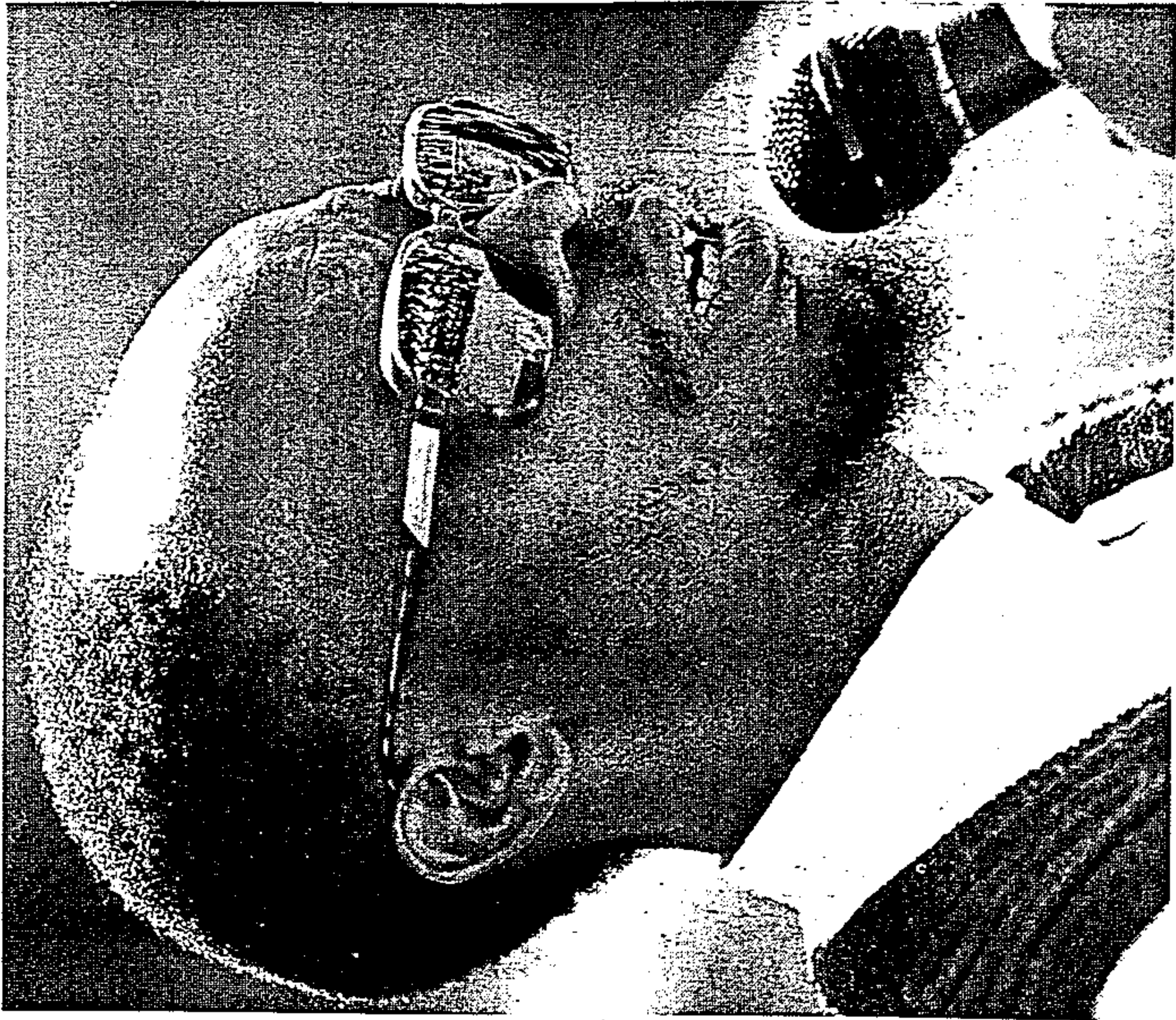
On September 8, the National Economic, Development and Labour Council (Nedlac) job summit supervisory committee will consider a provisional agenda which could include some of these issues.

Leon said if SA was serious about creating jobs, attention had to be given to removing labour market restrictions, abolishing exchange controls and creating favourable conditions for foreign investment.

Cosatu and Business SA welcomed the announcement. Government, business, labour and community negotiators had agreed on the date the previous day.

Nedlac overall business convener Raymond Parsons said the announcement indicated that sufficient progress had been made in developing and consolidating policies, programmes and projects to make the setting of a date possible.

Cosatu said it would be important for all parties to put more energy into ensuring the summit's success.



DP leader Tony Leon, right, talks to unemployed people in Jeppestown, Johannesburg, yesterday. Also at the gathering was the leader of the Mamamulela Movement for the Unemployed, Mohlolo Kgopane.

Pictures: ROBERT BOTHA

## Leon tells unemployed 100 000 jobs have been lost since 1994

### Nomavenda Mathiane

THE Democratic Party and the Mamamulela Social Movement for the Unemployed yesterday called on Cosatu to stop talking on behalf of the unemployed. They also challenged the government to give them a seat at the forthcoming labour summit.

Addressing hostel dwellers near the Jeppe railway station in Johannesburg, DP leader Tony Leon said the ANC had promised people jobs, while

100 000 jobs had been lost in SA since the ANC came into power.

Leon was invited to speak by the SA National Hostels Assistance Company.

Also at the gathering were churchgoers, hostel inmates from other areas, including Diepkloof in Soweto, members of the Mamamulela movement, a large crowd from The Ranch club in Rivonia, who said they were attending out of curiosity, and a number of Zulu musical groups.

Leon told the crowds that instead of

spending money on "people on the ground", government was funding schemes that were not working, commissions of inquiry and gatherings such as the Nonaligned Movement summit in Durban.

The DP's answer to job creation was the voucher scheme, which would help the unemployed acquire training. He said the DP did not merely offer empty slogans to the people, but was there to assist. He praised the government's growth, employment and redistribu-

tion strategy saying it was a government policy which would deliver jobs and that the Congress of SA Trade Unions had no business criticising it.

After Leon's address, audience members asked him to assist getting disability grants, jobs and assistance with their children's schooling.

Chairman of the Mamamulela Movement Mohlolo Kgopane called on the unemployed to march on Labour Minister Shepherd Mladlana on September 17 to protest about unemployment.

(173)

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# Two tense months to jobs summit

LT (PDR) 31/8/98 (173)

**FRANK NXUMALO**

LABOUR EDITOR

Johannesburg — Participants in the presidential jobs summit have welcomed the finalisation of October 30 as the date for the meeting, saying they now have a definite target to aim for.

The date was set on Friday after President Nelson Mandela was satisfied consultations between the Nedlac social partners had reached an advanced level.

"A high degree of consensus regarding the objectives and anticipated outcomes of the jobs summit has been achieved."

Mandela said he was happy to announce the summit would be held on Friday, October 30 1998.

He said the jobs summit was "perhaps the most important event since our first democratic elections". It would provide "us with a launching pad for a determined national drive for equitable development as we move into the 21st century".

Mandela said he was happy with the enthusiasm shown by government, social partners and all stakeholders about the jobs summit.

He said he was confident it would "provide us with the opportunity, as a nation, to resolutely commit ourselves to eventually eliminating the scourge of unemployment that continues to eat away at the heart of our society, with so many negative economic, social and political ramifications".

Business South Africa (BSA) welcomed the announcement as it "sets a clear timeframe of two months within which the Nedlac planning group has to complete its work.

"Business remains committed to making a success of the jobs summit as it believes unemployment and job creation rank as high economic priorities in South Africa," said Raymond Parsons, the BSA spokesman for the jobs summit and president of

the South African Chamber of Business.

However, the Congress of South African Trade Unions (Cosatu) believed that in the short term, support for and consensus over concrete proposals were more important than sharp disagreements or debates over macroeconomic strategy.

"Most important is to reach agreement and achieve enthusiastic backing for initiatives which will have a significant impact on unemployment," said Zwelenzima Vavi, the Cosatu deputy general secretary.

Gavin Brown, a labour analyst, said it was unfortunate the announcement of a firm date was "coinciding with the collapse of the financial markets" when there was "much uncertainty".

He said the "danger of a slanging match over macroeconomic policy was much higher now than a few months ago" when the jobs summit "stood a much better chance" had it taken place then.



# Job summit plans going well

By Mzwakhe Hlangani  
Labour Reporter

REMARKABLE progress has been made in the preparations for the Presidential job summit in consultations with the Government's social partners in and outside the National Economic Development and Labour Council.

This was said by Trade and Industry Minister Mr Alec Erwin at the weekend.

The Government is looking forward to a successful summit with the belief that this will be the beginning of a "collective and collaborative national effort

to combat unemployment and its many negative consequences".

The broad agenda for the summit, scheduled for October 30 1998, would entail a statement on the relationship between macroeconomic policy management and job creation.

There will also be an announcement of agreements and post-jobs summit processes pertaining to issues such as the social plan, productivity enhancement, procurement and employment promotion measures for the disabled.

"These include an announcement of various projects and programmes

directly aimed at creating jobs, including an indication of the specific contributions of all social partners."

The minister also stated that specific agreements and proposals were being discussed with social partners related to promoting employment through infrastructural development and related public works programmes.

Other programmes include sectoral projects related to tourism and agriculture, youth leadership, industrial policy, spatial development initiatives and industrial development zones and the provision of social welfare.

*Secretan 31/8/98 (173)*

# Job creation project threatened

Reneé Grawitzky

(173)

BD 2/9/98

THE R1bn business trust proposed by some of SA's leading businessmen to finance a job creation and education project has come under pressure as listed companies reel under the market turmoil which has seen R200bn wiped off the Johannesburg Stock Exchange in the past week.

The proposal, unveiled last month as a joint initiative of the Black Business Council, South African Foundation (SAF) and the National Business Initiative, calls on the business community to contribute to the trust. The trust will be financed either through a set share of companies' market capitalisation or after-tax earnings.

Listed companies will be required to contribute 0,15% of their market capitalisation to the trust while unlisted companies will be asked to pay 2% of after-tax earnings. These contributions — determined in July prior to the JSE dropping more than 20% — would have ensured more than R1bn over five years in contributions from the major-

ity of listed companies. However, based on the new market capitalisation of these companies and using the same contribution of 0,15%, the fund would receive only between R700 000 and R800 000.

The preparatory committee set up to pave the way for the trust met last week to discuss the possible date on which the calculation for contributions should be set.

A business source said recent developments would not only require a relook at the calculations but also a change in attitude among those in the business community who were struggling to survive.

SAF head Neil van Heerden said the issue of calculations and the date used had been loosely discussed. However, a final decision would only be taken once the broader business community had approved the initiative.

The preparatory committee is organising a business caucus meeting on September 15 where the proposal will be either endorsed or rejected by the broader business community.

# A head-start for job creation

PATRICK PARRING

CT 3/9/98

(173)

*Dedicated support for entrepreneurs could swing the balance for the future of the South African economy and the creation of jobs.*

*Parring's analysis previews issues which will be covered in a special Cape Times supplement to be published tomorrow, ahead of the October jobs summit.*

**T**HAT South Africa is engaged in a complicated process of transformation is common knowledge. The general election in 1994 was the first step in this process, providing South Africans with political rights and freedoms.

The next step, the restructuring of the economy to impart economic freedom, could prove even more challenging than the political struggle.

One without the other is, of course, meaningless.

Building a vibrant economy that is globally competitive is no easy task. One need look only at the shambles of the South-East Asian economies to see what happens if short cuts are taken. Economies sink or swim on the resilience and stability of their fundamentals.

There is no denying that the economy of the United States is fundamentally sound. The enviable strength of the US dollar against almost every other currency is testimony to this.

A few US statistics and indicators provide some interesting pointers:

- Among the adult working population in the US more than one in seven is self-employed.
- Between 1988 and 2000, the number of companies in the US is predicted to grow from 18-million to more than 30-million while population remains almost constant.
- Virtually all the new jobs created in

the US come from new and expanding firms, while large companies and the public sector generally shed jobs.

● Since World War II, 50% of all innovations and 95% of radical innovations have come from new and smaller firms.

It is clear that the powerful performance of the American economy is riding on the back of sustained entrepreneurial effort. The question is: how can we use these lessons to create jobs and wealth here in South Africa?

Entrepreneurship is like building a jigsaw puzzle. Many pieces need to be assembled in a workable pattern — the entrepreneur, the opportunity, available resources and the realities of the prevailing business environment.

In South Africa, crucial pieces of this jigsaw are missing.

Following the elections in 1994, the Western Cape Business Opportunities Forum (Webof) was founded by a number of black business leaders and academics precisely to try to fill in some of these missing pieces. It was felt that previously disadvantaged businesses had a critical role to play in the country's transformation.

It was not envisaged that black business and entrepreneurs should be enriched on the basis of skin colour but rather that passionate and committed entrepreneurs with a dedication to quality and service should take the lead in making South Africa work. However, before this could happen there were three areas that needed particular attention: management skills, access to opportunities and finance.

Over the past four years the government, big business and non-governmental organisations such as Webof have worked hard and been relatively successful at implementing management training programmes. Access to opportunity

is improving as the government works on its 10-point plan and most large corporates have instituted black empowerment and procurement policies. However, inadequate access to finance is proving to be the most difficult issue to solve.

From my experiences with the government and big business, I have the feeling that they genuinely want to help but do not always know how. A partnership between stakeholders based on mutual understanding and respect sounds obvious enough but is seldom realised and this is what is needed to show the way.

While there is definitely a role for programmes such as Khula's credit-guarantee scheme to assist previously disadvantaged entrepreneurs to acquire loan financing from banks, the issue of access to equity financing has not yet been adequately addressed.

## Venture capital is what is needed to yield strong employment gains from small businesses.

This missing piece of the jigsaw is critical to creating a thriving entrepreneurial class with which to drive South Africa's economy.

In my opinion, the most effective way to channel our limited resources to resolve this issue is to identify a number of high-potential business "champions" and provide them with the equity investment needed to grow into internationally competitive medium or large businesses.

In addition to the jobs and wealth created directly by these businesses, business opportunities within their communities will be created as the champions create demand for raw materials, components and services to fuel their growth. These entrepreneurs will act as role models, encouraging others in the community to pursue their own entrepreneurial aspirations.

The identification of these "champions" is, of course, critical to the success of this idea. Government officials are generally ill-equipped to make judgements in

the business world and big businesses are notoriously conservative when it comes to cutting-edge entrepreneurial ventures. So what is the answer?

Looking back at the United States model, it is venture capitalists who have filled the role of identifying and financing high-potential ventures in that country. Companies such as Apple Computer, Intel, Federal Express, Lotus Development, Microsoft, Sun Microsystems, Digital Equipment, Compaq Computer and Genentech grew from small businesses into global giants with the assistance of venture capital. In the process they created whole new industries and hundreds of thousands, if not millions, of jobs.

True venture capital, which invests in high-risk, high-potential small and medium-sized companies, is a little-known quantity in South Africa.

More than enough capital is available locally to fund a venture-capital industry but corporations and institutional investors are reluctant to invest these funds on behalf of their shareholders and policyholders unless the venture capitalist has a proven track record. So very little gets done.

Webof is working with other stakeholders to fill in this final piece of the jigsaw with the creation of a venture-capital fund. In addition to the businesses that will benefit directly and indirectly from this source of equity finance, from the proposed Arthur Eguites, it is anticipated that Arthur could provide the impetus for a venture-capital industry in SA.

The assistance of the government is needed to overcome structural obstacles. Big business and institutional investors can help by looking beyond conventional standards and providing resources to help create a mechanism to provide a spark for new ventures — and real growth.

- Patrick Parring is the founder and chairman of the Western Cape Business Opportunities Forum. (See profile below.)

# A head-start for job creation

PATRICK PARRING <sup>CT 3/9/98</sup> (173)

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ocially desirable investments can pay dividends

# Shot in the arm for job creation

**P**RODIGY Asset Management has launched a new-generation fund aimed at socially desirable investments but not at the expense of returns.

The Prodigy Transformation Fund is managed by Prodigy Capital, the private equity arm of Prodigy Asset Management.

Prodigy Asset Management CE Robbie Alexander says traditional social responsibility funds have done well in terms of returns, but with a large listed component, there has not been much in the way of job creation and transformation in the underlying investments.

Malose Kekana, who heads the new Transformation Fund and Prodigy Capital, expects to have 80% of the fund invested in private equity and the rest in venture capital. The benchmark return is 10% in real terms.

Companies backed by private equity are usually young and fast-growing. This means they can make a much bigger eco-

Prodigy's new fund is getting in on the ground level of empowerment,

writes **MARCIA KLEIN**

ST (MT) 6/9/98 (173.)

have seen an unbundling of control at shareholder level, this has often been "to the exclusion of needs-specific, fundamental change within companies".

The fund will address this issue, and will also have the ability to show greater flexibility in structuring transactions.

The fund's aim is to effect transformation.

"Our criteria include representation, skills transfer and broadening the skills base, corporate governance and accountability to the community. In the investments we make, we follow through the transformation, and we aim to show investors the social return on a quarterly basis," says Kekana.

The fund will focus on investments of R5-million and up-

wards, but will look at smaller deals on merit. It will invest not only in companies which are representative and in the process of transformation, but also in those trying to transform.

"We are quite happy to invest in companies with limited representation. The important thing is congruency between ourselves and management in order to implement agreed transformation targets."

Kekana says the exit period for private equity is generally three to seven years, "but we won't always build in exits into the transaction". Exit could be by way of a sale to an empowerment partner or a sale back to management, a listing or sale to an industry partner.

On the venture capital side of the fund, which is more risky, Prodigy will finance early stage investments only if the business or financial risks can be reduced. Where appropriate, other banks will be brought in to achieve risk diversification.

# Giving job-seekers their springboard



*Project will make the difference that can lead to a lifelong career*

2000  
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On the face of it, the parable that expresses the intent of the Starfish 2000 Internship programme - and gives it its name - risks seeming merely sentimental, an expression of a self-evident good.

It is a story about a man rescuing stranded starfish by throwing them back into the sea, one by one.

When asked what difference he could possibly make, since there were thousands scattered over the sand, the man said, as he reached for another: "I can assure you it makes a big difference to this one."

Like all parables, it embodies an incontrovertible moral argument.

But if it were to remain merely a well-meant, undefined plea for compassion, good sense, selflessness or individual initiative, it would not have much bearing on South Africa's grave unemployment burden.

It is a story less about what should be done, than how it is to be done.

Everybody is at one on the need to counter unemployment.

But the practical corollary of the parable is that, however insurmountable problems may seem as a sum, every determined, incremental step towards solving them is an embodiment of the solution itself.

Simply deerring to the scale of the problem - or, indeed, to the political interests of those lucky enough to have jobs - as an excuse for inaction, is really as good as accepting defeat from the word go.

It is quite simply a determination to offset that self-defeating inclination to do nothing that drives the Starfish 2000 partnership.

At the heart of it is a relatively simple, but carefully designed programme of unpaid internships aimed at clearing at least one of the barriers faced by young, jobless people in their search for work.

Every year, university, college, technician and school-leavers are deflected at the outset by not having any work experience on which to rely. Without work experience, they find their chances of securing jobs are slim.

And, of course, without jobs, they have no chance at all of gaining work experience.

## INSIDE STORY

Within the next few weeks the first group of young, jobless people seeking work experience as a vital step towards employment will be joining Peninsula businesses as part of the Starfish 2000 Internship programme. Special Writer **MICHAEL MORRIS** reports



It's notable that the first intake include people with matric, technician and university qualifications. Against the background of the crime, apathy and social alienation

this year led to the idea that an internship project could really make a difference, by empowering job-seekers in the practical sense of giving them experience they could use for themselves.

That idea has since taken shape as the Starfish 2000 Initiative.

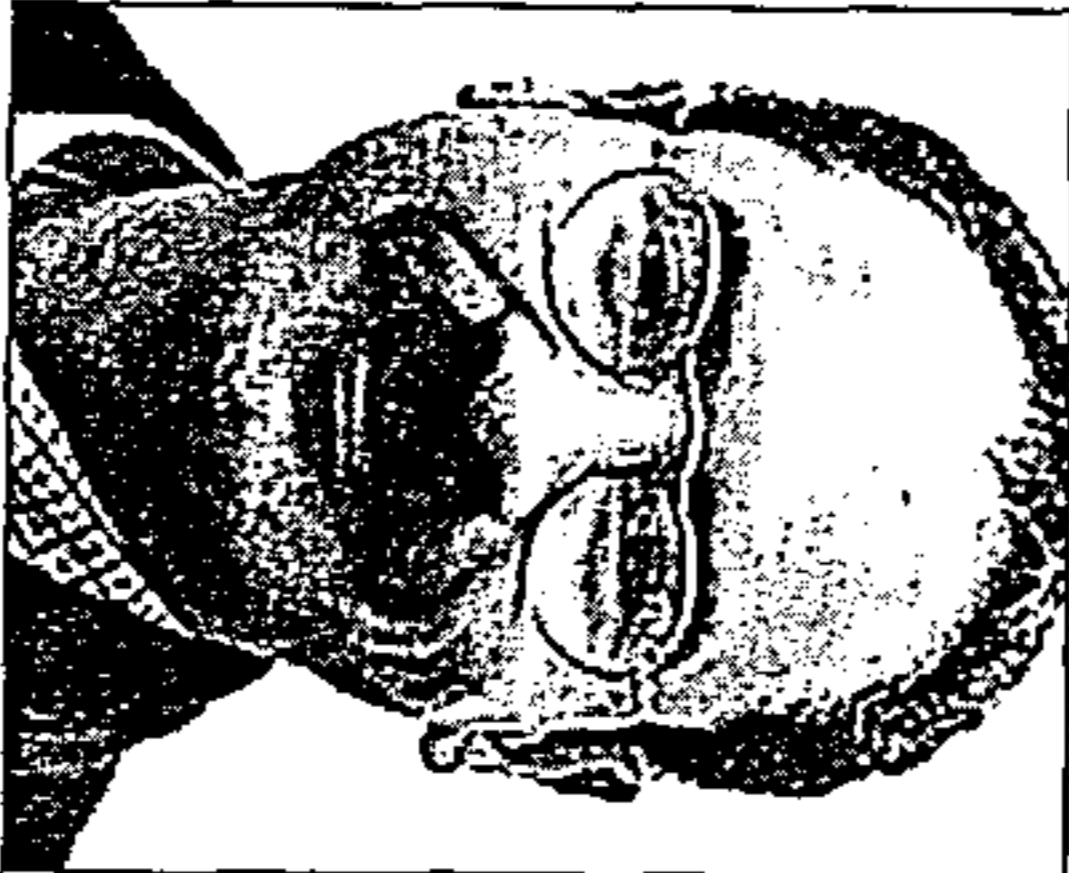
The partnership driving it has grown and, under the operational leadership of the veteran NGO, Careers Research and Information Centre (Cric) in Athlone, Starfish 2000 is ready to go.

Unlike conventional job-shadowing - a relatively loose arrangement between employers and young people sussing out future career paths - the Starfish Internship is shaped by a set of formal relationships established by a properly lodged constitution.

In outline, potential interns are interviewed and short-listed before being placed with host companies that match their career intentions for between three and six months.

*'There is no ambiguity about what is permissible and what is not'*

— Stephen Curry



They will have a compulsory one-week break midway through the internship for "debriefing and evaluation", and to allow mentor and intern to begin considering options for permanent employment.

Interns will be mentored throughout to ensure on-the-job experience really does amount to a measurable benefit.

They will not be paid, and will not be guaranteed jobs at the end of their stint. They will receive a stipend from the Starfish Trust to pay for transport and meals.

Interns will emerge with a certificate that will meet national certification standards. Contracts will govern the relation-

ships between Starfish 2000 and the host company, and between the intern and the host company.

(173) ARG 7/9/98

him to give assurances or grand notions that might sweep others off their feet.

As the programme co-ordinator for Starfish 2000, he has no illusions about the scepticism, or what it takes to dispel it. "There is naturally concern about interns being exploited, or companies being abused by interns."

"But it is precisely because of this that we sought to protect everybody in a constitution that clearly outlined the legal position. That is what guides us."

"There is no ambiguity about what is permissible and what is not."

Programme facilitator Rahima Loghley points out that "legal and employment issues were discussed from the earliest stage."

"All the potential problems were foreseen, and dealt with effectively in the Starfish constitution. That document removes any doubt about our intentions."

Follow programme facilitator Beatrice Koopman of Southern Life says this is part and parcel of the "work ethic" underpinning the programme. "It's a commitment to best practice, quality assurance and professionalism," she says.

In fact, the Starfish 2000 constitution is unambiguous in outlawing the use of interns in a way that would "jeopardise in any way the position of employees of the company."

Host companies must also "ensure that the intern is not put in a position where it may create conflict with employees, employee organisations or unions."

On jobs after the internship, the constitution provides that a host company "may employ an intern after the expiration of the internship upon such terms and conditions as may be agreed between the relevant parties, provided that the member undertaking employment relationships".

It also stipulates that "if an internship expires where an intern has worked unsupervised in a position that should be filled by an employee, the (host company) shall not utilise another intern to fill the position."

The second, critical, element of the programme is the commitment to get the best out of interns, and the best out of an internship.

Ms Loghley notes that aspirant interns are judged not so much on formal qualifications or prior work experience, but on their potential, and their hopes for a future career.

The idea is to develop a career momentum that is sustained once the internship has ended.

Getting this right depends in large part on matching interns' potential and ambitions with host companies, and mentoring them carefully throughout the process.

Ms Koopman brings to the programme her own experience in similar initiatives at Southern Life, but,

programme is the commitment to get the best out of interns, and the best out of an internship.

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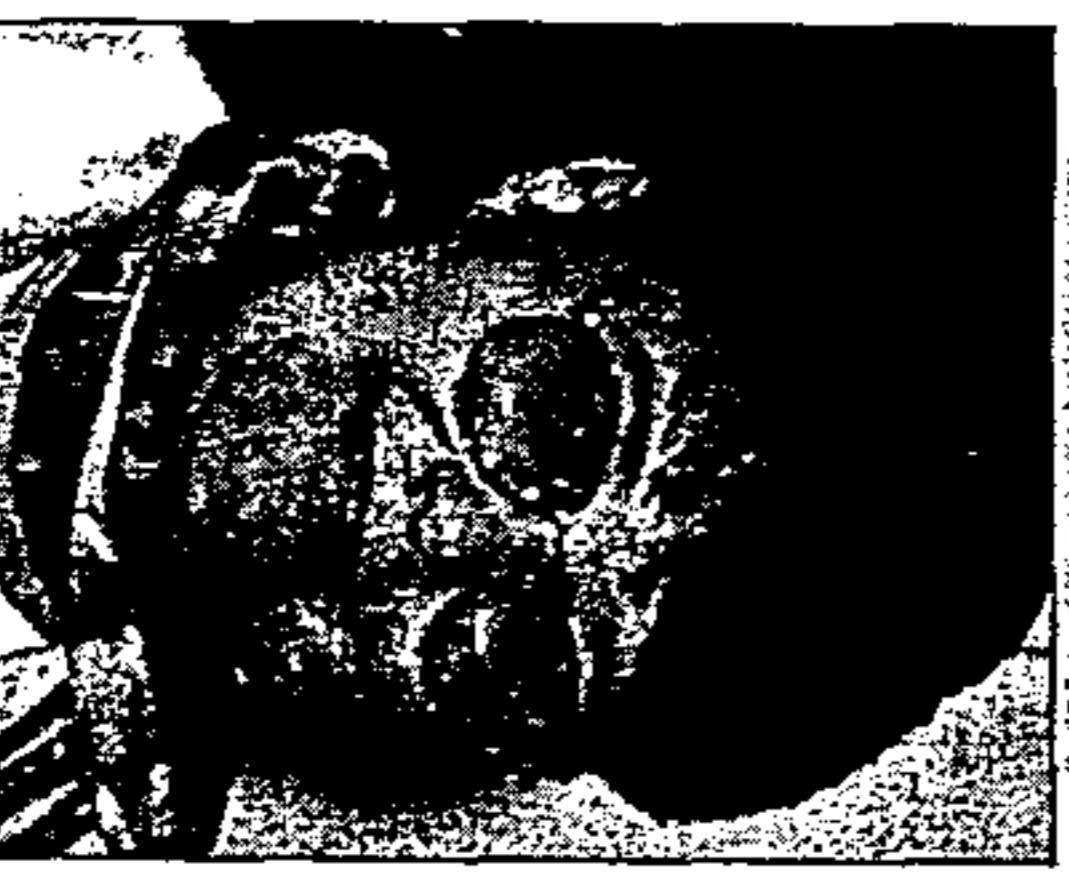
Getting this right depends in large part on matching interns' potential and ambitions with host companies, and mentoring them carefully throughout the process.

Ms Koopman brings to the programme her own experience in similar initiatives at Southern Life, but,



*'Legal and employment issues were discussed from the earliest stage'*

— Rahima Loghley



*'It's a commitment to best practice, quality assurance and professionalism'*

— Beatrice Koopman

In addition to that, she points out that the project also draws extensively on models used by the employee recruitment sector, through key Starfish partner, Apsco.

"Every intern," she says, "will be supported, evaluated and mentored individually."

At the end of the internship, this evaluation will be basis of a certificate that Starfish 2000 believes will count in the job market.

"Certification is being designed to match the imminent National Qualification Framework, and will draw on procedures used by training boards and academic institutions," says Ms Koopman.

"The objective is to provide quality certification recognised throughout South Africa... not just a lucky packet certificate, but something of enduring value."

Starfish 2000, Mr Curry argues, "is not a cure-all, but it is one programme that - against the background of crime, unemployment, the lack of skills and access to money - is targeting a group of people that would otherwise be doomed to failure because of little opportunity."

In essence, he says, it is "an attempt to recover the community spirit of the past, in getting the community, industry and the government engaged in constructive relationships."

"Advancing the African remains - success, tackling moral decay, growing the economy... these things depend on constructive partnerships."

"Starfish 2000 has the ability to galvanise communities, and provide the answer to the question people often ask: 'What can I do?'"

Roy Silver of Apsco says international expertise - in Britain, the United States and Canada, for instance - shows the concept underpinning Starfish 2000 has had a significant impact on unemployment.

Ms Koopman also sees it as an opportunity to "encourage young people to take charge of their own lives."

"Doing an internship is a vision-building exercise, an opportunity for young people to find their route in life, move away from the culture of entitlement, and take charge of learning and achievement."

"At the end of the day," she says, "it is not the Starfish programme, or the host companies, but the interns who will be doing this for themselves."

# Giving job-seekers their springboard



## INSIDE STORY

On the face of it, the parable that expresses the intent of the Starfish 2000 Internship programme - and gives it its name - risks seeming merely sentimental, an expression of a self-evident good.

It is a story about a man rescuing stranded starfish by throwing them back into the sea, one by one.

When asked what difference he could possibly make, since there were thousands scattered over the sand, the man said, as he reached for another: "I can assure you it makes a big difference to this one."

Like all parables, it embodies an incontrovertible moral argument.

But if it were to remain merely a well-meant, undefined plea for compassion, good sense, selflessness or individual initiative, it would not have much bearing on South Africa's grave unemployment burden.

It is a story less about what should be done, than how it is to be done.

Everybody is at one on the need to counter unemployment.

But the practical corollary of the parable is that, however insurmountable problems may seem as a sum, every determined, incremental step towards solving them is an embodiment of the solution itself.

Simply deferring to the scale of the problem - or, indeed, to the political interests of those lucky enough to have jobs - as an excuse for inaction, is really as good as accepting defeat from the word go.

It is quite simply a determination to offset that self-defeating inclination to do nothing that drives the Starfish 2000 partnership.

At the heart of it is a relatively simple, but carefully designed programme of unpaid internships aimed at clearing at least one of the barriers faced by young, jobless people in their search for work.

Every year, university, college, technician and school-leavers are defeated at the outset by not having any work experience on which to rely. Without work experience, they find, their chances of securing jobs are slim.

And, of course, without jobs, they have no chance at all of gaining work experience.



Within the next few weeks the first group of young, jobless people seeking work experience as part of the Starfish 2000 Internship programme. Special Writer **MICHAEL MORRIS** reports

It's notable that the first intake include people with matric, technical and university qualifications. Against the background of the crime, apathy and social alienation

this year led to the idea that an internship project could really make a difference, by empowering job-seekers in the practical sense of giving them experience they could use for themselves.

That idea has since taken shape as the Starfish 2000 initiative.

The partnership driving it has grown and, under the operational leadership of the veteran NGO, Careers Research and Information Centre (Cric) in Athlone, Starfish 2000 is ready to go.

Unlike conventional job-shadowing - a relatively loose arrangement between employers and young people sussing out future career paths - the Starfish Internship is shaped by a set of formal relationships established by a properly lodged constitution.

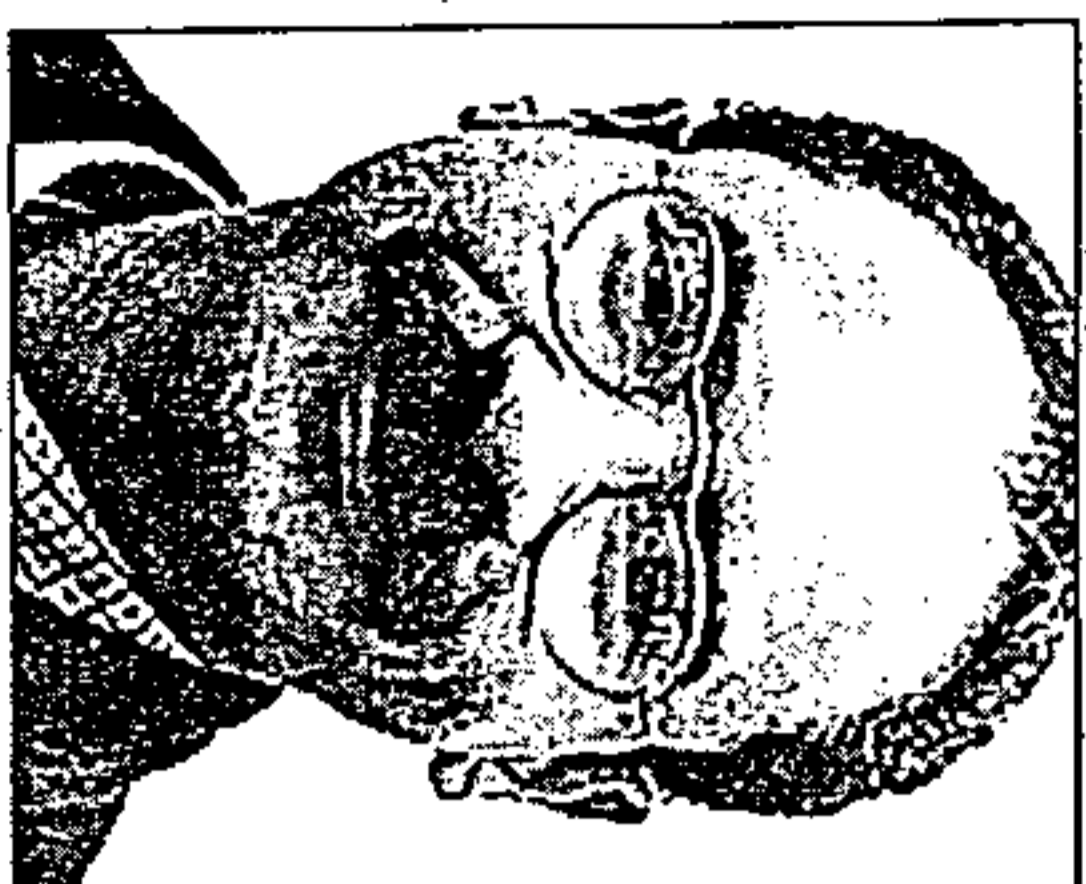
In outline, potential interns are interviewed and short-listed before being placed with host companies that match their career intentions for between three and six months.

They will have a compulsory one-week break midway through the internship for "debriefing and evaluation", and to allow mentor and intern to begin considering options for permanent employment.

Interns will be mentored throughout to ensure on-the-job experience really does amount to a measurable benefit.

They will not be paid, and will not be guaranteed jobs at the end of their stint. They will receive a stipend from the Starfish Trust to pay for transport and meals.

Interns will emerge with a certificate that will meet national certification standards. Contracts will govern the relation-



**'There is no ambiguity about what is permissible and what is not'**  
- Stephen Curry

that spring from idleness and receding hope, tentative discussions between the Cape Argus, the Cape Chamber of Commerce and Industry, the Association of Personnel Service Organisations, and the Ministry of Public Works earlier

ships between Starfish 2000 and the host company, and between the intern and the host company.

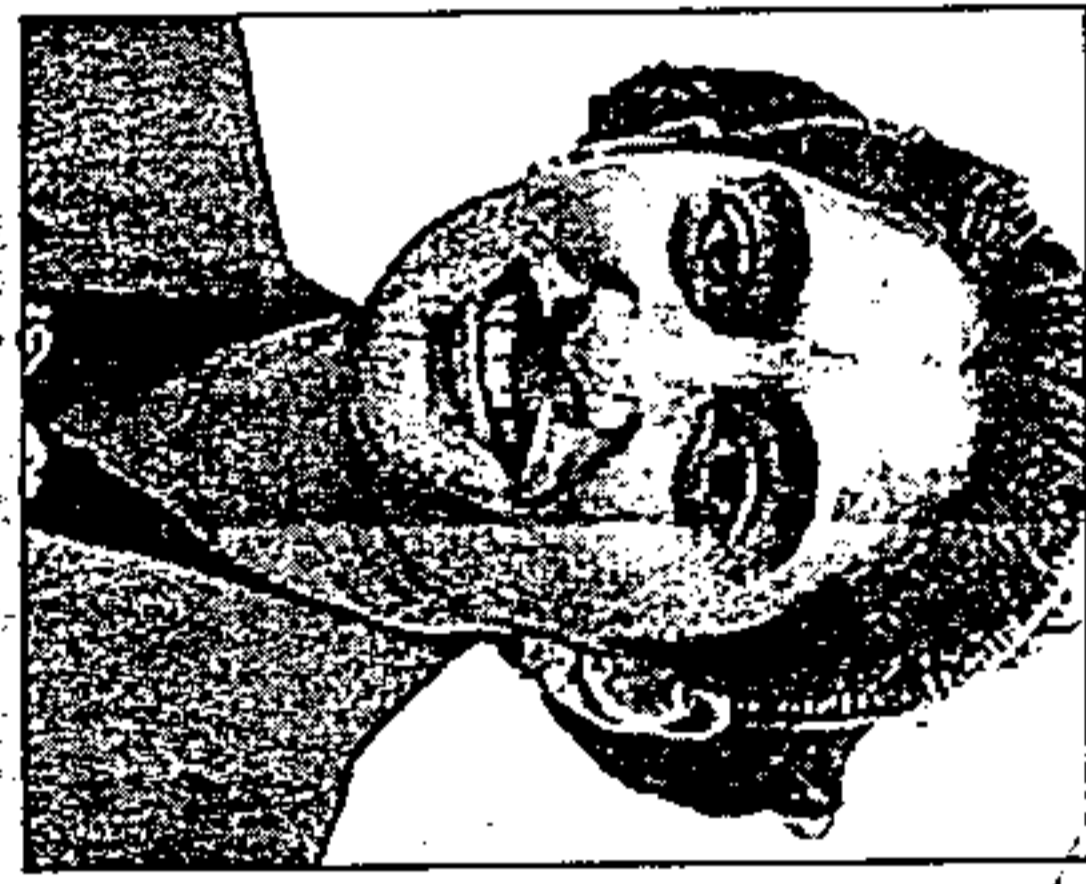
All parties are fully briefed about their rights and responsibilities at the start.

Not surprisingly, perhaps, the programme has already drawn some sniping from sceptics who, without bringing their minds to bear on the detail of the programme, see in it the risk of workplace exploitation, of creating a handy reservoir of "cheap labour" for companies feeling the pinch in hard times and eager to cut the wage bill.

That unions have expressed these qualms probably reflects two things: their own vulnerability in a climate

of fewer, formal economy jobs, and, chiefly, ignorance of the detail of the Starfish 2000 project itself.

Indeed, the significance of these perceptions is not lost on Stephen Curry, whose civic movement activism of the struggle era has inured



**'Legal and employment issues were discussed from the earliest stage'**  
- Rahima Loghdey

him to glib assurances or grand notions that might sweep others off their feet.

As the programme co-ordinator for Starfish 2000, he has no illusions about the scepticism, or what it takes to dispel it. "There is naturally concern about interns being exploited, or companies being abused by interns."

"But it is precisely because of this that we sought to protect everybody in a constitution that clearly outlined the legal position. That is what guides us."

"There is no ambiguity about what is permissible and what is not."

Programme facilitator Rahima Loghdey points out that "legal and employment issues were discussed from the earliest stage."

All the potential problems were foreseen, and dealt with effectively in the Starfish constitution. That document removes any doubt about our intentions."

Fellow programme facilitator Beatrice Koopman of Southern Life says this is part and parcel of the "work ethic" underpinning the programme. "It's a commitment to best practice, quality assurance and professionalism," she says.

In fact, the Starfish 2000 constitution is unambiguous in outlawing the use of interns in a way that would "jeopardise in any way the position of employees of the company."

Host companies must also "ensure that the intern is not put in a position where it may create conflict with employees, employee organisations or unions."

On jobs after the internship, the constitution provides that a host company "may employ an intern after the expiration of the internship upon such terms and conditions as may be agreed between the relevant parties, provided that the member undertakes not to employ the intern in a manner that could jeopardise existing employment relationships."

It also stipulates that "if an internship expires where an intern has worked unsupervised in a position that should be filled by an employee, the (host company) shall not utilise another intern to fill the position."

The second, critical, element of the programme is the commitment to get the best out of interns, and the best out of an internship.

Ms Loghdey notes that aspirant interns are judged not so much on formal qualifications or prior work experience, but on their potential.

The idea is to develop a career momentum that is sustained once the internship has ended.

Getting this right depends in large part on matching interns' potential and ambitions with host companies, and mentoring them carefully throughout the process.

Ms Koopman brings to the programme her own experience in similar initiatives at Southern Life, but

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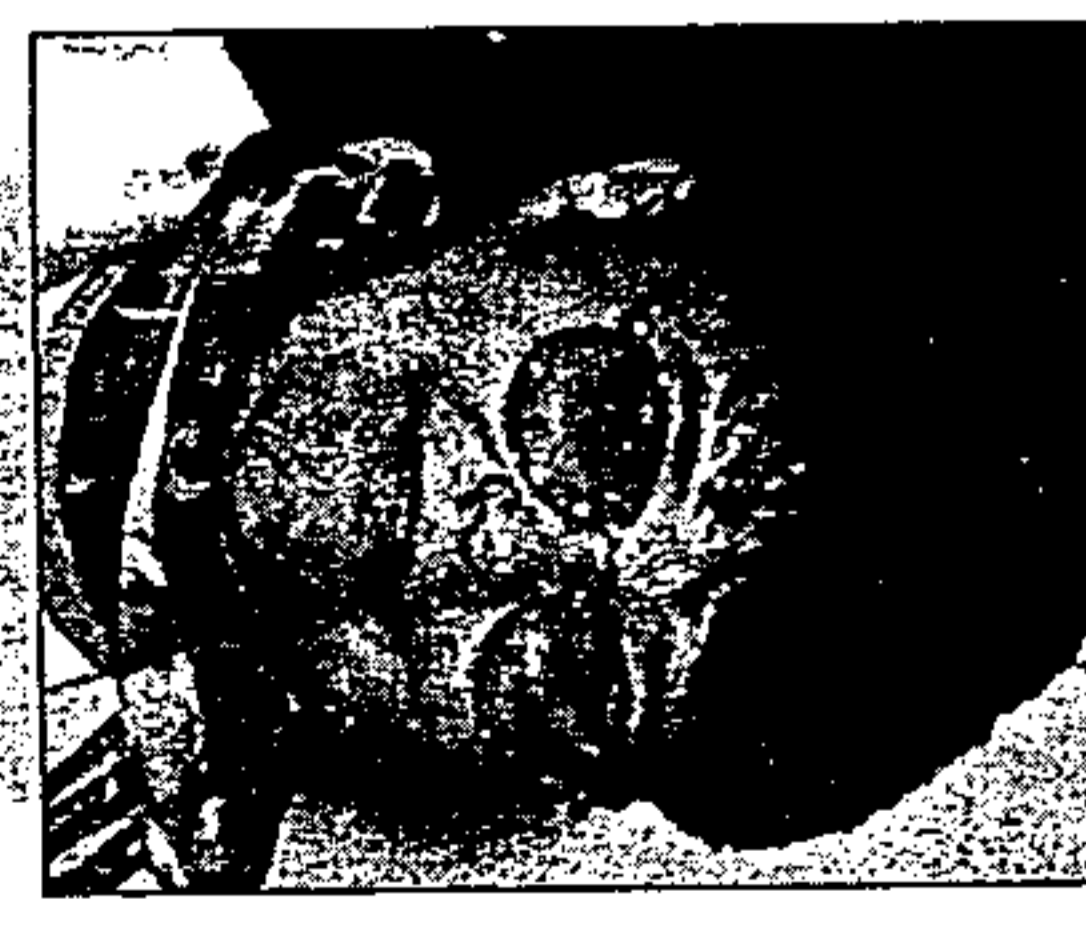
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# Govt 'needs strategy to combat joblessness'

By Sowetan Business Reporter

THE problem of unemployment, poverty and inequality should be addressed within the context of a sustainable employment strategy that will strengthen the long-term labour absorption capacity of the economy.

This is the view expressed by South African Chamber of Business president Humphrey Khoza. He said international trends have shown that there were seven pillars to a sustainable employment strategy.

These were sound macroeconomic policies, strong industrial development, strengthening a culture of entrepreneurship, promoting small and medium-sized business, investment in human capital, an efficient public sector and a labour environment that encouraged adaptability.

Khoza was speaking at a conference held by the Building Industry Federation of South Africa in Port Elizabeth yesterday.

(173)  
He said Government's macroeconomic strategy was a fundamental to restructuring and rebuilding of the economy.

However, warned Khoza, the job creation goals set by Government had been over-ambitious, especially given the extent of unemployment in South Africa.

## Latest figures

"Unemployment has now reached critical proportions. The latest figures by the Central Statistical Services reflect an unemployment rate of nearly 30 per cent.

"This figure illustrates very well just how desperate South Africa's jobless position has become," he said.

Khoza said in assessing the current state of the South African labour market, there was another reality that had to be taken note of - South Africa's legacy of inequity and discrimination in the distribution of jobs, occupations and incomes.



# Govt labour policy under fire

(173)

BD 3/9/98

Sibonelo Radebe

SA WOULD pay a heavy price in terms of increased unemployment, poverty and unacceptable levels of crime unless it reconsidered its labour policies, SA Chamber of Business president Humphrey Ndlovu said yesterday.

Speaking at the annual congress of the Building Industries' Federation of SA in Johannesburg, Ndlovu hit out at government's labour legislation.

The legislation went against the goals of the Growth, Employment and Redistribution (Gear) economic strategy, he said.

Ndlovu said: "If we do not want to be lumped together with weak emerging markets, we should strive to make SA attractive to foreign investors."

He said foreign investors had an ideal model of acceptable policies in mind and that if SA wanted to court them it must move its labour policies towards global norms.

Citing the recent wage disputes

across the country, Ndlovu said SA was increasingly becoming a "strike-prone violent emerging market".

Ndlovu said this was because of overly generous policies which granted workers the right to strike and an over-regulated labour market.

He criticised government for the slow implementation of Gear.

"Government apparently lacks the political commitment and courage to implement the strategy," he said.

Ndlovu said the job creation goal set in Gear was "overambitious given the extent of the unemployment problem in the country".

He placed the unemployment rate at 40%, saying the current — and lower — Central Statistical Service's figure excluded discouraged job seekers and those without the money to seek work.

He welcomed the proposed job summit and joint business and labour initiatives to put money into job creation schemes, but said throwing money at the problem would not create jobs.

# Jobs top list of priorities

(173)

ET 9/9/98

**ANDRE KOOPMAN**  
PARLIAMENTARY BUREAU

SOUTH Africans of all population groups and all levels of income identify jobs, crime, housing and education as top priorities for government action in a surprising indication of national consensus on these issues, the Institute for Democracy in South Africa has found in a national survey.

While concerns about political violence and discrimination had decreased since 1994, concerns about criminal violence had increased sharply from six percent in 1994 to 58% in 1997.

Idasa conducted surveys in 1994 and 1995 and 1997.

It found in its national survey

last year of 3 500 people that there had been only two major shifts in public priorities since 1994.

The first was concern about discrimination, inequality and rights listed by 19% of the public in 1994 and only three percent in 1997.

Concern about political violence had dropped from 56% in 1994 to 9% in 1997

Significantly, the government's greatest success in terms of delivery had not been prioritised by respondents, Robert Mattes one of the survey co-ordinators said yesterday.

Urban and rural South Africans list the same top four issues: Jobs, crime, housing and education.

Sixty eight percent of South Africans marked unemployment as one of their top three concerns, fol-

lowed by criminal violence (58%), housing (44%) and education (20%).

"There are few differences between the priorities of the employed versus unemployed, between middle class, working class, farmers or the informal sector and absolutely no differences in the priorities of men and women," Mattes said.

There was significant variation in the ordering and emphasis of priorities by province, but even here there was more agreement than disagreement.

Since the first Idasa national survey was done in 1994, job creation has consistently ranked as the most important problem that the government ought to address.

# Reaching the summit

(17<sup>th</sup>) *W. Louwman 9/9/98*

**T**HE forthcoming Presidential Job Summit is, in the words of President Nelson Mandela, the most significant event since the 1994 elections. Our country faces a massive unemployment crisis which must be resolved as a matter of extreme urgency.

The statistics recently released show that there are close to five million unemployed people if the expanded definition of unemployment is used, including those of an employable age who are no longer looking for work.

The unemployment rate using the expanded definition is about 37.6 percent. The expanded definition is preferable to the official definition as it highlights the extent of the structural crisis facing our economy.

South Africa has a high proportion of people who are no longer actively seeking employment because of a lack of job opportunities. In fact, the economy is destroying more jobs than it is creating. Women and youth are particularly hard hit by unemployment.

Unemployment has negative effects on people's self-esteem as well as undermining community cohesion. There is a correlation between unemployment and poverty, as the poorest households often contain most of the unemployed.

The *Poverty and Inequality Report* released by the Deputy President's Office shows that unemployment is a significant contributor to poverty. At the same time research has shown that low wages combined with unemployment are the major source of poverty, with many poor households containing a number of unemployed people, relying on the wage of a breadwinner which is not adequate enough to sustain them.

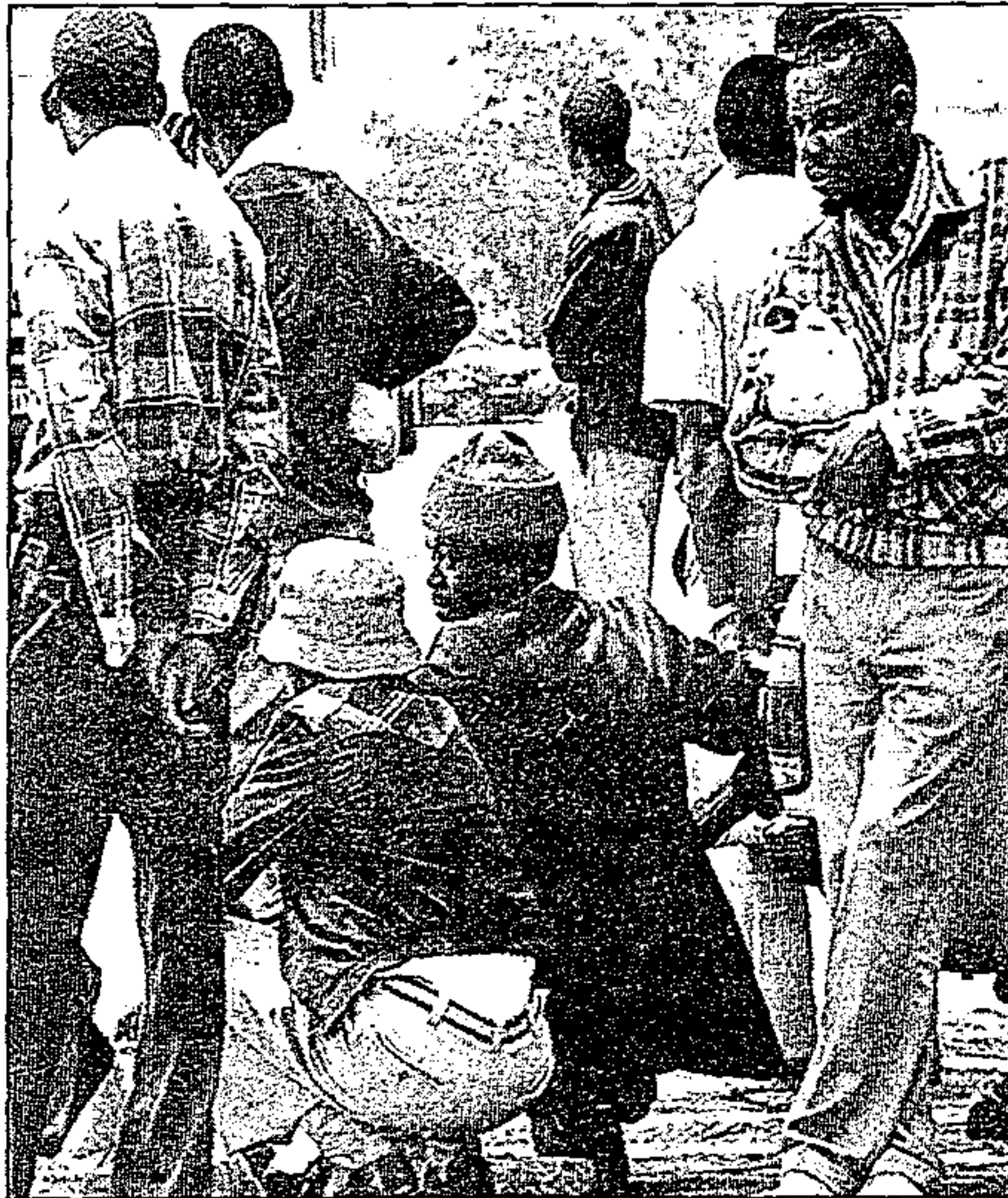
In the light of this, the Congress of South African Trade Unions (Cosatu) has put forward a set of proposals which will contribute to eradicating joblessness, improve the quality of existing work and stem the tide of job destruction in the economy.

The underlying philosophy underpinning our proposals is that an employment strategy must significantly alleviate poverty and inequality. To be in a position to achieve this aim an integrated, comprehensive employment strategy must be adopted, entailing immediate, short and medium to long-term interventions.

This strategy must have as its main objectives:

- Halting current trends in job losses and significantly improving job security;
- Provision of support for the unemployed;
- Enhancement of the quality of jobs towards a living wage and stable employment;
- Creation of significant numbers of new, quality jobs; and

The labour movement is exploring innovative and diverse ways of combating rampant unemployment in South Africa, explains **Oupa Bodibe**.



Five million people are currently unemployed in South Africa, according to the latest statistics.

#### ● Formalising the informal sector.

An integrated strategy must incorporate a set of core policy areas, including macroeconomics, investment, trade, technology, public sector employment, social plans and a social wage.

Cosatu's recently unveiled programmes seek to concretise this vision. One key programme is a mass housing scheme that aims at building one million houses through the provision of publicly owned housing rental stock.

The multiplier effect of housing spending offers greater opportunities for active industrial policy measures which can harness such economic activity towards the goals of sustainable efficiency and the restructuring of industries.

A mass public housing programme will also be linked to a restructuring of urban planning to ensure integration of affordable housing into well-located areas, to break down apartheid geography and its associated social and economic costs. Such a programme will employ hundreds of thousands of workers.

Despite attempts to rubbish Cosatu's proposals for funding job creation - through expanded contributions from state coffers, lever-

aging resources from the private sector and workers' contributions - serious commentators would know that the proposals are well considered and are part of the programme to move the economy on to a new job-creating path.

Traditional anti-union commentators in the mainstream media have attempted to create the false impression that the unions propose that the fiscus should be the only source of funding. Nothing could be further from the truth.

Their agenda is to take away people's focus from the real issues by "sensationalising" the resources that will be required to finance employment creation.

We will not apologise for taking job creation seriously.

Our funding proposals entail funding from the fiscus; restructuring government employees' pension funds; solidarity tax along the lines of the tax introduced in West Germany in 1991 to fund unification; contributions from the private sector; prescribed asset requirements; progressive taxation; and utilising South African Special Risks Insurance Association funds and resources of the Industrial Development Corporation.

Prescribed asset requirements will unlock resources in the retirement industry and that of long-term insurers, which are currently being invested primarily in speculative instruments.

Tinkering on the edges of our economy will not provide a solution to the crisis of joblessness. This country requires its own Marshall Plan, a major channelling of resources into reconstructing our country and putting it on a new job-generating growth path.

This is what our proposals to the forthcoming Job Summit attempt to do. We call on all other actors in society to join us.

*(The writer works for the parliamentary office of the Congress of South African Trade Unions in Cape Town.)*

# Aggressive jobs strategy urged (173)

Kevin O'Grady

BD 9/9/98

UNEMPLOYMENT in the North West province was predicted to rise to 43% in 2001 from the current 34%, creating the need for an "aggressive" job creation strategy, according to a report on the province by premier Popo Molefe.

Mining (57%) and agriculture (18%) were still the biggest employers but were both shedding jobs, while manufacturing had failed to create new job opportunities. There was an urgent need for a diversification of the province's economy but this was not made easier by high interest rates.

Although the declining value of the rand was beneficial to the mining industry, tourism and the export sector, high interest rates stifled investment and placed a heavy burden on emergent farmers and small businesses and had "the potential to drive them into bankruptcy".

The rand's rapid devaluation also held serious implications for provincial budgeting because commodities such as oil and capital goods manufactured in other countries had become "very expensive".

To combat unemployment — identified as the province's core economic development project — it was vital that the provincial government recognised the important role of the informal sector.

The province also needed to develop a consistent approach to the sector at all levels of government. Some departments and local governments managed the sector efficiently, while others tried to suppress it or failed to interact with it, "allowing for its chaotic development".

The province had much lower teacher-pupil ratios than recommended by government. As a result, the education department had recommended that 2 697 teachers be "phased out" after negotiations with the relevant role-players.

The department had also recommended that temporary teachers with "closed" contracts have their contracts terminated immediately, that teachers be moved from overstuffed schools to schools with staff shortages and that negotiations begin on these issues with teacher unions and associations.

Reports indicated that much of North West's crime, particularly the killing of farmers, were "spillover" crime in areas near the Gauteng border.

An assessment of farm murders showed that gun theft appeared to be the motive in more than 80% of cases and that most victims were elderly.

# Public works programme gets a pat on the back for aiding

**GLINE SAWYER**  
POLITICAL CORRESPONDENT

The Government's community-based public works programme is a success in reaching the poorest of the poor, a survey by major bodies has found.  
The International Labour Organi-

sation and the Community Agency for Social Enquiry (Case) released their latest evaluations of the programme yesterday.  
The programme was initiated by the national Department of Public Works in 1995 with R250-million. It was geared to cut unemployment, educate and train people, build capac-

ity in communities and create and maintain physical assets.  
Funding has been shared among selected non-governmental organisations on the basis of their proven capacity for delivery and provincial public works programmes.  
The evaluation found that while certain improvements were needed,

"they call for refinement rather than fundamental change".  
Those doing the investigation found most community-based public works programmes had involved building projects, with schools and community halls accounting for 68% of all projects. Water supplies followed at just less than 13%, fol-

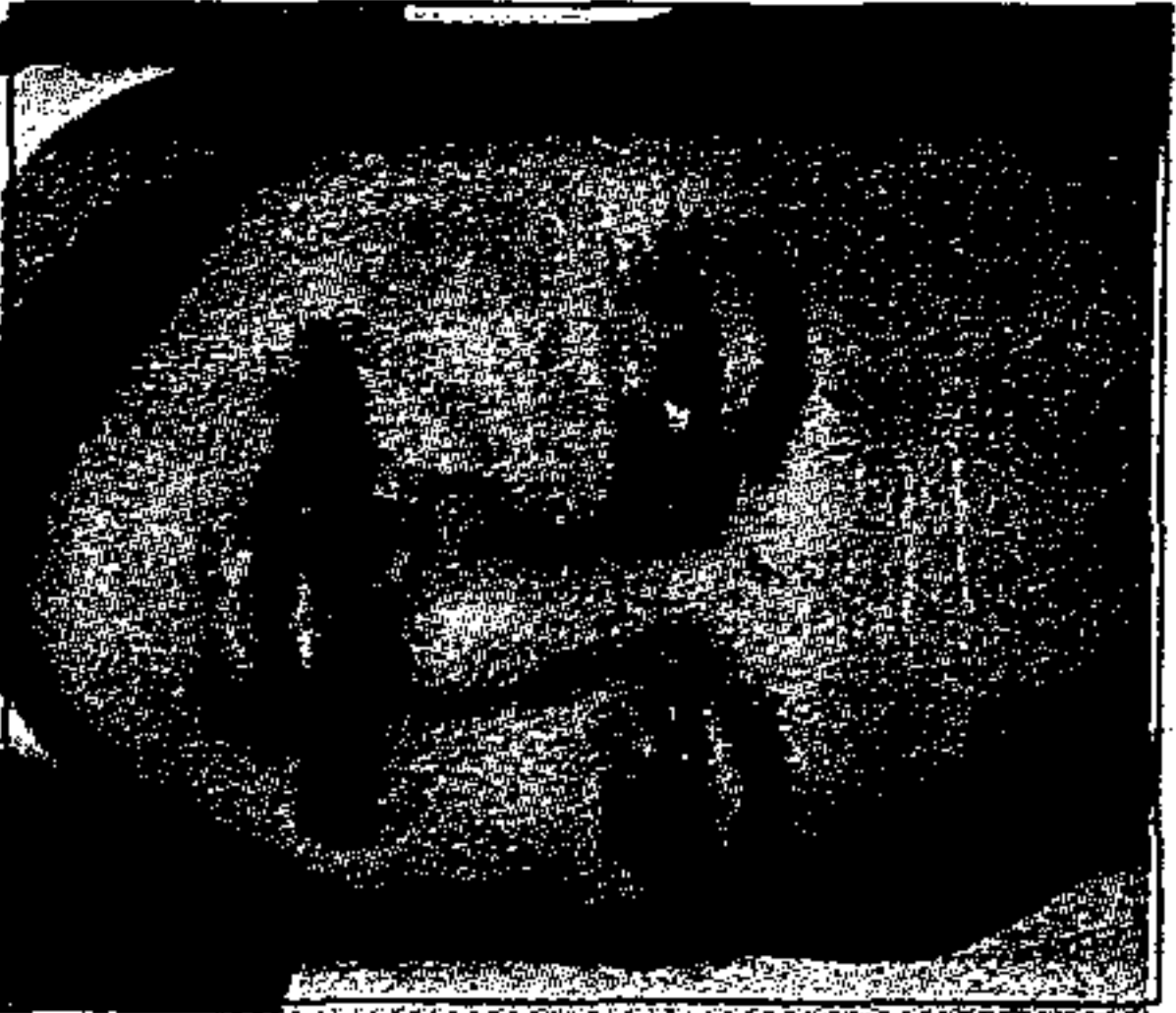
lowed by roads at 12%. The rest were "mixed" projects and sanitation and sewerage programmes.  
It was found that, while it could not be said that schools and community halls were not needed, their building tended to create few long-term jobs.  
Investigators also found that the

process of consulting communities about what projects were wanted was difficult, and after the projects were completed more than half those surveyed thought a better project could have been chosen.  
On labour issues, the evaluators founded that methods of choosing workers had varied widely. One of

the most common was to identify those most in need of jobs and income, balanced with project needs of skills and experience.  
Less than half those recruited were women. Terms and conditions of employment tended to be fair, but basic. Only 8% of workers had complained, it was reported.

**poorest of the poor**  
(173) RKA/19/198

# R817m earmarked for poverty relief,



TREVOR MANUEL

**JOVAL RANIAO**  
PARLIAMENTARY BUREAU

RURAL communities, single mothers and emerging farmers will be the major beneficiaries in an R817-million windfall earmarked by the government for poverty relief and infrastructure development.

Finance Minister Trevor

Manuel announced yesterday that the cabinet had approved the allocation of the funds, taken from this year's budget.

They would be used to finance labour-intensive job creation programmes, including the building of access roads in rural areas.

Manuel said the funds would also be used to success-

fully implement water projects, community-based public works programmes and nutrition programmes that are run by the Department of Health.

He said the government was committed to ensuring the financial viability of the project and that the department was willing to have the

projects monitored by the Ministry of Finance.

"There's a fairly tight range of criteria covering things such as commitment to areas where the poorest people live, human development, capacity building, stimulation of jobs and community involvement. One of the criteria is the sustainability of projects and integrated-

ness," he said.

The funds have been allocated to the following departments:

●Water Affairs and Forestry — R270 million (R120m for water projects and R150m for community projects).

●Health — R28m for inte-

grated nutrition projects, including community gardens.

●Agriculture — R25m to be spent on stimulating agriculture, especially giving assistance to emerging farmers.

●Welfare — R220m for projects focusing on poor households, particularly those

headed by single mothers.

●Public Works — R274m (R149m on poverty relief and R125m on infrastructure development).

"Large amounts of the public works allocation will be spent on access roads, as this is one area that needs major attention. Often this problem should have been

dealt with by provinces and it has not."

Manuel said he would hold meetings regularly with the relevant ministers to evaluate progress.

Meanwhile, the cabinet has declined to approve the draft White Paper on minerals and energy until further consultation has taken place.

# Mobile, mercenary and a little insecure

ST(BT) 13/9/98

A survey of BT appointments section readers reveals some unexpected concerns, writes **ANDREW GILL** (173)

**A** MAJOR survey of potential job seekers has found that skilled SA workers are a highly mobile, well-educated and often mercenary set.

The Work In Life survey, conducted among readers of the appointments section of Business Times, reveals some home truths about workers' views of their employers and the recruitment industry.

It points to high levels of job insecurity in some industries and raises concerns about sexism, racism and ageism in the SA working environment.

The study, undertaken in March this year, received 11 000 responses, 10 000 of which were captured and analysed. The key findings were presented to the recruitment industry in Johannesburg this week and will be presented in Durban and Cape Town in the next few days.

Apart from the alarming number (nearly three-quarters of respondents) of highly skilled South Africans — many of them owners or managers of businesses — considering emigrating because of crime and violence, the survey shows that company loyalty is limited in industries drawing on an increasingly scarce skills base in the country.

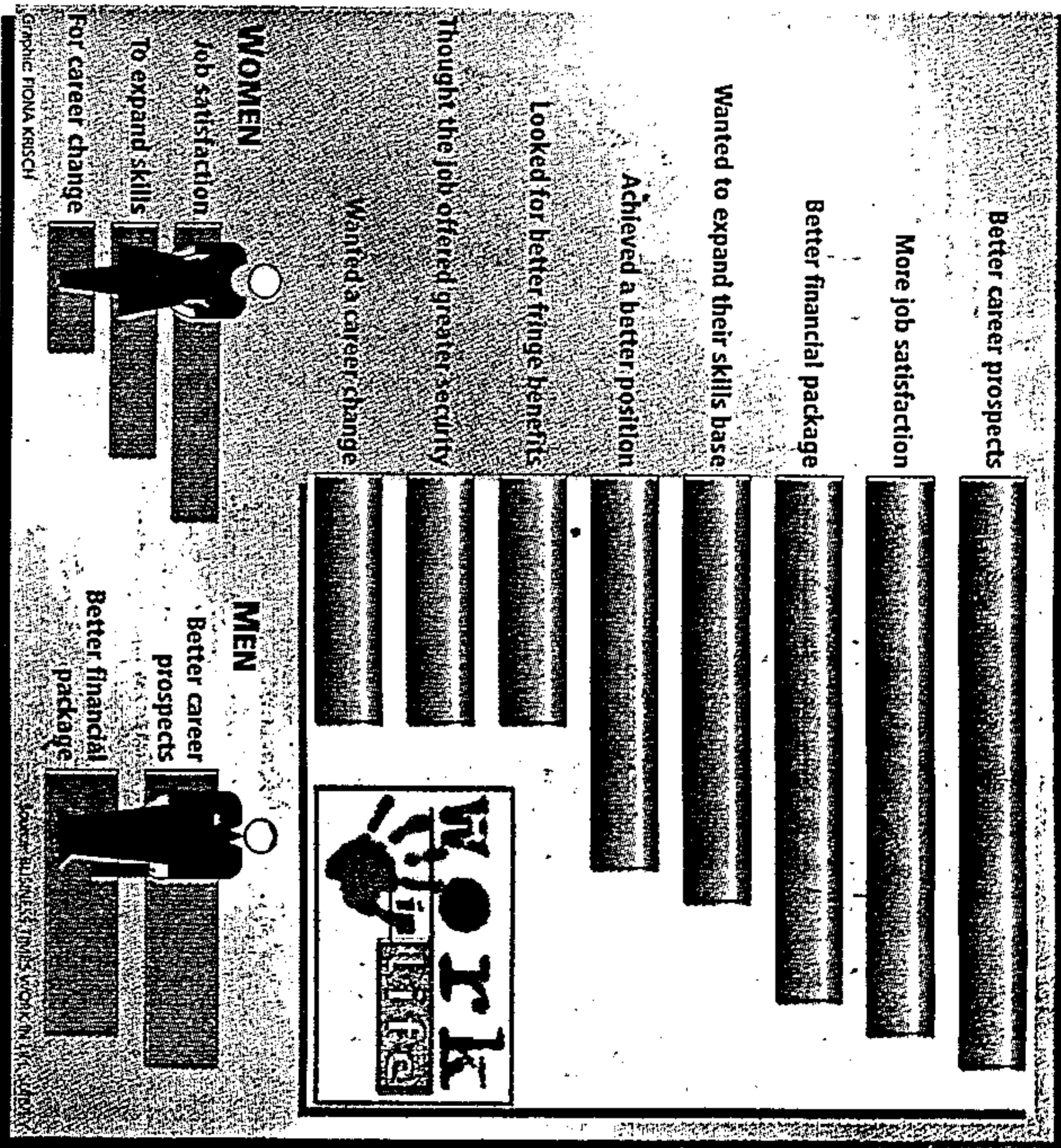
over the age of 45 believe that job prospects are limited and feel unhappy about affirmative action in the workplace reducing their career prospects. Most respondents still feel that racism is evident in the workplace. This is most strongly expressed by blacks — who make up 30% of the respondents to the survey.

Reflecting a shortage of skills in some industries, nearly 75% of people rate their jobs as very or fairly secure, while the 25% who are insecure about their positions regard retrenchment, industry shrinkage, restructuring and affirmative action as their biggest threats. The most insecurity was evident in education, mining and government.

The survey, the first of its kind in SA, is modelled on one undertaken in Britain by the *Daily and Sunday Telegraph*. Of the 85% of respondents who are working, nearly 20% are self-employed, and a further 60% are in professional and management jobs.

The survey reveals different attitudes to job seeking between men and women. Men are most likely to move jobs in the interests of better career prospects and financial packages, while women rank job satisfaction and skills expansion as their greatest motiva-

## REASONS FOR MOVING TO CURRENT JOB



tors. More than 60% of the sample had been with the same company for less than five years and over 30% for less than three years. Over 50% of the sample say they will change companies to further their careers.

Despite fairly high levels of job satisfaction, 43% of respondents say they plan to look to move to another company in the next two years. Those most likely to be looking for a move in the next six months tend to be black (26%), female (21%) and under 34 (23%).

But despite an often mercenary slant to the 90s worker, two-thirds of respondents say they will not work for some companies on moral grounds. Almost half of respondents feel that males and females will

not be equally considered when applying for a position, identifying with this issue.

As for financial planning, 76% of respondents hope to retire before 65, but predictably 57% realise that they have not made sufficient financial plans to achieve this.

Skills training is an area where SA appears to be making some ground, with a high percentage of respondents having developed or gained new skills in the previous 12 months — the highest going to management training at 36%.

Benefits were also looked at, and medical aid was the benefit most widely received as part of the employment package (63%), followed by pension (59%), a housing subsidy

(29%), a car allowance (27%) and a bonus or incentive scheme (26%).

The survey also looked at attitudes to recruitment agencies. What emerges is an even balance of positive and negative views. Some respondents are critical of agencies, saying agencies merely put them on a database and ignore them, but a high percentage of respondents believe agencies are experts, matching applicants to jobs and treating the information supplied confidentially.

Respondents say the most important criteria they look for in a recruitment advertisement are the location of the company, name of company, job requirements and experience, job title, remuneration and key performance areas.

# A clear vision crucial for summit's success

Business, labour and political leaders are preparing for the presidential jobs summit. Danie Joubert takes a look at what needs to be done to ensure its success.

(173) BD 14/9/98



Labour must be seen to focus on legitimate worker rights and not the erosion of company wealth.

**T**HREE power elites will go to the presidential jobs summit next month, each with proposals to solve SA's biggest problem: unemployment. The summit's stated aim is to institute measures to reduce SA's over-growing population of unemployed. The mission should rather be to draw international investors back to the Johannesburg Stock Exchange through an enlightened development strategy with national support.

There are four criteria international investors will apply to measure the success of the summit:

- The business elite of SA must demonstrate the political will to make the summit and its decisions a success;
- The political elite must demonstrate that SA is not a command economy ruled by trade unions;
- The labour elite must be seen to focus on legitimate worker rights and not the erosion of company wealth; and
- The ultimate strategy emerging from the summit must be credible, supported, exciting and sure to lead to sustainable economic growth, job creation, asset security and a dramatic reduction in violence.

What might happen at the summit and how could we ensure success in the investment eyes of the world?

In a healthy economy there is competitive tension, but also mutual respect and collaborative synergy between the three power elites. The focus of their collaborative energy must be on growing the prosperity of society on the basis of global trade. (Germany is a good role model in this regard.) This relationship is often referred to as the golden triangle. Its value as a solutions generator in an emerging economy where relationships are typically strained by historical baggage, must be exploited to the full.

The triad power relationship in SA is unique in many respects. Few countries have a labour elite as powerful and disruptive as SA's. It has the power to disrupt traffic on major highways, close down corporations and industries, strand passengers, intimidate innocent citizens, destroy corporate property and introduce labour legislation that will erode the competitiveness of the economy. Labour cleverly expanded its global mind-share and political power by exploiting mass media coverage; positioning influential former trade union leaders in strategic

positions in government and business; establishing investment funds and obtaining shareholderings in major corporations; securing seats on the governing bodies of state and public corporations; expanding union membership; shaping the context and content of key labour and company legislation; instituting consultation and negotiating forums in companies and at industry level and organising sympathy strikes involving violent demonstrations, public intimidation and destruction of property.

Labour's track record in terms of power is unrivalled in the world. Its power has been expanded beyond what international analysts and investors would consider healthy for an emerging economy in need of high levels of collaboration, labour stability and investment. It has also made it impossible for government to project SA as a haven for foreign fixed investment.

There is merit in many of the causes labour is fighting for. Unfortunately its aggressive demands destroy the climate and potential required for creative collaboration and value creation.

Business has watched labour's power pursue with awe and resentment during the past decade, but failed in devising anything that could be described as a creative counter to the growing power of trade unions.

There are no counter-strategies of prominent business leaders involved in business power struggle. The battle is being fought by employer bodies and their officials and co-ops, which points to a lack of resourcefulness or political will in the ranks of the business elite.

The political will to address SA's many problems may have dropped to an all-time low because of low morale. Violent crime, vocal black resentment and the exodus of financial and intellectual capital have contributed to this. The former passion for profit and enterprise has become a passion for security, tranquillity and escapism as evidenced by high electronic fences, high prices for real estate in trout and West Coast ar-

ea, the abundance of upmarket show houses and growing four-wheel drive vehicle sales.

Labour seeks to mobilise R50bn for job creation, sourced from taxes and infrastructure projects. Its 21 job creation programmes must be subjected to sustainability tests to find out what will happen to profitability and employment after the mass construction phase. Mass housing building campaigns and tax-driven job schemes have a limited shelf-life in terms of job creation.

Crime will explode once the construction boom is over and the millions who have experienced the power of money return to the streets. Shrewd investors will be looking for evidence of long-term sustainability in all the proposals. Labour's focus on high interest rates is appropriate. One only has to study default and liquidation statistics to grasp this. SA's four

largest banks last year collectively provided in excess of R3bn for bad debt. Support for lowering interest rates to stimulate consumption spending as a recovery strategy appears to be growing.

Measures to induce more saving and intelligent credit control will be essential. The meltdown of the east Asian and Russian economies was primarily due to too much debt, high interest rates and poor investment and credit management.

The political elite is probably on par with business in terms of preparedness for the summit. It is now under by the many new laws it is preparing. It is also severely handicapped by its allegiance to labour. Its role at the summit may be reduced to refereeing the confrontation between labour and business.

The influence of business at the summit will be weak as a result of the insignificance of its articulated proposals in relation to the magnitude of the unemployment problem. An unemployed population equalling the population of Denmark is a real problem. The value of business' proposed contribution to the creation of employment initiatives in developments exposed to the high risk of crime and labour strife, currently stands at about R750m. It is a trifling amount compared to labour's R50bn. It would be bad tactics to approach the negotiating table with such insignificant numbers and proposals.

The great divide between workers and employers must be targeted as the first issue in business' tabulated job creation strategy. Business finds itself in a desperate situation and must approach the summit with the resolve to make a difference in employe relations — otherwise the summit will turn out to be a further nail in its coffin and that of international investment.

Local companies have the leverage to wrest workers from the grip of trade unions and make themselves globally competitive, but do not pursue it. They are locked in the industrial-agricultural paradigm that conflict with workers is a natural situation and thus labour cost is the only determinant of global competitiveness. The options for embracing and nurturing employees and inducing allegiance and competitiveness are limitless.

The growth industries of the future are not a secret. The obvious first choice for investment and development must be the growth industries of the new millennium. Positioning SA as a global leader in electronic commerce and satellite telecommunication should become the dominant vision of business. The commodity, service and manufacturing industries that will be powered by electronic commerce and communication will flourish in entrepreneurship.

A culture that nurtures entrepreneurship is the only known instrument for creating sustainable jobs and growing an economy. The sales and growth of Dell (computers), Cisco Systems (Web technology) and Amazon (books) — all entrepreneurial start-ups of the past two decades — through their Web demonstrate its immense global marketing and transactional power.

There are many more role models. SA companies have already made huge investments in these technological capabilities and this must be reported at the summit. We have the skills to exploit the new industries.

When business takes this strategy to the summit it will surely excite investors, workers and government. It could also marshal the respect of trade unionists. These strategies would keep business in control of its missions, affairs and funds.

Another imperative for success would be a single business leader of substance, with people skills to mobilise the business elite.

The summit must be a success. We cannot rely on a crude vision and strategy to unfold in the aftermath of the summit. A clear, exact, credible and exciting vision and strategy must be created at the summit.

*Danie Joubert is a competition strategy consultant.*



# A clear vision crucial for summit's success

**T**HREE power elites will go to the presidential jobs summit next month, each with proposals to solve SA's biggest problem: unemployment. The summit's stated aim is to institute measures to reduce SA's over-growing population of unemployed. The mission should rather be to draw international investors back to the Johannesburg Stock Exchange through an enlightened development strategy with national support.

Business, labour and political leaders are preparing for the presidential jobs summit. Danie Joubert takes a look at what needs to be done to ensure its success.

There are four criteria international investors will apply to measure the success of the summit:

- The business elite of SA must demonstrate the political will to make the summit and its decisions a success;
- The political elite must demonstrate that SA is not a command economy ruled by trade unions;
- The labour elite must be seen to focus on legitimate worker rights and not the erosion of company wealth; and
- The ultimate strategy emerging from the summit must be credible, supported, exciting and sure to lead to sustainable economic growth, job creation, asset security and a drastic reduction in violent crime.

What might happen at the summit and how could we ensure success in the investment eyes of the world?

In a healthy economy there is competitive tension, but also mutual respect and collaborative synergy between the three power elites. The focus of their collaborative energy must be on growing the prosperity of society on the basis of global trade. (Germany is a good role model in this regard.) This relationship is often referred to as the golden triangle. Its value as a solutions generator in an emerging economy, where relationships are typically strained by historical baggage, must be exploited to the full.

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(173) BD 14/9/98



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The great divide between workers and employers must be targeted as the first issue in business' job creation strategy. Business finds itself in a desperate situation and must approach the summit with the resolve to make a difference in employee relations — otherwise the summit will turn

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□ JOB CREATION

(173) CT(BR) 16/9/98

### Initiative hoping for companies' go-ahead

Business's R1 billion job creation and capacity building initiative undergoes the litmus test this afternoon at Gallagher Estates, Midrand. A broad coalition of listed and unlisted companies is expected to pledge its support or otherwise.

If given the go-ahead, the proposal aims to create 450 000 jobs in the tourism industry by 2005. The initiative, which gives special attention to tourism and schooling, was developed in close cooperation with a task team convened by the office of the deputy president. It is proposed that listed companies contribute 0,15 percent of their total market capitalisation and unlisted companies contribute 2 percent of their after tax earnings.

A spokesman said the tourism proposal included focuses on marketing, training, crime reduction and support for new business. The schooling proposals are aimed at cutting down the repeater rate. — *Frank Nxumalo, Johannesburg*

## Meeting on job creation project today

Reneé Grawitzky

(173)  
BD 15/9/98

ABOUT 700 companies are expected to attend a crucial meeting in Midrand today to decide whether to endorse a job creation and education project — costing in the region of R1bn — proposed by some of SA's leading businessmen.

The proposal, unveiled last month as a joint initiative of the Black Business Council, South African Foundation and the National Business Initiative, calls on the business community to contribute to setting up a business trust to finance the project.

The trust will be financed either through a set share of companies' market capitalisation or after tax earnings.

Since last month, the major corporations have been lobbied to ensure their participation, but today's meeting will decide whether or not the initiative gets off the ground.

Saki Macozoma, co-chairman of the

preparatory committee set up to drive the process, said yesterday "the tilt at this point is towards acceptance rather than rejection" among a large number of companies.

SA Foundation head Neil van Heerden said the majority of the foundations' members had been positive about the process. Those companies yet to respond were not necessarily negative, he said, but were awaiting approval from their board of directors.

Van Heerden said the initiative could only become a reality if a "substantial" portion of the business community endorsed the concept. "Ideally we need more than 60% of the business community," he said.

This included listed and nonlisted companies.

Macozoma said today's gathering marked a chance for business to make an extraordinary contribution to stabilising the country and economy.

# Public works reviews procurement

CT (PR) 16/9/98 (173)

LYNDA LOXTON

Cape Town — The department of public works had tightened up its affirmative procurement programme to prevent "subversion" by some construction companies and to fill in gaps that had developed, Sivi Gounden, the deputy director-general in charge of accommodation, said yesterday.

He told a workshop for national and provincial governments that the drive to raise the involvement of black firms in public works programmes had been a

"qualified" success because black firms still played a small role.

They seemed to prefer to enter into joint ventures with larger, established firms on mega-projects but did not always participate equally in contracts. The ventures covered only public sector projects and not private sector work, where black involvement was not mandatory.

In some cases, the black firms were actually paid not to become involved in the construction project, but merely to act as "fronts".

Gounden said the programme

would be rolled out over the next six months. It was expected to cover 90 percent of national and provincial projects, 25 percent of local government projects and 15 percent of parastatal projects.

To increase the involvement of black firms as prime contractors, a strategic projects initiative would be launched.

Gounden said preference would be given to black contractors wishing to take part in large projects as prime contractors, while a mentorship programme would also be developed.

# Business's jobs plan gets off the ground

BO 16/9/98 (173)

René Grawitzky

FORTY-three multinationals, listed and nonlisted companies have already agreed to support a job creation and education project — costing about R1bn — proposed by leading businessmen.

This emerged at the official launch of the project in Midrand yesterday at which representatives from hundreds of small, medium and large organisations gathered. The audience also included representatives from union investment companies and black empowerment groups.

The business initiative follows months of discussion between leading businessmen and government. It focuses primarily on creating jobs through the promotion of tourism and "building human capacity" by implementing programmes to assist in improving the education system.

Government threw its weight behind the initiative yesterday while businessmen appealed to the broader business community to contribute.

Anglo American Industrial Corporation chairman Leslie Boyd told businessmen they could either "do nothing ... (and) complain about the way in which government ... performs, or

commit" to bringing business resources and "logic" to meet the challenges facing the country.

Trade and Industry Minister Alec Erwin said broad commitment by business would provide the right signals to the international community. Erwin said if the initiative was fully supported by business it would play an important role in generating jobs.

The project would get off the ground only if a substantial portion of the broader business community agreed to contribute towards a trust that would finance a range of targeted projects linked to tourism and education.

Only a small group of companies had been approached so far and recruitment on a wider scale would start soon. Business indicated earlier this week that it would ideally require an endorsement by 60% of the 800 companies listed on the Johannesburg Stock Exchange to finance the project.

The trust is to be financed by a contribution of 0,15% of the total market capitalisation of each contributing company as at November for listed companies while unlisted companies will be required to contribute 2% of after-tax earnings.

To take into account the recent

volatility in the financial markets, companies may also make cash payments at a rate of 0,03% of total market capitalisation each year for five years.

The trust, although controlled by business, will include 12 business trustees and eight from government.

Parallel to the trust, business has proposed the establishment of a consultative body of eight business and eight government representatives. It would act as a forum for interaction between the parties on critical issues relating to job creation and human capacity development.

The preparatory committee which has been driving the process includes Transnet's Saki Macozoma, Murray & Roberts's Dave Brink, Premier's Doug Band, New Africa Investments' Cyril Ramaphosa, Avmin's Rick Menell and Thebe Investments' Vusi Khanyile.

A key motivating factor behind the initiative is to build an effective relationship between government and business. Boyd said business faced difficulties in interacting with government and believed this initiative would bring business closer to government and ensure its participation with government at an earlier stage in the process of policy formulation.

# R1-bn jobs fund takes off

(173) ARG 16/9/98

Johannesburg - Top South African companies have joined forces to establish a R1-billion fund to boost job creation and develop human resources.

At a meeting at Midrand yesterday, Anglo American Corporation executive director Michael Spicer said businesses would be invited to donate a small percentage of their market capitalisation or after-tax earnings.

"We hope to attract a wide range of companies to this initiative to demonstrate a broad based business commitment," said Mr Spicer.

The project would be managed by Government and private sector trustees, and focus on tourism and

education. It would develop programmes and identify partners within the tourism and schooling sectors.

Deputy chairman of New Africa Investment Ltd Cyril Ramaphosa, said: "This is a severe challenge that comes at a time when we must consolidate our new democracy, tackle poverty and widen economic participation in the face of unprecedented global competition and turmoil in financial markets."

Tourism would be targeted because of its job-creation potential, said Premier Group chairman Doug Band.

Minister of Trade and Industry Alec Erwin said the Government was encouraged by the initiative. - Sapa

## Support snowballing for R1bn business trust plan

Reneé Grawitzky (173)

THE R1bn business trust, intended to finance a major job creation and education project, could be up and running by November as an increasing number of companies express their support for the initiative.

It was officially presented to the broader business community on Tuesday by a group of SA's leading businessmen.

Details of the project were thrashed out by a 15-man preparatory committee made up of business representatives from a number of organisations and government.

Preparatory committee spokesman Michael Spicer said the organisers were encouraged by the audience's reaction to the project. However, the organisers were cautiously waiting for final approval of the project by the boards of directors of the respective companies.

Spicer said business was evaluating the written responses from the companies present at the launch.

It is believed that more than 200 companies had either said yes, asked for more data, or indicated that the project would be taken to their boards of directors for approval.

At the time of the official launch on Tuesday, 43 large organisations had indicated their support for the project and since the launch an additional four companies have come on board.

Spicer said those who had endorsed the project so far were mainly the "big players" in business.

He said the organisers were determined to secure the support of large- to medium-size companies as well.

The preparatory committee — which has been driving the process since earlier this year — was hopeful that pilot projects linked to tourism and education would get under way early next year. This would follow the formal creation of the trust and the appointment of a board of trustees.

Spicer announced earlier in the week that the trust would be under the control of business, with 12 trustees from business and eight from government.

BD 17/9/98

# Job-creation plan underway

(173)

EP 20/9/98

By ALI MPHAKI

**B**USINESS has put its money where its mouth is with the initiative announced by business leaders this week to create jobs and build human capacity.

More than 600 business leaders from the country's top listed and non-listed

companies considered a proposal to raise R1-billion for job creation and human capacity-building projects.

Job creation was chosen because of rising concern over unemployment.

About 365 000 people enter the job market every year - but the available number of jobs declines by about 82 000 each year.

Speaking at the meeting, Deputy Chairman of Nail, Cyril Ramaphosa told business leaders: "This is a severe challenge that comes at a time when we must consolidate our new democracy, tackle poverty and widen economic participation in the face of unprecedented global competition and

turmoil in the financial market.

"This is not the time to shift responsibility or look the other way. We must work together in a practical way," he said.

The initiative will give new impetus to job creation and capacity development.

"We believe that tourism has by far the greatest job creation potential in South Africa, a fact recently highlighted by a report by the World Travel and Tourism Council on travel and tourism in South Africa.

"It is also the sector with the best short-term job creation potential," said Doug Baid, chairman of the Premier Group.

The initiative aims to encourage job creation in the tourism sector by scaling up the resources that can be mobilised by government and the firms in the industry to stimulate marketing.

Opportunities have also been identified to accelerate and expand training in this sector over the next year and for business to make available infrastructure and



Cyril Ramaphosa

expertise to support new enterprises in the tourism industry.

"The reason why the schooling sector was chosen for human capacity development is that primary and secondary schooling form the foundation for human resource development.

"Without the establishment of a good quality schooling system, building the human capital we need will be costly and inefficient," said Lot Ndlovu, executive director, human resources at Nedcor.

Alec Erwin, Minister of Trade and Industry, stated that the government was encouraged by the initiative that business had shown and was particularly pleased to see black and white business leaders working together.



# Military bases could become focus of war on joblessness

ST (PT) 20/9/98 (173)  
PUBLIC WORKS

By HENRY LUDSKI

IN A modern version of beating swords into ploughshares, as many as 20 military bases around SA may be transformed into "economic development hubs" in an ambitious billion-rand plan.

The Department of Public Works says negotiations with the World Bank are advanced for the R1-billion to fund the project, which government hopes will create desperately needed jobs.

Gugu Mazibuko, chief director of state property holdings for the department, says the redundant military bases will be set aside for land reform, housing, commercial centres and industrial development.

The ease of conversion and how the land can be used to meet government's broader socio-economic objectives will determine which bases are identified for civilian re-use, Mazibuko says.

The disposal of vast tracts of military land forms part of the restructuring of the defence force, and coincides with the planned closure of several large military bases and the proposed retrenchment of about 30 000 permanent force members.

A task team made up of representatives from the defence and public works departments, the non-governmental Group for Environmental Monitoring and the US Army has spent the past five months finalising a model for conversions, drawing on experiences in the US, which embarked on a similar programme recently. A final report is expected in a few weeks.

Brigadier Gerhard Cordier, director of facilities for the SA National Defence Force, says the process of nominating bases still has to be completed. "I cannot identify bases targeted for closure at this stage," he says. "All I can say is that it will be substantial and that it will be done in co-operation with civil society."

A primary focus of the conversions will be the mesh with government's spatial development initiative (SDI), which is aimed at attracting foreign investment and promoting socio-economic objectives.

Jennifer Smith, national co-ordinator of the Department of Trade and Industry's SDI, says she has been approached to secure private sector support for the project. She says the defence force has also discussed various commercial initiatives with co-ordinators of several of SA's regional SDIs.

Laurine Platsky, project manager of the West Coast Investment Initiative, says her project has been working with the air force in identifying possible commercial partners for the Langebaan Road airport.

"We have been briefed by the defence force about their base conversion programme and have done a pre-feasibility study for them about the possibility commercial use the facility," says Platsky.

The defence force has about 60 large military bases spread throughout SA, close to half of which could eventually end up as major development initiatives.



SA Commercial and Catering Allied Workers' Union general secretary Herbert Mkhize outlines the union's strategy for next year at a media briefing on Friday. In the background are union officials Freda Sizane and Theo Xulu.

Picture: ROBERT BOTHA

## Sector by sector job summits an alternative — union

Moses Mlangeni

SECTOR by sector summits could be introduced as an alternative to the forthcoming presidential jobs summit, the SA Commercial Catering and Allied Workers Union (Saccawu) said at a media briefing held in Johannesburg on Friday.

This would require each sector to address its own job losses and job creation, said Saccawu spokesman Herbert Mkhize.

Saccawu was deeply con-

cerned about the ongoing tension in the industry, particularly the unending threats of retrenchments.

Mkhize said employers were opposed to the union's proposal that they allocate 4% of their wages' bill to the training and retraining of workers.

Saccawu holds that the legislation on mergers and takeovers should have more teeth to protect jobs.

"If a takeover of one company results in huge job losses, the

(labour) minister should be able to intervene and stop it," Mkhize said.

Edgars had pleaded poverty and had proposed a wage freeze for the 1998/99 year, prompting a programme of go-slows by workers. "If Edgars gets away with this, then ... other companies are going to follow suit," Saccawu said in a statement.

"Over the past 12 months, at least 12 000 of our members have been retrenched, especially in the hospitality and retail

sector," Mkhize said.

Shoprite Checkers had retrenched about 1 500 workers, and it had announced it would close down two of its OK Stores.

Beares Group retrenched 2 000 workers and CNA 800. More retrenchments are expected. Sun International's hotels, including Sun City, The Carousel, Morula Sun and the Wild Coast Sun, may shed up to 1 800 workers, but the group is currently engaged in negotiations with Saccawu.

(173) BD 21/9/98

# Job summit 'should focus on the poor'

By Pamela Dube  
Political Reporter

(177)

THE Presidential Job Summit planned for October 30 in Johannesburg should focus on the rural poor, youth and especially unemployed women.

A workshop hosted by the Parliamentary portfolio committee on the status of women yesterday agreed that to be able to adequately address job-creation, there was first a need to structure ways to address the poverty-stricken sectors of the society – the majority of which constituted rural women.

The workshop, intended to come up with proposals for the summit, heard from Trade and Industry Minister Alec Erwin who said that to be able urgently to address the unemployment situation, all delegates needed to present practical programmes.

While applauding business and labour for their initiatives to development funds for job creation, Erwin said it was not enough.

"We need your structural proposal to get the capacity to deliver," he said.

The Congress of SA Trade Unions' Mr Neil Coleman said while gender inequality in the workforce was an international phenomenon, women in South Africa, "specifically black women" were worst affected.

Even for employed women, the situation was no different. The majority of them were in low-paid, part-time jobs "with little or no job security".

In the public sector, specifically in the health and teaching professions, Coleman said on-going retrenchments worsened the situation for women.

Erwin said the Government's employment policies were an integrated approach to develop both short-term strategies to ensure sustainable long-term job creation.

Ms Pat Horn of the National Economic Development and Labour Council said there was a need to transform the labour market to eliminate inequalities and discrimination in relation to informal sector workers.

22/19/98  
Dube

# Govt overestimated its capacity — Erwin

Vuyo Mvoko

(173)

ppd 22/9/98

CAPE TOWN — Government had “overestimated” its capacity to deliver its promises to the electorate, Trade and Industry minister Alec Erwin said yesterday.

Erwin said this was the foremost reason the state was now looking up to business and labour to bring constructive proposals to the presidential job summit next month. “Our greatest problem is capacity to deliver, not resources,” he said.

Erwin was speaking before the parliamentary joint committee on the improvement of the quality and status of women. Erwin, who is the government minister responsible for the summit, had been asked to brief the committee,

in particular on what was being done to include women's issues in the summit.

He said government's worst fear was that the summit could lead to unrealistic demands. He said while government welcomed financial commitments from social partners, proposals would have to be detailed and practical. He cautioned against the tendency to “sit and wait for government to do things”.

He said other stakeholders who had not been part of the National Economic, Development and Labour council and who were currently “inadequately represented” in formal deliberations ahead of the summit, including women, would be consulted soon. “The summit has to be wider,” he emphasised.

Business SA (BSA) took a beating from the Commission on Gender Equality, which accused business of having done nothing more than couching an old stance with politically-correct speak.

The commission's Vivienne Taylor said business was still asking for incentives first and then introducing the qualifier of “within financial constraints”. Business had not acted to combat job losses; passed the buck to government; had done nothing about the “casualisation” of workers or globalisation's effect on “the working poor” and on pay equity.

The Congress of SA Trade Unions said it had proposed 10 elements of an approach to “comprehensively address the plight of women”.

COMMENT & ANALYSIS

# Task facing SA is too big for govt alone

There is an economic rationale for the R1bn business initiative aimed at job creation and basic education, writes Philip Black

(173) PH 22/9/98



The new business initiative will focus on the schooling system, where it hopes to promote effective technical training programmes and improve the quality of school management systems

**S**O WHAT is with the plans for a new "business initiative"? Surely there have been others before — such as the Small Business Development Corporation, the Urban Foundation and the Joint Educational Trust?

Surely individual companies have already spent and continue to spend vast amounts on their own social investment programmes? Surely the same companies have paid vast amounts in taxes to government — earmarked for job creation and human capital development?

So why the need for another business initiative? Especially one that is meant to be "over and above" or in addition to what is already being done.

The answer to this question must surely lie in the current state of our national economy, determined as it is by both domestic and global forces.

Real gross domestic product growth is likely to fall to below 1% this year, and may even become negative in the wake of the latest turmoil on world markets.

Unemployment, broadly defined to include "discouraged workers" currently stands at about 36% of the labour force; while in terms of the narrower definition, it is about 23% — still higher than in most countries.

About 19-million South Africans, representing almost 50% of the population, can be considered "poor" in the sense that their incomes fall below the critical "poverty line" — defined in terms of basic consumption needs. Poverty is widespread among women and children in the rural and semirural areas of the country, and the degree of inequality in SA, as measured by the Gini coefficient, is considered to be one of the highest in the world.

How does one respond to this crisis? Should one throw in the proverbial towel, as some may be tempted to do? Or should one face up to the reality?

There is a general feeling in the business community that the country has reached a critical juncture and that something extra and special needs to be done. The task facing our society is simply too big for government alone to tackle successfully.

The business initiative was launched last week by the SA Foundation, the Black Business Council and the National Business Initiative. Its primary aim is to make a decisive contribution to job creation and human capacity development in SA.

Controlled and managed by the private sector, it will initially focus on two sectors: the tourism sector, where it will assist in marketing, training and enterprise development; and the schooling sector, where it hopes to promote effective technical training programmes and improve the quality of school management systems.

These initiatives will be included in the submission by Business SA to the jobs summit scheduled for October 30. This submission will also include several sector-specific proposals for job creation.

The business initiative plans to mobilise a partnership with government and other stakeholders which could help to change the destiny of the country.

It can be viewed as an important new social investment. As such it is aimed at serving both the "public" interest and the self-interests of those choosing to invest in it: every person and stakeholder, including individual businesses, stand to benefit from what the initiative hopes to achieve.

Through carefully focused programmes, it will aim at creating jobs and developing human capacity. Examples include a better functioning primary and secondary school system; a bigger skills pool; a dramatically enhanced tourist flow and better opportunities for small businesses.

The basic rationale for a new initiative can be looked at from several economic perspectives.

A first justification can be found in the writings of an important now school of thought — referred to in the literature as "new growth theory". Adherents to this school argue that sustained economic growth requires long-term investments in the physical in-

frastucture and human capital of a country. Such investments generate significant "positive externalities" that benefit the production (and consumption) activities of "third parties".

Not only will an expanded physical and social infrastructure lower production costs and boost returns in the private sector, it may also have significant indirect effects: individual recipients of education may provide information free of charge to third parties, healthier citizens will be more productive and limit the spread of disease, new users of electricity will boost the demand for electri-

cal appliances, and so on.

However, investments in the physical and social infrastructure of a country will not happen spontaneously via the normal workings of the market system: prices do not as a rule reflect the external effects on third parties and it is here where governments would normally step in and where the business initiative could make a contribution.

By contributing to a better educated and appropriately trained labour force, for example, the initiative could help to create the conditions for sustained economic growth in the long run.

A second consideration concerns the constraints under which small and microenterprises operate. These are often attributed to so-called "market failures" which result from the inability of markets to find and disseminate information in good time.

Examples include the failure of existing educational institutions to provide relevant training, the inability of financial institutions to acquire the necessary information and quantify risks, and a lack of information on the part of individual entrepreneurs. The initiative can be viewed as a way of addressing such "failures", such

as by promoting training and enterprise development in the tourist sector, and through efforts to strengthen capacity in schools.

A third and more practical reason refers to possible scale advantages that the proposed initiative is likely to have. By pooling resources in a single trust, investing them in a few selected projects only and by managing them well, the initiative could well yield higher returns than comparable investments undertaken on an individual basis and spread across a wider range of smaller projects.

Fourthly, the initiative itself may help to cement relations within the broad business community — currently still divided and busy searching for new relationships that reflect the emerging realities of the country.

Improved relations between black and white businesses or between small and big ones, national and multinational companies and private and state-owned enterprises, may help to break down existing information barriers and enable participants to secure certain efficiency gains resulting, for example, from new business endeavours. Bringing together diverse business organisations may yet do for business what recent negotiations did for the establishment of a new democratic dispensation in this country.

By the same token, the new initiative may improve relations between business and government. Such a change will be seen by business people as an improvement in the social environment within which they operate and will inspire greater confidence in the future of SA. Government, too, will be better informed about the way business thinks about the economy — arguably an important input into policy-making.

A final justification concerns the international community. A business initiative of the kind in question will be seen as a commitment to the future on the part of the business community in SA and as a first step towards the creation of a truly representative social partnership. It is bound to have a favourable effect on the way investors view this country.

Black is research director of the SA Foundation.

# Job Summit must not be (173) 'talk show'

By Isaac Moledi

**T**HE National African Federated Chamber of Commerce (Nafcoc) has expressed concern that the coming Presidential Job Summit may be clouded by ideas from Government and labour rather than articulating the position of the business sector.

"Business is an entity that creates jobs, so its voice must be clearly heard," newly appointed Nafcoc president Steve Skhosana said.

In an interview with *Sowetan*, Skhosana said although his organisation was still grappling with what role it would play, Nafcoc was concerned that the deliberations at the summit might be turned into another "talk show" for Government and the unions.

"It is not for the summit to design new plans, but to emphasise the implementation of existing projects.

"Let us unlock the jam in those projects," he said.

He said Nafcoc had made a joint presentation with other business organisations to the National Economic Development and Labour Council (Nedlac).

However, this had not satisfied the organisation.

"We have made our position clear that we want to make our presentation



Nafcoc president Steve Skhosana.

as Nafcoc and not as part of Business South Africa," he said.

"Our belief is that the only way to create jobs is to capacitate and support the small and emerging businesses," he added.

According to Skhosana, Nafcoc would like to see the deliberations at the summit emphasising issues such as how to provide financial support to small, medium and micro-enterprises as well as providing business counselling and advice, information, marketing as well as creating a conducive environment for small business.

This would entail removing red tape as well as a review of regulations covering small business, he said.

"If ideas are not going to be implemented then the summit will be a waste of time," said Skhosana.

*Sowetan 27/9/98*

# Time to put jobs first

**E**VERYBODY should be realistic about it. There will be no miracles after the Presidential Jobs Summit on October 30. Millions of unemployed South Africans will not suddenly have jobs the next day.

Congress of South African Trade Unions (Cosatu) deputy general secretary Zwelinzima Vavi has vociferously criticised those already fearing the summit will become a "public jamboree exercise".

"All of us have expressed those fears. Our commitment to the current negotiation process is to ensure it does not become a talkshop, but a launching pad for serious efforts by all South Africans to create policies and an environment that brings about programmes aimed at alleviating unemployment problems once and for all."

The federation's key objective is to ensure that the ongoing macro-economic framework negotiations will establish an environment conducive to the creation of sustainable jobs in the short- and long-term.

Current retrenchments and the massive rate at which workers are losing their jobs is the major concern for Cosatu.

A set of programmes agreed upon at the job summit should not only address unemployment, Vavi said, but should put the spotlight on abject poverty and poor living conditions.

Through those programmes, Cosatu would like to see provision of shelter for the destitute and homeless. It also wants rented housing stock provided for those not necessarily looking for permanent houses in big cities, but who would like to retire to their homes in rural villages.

In preparation for the summit, the labour movement has submitted a set of 22 proposals. These focus on youth, women, skills development and training. This is particularly intended for those in the rural areas who are adversely affected by the unemployment crisis.

"Our proposals contain a range of other measures including plans for public sector and industrial restructuring proposals. These include calls for industrial or sectoral summits to be held immediately after the summit where detailed industrial policies will be developed by each and every sector.

"These policies will further enhance job creation and lead to increased levels of investment so that the economy can generate more jobs for the unemployed."

Cosatu has also submitted proposals, which include the use of provident funds and pension funds and other insurance industry funds, through which a prescribed investment of up to 10 percent would be channelled into government bonds.

Another is a call for the entire society to sacrifice a day's worth of wages or profit to contribute towards a fund for job creation.

Cosatu has put forward innovative proposals in a bid to ensure that the Presidential Jobs Summit is a success, writes Labour Reporter **Mzwakhe Hlangani** ...

(173)



Cosatu deputy general secretary Zwelinzima Vavi

South Africa found that it is already flexible.

"We normally associate these calls for more labour market flexibility as being directed at the ANC in Government and in particular the Minister of Labour who is being blamed for introducing rigidities in the labour market."

There is no responsible government in the world, Vavi added, which could abdicate its responsibility, leaving it to the market to decide "what norms and standards should be put in place to protect all role players in the labour market".

He also pointed out that the protracted negotiations process was dealing with difficult questions that could not be successfully concluded without considering the current economic environment in the context of Southern African economic development.

## Turmoil

Turmoil in financial markets around the globe, economies of the developing countries, whose currencies were being savaged, capital flights taking place all over the world, attacks on currencies by speculators are other problematic areas that needed to be tackled.

"In that context, obviously when dealing with matters that do not only relate to the country but impacts globally, you are bound to have many people bringing in different suggestions. I must acknowledge that the macro-economic framework discussions is going to be the most difficult one to be handled," Vavi said.

Cosatu did not take the view that the summit ought to reach an agreement on each and every detail of broad macro-economic strategy, because of those factors, he added.

Vavi insisted that the number of strikes had dropped "tremendously". Strikes were mainly focused on wages and improving conditions of employment, and no longer about the peripheral political issues which dominated strikes in the 1980s and early 1990s.

In addressing worker skills provisions at the summit, Vavi said Cosatu proposals sought to go beyond the Skills Bill currently debated in Parliament to ensure workers contributed positively to the economy and to the future of their own companies.

The federation also looked forward to a broad framework agreement on productivity, which recognises that productivity has been on the rise in South Africa, for several years.

Anything up to two billion rands could be generated in this way.

Vavi added that this, in turn, would support housing proposals, and a range of other infra-structural proposals that have been submitted.

A call for a "solidarity tax" to be paid by all working people who earn a particular wage, similar to the one introduced during the unification of West and East Germany, has also been made.

Cosatu has called for a multi-billion rand fund raised by the South African Special Risk Insurance Association Fund for business after the 1976 uprisings, to be released for job creation projects.

Restructuring of the public pension system through Government contributions could secure billions of rands through reintroduction of the pay-as-you-go system.

## Opportunities

A possible change of Government's fully-funded pension system could release billions for generating job opportunities, he said.

"We should emerge from the summit with a broad statement on macro-economy strategy. The labour movement anticipates a statement from the summit that commits every element of macro-economic strategy, fiscal, monetary, industrial or labour market policy, to job creation and alleviation of poverty in South Africa," he said.

Vavi was also vehement in his criticism about business claims that a contributing factor to unemployment in the country was that the labour market was too rigid.

"A Presidential commission established in 1994, which initiated the call for the summit, together with the International Labour Organisation's detailed study on the labour market of

28/12/98  
Dawson

# NEWS

**CONSTRUCTION** *Affirmative procurement the goal*

## Public works seeks more black builders

(F73) (R28)  
RAVIN MAHARAJ

ET (RR) 30/9/98

Durban — The department of public works had identified projects to the value of R600 million for the 1998-99 financial year as part of its recently launched strategic projects initiative, Jeff Radebe, the minister of public works, said yesterday.

In Kwazulu Natal alone, three public sector construction projects with a value of R298 million had been identified. These were in Kokstad (R231 million), Richards Bay (R37 million) and Pietermaritzburg (R19 million).

Speaking at an affirmative procurement seminar on the construction industry, Radebe said the department's immediate challenge was to build on the achievements of the Affirmative Procurement Policy — launched in August 1996 — and roll it out over the next few months to consolidate empowerment initiatives.

Affirmative procurement in the public construction sector has grown from less than 1 percent in 1994 to more than 28 percent this year.

But Radebe said there were still many inefficiencies. Corruption that characterised the procurement system

under apartheid had to change, and new institutional arrangements were needed to ensure good governance.

He said it was disconcerting that genuine empowerment had not really taken off. Most black contractors preferred to enter joint venture agreements with large contractors on mega-projects, but participation in the day-to-day management of construction activities still was minimal.

Radebe said the department's goal, by the turn of the century, was for 90 percent of national and provincial public works projects, 25 percent of local government public works projects and 15 percent of public works projects procured by parastatals to be on affirmative procurement specifications.

But it was important black contractors came forward in their own right and participated in the attaining of a long-term vision, Radebe said.

He said the initiative comprised the amending of specifications to create a preference for black contractors wishing to participate in large-scale public works projects as prime contractors; the mobilisation of private sector financial resources for initial capitalisation; and easier access to plans and materials.



**BUILDING FOR THE FUTURE** Jeff Radebe says the public works department has identified projects worth R600m in the next year as part of its new initiative



MANPOWER - GENERAL

1998

OCT. - DEC

# Outsourcing may cause loss of jobs

*Handwritten: (173) 2/10/98*

By Mzwakhe Hlangani  
Labour Reporter

**O**UTSOURCING could exacerbate the country's critical unemployment levels among the semi-skilled and unskilled workers, a study by human resources consultants FSA-Contact has revealed.

Demands imposed by new labour legislation on employers prompted the surge of outsourcing, FSA-Contact industrial relations executive Ms Lesley Grossett said.

The marked trend towards outsourcing could accelerate as employers struggle to cope with the Labour Relations Act, the Basic Conditions of Employment Act and the Employment Equity Bill, but she warned that this would not enable employers to "get around or simply ignore the legislation".

Retrenchments, which could eliminate any short- to medium- term savings the company hopes to obtain from outsourcing, may result.

"Business will still have joint liabilities with outsource service provider towards employees who fulfil certain tasks for them, despite the fact that they no longer employ the workers directly," she said.

## Outsource core activities

FSA Top Executive Survey of more than 1 000 organisations across the economic spectrum showed that 68 percent currently outsource various core activities, while a further 24,5 percent were considering doing so.

Most popular core activities to be outsourced include cleaning (68,3 percent), catering (61 percent), security (68,3 percent) and transport (46,3 percent) or highly specialist skills such as

information technology (36 percent), printing (41,5 percent) and recruitment (32,9 percent).

Other areas commonly outsourced include delivery, transport, training, distribution, payroll, technical training, fleet management, equipment maintenance, data storage, machining, operations, manufacturing, marketing, warehousing and housing maintenance.

These activities reveal distinct factors which are impacting on the trend to outsourcing - a severe shortage of skilled personnel such as people with IT qualifications and the high cost of recruiting and retaining them, the survey concluded.

Costs associated with employing workers for unskilled and semi-skilled occupations, Grossett says, are also rising in terms of remuneration and benefits as well as management time spent on negotiations.

# Parking terrorists (Pty) Ltd

JACKIE CAMERON

Parking "terrorism" has become a highly organised money-making venture in the city.

And some of those who hire unemployed people to guard parked cars are raking in thousands of rands a month from their venture.

One parking attendant "boss" gets R15 daily from each of about 140 attendants, stationed at private parking lots around the city, which means he collects an estimated R20 000 a month.

Wealthy businessmen are taking over private parking lots and public streets, getting attendants to sign work "contracts" and registering close corporations.

But the bosses say many of the parking attendants are also making a fast buck.

They claim the attendants earn between R50 and R300 a day - depending on their location and the day of the week.

And in another twist to the Peninsula's parking saga, police confirmed they were investigating the possibility of gang involvement in certain parking protection rackets.

The informal parking industry is resented by angry motorists who have dubbed the attendants "parking terrorists". Drivers say they resent paying "protection" fees each time they stop out of their cars.

Police get regular reports of attendants who threaten people, particularly "women and elderly people", who pay up because they are scared

their cars will be scratched, says police commissioner Director Raymond Dowd.

In a growing trend, parking attendants have been donning bibs and dishes out "business cards" to motorists promising "protection for a voluntary donation".

While many businesses do provide free assistance to parking attendants in exchange for a non-aggressive service to customers, others have spotted a promising business opportunity and charge the attendants for the bibs and cards.

Former army infantry instructor Ross Kramm said his "Cape Town Car Guard" close corporation had about 140 registered attendants who worked at several shopping centres around the Peninsula.

Mr Kramm, speaking at NI City, said he had informal arrangements with shopping malls to "control" parking attendants, who paid him R15 daily to hire uniforms and pay for business cards.

He said the R15 went towards salaries for two managers who briefed attendants and handled the issuing of uniforms.

"There are no contracts with the shopping centre management. If a customer is unhappy with the situation, management can have us out at a drop of a hat."

Mr Kramm makes attendants sign contracts in exchange for working in the area, in which attendants "accept" that they generate their own income and pay the daily fee.

They have to agree not to smoke, drink or be under the influence of



KEEPING UNDESIRABLES AWAY: Mark Farica and business partner Vlon Keon brief their car-watch attendants. They say they provide a service to restaurant clients

drugs or alcohol "on duty".

Mr Kramm said: "We offer a reduction in theft from cars and theft of cars. I see the operation like this: the car guards are basically self-employed but need to conform to a strict code of conduct.

"We offer a service. For example, guards help customers with their trolleys and change wheels.

"We have a 'big brother' system. Everyone is aware that if they mess up, everyone could lose their jobs."

Mr Kramm said "turnover" in the parking lot industry was "big" but refused to divulge how much he made. He did not believe he was running a protection racket "because we are

offering more than vehicle protection - there's a service to customers who are under no obligation to pay".

He said his attendants were not aggressive, and shopping malls and motorists regularly told him they were happy with his service.

Mr Kramm had a similar venture in East London which he said he had sold before moving to Cape Town.

City restaurateur and property developer Mark Farica told Saturday Argus that he charged his Kloof Car Watch "attendants" R5 daily for business cards and their uniforms.

Mr Farica said he was forming a close corporation with a security consultant and a lawyer.

Picture: HANNES THLARI

9/10/98

parking - they are simply there to keep undesirable elements away from our customers' cars."

Mr Farica said the police and the city council had given him an "unofficial blessing" to conduct the operation, and there had been a reduction of crime in the street.

A close corporation would be formed because "we have certain operating expenses."

"But this is a non-profit operation. I've had to fund the cards and the uniforms."

Mr Farica's attendants also sign a contract "which has been approved by the Department of Labour", but it was not available for us to see.

"The contract absolves us of legal liability for anything that happens on the road. We aren't responsible. The only reason we have our telephone numbers on the card is so that people can contact us. If there's a problem, then we just won't issue a guard with a bib the next day."

"We are trying to give people a job but they aren't actually working for us. At the moment it is a loose, informal business."

Mr Farica said some restaurants had initially "put some money into a kitty" to pay for an advertisement to recruit attendants.

"At present I'm really the only one who's put in money. About five of the 22 bibs were sponsored by other restaurants. Not one business pays a monthly fee towards the service. I haven't made a cent out of this."

But the manager of an upmarket restaurant close to Greenmarket Square, who did not want to be

named until he had discussed the matter with Mr Farica, said last night he was shocked to hear that attendants paid Mr Farica R5 a day to hire the bibs.

"We paid for the bibs, and we pay him R4 000 a month for the service. I can't believe this," he said.

Mr Farica said he was not running an extortion racket.

Labour lawyer Michael Bagatim said the way parking lot bosses were conducting business was "exploitative" and that the contracts with attendants would not get them out of any obligations as employers.

"It's an unfair situation. Because of the onerous legislation, they are trying to avoid their social responsibility as well. I don't like it at all."

He said he believed the courts would find the bosses and the parking attendants or guards had an employer-employee relationship and the bosses would therefore have to comply with labour legislation.

Director Dowd, meanwhile, said police had given only a nod of approval for "guarding" cars, and that the scheme seemed to have worked well in Kloof Street.

"But we can't give parking attendants permission to do anything other than secure and watch cars. It is illegal to park cars or obstruct traffic."

The manager of Home Warehouse, at the NI City complex, Randall Newham, said his company handed out uniforms to a group of beggars at his parking lot, and no third party got a cent from the donations they received.

There's no agreement, says I asntho mmsstion

# Erwin promises 'interesting' summit

(173) CT 7/10/98

PRETORIA: The October 30 presidential jobs summit will see the announcement of "interesting" projects to address unemployment, Trade and Industry Minister Alec Erwin said yesterday.

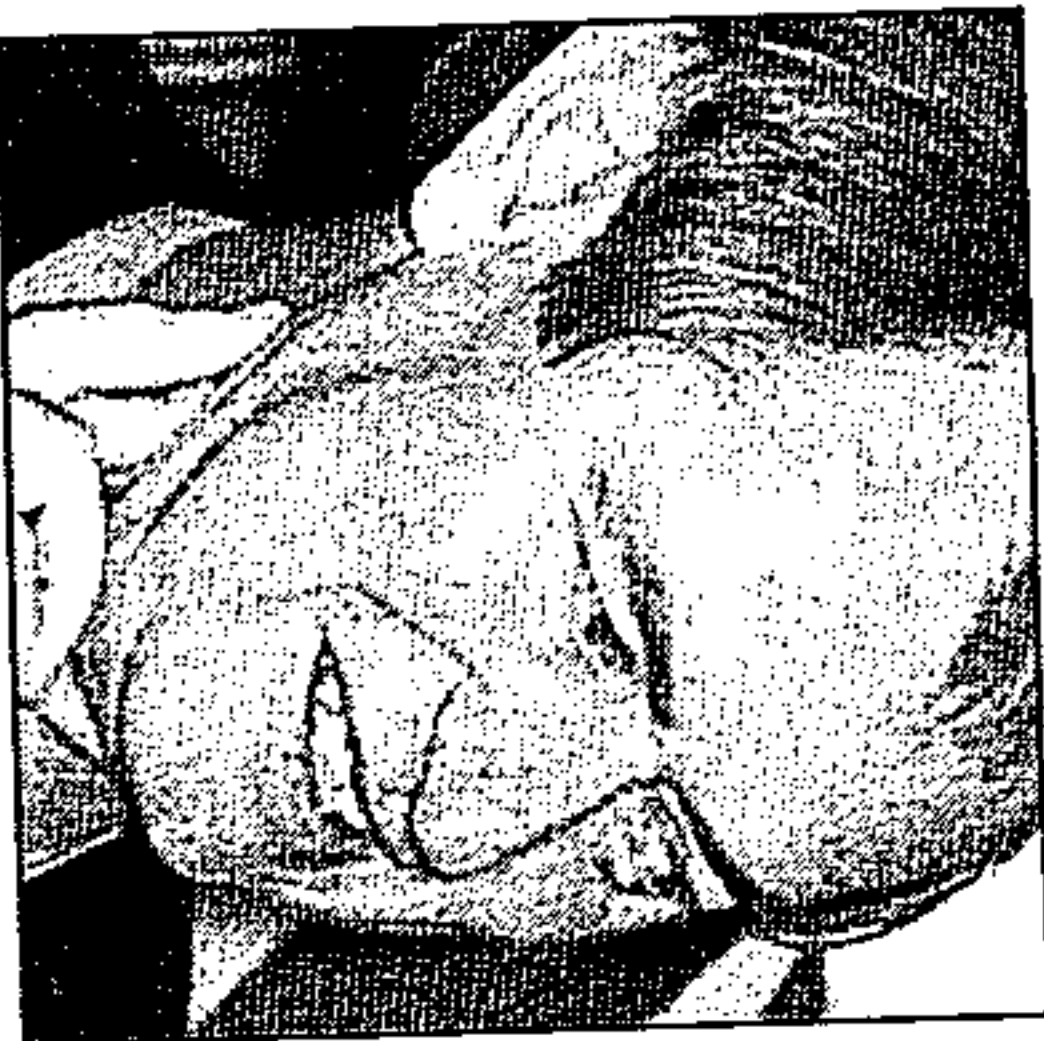
Describing joblessness as a potential crisis, he told reporters that a number of action plans and programmes have already been agreed to in pre-summit negotiations between government, business and labour.

These include short-, medium- and long-term projects to create jobs for women, young people and the disabled.

"There will be some very important agreements, and a lot of extremely interesting projects will be announced," he said.

Erwin reported that negotiators in the National Economic Development and Labour Council are holding intense discussions to determine how these proposals can be implemented practically.

The minister rejected any idea



**PROMISING RESULTS:** Trade and Industry Minister Alec Erwin.

that the meeting would be a waste of time: "I am not going bald for a talk shop," he said, while warning that immediate results should not be expected.

"We don't want people to believe that the next day jobs will be created. What you will see is a more concerted co-ordinated effort by all the partners to speed up job

creation," said the minister.

Erwin said the summit would identify a number of pilot projects for immediate attention.

"We are hoping this will include certain interesting developments in housing, and some special employment projects."

According to the minister, enough money is available for job-creation programmes during the current financial year. Organised labour has committed itself to contribute one day's wages, and business has also pledged support.

The government, for its part, recently announced it had made available R800 million for such projects this financial year.

"What we are looking for now are agreements that may cover future years ... and what the commitments of business and labour would be."

Erwin said the weeks leading up to the summit will see continued consultation with all interested parties. A round of public hearings

will be held in the nine provinces from Monday to Friday next week.

Erwin described the process leading up to the summit as "very intense", but said there are no major areas of disagreement.

"We are all very positive about the movement forward."

The one day set aside for the summit will be enough, as most of the negotiations will already be finalised.

He rejected claims that South Africa's labour legislation is an obstacle to job creation. Many new jobs are being created, but industries are also shedding jobs because of transformation, he said.

"The South African economy will never be a no-union, cheap labour economy," Erwin argued.

"We want an economy with well-constructed industrial relations and smoothly working labour markets. It will take some years to get there still because we started with such a bad situation."

—Sapa

# Job summit: no miracles, says Erwin

By Mzwakhe Hlangani  
Labour Reporter

(173) 10/10/08  
Dawerian

SOUTH Africa's long-awaited presidential job summit would be a concerted and coordinated effort by all major stakeholders to see the flowering of projects aimed at addressing unemployment, Trade and Industry Minister Alec Erwin said yesterday.

He emphasised that there were no major areas of disagreement bedevilling the process, adding that all proposals were being analysed and reviewed. "Even if differences existed,

we continue working together."

Addressing a media briefing in Pretoria he said the summit would not be a mere talkshop. He disclosed that major initiatives and programmes had been agreed to during pre-summit negotiations between government, business, labour and the community constituencies.

These included short, medium and long-term projects to create jobs for women, young people and the disabled.

"A wide range of important agreements, and a lot of extremely interesting projects will be announced. We

are not making false promises, but efforts by all stakeholders will improve the job creation process."

Erwin said negotiators in the National Economic Development and Labour Council were engaged in intense discussions to determine how the pre-summit proposals could be implemented in a practical way.

"I want to stress that people must not believe that the next day jobs will be created. What you will see is a more concerted, coordinated effort by all the partners to speed up job creation," Erwin said.

# Race still plays a part in getting a job

BD 9/10/98

(173)

Reneé Grawitzky

WHITES who did not have matric had a 32% chance of finding a job, while their black counterparts had only an 8% chance, a unemployment report released by Statistics SA yesterday showed.

However, the report found the gap was narrower among black and white South Africans who had matric, with whites having a 56% chance of finding employment compared to blacks' 49% chance.

Statistics SA head Mark Orkin said the figures showed that race still played an important part in determining whether those who did not have matric become employed or not.

Orkin said the situation was rather different for blacks who had matric.

They were rapidly being absorbed into managerial jobs.

The comprehensive report, released ahead of the presidential job summit at the end of the month, highlighted a number of trends which could assist and inform policy makers, he said.

Trends included the shift in employment from the formal to the informal sector and high rates of unemployment among the youth, women and blacks.

The report showed that informal sector jobs grew by 600 000 as the overall economy shed 500 000 formal sector jobs over the last four years, reducing the number of employed to 7,5-million.

The informal sector was larger than estimated, with 1,8-million people being employed there.

At the same time the report revealed that while overall unemployment rose from 20,0% in 1994 to 22,9% last year, unemployment rates were highest among the youth at 35%, as SA's labour absorption rate continued to decline.

A special survey on employment and unemployment showed growing informal sector employment in transport, sales and manufacturing.

For the first time, Statistics SA is using the International Labour Organisation's definition of unemployed — a narrower definition than previously used in SA.

The broader unemployment definition reveals that unemployment has risen from 31,5% in 1994 to 37,6% last year.

The revised definition is used by more than 80% of developed and less developed countries.

The report also included a survey of 12 000 respondents who were asked to report on their own experiences of employment and unemployment since the 1994 elections.

It found that during that period more than 93% of those who had jobs were not retrenched, while conversely 90% of those who did not have job failed to find work.

In addition, 90% of those who were unemployed last year had been unable to find work for at least a year.

Random to minister Nick Koorhof.

# Survey finds race still rules in the workplace

Johannesburg - South Africa's workforce remains skewed along racial lines, according to a report by the national statistics office.

The report for 1997 puts official unemployment, which includes those

actively seeking work, at 2,24-million people, or 23% of the economically active population, at the end of last year, compared with 20% in 1994.

The report subdivides the unemployed into blacks, coloureds, Indians

and whites, and shows the incidence of unemployment highest among blacks.

The report released yesterday puts the overall unemployment rate for women at 28% and for men at 19% of the economically active population, but

most acute amongst blacks.

According to the report: "In 1997, official unemployment rates were highest for black people (29%), followed by coloured people (16%), Indians (10%) and whites (4%)." - Reuters

## Flags at half-mast for AIDS

President Mandela had ordered that the national flag today be flown at half mast on all Government buildings and foreign missions, in memory of those who died of AIDS, said presidential spokesman Parks Mankahlana.

All businesses with South African flags had been urged to do the same. Deputy President Thabo Mbeki was to

launch the Partnership Against AIDS initiative in Johannesburg today.

He would read a declaration on behalf of Mr Mandela.

Mr Mbeki's declaration was to be broadcast live on SABC television channels and radio stations, said a statement issued by the Government's communication service. - Sapa

## HIV hits SA police force

Pretoria - About a quarter of South Africa's police officers had AIDS, the SA Police Union said here.

This amounted to about 33 000 members of the service, it said in a statement yesterday.

"We are perturbed that the SA Police Service is the only Government department that has no clear

policy or strategy around AIDS and HIV awareness," it said.

The union said it had initiated its own awareness campaign and called on its members to take note of the Government's Partnership Against AIDS initiative to be launched by Deputy President Thabo Mbeki in Johannesburg today. - Sapa

THE MAIL

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## Real power is econo

# Achib gathering to address job creation <sup>(172)</sup>

By Sowetan Business Reporter

JOB creation will be high on the agenda of the African Council of Informal Business (Achib) when it holds its annual conference in Durban from October 12.

The theme of the two-day conference is "Achib is the answer". Achib president Lawrence Mavundla said the conference was expected to attract more than 1 500 delegates from all provinces in South Africa.

Deputy President Thabo Mbeki will address a presidential dinner before the conference starts.

Mavundla said job creation, the high inflation rate and related subjects would be discussed.

Other items on the agenda include the distribution of goods to hawkers, how to manage informal traders, protection of traders against city by-laws and a suitable environment for hawkers.

Mavundla said micro retailers were ready to link with local authorities in their

endeavour to keep cities clean.

"Informal traders will also have to obtain licences or permits that will ensure that there were proper trading sites," he said.

● Meanwhile, the South African Chamber of Business hosts one of its annual conventions from October 11 to 13.

The convention, whose theme is "The South African imperatives for the year 2000", will be held at the Holiday Inn Crowne Plaza in Durban.

Some of the issues will be:

● What are South African imperatives for the next century?

● Will the global economy drift into recession?

● Should South Africa reintroduce the death penalty?

● Will the Presidential Job Summit be a success?

● How will management-union relationships change in the future? and

● How do we achieve more stability in industrial relations?



# Veggie farms whet (173) appetite

NORMAN JOSEPH

STAFF REPORTER

ARLT 12/10/98

Small-scale vegetable farming could take root in Khayelitsha and Delft - with help from foreign donors.

The project is aimed at boosting job-creation efforts in areas where unemployment is between 60% and 70%.

The project will be funded by the Dutch Government and the European Union. The amount to be given will be discussed during a visit to Holland next month by a Tygerberg council delegation.

Land suitable for growing vegetables is to be identified in the two towns and a model business plan will be developed.

Tygerberg municipality's chief executive officer Dave Wilken, African National Congress councillor Radie van Zyl, National Party councillor Gerald Smith and senior official George Penxa will travel to The Hague on November 9 to discuss details of the plan.

They would be trained before starting out on their "farms" and taking on staff from among the unemployed.

The Dutch Government would monitor all projects.

Delft's NP ward councillor Gerhardus Ventura welcomed the project, saying 65% of people in his town were unemployed.

Khayelitsha councillor Raymond Jada said the project would be a good "starting point" and should be expanded throughout the Tygerberg.

About 70% of Khayelitsha was unemployed and "with this project we are showing communities how serious we are about upliftment", he said.

# SA 'has gone too far in regulating labour'

DD 12/10/98

(173)

(133)

DURBAN — SA Chamber of Business (Sacob) president Humphrey Khoza warned yesterday that un- less labour market regulation was revisited the country would pay heavily in further job losses.

Speaking at Sacob's annual convention, Khoza said the negative reaction from foreign and local business to recent legislation indicated that SA had gone too far in regulating the labour market.

SA should not give in to the temptation to isolate itself from the rest of the world in response to recent global financial turmoil.

"As appealing as this option

might sound to those who have been hit hard by the fallout from the Asian crisis, I do not believe it is an option that will be to the longer-term benefit of those countries that pursue it.

"Globalisation is a tide small developing economies simply cannot swim against."

One result of globalisation was that businesses were increasingly competing on the basis of effective labour costs — which took account of both wage rates and productivity, Khoza said.

He said Sacob had consistently argued that the case for labour

market flexibility rested on the fact that it was only with such flexibility that individual economies would remain attractive to investors, and be able to adjust to shocks such as the ones experienced in the past year.

Khosa said it needed to be understood that business was not trying to promote slave wages.

Jayendra Naidoo, the outgoing executive director of the National Economic, Development and Labour Council, expressed disappointment at what he described as the negative approach by business to SA's new labour legislation.

His view was backed by Mohlolo Kgopane of the Mamamulela Social Movement, which represents unemployed people. "We believe organised labour cannot represent our interests. We have the right to decide whether we need to be exploited or not," Kgopane said to applause from delegates.

In his address, Naidoo described SA's new labour legislation as "rational and comprehensive", and said the negative approach of business towards it was disappointing. Business had participated fully in drafting the legislation.

"I don't think there is room for

turning back, but there is always room for adaptation," he said.

Dave Brink, chairman of Murray & Roberts, quoted research indicating that legislative changes played a relatively minor role in driving change in SA companies.

Market competition and a need to improve productivity were the most important contributors to transforming businesses.

Brink said that he could not stress strongly enough the danger SA faced from international competition. — Sapa.

The challenges: Page 13

# Crafts sector undervalued, says minister

Patrick Wadula

DEPUTY Trade and Industry Minister Phumzile Mlambo-Ngcuka has called for the development and promotion of SA's arts and crafts sector which is generally undervalued in comparison to other sectors of the economy.

Mlambo-Ngcuka said in Cape Town yesterday that the sector was able to create between 300 000 and 800 000 jobs. She was attending the opening of a three-day workshop to promote productive and marketing capabilities of SA art

and craft producers.

Mlambo-Ngcuka said that despite the sector's enormous potential for development and export growth, it still required focused investment, infrastructure, skilled labour and foreign markets to compete.

She said the cost of job creation in this sector was less than other sectors and the ministry was looking at ways to form clusters with other sectors of the economy such as tourism. However, she stressed the need for the standardisation of arts and crafts

BD 13/10/98

(258) (173)

# The business of jobs

(173) *Low Jan 13/10/98*

**T**HERE is no quick-fix solution to South Africa's unemployment problem. Any development programme must take place in the context of macroeconomic stability, human capital development, appropriate labour market policy and assistance targeted at those most severely affected by joblessness.

This is the view of South African Chamber of Business (Sacob) director-general Raymond Parsons. And he recognises that business has a central role to play in helping to develop such a context.

"Business accepts that the challenge facing South Africa is to consolidate our new democracy, tackle poverty and widen economic participation in the face of global competition," he told *Sowetan*.

"Creating jobs and improving the quality of human resources are central to meeting this challenge."

Parsons feels strongly that basic education is the foundation for long-term human capacity.

"Developing those economic sectors with the highest potential for fostering business enterprise and job creation in the short term should take precedence while focusing, on the other hand, on developing the basic educational system.

"The basic challenge is about how we can become much smarter about job creation in South Africa, and the job summit process, in business' view, has already served the important function of focusing all parties' attention on a shared problem."

The participants have begun to define a common vision that may well serve as a foundation for future progress. But Parsons cautions that the achievements of the summit on October 30 cannot be measured only in terms of the quantifiable numbers of jobs created.

"The emerging consensus between all parties around the terms of the kind of economic growth necessary in South Africa to secure accelerated and sustainable job creation in the future is a significant factor," said Parsons.

"The job summit could help us in the march towards a shared economic vision."

Some of the proposals include special employment programmes for the youth and housing initiatives.

"From business' side, we can comment only on those programmes that we have proposed through business initiatives on job creation and capacity development," said Parsons.

These proposals emerged from deliberations within the South African Foundation, the National Business Initiative and the Black Business Council and have been comprehensively discussed with Government.

It is this initiative that led to the establishment of Business Trust which will, among other

Business has a central role to play in consolidating South Africa's democracy, creating jobs and tackling poverty, writes labour reporter **Mzwakhe Hlangani**.



Sacob director-general Raymond Parsons.

things, organise corporate support for proposed programmes on job creation and human capacity development.

The trust aims to raise at least R1 billion to support a limited number of interventions that have the potential for widespread impact.

Parsons is upbeat about the fact that tourism is projected to become the fastest-growing creator of jobs in South Africa, and has the potential to add 450 000 jobs by 2005.

Tourism has been selected as the initial focal point for job creation, with building construction as the next most effective job-generator – an estimated 60 000 jobs by 2005.

The schooling sector has also been singled out for human capacity development. In any society the schooling component is the foundation of the development of human capacity. The target for training during the first year is 5 000 people.

Parsons pointed out that the initiative's aim is to attract support for the Business Trust from the broadest possible range of businesses, including listed and unlisted companies, parastatals, mutual societies and other private companies, partnerships and trusts.

"It is not sensible to start with a huge fund. The country's problems will not be solved by merely throwing money at them; we must focus on the successful implementation of specific tar-

geted projects."

Initial indications are that projects have been identified that will need more than R1 billion, with more if good progress is made with first projects.

Supporting companies could choose between two methods of contribution – either an annual cash contribution or a one-off issue of shares to the trust, which could have discretion on the disposal of the shares.

Parsons is confident these initiatives, along with other contributions by business and other stakeholders in the job summit, are practical and concrete proposals to address South Africa's unemployment crisis.

"Clearly no one party can tackle the scale of the problem alone. All parties will need to make contributions. The job summit planning process has so far sought to identify what the various stakeholders can

bring to the party."

In the process the initiative will try to foster higher levels of understanding and confidence between Government and business, and within the business community itself.

Such an initiative will also demonstrate the genuine commitment of the business community to the future of the new South Africa while supporting economic growth and social equity.

As a result of the Business Task Team's (BTT) work, which has extended over several months, a proposal for a business initiative on job creation and capacity development has been put forward and has enjoyed Government support.

The BTT represents a broad spectrum of South African business, black and white. Working initially under the aegis of the South Africa Foundation and the National Business Initiative, and obtaining support from the Black Business Council recently, the BTT has consulted extensively with other interested parties, including Government.

"We believe this initiative will enjoy the confidence of the business community, and foreign concerns operating in the country will be anxious to support a unique example of business enterprise working towards nation building," Parsons said.

# Government's labour policy comes under attack

SHIRLEY JONES

Durban — At yesterday's opening of the South African Chamber of Business (Sacob) congress, business attacked the government for putting in place labour regulations which had not only undermined the private sector's competitiveness but created a potentially explosive labour environment.

But Cosatu stood its ground against criticism of the government's role in creating what amounts to a First World labour legislation within a Third World business environment.

Paulos Ngcobo, the regional secretary of Cosatu, declared that current wage gaps remained unacceptable.

He said business could not criticise its workforce for low

productivity while bemoaning the costs involved in training.

Humphrey Khoza, Sacob's president, said if the negative reactions of both local and foreign business as well as unemployment statistics were anything to go by, the government had gone too far in regulating South African labour. There was an urgent need for labour legislation to be revisited.

"One of the results of globalisation is that businesses are increasingly competing on the basis of effective labour costs which take account of both wage rates and productivity," he said. "Our government needs to recognise, as many governments around the world already have, that globalisation requires they facilitate rather than regulate economic activity."

Both Eddie Webster, from the University of the Witwatersrand, and Dave Brink, the chairman of Murray & Roberts, warned that the stage was set for escalating industrial conflict.

Strikes had declined since 1994 with just 650 000 work days lost last year, but the number of days lost had escalated this year with strikes becoming more violent.

ET (Mk) 13/10/98

(173)

# Portrait of decline as

# Key jobs summit looms

## Official losses 'way off the mark'

ART 15/10/98 (173) (173)

CLIVE SAWYER  
POLITICAL CORRESPONDENT

Ahead of this month's watershed presidential jobs summit, Labour Minister Shepherd Mdladlana has released details on job losses in the past four years.

Employment dropped by close to 3 million in the last quarter of 1995-96, a staggering 84,7%.

It declined again by 16 147 jobs in the last quarter of the following year, and rose again by 346 755 jobs - or 6,7% - in the last quarter of the past financial year.

Disclosure of the figures coincides with an admission by Trade and Industry Minister Alec Erwin, who is co-ordinating the summit, that a range of factors including some beyond anyone's control meant that Government estimates on job stabilisation and creation were "one, two or maybe even three years out".

The figures can be taken only as a crude indicator, because they are based on statistics which do not record trends in important sectors such as agriculture, fishing and

forestry, and some aspects of the hospitality and service industries.

Mr Mdladlana disclosed the figures in Parliament at the request of Democratic Party leader Tony Leon.

Jobs in mining and quarrying declined through the last four financial years.

These industries shed 82 850 jobs, or 5,4%, between the last quarters of the 1994-95 and 1995-94 financial years, and the decline continued with the loss of 12 185 jobs in the last quarter of 1996-97.

The last quarter of 1997-98 showed a record decline of 275 733 jobs, about 49,5%.

In the manufacturing industry, after a 2,4% rise in jobs in the last quarter of 1995-96, there was a 2,3% drop in the last quarter of 1996-97, followed by a further drop of 2,3% a year later.

Taken together, the losses recorded in the manufacturing industry in the last quarters of the past two financial years total 86 070.

Mr Mdladlana said employment in the electricity, gas and water industries rose by 308 jobs in the last quarter of the 1995-96 financial year, followed by a decrease of 61 jobs and 846 jobs in the last quarters of the

1996-97 and 1997-98 financial years.

Jobs in construction dropped by 33 287 in the last quarter of 1995-96, and continued to decline by 17 357 and 4 872 in the 1996-97 and 1997-98 financial years respectively.

It was up and down for the wholesale and retail trade and catering and accommodation, which lost 7,7% of jobs in 1995-96, gained 9,4% the following year, and dropped 0,5% in the last quarter of 1997-98.

Meanwhile, Mr Erwin has moved to calm turbulent reaction to a discussion document being circulated within the African National Congress which appears to suggest a rethink on economic policy.

Sapa reports that in a speech to the SA Chamber of Business annual convention in Durban, Mr Erwin downplayed the significance of the ANC document, saying the party had to analyse what it was doing.

"There is no worse economic policy than dogma. Dogma gets us nowhere."

He believed South Africa's economy was basically on the right track, and criticised business and media's negative views about the future. There was much cause for optimism, he said.

# Ideas garnered on job creation

Star 16/10/98

(173)

BY RYAN CRESSWELL

Ideas from increasing local skills to encouraging overseas venture capital were put forward as important for job creation by speakers attending the Gauteng South provincial hearing on the Presidential Job Summit in Johannesburg on Wednesday.

The Job Summit is set for October 30 and public hearings are being held around the country before the event.

One of the invited speakers, Manie Eagar of the IAETES Trust, which is funded by Eskom, Telkom and Transnet, said the people investment programme needed to be expanded.

The trust provides cost-effective integrated training for the general public and staff of parastatals.

"If we want to be competitive

and more productive we have to engage with labour and engage with world markets," he said.

Another speaker, Maud Dlomo, of the Gauteng Self-Employed Women's Organisation, said the economic activity of women working in the informal sector was not recognised. She said they had a highly evolved market intelligence that was not fostered.

Dlomo said the women needed a social infrastructure that would make their activities more productive. She also said there was concern that workers outside organised labour would not be represented at the Job Summit.

The Enterprise, Research and Development Foundation said "holistic strategies" using technology should be incorporated to enhance job creation.

One consultant complained

that government "red tape" and regulations had prevented her from providing the rural poor with 300 000 packets of free seedlings donated by an overseas group. She said most of the vegetables could be sold but some seeds could be kept and replanted.

Another speaker said there should be links between skills development and positions available in the labour market.

A businessman said the challenge for government and the private sector was the establishment of a fully developed venture capital structure. He said there should be tax incentives to attract overseas venture capital.

A builder said people with hands-on experience were often employed over people with expensive, theoretical qualifications, and trainers should remember this.

# Jobs will not occur 'overnight'

CT (P/R) 17/10/98 (173)

FRANK NXUMALO

LABOUR EDITOR

Johannesburg — The presidential jobs summit set for October 30 did not mean "there would be millions of jobs the next day", Alec Erwin, the political head of the preparations for the jobs summit and the minister of trade and industry, said yesterday.

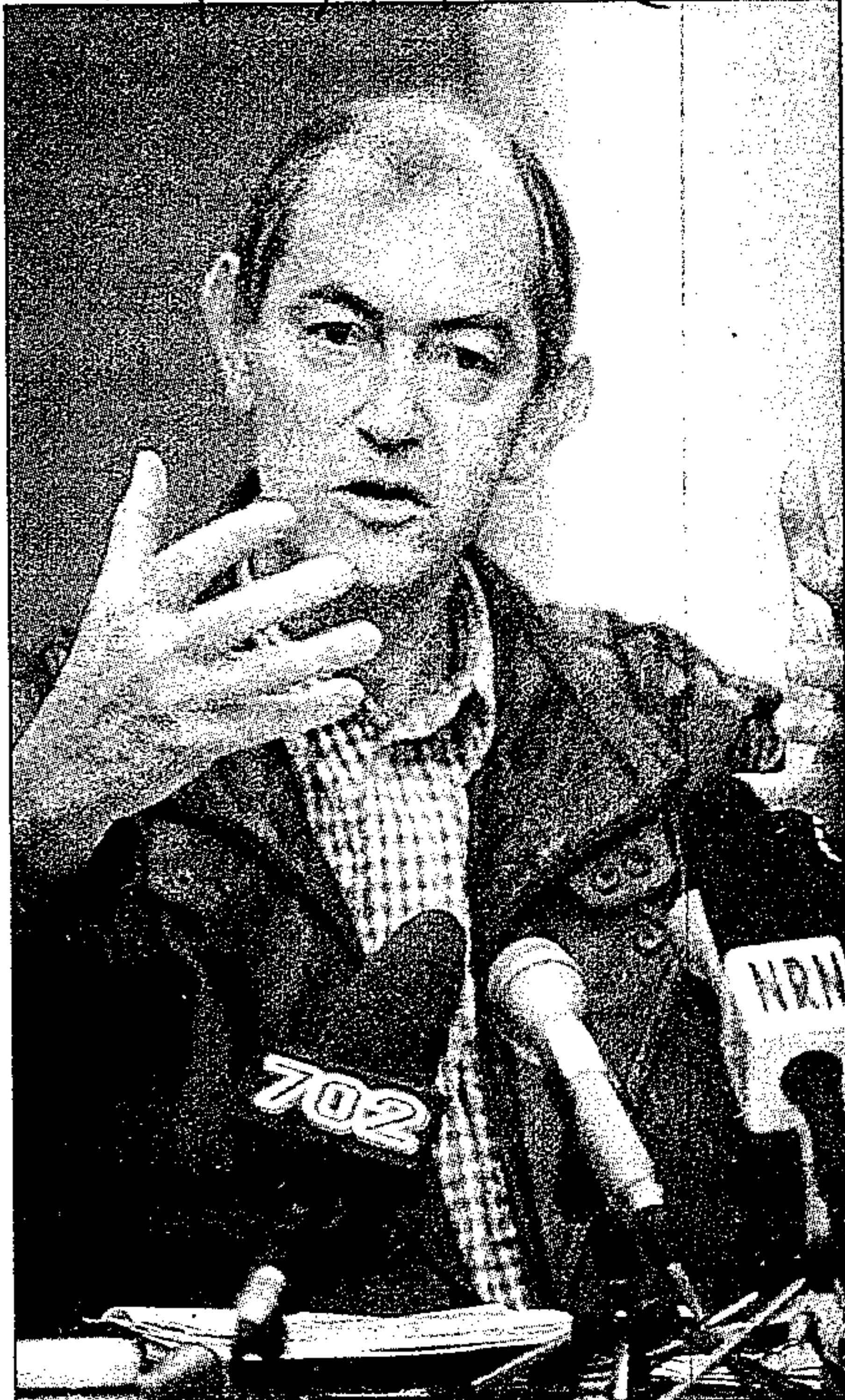
Erwin would not place a figure on the number of potential new jobs but said the social partners, including labour, business and government, would "attempt to try to estimate what employment effects these (jobs summit) programmes will have".

Labour has proposed to unlock up to R50 billion for a job creation "Marshall Plan" for South Africa and business plans to invest about R1 billion in the tourism industry and create about 450 000 jobs in that sector by 2005.

The government had set aside about R800 million for direct job creation and more might be available from next year's budget if the expenditure proved to be having a positive effect on employment creation, Erwin said.

He reiterated that the summit would not be a Nedlac type forum of negotiations but rather one during which a series of tripartite agreements, understandings, programmes and lead projects would be announced.

There were already 30 to 40 agreements and understandings between the various parties, including overall agreements and differences on macro-economic policies, finance, industrial policies, training programmes, lead and pilot projects on housing, integrated lead projects and structures and programmes to support the disabled.



**DAMPENER** Alec Erwin says the labour market is flexible, but reviews of legislation may be carried out PHOTO: JOHN WOODROOF

All the parties had also agreed on post-summit sectoral follow-ups.

However, Erwin warned that the government would not be going into the summit to say that "we have changed our (macro) policy", in apparent reference to sharp disagreements around Gear, the government macro-economic policy, especially with the trade union movement.

Erwin said the South African labour market was flexible enough and he was not

aware of any rising concern over the Basic Conditions of Employment Act.

"These (labour market policies) are strategic choices and the government is of the view that the basic structure in the labour market remained highly positive," he said.

However, he said regulations reviews could be used to identify those areas where legislation inhibited small, micro and medium enterprises, especially with regard to the taxation regime and licensing provisions.



# Raft of jobs summit agreements in offing

(179) ST (PT) 18/10/98

AS MANY as 40 undertakings to arrest SA's unemployment scourge are likely to be agreed upon at the upcoming presidential jobs summit.

Agreements should include a statement about differences of opinion on the government's macro-economic strategy, measures to combat unemployment and funding for projects.

Projects are set to include programmes around housing and housing rental stock — a key proposal contained in the Congress of SA Trade Unions submission to the jobs summit and which it estimates could cost between R30-billion and R35-billion.

Other projects include tourism and infrastructural development, youth brigades, training and learning.

Alec Erwin, Trade and Industry Minister and government co-ordinator for the summit, declined to detail funding for the projects until the summit, scheduled for October 30.

Business has already pledged R1-billion for job creation while government has budgeted R800-million for infrastructural development in the current year. A further allocation will be made available in next year's Budget for direct job creation.

Organised labour has pledged to contribute a day's pay towards the

UNEMPLOYMENT

By THABO KOBOKOANE

Umsobomvu Fund (to be launched from demutualisation levies).

Erwin says an interministerial structure will be set up to continue with the work of the summit and a review summit held a year later.

The summit, which is scheduled for October 30, is intended to provide short-to-medium-term measures for job creation while structural changes are implemented in the economy.

SA's unemployment is officially 22.9% of the potential workforce for 1997, according to accepted International Labour Organisation (ILO) measures.

Previous official measurements put the 1997 jobless rate as high as 37.6% until the method of calculation was changed to the labour organisation's definition — which is used by more than 80% of both developed and less developed countries.

The economy is also continuing to shed jobs. According to figures by the South African Reserve Bank, the economy shed in excess of 100 000 jobs last year. Statistics SA (formerly the Central Statistical Services) estimated that the economy lost 500 000 jobs in the past four years.

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# Job creation ideas start pouring in

As the presidential jobs summit approaches, discussion papers are flowing thick and fast from political parties and interest groups outlining how they believe unemployment should be tackled.

But these papers all come from such divergent policy positions that it is difficult to see how they could all be used to inform, and not confuse, those who plough through them all.

The last few weeks, for example, have seen the ANC releasing a wordy document which insists that: "In the overall, the kind of state that the national liberation movement is building is one in which the democratic forces have the capacity decisively to use state instruments for purposes of social transformation."

In other words, the state has a central role to play in transforming the economy to meet the needs of all its people.

The Democratic Party, on the other hand, has issued a paper calling for minimum government intervention in things such as small business development while allowing the private sector and non-governmental organisations to get on with it.

They probably both have a point. The difficulty lies in ensuring a balance between the two approaches, and making that balance work.

The two parties can be expected to debate their differing ap-

proaches with some vigour today when the portfolio committee on health starts its public hearings on the highly contentious bill banning tobacco advertising and smoking in public places.

To some this is government meddling of the worst and most inappropriate kind, while others would endorse it heartily, and not for political reasons only.

The portfolio committee on finance will consider another form of "meddling" — the establishment of a national treasury that will prescribe to departments and parastatals how to run their financial affairs. Again, one can see the merits of the move at one level — uniform standards and accountability — but this potential loss of independence has got some parastatals all worked up and they can be expected to present their case quite strongly.

Transnet, for example, has warned that plans to apply the State Treasury Bill to parastatals could affect its privatisation and ability to attract equity partners.

But one area where government intervention is quite universally accepted as being important is setting the right fiscal regimes to attract investment. Ironically, this is one area where governments are sometimes not as vigorous as they should be. The importance of attractive in-



LINDA LOXTON

vestment climates was stressed again and again at the Africa Upstream conference in Cape Town last week. The array of incentives on offer in some African countries was mouthwatering for South African delegates, who still have to convince the finance department of the

need for more, and more targeted, incentives.

Other bills of interest due to be considered include the Insider Trading Bill and the Conversion of Sasria Bill. The latter, which aims to convert the SA Special Risks Insurance Association into a state-owned firm, has been strongly opposed by the insurance industry.

Sasria, which has assets worth R9,6 billion, is a uniquely South African body established under apartheid to provide short-term insurance for financial losses caused by political acts, although this was later extended to cover non-political losses as well.

The government says it does not want to continue functioning as an underwriter of last resort for Sasria with unlimited liabilities. It wants to conduct an actuarial assessment of its substantial current assets versus its liabilities, with any surplus being used to pay off debts while Sasria itself is privatised.

ET 03/02/19/10/98

# Will the workers really benefit from the job-creation strategy?

By Ishmael Lesuffi

There is widespread acknowledgement that job creation is one of the country's central economic, political and social challenges. The persistence of high levels of unemployment and continued job losses, even during periods of economic upswing, is a graphic illustration of the magnitude of this challenge.

It is in this context that the presidential Job Summit has been called at the end of this month to explore possible solutions.

In preparation for this summit, the labour movement, business community and Government have put forward their proposed job creation strategies.

The purpose of this article is to examine the proposal put forward by the Government: *Creating Jobs, Fighting Poverty: An Employment Strategy Framework*.

The Government reaffirms its commitment to neoliberal policies: The call for the Job Summit raised hopes that Government might take seriously the plight of the working class and the poor and abandon its neoliberal macro-economic policies.

The labour movement and poor communities have already engaged in several struggles against the effects of these neo-liberal policies. With the unveiling of its job creation strategy, it became clear that Government had seized on this opportunity to reassert its commitment to positions contained in the Growth, Employment and Redistribution (Gear) strategy.

The document states in no uncertain terms that "the employment strategy is framed within the

**‘The labour movement refers to these initiatives as concentration camps**

context of government's macro-economic targets and is therefore concerned with the potential consequences of the proposals on inflation, the balance of payments and public debt".

Contrary to claims that Gear is negotiable, it is clear that it remains Government's fundamental policy and continues to be seen as a suitable strategy for job creation.

The fact that this strategy has failed to create new jobs and has also dismally failed to protect the existing ones, is not a source of concern.

The characteristic preoccupation of the whole Government approach is to shy away from its responsibility of creating jobs and instead call for measures that will intensify the unemployment problem and worsen the living standards of the working class and the poor.

The Government sees the private sector as the key to job creation: One of the long-standing demands of the labour movement is for the state to play an active role in the economy.

The labour movement called for the state to take ownership of key and strategic industries; increase expenditure on social services and basic needs and introduce regulations to guarantee job creation and proper living standards.

In its proposal, Government is

quite clear that it has no intentions of increasing its public expenditure on social services. Its document proposes that the provision of social services and other basic needs should be funded through "reallocation of expenditure rather than increased spending".

It is this approach that explains the consistent real cuts in social expenditure in the three successive national budgets since the inception of the African National Congress-led government.

It is this approach that is also at the heart of the deteriorating standards of life in black townships and rural areas.

These cuts in social expenditure are also a way of opening the way for the private sector to take over the provision of these services. Even the proposals for a special employment programme makes it clear that this will aim to encourage the small, micro and medium enterprises as key players.

The approach of handing over responsibility of providing social services has already seen a number of initiatives such as subcontracting, outsourcing, concessioning and private-public partnerships.

All these are just various ways of dismembering the local government, and the South African Municipal Workers' Union has already embarked on a campaign in opposition to these privatisation initiatives.

These developments are notorious for retrenchments, poor working conditions and poor services to the communities. Instead of abandoning these, the Government views them as key components of a job-creation path.

The Government is determined to cut public sector employment. There is widespread recognition that the public sector is at the forefront of delivery of social services such as education, health care, infrastructure development and municipal services.

It is for this reason that the Congress of South African Trade Unions and its public sector affiliates have strongly opposed retrenchments and called for a moratorium on the further cutting of public sector jobs pending an audit into these sectors.

In addition to cutting numbers, the Government has also embarked on a process of cutting public sector wages to meet its deficit targets in line with Gear.

This has also provoked a sustained opposition from the South African Democratic Teachers' Union, the National Education, Health and Allied Workers' Union and the Police and Prisons Civil Rights Union.

In response, the Government calls for "an agreement to be reached on achieving greater flexibility in public service employment practices, particularly with respect to job definitions, work organisation, redeployment; an acceptable trade-off between wages and employment; restructuring of pension funds; and changes in personnel policy in social services towards qualified, less-expensive personnel, where possible".

The message is very clear. The labour movement must agree to the reduction of jobs in the name of job creation. The few jobs that remain must be subjected to multi-tasking, lower wages and poor working conditions.



South African Municipal Workers' Union members during a protest against privatisation in Johannesburg last month.

FIG: LEN KUMALO

The Government is celebrating the effect of trade liberalisation: The starting point for the Government is to deny any negative effects of tariff policy on job creation. The document says "the restructuring of tariff protection, which started in 1995, has not had the disastrous consequences many commentators were predicting earlier".

The document goes further and notes that "the deregulation of agricultural markets and trade liberalisation has enabled the substantial entry of new business and has encouraged a shift to higher value-added labour-intensive horticultural crops".

The reality is that already hundreds of jobs have been lost in the automobile, clothing and textile industries. The Government assures us the lost jobs will be recovered once the affected industries become internationally competitive.

As is well known, this assurance is in contradistinction to real-life experience.

The Government is therefore rewriting history in the image of its wishes with the assertion that such capital-intensive developments

**‘It's quite clear it does not intend to increase social service expenditure**

which are well known for job shedding, lead to job creations.

The Government also proposes measures clearly aimed at attracting foreign investment: These include the creation of Spatial Development Initiatives (SDIs) and Industrial Development Zones (IDZs).

According to the Government, these will enable the development of competitive and outward-oriented investment which should create sustainable job opportunities.

Other observers have noted that these initiatives are just fancy names for what amounts to Export Processing Zones. These zones are notorious for the exploitation of women and children in South East Asia and Latin America.

Locally, the labour movement has referred to these initiatives as "concentration camps" and opposes them.

In response, the Government makes the qualifications that "all relevant labour legislation and

environmental regulations will apply in the SDIs and IDZs".

On the contrary, international experience shows that the attractiveness of these initiatives to the capitalists is their lower labour standards. But even if labour legislation were to apply, the dangers still exist for South African workers considering the range of flexible arrangements already possible under the new Basic Conditions of Employment Act.

The Government is calling for more labour flexibility. Here the Government is launching an attack aimed at eroding even some of the minimal gains the labour movement emerged with from years of struggle. Some of these gains have been codified into law as minimum standards.

According to the Government, the basis for this attack is to "ensure that they are sufficiently flexible and allow adaptation to a continually changing environment".

One proposal is for the variation of wage schedules to allow the introduction of what is called a learnership wage, which is said to be a mechanism to encourage the training and employment of youth.

This proposal takes forward the spirit of Gear, which also called for a lower wage schedule for the youth. This is clearly aimed at reducing production costs for bosses by attacking the value of labour power.

This is also a clarion call for the bosses to resort to cheap young labour as a path towards sustained profitability. The effect is to act as a downward pressure on wages as other workers will be forced to settle for lower wages to avoid losing their jobs due to competition from cheap young labour.

In addition, there are a number of proposed amendments to labour legislation to facilitate more flexibility in the labour

market. The first proposed amendment relates to the Labour Relations Act (LRA) regarding the extension of bargaining council agreements to non-party members also made a similar call.

In terms of this agreement should accommodate the different circumstances faced by small businesses, various regions and different sectors. This is a clear attack on the centralised bargaining gains won by workers through struggles.

This proposal is also in line with the attempt by bosses in various sectors to reverse these gains by undermining centralised bargaining.

The second proposed amendment is a call for the redefinition of the probationary process in terms of the LRA provision regarding unfair dismissals.

According to the Government, the purpose of such a redefinition is "to ensure that employees do not automatically gain full employment security before a reason-

**‘Organised labour must take the challenge posed by Government and reject this strategy**

able trial period has elapsed".

Once more, this goes contrary to the long-standing aspiration of the working class for job security. By making it easier for the bosses to hire and fire workers during their initial period, a region of terror is clearly being unleashed against the working class.

Only the bosses stand to benefit from the Government's job-creation strategy.

The Government has clearly thrown down the gauntlet to the working class and the poor by making it clear in whose class interests it is acting.

In addition to failure to elaborate strategies that will create jobs, it has also called for measures that constitute a vicious attack on existing jobs and working conditions.

It is clear that the working class and the poor in general will not see the jobs so desperately needed. Instead, the Government is seeking the consent of the working class in efforts to increase the profits of the bosses and the misery of the poor.

The history of profit-led job creation is a history of starvation wages, poor working conditions and poor living standards. It is for this reason that organised labour must take seriously the challenge posed by Government and mobilise for the rejection of this strategy.

(The writer is a researcher at Khanya College in Johannesburg.)

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# Will the workers really benefit from the job-creation strategy?

By Ishmael Lesufi

THERE is widespread acknowledgement that job creation is one of the country's central economic, political and social challenges. The persistence of high levels of unemployment and continued job losses, even during periods of economic upswing, is a graphic illustration of the magnitude of this challenge.

It is in this context that the presidential Job Summit has been called at the end of this month to explore possible solutions.

In preparation for this summit, the labour movement, business community and Government have put forward their proposed job creation strategies.

The purpose of this article is to examine the proposal put forward by the Government: *Creating Jobs, Fighting Poverty: An Employment Strategy Framework*.

The Government reaffirms its commitment to neoliberal policies: The call for the Job Summit raised hopes that Government might take seriously the plight of the working class and the poor and abandon its neoliberal macro-economic policies.

The labour movement and poor communities have already engaged in several struggles against the effects of these neo-liberal policies. With the unveiling of its job creation strategy, it became clear that Government had seized on this opportunity to reassert its commitment to positions contained in the Growth, Employment and Redistribution (Gear) strategy.

The document states in no uncertain terms that "the employment strategy is framed within the

**The labour movement refers to these initiatives as concentration camps**

context of government's macro-economic targets and is therefore concerned with the potential consequences of the proposals on inflation, the balance of payments and public debt".

Contrary to claims that Gear is negotiable, it is clear that it remains Government's fundamental policy and continues to be seen as a suitable strategy for job creation.

The fact that this strategy has failed to create new jobs and has also dismally failed to protect the existing ones, is not a source of concern.

The characteristic preoccupation of the whole Government approach is to shy away from its responsibility of creating jobs and instead call for measures that will intensify the unemployment problem and worsen the living standards of the working class and the poor.

The Government sees the private sector as the key to job creation: One of the long-standing demands of the labour movement is for the state to play an active role in the economy.

The labour movement called for the state to take ownership of key and strategic industries; increase expenditure on social services and basic needs and introduce regulations to guarantee job creation and proper living standards.

In its proposal, Government is

quite clear that it has no intentions of increasing its public expenditure on social services. Its document proposes that the provision of social services and other basic needs should be funded through "reallocation of expenditure rather than increased spending".

It is this approach that explains the consistent real cuts in social expenditure in the three successive national budgets since the inception of the African National Congress-led government.

It is this approach that is also at the heart of the deteriorating standards of life in black townships and rural areas.

These cuts in social expenditure are also a way of opening the way for the private sector to take over the provision of these services. Even the proposals for a special employment programme makes it clear that this will aim to encourage the small, micro and medium enterprises as key players.

The approach of handing over responsibility of providing social services has already seen a number of initiatives such as subcontracting, outsourcing, concessioning and private-public partnerships.

All these are just various ways of dismembering the local government, and the South African Municipal Workers' Union has already embarked on a campaign in opposition to these privatisation initiatives.

These developments are notorious for retrenchments, poor working conditions and poor services to the communities. Instead of abandoning these, the Government views them as key components of a job-creation path.

The Government is determined to cut public sector employment. There is widespread recognition that the public sector is at the forefront of delivery of social services such as education, health care, infrastructure development and municipal services.

It is for this reason that the Congress of South African Trade Unions and its public sector affiliates have strongly opposed retrenchments and called for a moratorium on the further cutting of public sector jobs pending an audit into these sectors.

In addition to cutting numbers, the Government has also embarked on a process of cutting public sector wages to meet its deficit targets in line with Gear.

This has also provoked a sustained opposition from the South African Democratic Teachers' Union, the National Education, Health and Allied Workers' Union and the Police and Prisons Civil Rights Union.

In response, the Government calls for "an agreement" to be reached on achieving greater flexibility in public service employment practices, particularly with respect to job definitions, work organisation, redeployment; an acceptable trade-off between wages and employment; restructuring of pension funds; and changes in personnel policy in social services towards qualified, less-expensive personnel, where possible".

The message is very clear. The labour movement must agree to the reduction of jobs in the name of job creation. The few jobs that remain must be subjected to multi-tasking, lower wages and poor working conditions.



South African Municipal Workers' Union members during a protest against privatisation in Johannesburg last month.

PHOTO: LEN KUMALO

The Government is celebrating the effect of trade liberalisation: The starting point for the Government is to deny any negative effects of tariff policy on job creation. The document says "the restructuring of tariff protection, which started in 1995, has not had the disastrous consequences many commentators were predicting earlier".

The document goes further and notes that "the deregulation of agricultural markets and trade liberalisation has enabled the substantial entry of new business and has encouraged a shift to higher value-added labour-intensive horticultural crops".

The reality is that already hundreds of jobs have been lost in the automobile, clothing and textile industries. The Government assures us the lost jobs will be recovered once the affected industries become internationally competitive.

As is well known, this assurance is in contradiction to reality experience.

The Government is therefore rewriting history in the image of its wishes, with the assertion that such capital-intensive developments

**It's quite clear it does not intend to increase social service expenditure**

which are well known for job shedding, lead to job creations.

The Government also proposes measures clearly aimed at attracting foreign investment. These include the creation of Spatial Development Initiatives (SDIs) and Industrial Development Zones (IDZs).

According to the Government, "these will enable the development of competitive and outward-oriented investment... which should create sustainable job opportunities".

Other observers have noted that these initiatives are just fancy names for what amounts to Export Processing Zones. These zones are notorious for the exploitation of women and children in South East Asia and Latin America.

Locally, the labour movement has referred to these initiatives as "concentration camps" and opposes them.

In response, the Government makes the qualifications that "all relevant labour legislation and

environmental regulations will apply in the SDIs and IDZs".

On the contrary, international experience shows that the attractiveness of these initiatives to the capitalists is their lower labour standards. But even if labour legislation were to apply, the dangers still exist for South African workers considering the range of flexible arrangements already possible under the new Basic Conditions of Employment Act.

The Government is calling for more labour flexibility:

Here the Government is launching an attack aimed at eroding even some of the minimal gains the labour movement emerged with from years of struggle. Some of these gains have been modified into law as minimum standards.

According to the Government, the basis for this attack is to "ensure that they are sufficiently flexible and allow adaptation to a continually changing environment".

One proposal is for the variation of wage schedules to allow the introduction of what is called a learnership wage, which is said to be a mechanism to encourage the training and employment of youth.

This proposal takes forward the spirit of Gear, which also called for a lower wage schedule for the youth. This is clearly aimed at reducing production costs for bosses by attacking the value of labour power.

This is also a clear call for the bosses to resort to cheap young labour as a path towards sustained profitability. The effect is to act as a downward pressure on wages as other workers will be forced to settle for lower wages to avoid losing their jobs due to competition from cheap young labour.

In addition, there are a number of proposed amendments to labour legislation to facilitate more flexibility in the labour

market. The first proposed amendment relates to the Labour Relations Act (LRA) regarding the extension of bargaining council agreements to non-parties. Gear also made a similar call.

In terms of this "agreements should accommodate the different circumstances faced by smaller businesses, various regions and different sectors". This is a clear attack on the centralised bargaining gains won by workers through struggles.

This proposal is also in line with the attempt by bosses in various sectors to reverse these gains by undermining centralised bargaining.

The second proposed amendment is a call for the redefinition of the probationary process in terms of the LRA provision regarding unfair dismissals.

According to the Government, the purpose of such a redefinition is "to ensure that employees do not automatically gain full employment security before a reason-

**Organised labour must take the challenge posed by Government and reject this strategy**

able trial period has elapsed".

Once more, this goes contrary to the long-standing aspiration of the working class for job security. By making it easier for the bosses to hire and fire workers during their initial period, a region of terror is clearly being unleashed against the working class.

Only the bosses stand to benefit from the Government's job-creation strategy. The Government has clearly thrown down the gauntlet to the working class and the poor by making it clear in whose class interests it is acting.

In addition to failure to elaborate strategies that will create jobs, it has also called for measures that constitute a vicious attack on existing jobs and working conditions.

If it is clear that the working class and the poor in general will not see the jobs so desperately needed. Instead, the Government is seeking the consent of the working class in efforts to increase the profits of the bosses and the misery of the poor.

The history of profit-led job creation is a history of starvation wages, poor working conditions and poor living standards. It is for this reason that organised labour must take seriously the challenge posed by Government and mobilise for the rejection of this strategy.

(The writer is a researcher at Khanya College in Johannesburg.)

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# Jobs summit to help the unemployed

By Mzwakhe Hlangani  
Labour Reporter

**S**OUTH Africa's unemployment scourge could be reduced reasonably in the near future if dozens of tentative agreements are finalised in the upcoming presidential jobs summit set for later this month.

Areas of tentative agreements include a broad statement on macro-economic policy for sustainable job creation, a need for rented housing stock, youth brigades, industrial summit, social plan and some financing mechanisms, Congress of South African Trade Unions communications officer Nowethu Mpathi said yesterday.

A detailed report from negotiators on preparations for the summit indicated agreement on amendments to the Labour Relations Act to make retrenchments a matter for negotiations instead of the current situation where trade unions were merely consulted.

Others include agreements on tariffs, use of prescribed investment to leverage resources for housing and infrastructure, she said.

Trade and Industry Minister Alec Erwin, who is also leading the Government in the National Economic Development and Labour Council, confirmed at a conference on Friday that substantial progress had been made and a number of job creation projects were to be agreed upon.

Erwin could not disclose the amounts of money to be released for the job creation projects.

The Cosatu executive committee meeting decided at the weekend to present tentative agreements at Nedlac to the alliance meetings this week.

Cosatu was not yet able to say whether the jobs summit would be a success or not.

"A clear package has not emerged yet. We, however, believe that progress has been made in a number of areas in particular in the bilaterals between labour and the Government," she said.

The executive committee meeting also discussed the call on the need for organised labour and the rest of the society to make contributions in the form of the one day output of the economy for job creation programmes.

19/10/98  
Mzwakhe Hlangani

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# Govt needs help with Act, says Minister

By Mzwakhe Hlangani  
Labour Reporter

EMPLOYMENT equity is not only a moral imperative but also a precondition for sustainable development of the African people, Minister of Labour Shepherd Mdladlana said at the weekend.

Addressing the annual conference of the Black Management Forum on the Employment Equity Act in Mafikeng, the minister said the law now prohibited unfair discrimination.

Mdladlana challenged black managers and organisations to begin engaging the Government in implementing the Act.

"This will create a secure foundation for employment equity for future generations and this will be no small contribution to the renewal of our continent," he said.

The disparities in employment opportunities were particularly bleak at representing Africans and women in management, professional and technical categories, he said.

## Intensify its participation

A recent survey showed that African men and women together make up to 87 percent of all employees in the labourer category.

The management conference resolved to formalise and intensify its participation together with the Government in the national commission that will review company performances with regard to the Act.

The conference also resolved that the Black Management Forum will facilitate training programmes for its members on information technology and the effects of globalisation in preparation for the next millennium.

Deputy chairperson of the National Council of Provinces Naledi Pandor said recent attempts to give meaningful content to the African renaissance debate were central to the agenda of sociopolitical and economic transformation.

The conference concluded that black managers were capable of wielding a great deal of influence and could play a central role in advancing the economic imperatives of a successful transformation in South Africa.

Seecheran 19/10/98

(Scribbles)



# Forum 'most significant' outcome of jobs initiative

90 22/10/98

(173)

Reneé Grawitzky

THE pending formation of a joint government and business consultative forum was the most significant outcome of the job creation initiative unveiled by business leaders last month, National Business Initiative CEO Theuns Eloff said yesterday.

Eloff said the forum, which would be neither high profile nor secretive, could prove to be one of the most important developments for the future of the country.

In an address to the British Chamber of Commerce in southern Africa, Eloff said the intention of the forum was to build understanding and to improve relations between government and business.

However the forum could, over time, be used by both sides to discuss and thrash out differences.

Last month business leaders unveiled a job creation and education project costing in the region of R1bn.

Schemes from the project would be funded by a business trust comprising government and business representatives, but controlled by business.

The forum is intended to exist along-

side the trust, which will decide on targeted projects.

The formation of the forum stems from a proposal made by business. In terms of the proposal, there will be equal representation for government and business.

Eloff said the deteriorating relationship between government and business and the lack of trust and understanding between them had been one of the underlying reasons for the move to consider a partnership with government.

He said business wished to show its commitment and to ensure business received some acknowledgement for its contribution to job creation and corporate social responsibility programmes.

He said most of the top 50 companies in the country had agreed to contribute to the fund. Overall, close to 100 companies had indicated their support, but the final number would be presented at the presidential job summit next week.

Eloff said he hoped peer pressure would be a motivating factor in getting companies to make contributions. He believed the R1bn needed for the creation of the fund would be raised within six months.

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# Business backs R1bn jobs trust

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VERA VON LIERES

Cape Town — Tourism and schooling were crucial areas where business could make a decisive contribution to job creation and skills development, Johann Rupert, the chief executive of Rembrandt, said at a joint government-private sector business initiative yesterday.

The initiative aims to create a business trust to generate at least R1 billion for job creation, education and skills development projects over five years.

It was officially launched in Midrand in September and is now being presented to corporate leaders around the country.

Rupert said actions taken by business had to be clearly focused and sharply targeted. Tourism and schooling were areas where business could make meaningful contributions.

A prospectus of the initiative was outlined to business leaders from a cross section of Cape Town companies yesterday.

Michael Spicer, the executive director of Anglo American, said there was "a sense of excitement among business leaders at the proposition of acting in partnership with government" on the initiative.

The vehicle for the initiative would be a trust, scheduled to be set up by the end of November.

"We will have to have formal trustees drawn up and (be) deliberate on what projects to choose," Spicer said.

The initiative currently consists of a steering committee which is seeking a commitment from companies. About 100 companies have indicated their



**ENCOURAGED** Transnet chief  
Saki Macozoma

CT (BR) 22/10/98  
support for the initiative.

"We are very encouraged," Spicer said.

The proposal is that listed companies contribute 0,15 percent of total market capitalisation, or the equivalent of 2 percent in after-tax earnings for non-listed companies.

Rupert said the initiative could begin to change the way business and the government related.

Saki Macozoma, the managing director of Transnet, said it was the first time that business across the spectrum in South Africa had worked together to conceptualise such an initiative with the government.

The project is backed by the National Business Initiative, the South Africa Foundation and the Black Business Council.

Macozoma said it was developed in close consultation with a government task team convened by the office of Deputy President Thabo Mbeki.



# Qualifications fail to prepare graduates for entry into job market

(173) CP 24/10/98  
An estimated 35 percent of black graduates remain

unemployed, writes **SBUSISO NGOMANE**

**A**T least 40 000 new graduates are expected to flood the job market next year with the assumption that their hard-earned qualifications will ease their path towards their hoped-for careers.

This influx of new graduates exacerbates the problem of graduate unemployment.

According to the latest statistics released by South African Graduates Development Association (Sagda) research desk, it is estimated that of the 660 000 graduates in the country, 84 849 are black and of these a total of 30 160 (about 35 percent) are unemployed.

Sifiso Nkabinde, head of Sagda entrepreneurial desk, blamed institutions of higher learning for annually producing graduates who are unable to enter the job market due to a poor curriculum structure that is too academic and does not provide graduates with the benefit of hands-on experience.

Asked what services Sagda rendered to its members, he said Sagda not only served as a placement agency, but had many departments such as training, community development and its entrepreneurial development desk.

Employment prospects for graduates and matriculants look bleak, Henry Bezuidenhout, director of labour affairs at the South African Chamber of Commerce, told City Press.

He said the over-regulation of the labour market, the dramatic rise in interest rates as well as the global economic crisis were key factors that militated against business growth and the creation of employment opportunities.

But he said the forthcoming Job Summit was a ray of hope.

"It promises to be worth the publicity it is getting," said Bezuidenhout.

Sifiso Mazibuko, a BA graduate who has been unemployed for more than three years, echoed Bezuidenhout's sentiments about the dire job placement situation.

"It's an unfortunate situation that educated youth are left uncatered for by both the government and business.

"The situation is a fertile ground for crime and social chaos," he said.

Said Sibusiso Mkhize, a final year Communications student at Unisa:

"The annual government expenditure in the form of bursaries and university subsidies is being misdirected if ultimately the graduates are not afforded the outlet to put their years of training into fruitful use.

"There should be concerted efforts on the part of the government to ensure easy access of black graduates into the economic mainstream," he said.

Because of such a hike in the unemployment rate, graduates often accept any job even if they are over-qualified for such posts, said Marlene from GraduateWise, a placement agency for graduates.

"Most of our clients require people with particular skills and this emphasis on experience puts many graduates at a disadvantage" she said.

Benjamin Maleka, a major in Industrial Psychology from Unisa who is currently employed as a clerk, told City Press that family and social pressure forced one to take up any job.

But, he added, tertiary education is perceived within the black community as an automatic key to any top profile-job.

# Plans to summit the jobs peak

ST(BT) 25/10/98 (173)

EMPLOYMENT  
By THABO KOBOKOANE

THE presidential jobs summit this Friday is expected to yield at least 35 initiatives worth between R2-billion and R3-billion in an effort to boost sickly employment levels.

By the time an estimated 600 people gather at Gallagher Estate for the summit, most of the work will have been done behind the scenes.

Trade and Industry Minister Alec Erwin said on Friday at least 35 undertakings to arrest SA's high unemployment rate could be agreed to at the meeting.

Insiders say agreements on initiatives could cost about R2-billion to R3-billion.

The success of the summit is crucial. Following the global economic crisis, SA is facing an even greater loss of jobs, with massive social consequences.

Data by Statistics SA show that about 23% of the economically active population are unemployed, although other measures put the unemployment rate at closer to 38%. The formal sector has lost about 500 000 jobs in the last four years.

The summit is unlikely to be a battleground for government and labour on the state's macro-economic strategy, Gear — much discussion has already taken place behind the scenes to avoid a public spat.

The government has admitted



its targets set out in the Gear strategy, which was unveiled in 1996, will not be met. They envisaged a growth rate of 6% and the creation of 400 000 jobs a year by 2000. Analysts now predict a growth rate of less than 1% while the scourge of unemployment continues.

Government's backtracking on Gear targets has been interpreted by some to mean it is set for an about-turn on the overall policy. An ANC discussion document, The State, Property Relations and Social Transformation, due for discussion at the alliance summit this weekend,

calls for a review of fiscal deficit targets and a cautious approach to privatisation.

But key government figures have said the structural framework of Gear remains unchanged. One of the key factors in Gear is its commitment to reducing the fiscal deficit to 3% of GDP in 1999/2000 year from 4% of GDP in 1996/97 through tight fiscal measures.

Finance Minister Trevor Manuel said this week there was no point in throwing money at the problem. Rather, focus should be turned to the "quality of the spending".

Erwin has said targeted social spending initiatives will be implemented to alleviate the effects of the current crisis, but without deviating much from macro-economic targets.

Analysts say it is unlikely that government will deviate radically from the deficit figures. This was backed up this week by President Nelson Mandela, who said government remained firmly committed to Gear.

"We will not deviate from it," he said.

Manuel says the ANC's executive committee stands by the by the policy underpinning Gear. "The policy remains."

Erwin signalled last week that one of the agreements at the summit would be a statement about differences of opinion on macro-economic strategy.

So while government may fiddle with the details, it is unlikely the "non-negotiable" policy will change.

Sources say initiatives likely to come out of the summit include plans to improve the lot of people struggling outside of the formal sector. Such plans include making the state's small business support organisations more effective and accessible to "survivalist" businesses.

Another is the establishment of youth brigades which will act as a stepping stone for young people to gain formal sector experience while earning a small allowance.

# ANC alliance united in jobs summit plan

René Grawitzky

THE tripartite alliance has endorsed proposals to ensure its constituents present a united front at Friday's presidential jobs summit.

One proposal endorsed at the weekend alliance summit of the African National Congress (ANC), Congress of SA Trade Unions (Cosatu) and the SA Communist Party (SACP) was an undertaking that government would investigate the restructuring of the state pension fund to reduce its debt burden. This proposal had been tabled repeatedly by Cosatu. Last year, Cosatu said the summit would fail if government went ahead only with its viewpoints without canvassing the union federation.

Alliance partners said the proposals — to be finalised in the next few days — provided a basis "for serious intervention to address the crisis of unemployment, poverty and inequality".

Proposed programmes aimed at stimulating the economy and creating jobs include a project to build thousands of houses, a business initiative to boost jobs in tourism, various targeted public works programmes and the development of infrastructure.

Trade and Industry Minister Alec Erwin said government was prepared to look at concrete possibilities on restructuring the state pension fund. It was prepared to investigate whether it should be converted into a pay-as-you-

go system or be fully funded.

Cosatu initially proposed a shift from a fully funded method of payment by government to a pay-as-you-go system. It said this could reduce government deficit repayments to the fund by two thirds and release assets to be used for other initiatives.

Cosatu general secretary Mbhazima Shilowa said the package of proposals for the jobs summit "must not be derailed by any party". Alliance officials would meet periodically until the summit to ensure the process remained on course and that the summit "represents a watershed in the process of transforming our country".

He refused to be drawn on the extent to which Cosatu's original demands had been incor-

porated into the final package, saying parties had long gone past the stage of identifying whose proposals were being accepted and whose were not.

Last week Erwin said spending would be allocated to jobs only if it built necessary infrastructure and "not just to look good". However, government would do everything in its power to maintain levels of social spending.

The alliance agreed that resources released as a result of the relaxation of some macroeconomic targets should be directed "strategically to growth, development and sustainable transformation". At the same time, the need for

Continued on Page 2



## Alliance

Continued from Page 1

sound fiscal discipline remained.

Sources said the proposals had been packaged in a manner which appeared agreeable to all, even if the substance had not fully or even partially met the demands of the SACP or Cosatu.

A business source expressed concern that the package might overstep the boundaries of agreements between

government and business. A meeting between government and business today was expected to clarify this.

The alliance summit followed last week's ANC national executive committee resolution that certain targets in the growth, employment and redistribution strategy had to be adjusted. Alliance sources said this resolution created the space for debate on macroeconomic policy. Greater consensus had been reached on the fundamentals upon which sound macroeconomic policy should be based.

**JOB SUMMIT** More than R3 billion could be raised from complex mechanisms, Erwin says

# Funding could yield pot of gold

**FRANK NXUMALO**

LABOUR EDITOR

Johannesburg — Funding mechanisms for the presidential jobs summit could yield amounts significantly larger than the R2 billion to R3 billion expected earlier, Alec Erwin said yesterday.

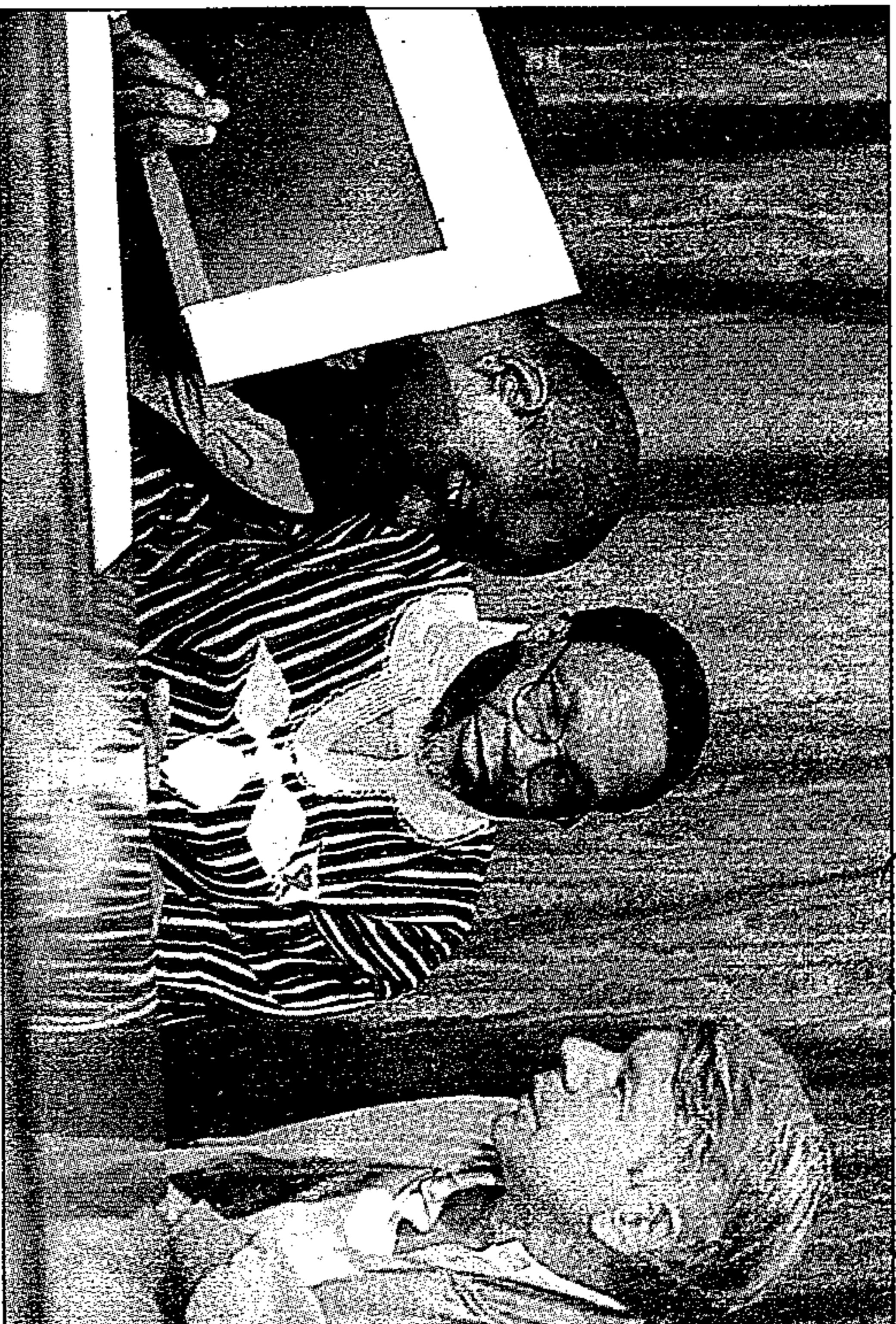
"If I were to speculate on this matter (funding), I would speculate that it will be an interesting package," said the minister of trade and industry, and political head of the preparations for the summit.

He said the complexity of the funding mechanisms was amply demonstrated by labour's proposals to create employment in the housing sector using billions of rands locked up in pension schemes.

These proposals had been strongly debated by business and government, Erwin said.

However, the minister said: "We have an agreement as labour and government" to examine all the complex issues.

He said whether a pay-as-you-go or a fully funded pension scheme would be adopted would depend to the extent each option might prejudice pensions. A presidential jobs creation



**HEADS TOGETHER** Mbhazima Shilowa (left), Kgalema Motlanthe (centre) and Jeremy Cronin plan their strategy for the upcoming presidential jobs summit

PHOTO: JOHN WOODROOF

package that combined inputs from business, labour, government and the community to combat South Africa's high unemployment levels will be

disclosed at the historic summit on Friday. The ANC-Cosatu-SACP alliance said it had "finalised its (common) approach" towards

the presidential jobs summit, which was viewed as a "progressive package towards poverty alleviation". Alliance national office

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bearers would "meet continuously ... to ensure the process remains on course and that the presidential jobs summit indeed represents a watershed in the process of transforming our country", the alliance said.

Mbhazima Shilowa, the general secretary of Cosatu, said: "The view of the (alliance) summit was that the package of proposals, as it was emerging, was a progressive basis for a serious intervention to address the crisis of unemployment, poverty and inequality."

"The alliance discussion will feed into the finalisation of the (jobs) summit declaration and pursuit of policies which promote an environment of employment creation and protection of existing jobs."

The jobs summit was also seen as a window of opportunity that would provide "more substance to concrete programmes" with which fresh thinking and greater flexibility in macroeconomic policymaking could be implemented.

Asked if Gear was discussed, Jeremy Cronin of the South African Communist Party said: "Debate helps us all to get a better understanding. We are not looking backward."

# Summit package aimed at ending poverty

(173)

THE eradication of unemployment, poverty and inequality are the most important aspects of the Presidential Job Summit due to be held this week, the tripartite alliance said on Sunday.

Speaking to reporters at the end of a two-day alliance summit at Gallagher Estates in Midrand, north of Johannesburg, Congress of SA Trade Unions secretary-general Mbhazima Shilowa said the alliance was in the home stretch of its preparations for the job summit.

The African National Congress, Cosatu and the SA Communist Party met at the weekend to iron out future strategies.

Apart from the job summit, the strategies included the global economic crisis and how to tackle next year's general election.

Regarding the job summit, Shilowa said an alliance package of proposals would be tabled, but details were still being finalised. He said talks between the alliance partners would be included in a final summit declaration on how to create jobs and protect jobs already in existence.

"The package of proposals, as it was emerging, was a progressive basis for a serious intervention to address the crisis of unemployment, poverty and inequality."

Asked about the nature of the package to be announced, Trade and Industry Minister Alec Erwin said he did not want to go into specifics, but that amounts involved would be substantial.

"It will certainly be an interesting package," he said.

The alliance's top leadership present at the news conference were non-committal about Government's Growth, Employment and Redistribution macro-economic policy (Gear).

## Challenge

*Sowetan 26/10/98*  
Gear recently survived a challenge by leading communists within the ANC national executive committee who argued for changes to Gear's structure, moving away from its capitalist market-orientated objectives.

Asked if Gear was discussed, the SACP's Jeremy Cronin said: "Debate helps us all to get a better understanding. We are not looking backward."

Regarding the global economic crisis and its impact on South Africa, Shilowa said it was agreed that sliding into an economical recession should be avoided at all costs.

"We have to carry through structural transformations that enable our economy to survive and surpass as best as possible the uneven and crisis-ridden character of the global economy."

He said it was agreed that a macro-economic policy - aligned with the tripartite alliance's objectives of reconstruction and development - was needed. "Growth in our economy has slowed down, and we must avert the danger of recession."

Looking ahead, the alliance again agreed on a commitment to fight next year's general election as partners and get all its members to apply for bar-coded identity books.

"There was never any doubt that we are going to fight the elections as a united force. What keeps us strong is the ability to engage in discussion and learn from each other," Shilowa said. - Sapa.

# SA's four letter word - j

(173)

The Presidential Job Summit is due to start on Friday, but only if a definitive strategy for desperately work creation emerges will the event draw a standing ovation instead of polite applause, writes Ryan

Show 26/10/98

It will be well choreographed. The soliloquies will be precise. The major actors already know their parts backward. It is the great Presidential Job Summit, playing for one day only this Friday at Gallagher Estate in Johannesburg.

The summit, to be attended by government, labour and big business, will be opened by President Nelson Mandela and closed by Deputy President Thabo Mbeki.

When the summit was announced with fanfare by the Labour Market Commission more than two years ago, there was some confusion about what it all meant. Some observers envisaged a week-long melee between business, labour and government, with no referee and winner takes all.

No such thing; the fact that the "urgent" summit has been postponed several times suggests the Government was taking no chances at getting splattered with messy political fallout before the elections and decided instead on a quick, slick production that scored at the box-office.

The major players have already talked and argued their way to significant agreements, what remains is for the curtain to go up.

Alec Erwin, trade and industry minister and political director of the job summit show, said the summit would not involve negotiations, but would rather be a grand announcement of tripartite agreements, programmes and projects.

There are already 30 to 40 agreements and understandings on issues including financial policies, training programmes and post-summit follow-ups.

Labour analyst Gavin Brown believes the Government probably made it clear to both labour and business that the usual "sterile slanging match" should not be in the script.

Although the show will probably be sleek and cause waves, box office results will be immediate.

Months ago Labour director-general Siphos Pityana started dampening expectations by saying the summit would not be a total solution. More recently Erwin, warned that jobs would not be created overnight after the summit.

Brown said existing labour legislation was unlikely to be changed as a direct result of the summit.

"I don't think legislation will be turned back in favour of labour or business," he said.

Instead the summit is seen as a



They, and too many like them, are what it's all about ... Johnson Dube (left) and Goodman Maduna, two unemployed men.

forum to put forward plans and programmes that will help in the mid to longer term.

The main actors may be sure of their parts, but what of the extras? Opposition parties feel they do not play a serious part and some unemployment groups and NGOs are also not sure as to where they fit in.

Brown said one challenge the job summit faced was that a lot of people, who had heard or read about it were probably "a bit cynical. Something will definitely come out of the summit, but it is also largely symbolic," said Brown.

Perhaps symbolism has already played more of a part in the job summit than even the players realise. Agreements by their very nature signify contact or even unity and the proposed job summit has already caused labour and business to at least symbolically reach across a great divide.

Up until a few months ago labour and business were usually seen as being at opposite ends of the scale on the issue of job creation, with the Government somewhere in the middle manoeuvring to prevent further rifts.

The overall stances have not really changed since then, but some serious compromises must have been made, and very creative bargaining done, for the Government to bandy about the word "agreements" at this early stage.

Look at some of the differences in approach lobbied by each group.

Business is keen to maintain stability through Reserve Bank independence and fiscal discipline, creating a competitive tax environment, top schooling, continuous training, low trade barriers, linking pay to productivity and performance and special aid for youth and rural women.

On the other hand labour wants a predictable macro-economic policy that has labour support, lower interest rates, expanded demand for local goods, small-scale lending programmes, public corporations as key investors, targeted employment subsidies and a social clause against labour exploitation.

Government would like to increase labour demand by raising the output and the labour capacity of the economy through special employment projects, preserve jobs by getting firms into value-added niches and strengthening existing investment policies and programmes.

In addition, to promote cluster initiatives and technological innovation, establish local business service centres, intensify land reforms, revise labour legislation, promote youth and reduce discrimination against women

in the labour

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Only then a standing ov polite round

# rd - jobs Small, informal employment agencies offer sliver of hope

strategy for desperately needed  
ite applause, writes Ryan Cresswell

DEBBIE YAZBEK



Iman Maduna, two unemployed men living in Westdene.

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Depending on one's viewpoint, each proposal has merit or is damaging to the vital cause of job creation; with Census 96 statistics putting the unemployment figure at a scary 34% of the economically active population in an agonisingly slow time of business growth.

But a specific strategy that combines some of these points - clearly shows the way forward and pleases at least a common majority - needs to come out of the summit.

There will also have to be very good plans for sequels and for the social partners to meet beyond the summit and perhaps even develop a position of serious trust on the matter of job creation.

Only then will the big debut get a standing ovation, rather than a polite round of applause.

BY RAPULE TABANE

The offices of Malamulele Social Movement in Jeppestown are a hive of activity every day as people flood in to register with this organisation for the unemployed.

Malamulele promises to go beyond whingeing and whining about South Africa's increasing unemployment, which the Census report puts at 34% of the economically active population.

It operates as an employment agency and plans to use the R5 membership fee garnered from a claimed membership of 200 000 to invest in big companies.

The organisation is one of several unemployed peoples' "trade unions" that have sprung up around the country in the past few years.

These "trade unions" are now fighting for a voice in bodies such as Nedlac and in forums such as the Jobs Summit.

The leadership of the Malamulele Movement is both ambitious and articulate.

"This organisation emanated from the realisation by the unemployed that they continue to be marginalised within macro-economic policy and decision-making fora," said Malamulele president, Plaatjie Mashego.

He said the organisation was formed after research was done among parents, workers and students.

"The research proved that the majority of the people supported job creation and the implementation of a flexible labour market, which is the only

option to draw a substantial number of unemployed into the formal sector," Mashego said.

"Within the Gear policy, there is a clause for a flexible labour market. But organised labour has taken a unilateral decision to reject Gear without consulting the unemployed.

"Organised labour says workers will be easily exploited. But it is up to the unemployed to decide whether they want to be exploited or not."

"For unions, it might look like exploitation, but for an ordinary unemployed person, it may be an opportunity to make a living."

"We are business-focused and have already placed over 1 000 people in jobs. We should be seen as patriots who want to create conditions favourable for investment," said Jubilee Mukwevho (26), Malamulele vice-president.

The organisation, while palpably at odds with Cosatu, is definitely on good terms with the Government.

"There are certain strategic individuals within Government with whom we liaise. We are also meeting with the Home Affairs department to deal with the issue of illegal immigrants.

"There is a high level of xenophobia caused by the people's frustration that illegal immigrants may be taking their jobs. But we do not condone attacks on the immigrants," he said.

Another organisation which tries to cater for the jobless is the Unemployed Masses of South Africa (Umsa) organisation.

Formed in 1994, Umsa has no offices, very few resources and a modest leadership. Umsa uses the phone, fax, and offices of an independent trade union in central Johannesburg.

But the organisation soldiers on in spite of the fact that they have not achieved much in the five years of their existence.

In fact their only real brush with the limelight was when their members were accused of murdering two foreigners who were thrown off a moving train in Pretoria earlier this year.

Umsa members were returning from a march in Johannesburg when they allegedly attacked the foreigners after accusing them of depriving South Africans of jobs.

National president Godfrey Debeilla denied any responsibility.

"Since 1994 we have had many rallies and marches which have all been peaceful. I saw in the newspapers that foreigners were killed, but I was quite surprised to see that we were held responsible. All Africans are our

brothers."

"All we want is for our people to be trained to acquire skills. But at every job you apply for, the requirement is experience or references.

Umsa has apparently been knocking on government doors since 1994.

Debeilla said: "The departments send us from pillar to post. Even Cosatu told us that they do not deal with unemployed people. We voted, and now we are left in the lurch because we are not skilled."

"Government must train people so that they can be motor mechanics and bricklayers and thereby employ themselves." Umsa has not received any official communication regarding the much heralded job summit.

"We faxed the organisers asking for details but even after three weeks there has not been any response. How can they ever discuss the plight of the unemployed but exclude them from the process?" asked Debeilla.

## Deaths of foreign workers 'not an act of Umsa'

# Summit may look at slide in farm jobs

Louise Cook

THE decline in farm jobs, which have dropped by more than half in agriculture, fisheries, hunting and forestry in the past three years, could come up at Friday's presidential jobs summit.

Land and Agriculture Minister Derek Hanekom is also likely to throw new light on the disastrous figures released by Statistics SA in August.

Sources in the agricultural sector said Hanekom would address the summit, but his office was unable to confirm this yesterday.

However, agriculture department deputy director-general Diana Callaar

said the Statistics SA figures were misleading. A special Statistics SA survey, "Employment and Unemployment in SA: 1994 to 1997", showed that out of 1,4-million employees in farming, fisheries, hunting and forestry in 1994, only 637 000 remained employed three years later.

Callaar confirmed that permanent jobs in farming had dropped in the past three years, but said the survey made the problem seem worse due to a change in the definition of employment. "The main reason (for the decline) is that farmers are increasingly making use of mechanisation and seasonal labour," she said.

The SA Agricultural Union would have two delegates at the summit but no submission would be made, union director Kobus Kleynhans said yesterday. "We are disappointed. It seems most emphasis will be on tourism, while employment in the agricultural sector holds equal potential," he said.

Before the drop set in — reportedly mainly due to unpopular land tenure and labour legislation — the sector was one of the country's largest employers. Jobs created indirectly in agriculture through backward and forward linkages were about six times that of the manufacturing industry. Meanwhile, a programme run by

the water and forestry department, Working for Water, has so far seen more than 40 000 temporary jobs set up for the rural poor in the past three years. A department spokesman said the programme, given a R120m boost from government's special funds last month, would feature prominently at the summit as an example of what government was doing to alleviate the critical job shortage.

Callaar said the agriculture department's land-care programme vaguely resembled water and forestry's programme but did not make provision for temporary jobs. The project would see permanent jobs result indirectly.

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# Quarterly jobs growth surprise

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FRANK NXUMALO

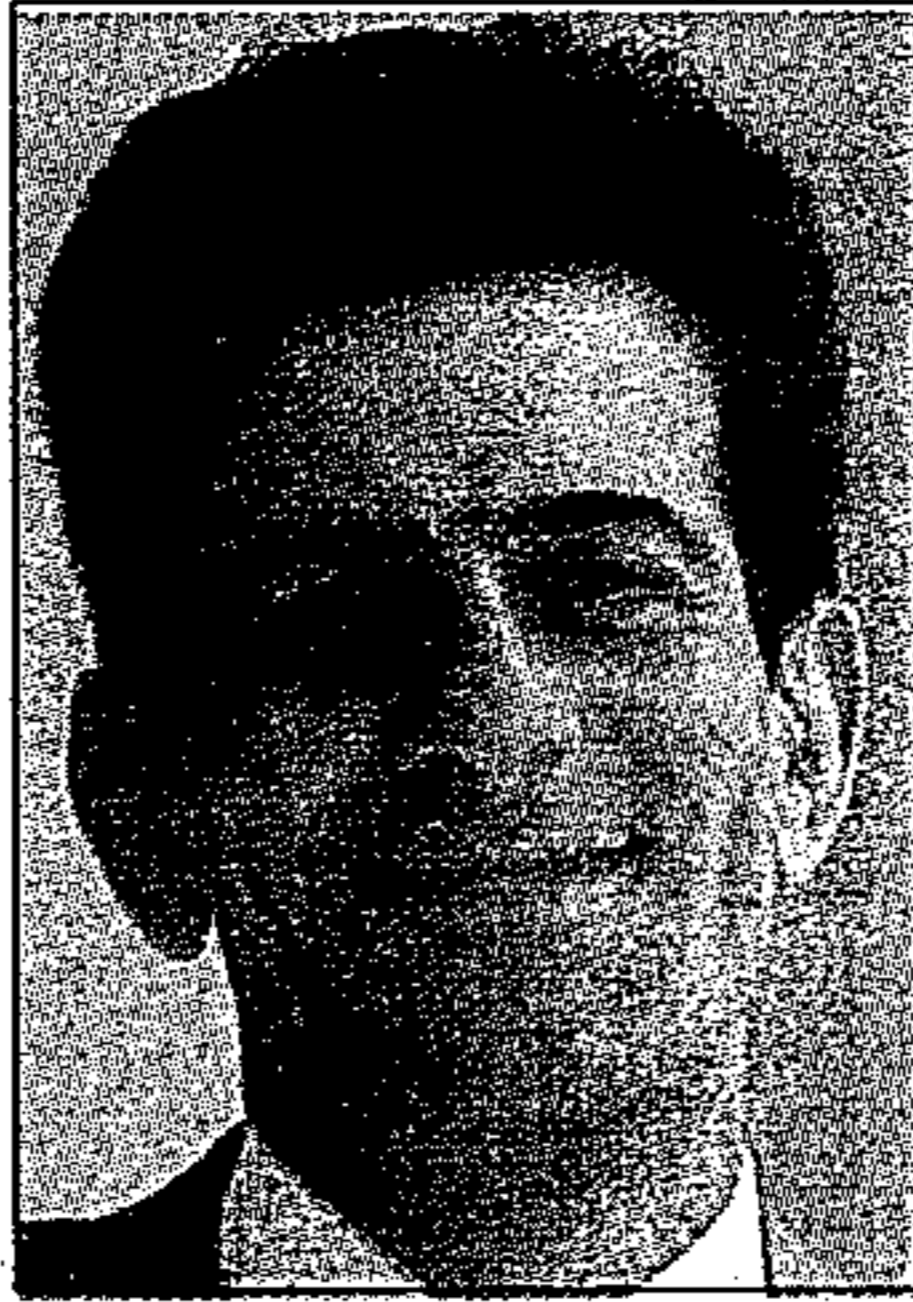
LABOUR EDITOR

Johannesburg — Employment in the formal non-agricultural sector had risen by 0,3 percent, Statistics SA announced yesterday.

This figure represents 14 210 employees, for a new total of 4 879 101 in the second quarter compared with the first quarter, according to the June 1998 Survey of Total Employment and Earnings (STEE).

These STEE figures represented the first increase in employment on the previous quarter since the third quarter of 1996, analysts said.

Azar Jammine, the chief economist at Econometrix, said in the current macro-economic environment of less than 1 percent growth with a population that was growing at close to 2 percent, one would have expected "employment to have declined".



**GRATIFIED** Azar Jammine reports first rise in jobs since '95

However, Jammine said it was gratifying to experience employment growth for the first time since 1995, although this could represent the start of a trend by some businesses to actively increase the employment of black

people in order to avoid victimisation by the department of labour when the Employment Equity Act is implemented in the first quarter of next year.

"The decision by business to reduce profits in order to employ more people because of the longer-term benefit to the economy and social stability could outweigh the cost to short-term profits," he said.

He said the trend could also be seen in the light of an economy moving from a capital-intensive to a labour-intensive regime.

However the STEE figures showed this increase was still 5,5 percent lower than last year, representing 282 184 job losses. Salaries were up 5,3 percent compared with the previous quarter and up 8,9 percent over a year ago.

"Real salaries have improved a lot for those lucky enough to have a job in the formal sector of the economy," Jammine said.

## 22 000 jobs lost in manufacturing

FRANK NXUMALO

LABOUR EDITOR

Johannesburg — Employment levels in the manufacturing sector had fallen by an additional 3 percent, representing more than 22 000 job losses during the first half of this year, the Industrial Development Corporation (IDC) said yesterday.

The corporation said this drop was in addition to a 4 percent contraction registered in 1997. The losses were due to adverse domestic conditions including a weakening rand and an ongoing process of upgrading and modernising capital stock to enhance domestic and global competitiveness.

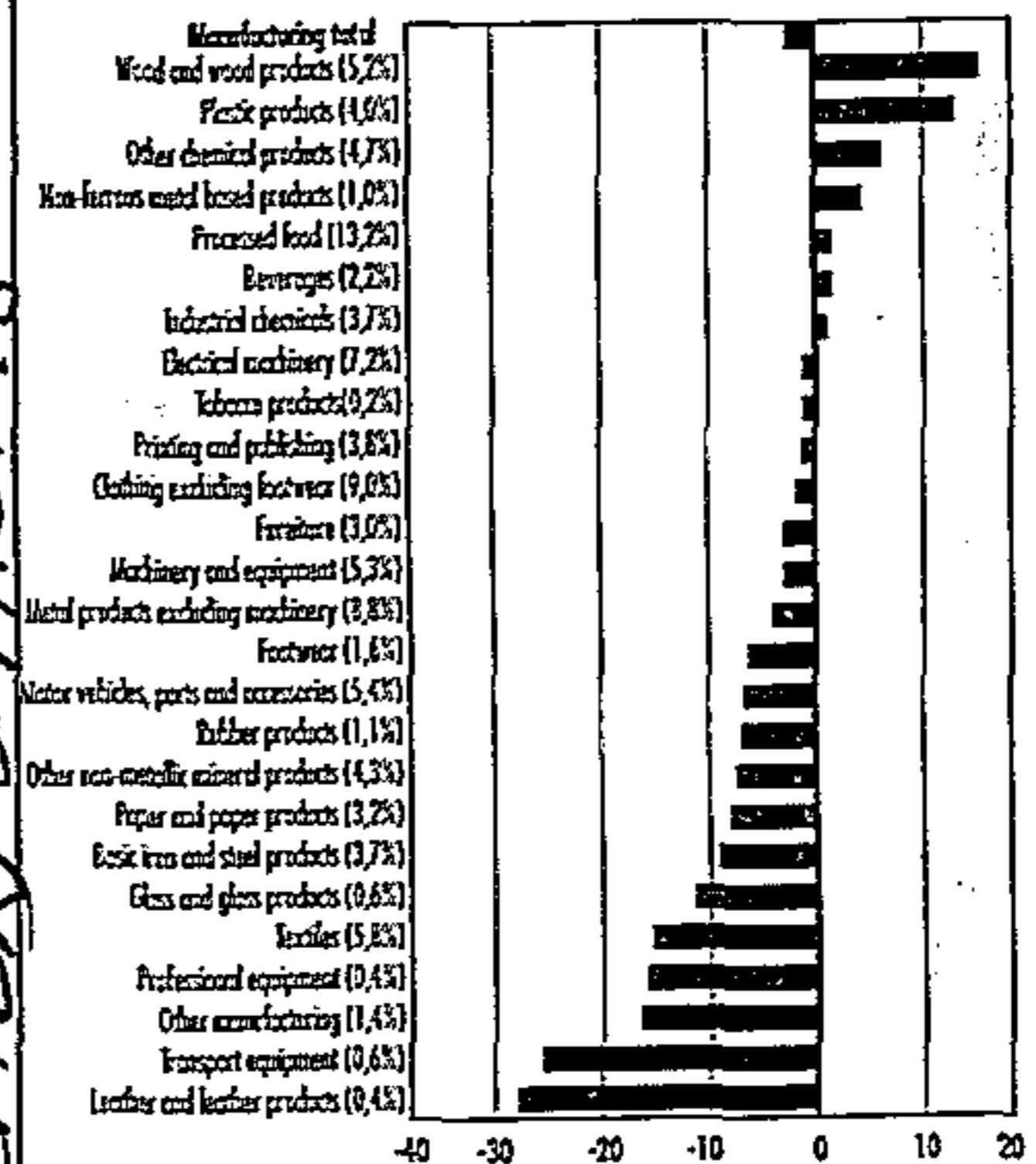
It said the sharply lower levels of business and consumer confidence, propelled by the unexpected hike in interest rates and continued market turmoil, should inhibit employment creation prospects for some time to come.

"However, ongoing efforts to enhance price competitiveness in the global marketplace through productivity improvements and increased efficiency will ultimately place domestic manufacturers in a better position to expand their job creating capacity," the IDC said.

Collectively, most sectors reported almost 56 000 fewer job opportunities, of which 17 000 were in textiles.

### Change in employment by manufacturing sector

Percentage change: first semester of 1998 compared to first semester of 1997



Figures in brackets refer to the subsector percentage share of total manufacturing employment

CT/BB/27/10/98

Real power is economic

# Laws 'not helping with job creation'

By Shadrack Mashalaba

**T**HERE is a growing concern that new labour legislation is impeding job market creation capacity of small business with some businesses sub-contracting part of their operations.

A snap survey conducted by the Johannesburg Chamber of Commerce and Industry (JCCI) of its member companies reveals that more than 60 percent of respondents believe that the new labour law dispensation will result in further shrinkage of the labour market, reduced productivity and lack of new investment.

The labour laws that the survey refers to are the Labour Relations Act (LRA), the Basic Conditions of Employment Act and the recently

passed Employment Equity Act.

JCCI chief executive Marius de Jager said the survey was conducted among Gauteng-based members.

De Jager said more than 10 percent of JCI members took part in the survey.

The survey was conducted among members involved in a wide spectrum of business activities ranging from retailers to manufacturers and those providing services.

Results of the survey show that 60,2 percent of respondents view the LRA as having a negative effect on employment, compared to 59,8 percent seeing a negative effect caused by the Basic Conditions of Employment Act and 66,4 percent feeling the Employment Equity Bill would have a negative effect on employment.

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The same survey shows respondents indicating that issues such as productivity, profitability, and investment would be negatively affected by the new legislation.

De Jager said small business in particular found it difficult to implement the laws as they did not possess the administrative competencies of big companies which had greater human resources at their disposal.

"Respondents perceive today's labour regime to be unaffordable, impractical and damaging to growth," he said

He argued that: "Organised business has consistently, in submissions to Government, emphasised the inhibiting effect of the new labour laws on job creation and this survey validates these concerns."

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Advertiser

# Tough job for summit

*Sowetan 27/10/98*

**C**REATING more jobs and wealth for the "haves" and ignoring the needs of the "have-nots" will signal the failure of Friday's Presidential Job Summit.

"For the poorest of the poor and the most vulnerable, any strategy emanating from the summit should be within the realm of possibility. And, these strategies should be urgently implemented, before it is too late."

This is the view of National Economic Development and Labour Council (Nedlac) coordinator for the community constituency Godfrey Jack.

He sums it up by pointing out that a final communique of the job summit itself should clearly demonstrate a commitment to employment creation that is sensitive to the needs of women, youths, people with disabilities and those in rural areas.

The supreme challenge to the Government will remain the immediate implementation of the job-creation programmes agreed to at the summit, said Jack.

The Government should also increase the level of funding for employment programmes in the short term.

"The Government should speedily implement the intended formulation of a more comprehensive social security and welfare safety net for the poorest of the poor," he said.

The principle of sustainable economic activity must be central to all activities that emanate from the summit. Jack said it should not accept a situation where the Government is left to care for the marginal sectors, while business and labour worries about the existing labour forces and formal sector.

Job creation means getting jobs for those unemployed and at the same time sustaining the jobs of those already in employment.

"Retaining jobs already created is imperative otherwise disaster is certain," warned Jack.

High unemployment levels do not affect all South Africans equally. More women are unemployed than men and unemployment is far higher among the youth; rural areas are among the most economically depressed in the country.

Jack also emphasised the suffering of those with disabilities, saying they struggled to overcome "barriers of perception to find employment".

"We believe the job summit is the first step in a longer process towards ensuring the marginalised sectors have a direct say in policies and strategies aimed at improving their situation.

"Our highest expectations are that the job summit provides access to the mainstream of the economy. It should provide a platform where we take them out of the 'survivalist sector' into a sector that creates more sustainable jobs.

"They should be able to voice their own

The coming summit must address the needs of those on the fringes of the economy – the youth, rural dwellers and women, writes **Mzwakhe Hlangani**



**Pelindaba AEC (Atomic Energy Corp) provides skills training to unemployed and trainee interships.**

PIC: PICTURENET demands for more resources to be invested into special employment projects," said Jack.

These include:

- Support of the various skills training proposals of the community to ensure that the poorest can move into the mainstream of the economy; and

- Business should increase investment in productive infrastructure which will result in long-term job creation and in a growing economy.

Whatever projects and programmes emerge from the summit, key to them is tackling rural poverty through improved wages and working conditions.

It should also set policies for widening access to rural wage employment opportunities, including the diversification of agriculturally related jobs.

Jack stressed the need for job sustainability, pointing out that false hopes should not be created for the millions of unemployed, leaving them out of jobs after six months.

Strategies adopted at the summit should incorporate a system of independent monitoring and evaluation to assess their effectiveness and sustainability.

On the Government's macro-economic policy, Jack insisted that an honest examination was needed on how best to manage the South African economy.

"As a starting point another discussion

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around the macro-economic framework is needed."

He said the Growth Employment and Redistribution (Gear) strategy should not be the only force driving job creation and economic growth.

"We argue for lower interest rates and say that with lower interest rates we will have more capital spending which will result in more job creation, as opposed to higher interest rates."

The current macro-economic policy did not deliver expected growth and should be re-examined, said Jack.

"We understand the Government cannot change its policy every year. But we challenge the approach that Gear is non-negotiable."

Socio-economic inequalities have become further entrenched as a result of the growth of unemployment, he said, with the tendency towards deregulation, informalisation and the casualisation of work.

The new-found faith in small and medium micro-enterprises and the informal sector as the easy solution for job creation and economic growth created an illusion which was "blind to the deepening structural inequality" that exists in the labour market.

The community constituency proposed that R4,5 million should be made available for projects aimed at empowering disabled communities in the short to medium term.

Meanwhile small, medium and micro-enterprises will need a kickstart of R25 million which can be rolled over into other projects – and snowball the expansion of the small business sector.

Among the key projects the constituency is looking at are youth brigades, cooperatives, entrepreneur training centres and youth resource centres.

Entrepreneur training centres are a strategy for the youth to create, as opposed to seeking, jobs and to create mobility with the informal sector.

The centres will aim at meeting the needs of rural youth and will co-exist with launching facilities to accommodate remote areas where centres cannot bring work.

All the Nedlac's social partners indicate a total commitment to the success of the summit, Jack said.

"What the different sectoral agendas are about the summit is another question, but the feeling you get is that we all want this job creation process to succeed," he added.

# Youth explosion creates yawning jobs shortage

Primarashni Pillay

MORE than 1-billion jobs will have to be created to accommodate the estimated 700-million young people expected to enter the job market in the developing world between now and 2010, according to a United Nations report on the state of the world population.

The document, released in Johannesburg yesterday, was first published internationally a few weeks ago.

Jay Parsons, a representative of the United Nations (UN) Population Fund, said global population growth was gradually slowing. Parsons said while population growth rates had fallen and would continue to do so in

the coming decades, high fertility rates and a relatively young population would ultimately result in increased growth rates.

The world population was growing by more than 80-million people a year.

Parsons said the UN predicted that the world population would reach the 6-billion mark by June next year.

There were 2.5-billion people in 1950 and there could be between 7.7-billion and 11.1-billion by 2050, according to UN projections.

Since the early 1960s, contraceptive use had risen from 10-12% of married couples to 60%, while the total fertility rate had declined by half worldwide. Parsons said that in developed countries,

where the fertility rate was low, the proportion of older people was increasing, especially in countries such as the US, Japan and Canada.

"For developed countries the population pyramid is more like a pillar where the proportion of elderly people is similar to the proportion of young people," he said.

However third world countries had a population growth that was higher than their economic growth and therefore the quality of life "had tended to fall", he said.

In the next 50 years, the proportion of people over the age of 65 will more than double, growing from 6.8% of the global population to 15.1%. About 1.42-billion people will be over 65, which is 10 times more than it was in 1950.

The report said this growth would test the ability of families to provide the financial, medical and social support needed by older people. However the "new generation" of elderly would also be healthier, better educated and more productive than their predecessors.

The report said the generation of young people between the ages of 15 and 24 was the biggest in history.

This generation accounted for 1,05-billion of the world total and had special needs, such as health care and education, including sexual and reproductive health, which had to be met for young people to fulfil their individual potential and to make the maximum possible contribution to world development.

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# Negotiators to sign agreements on job creation

BD 28/10/98  
Releé Grawitzky  
Pearl Sebolao and Sapa

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GOVERNMENT will meet business, labour and community negotiators today to sign agreements reached on job-creation strategies and policy issues on the eve of Friday's job summit.

But with only a day to go before the summit, the parties have yet to finalise agreements on a controversial housing project costing more than R1bn and the wording of various industrial policy issues related to the review of tariffs and a "buy-local campaign".



Business SA's governing body will also meet today to consider final draft agreements. There has been concern in business circles that the final drafts, which include a declaration on macro-economic policy to be adopted at the summit, have not been circulated in time for participants to obtain final mandates from their constituencies.

Sources said agreements had yet to be finalised on the expansion of the social security system to reach the unemployed and the indigent.

Final discussions were also being held on aspects of the country's industrial policy, with union sources claiming that there appeared to be some movement on tariffs.

Business sources said there was concern over the funding arrangements for a proposed national presidential lead project for building between 50 000 and 150 000 houses. The project forms part of government's commitment to consider a two- to three-year project where 75% of houses are allocated for rental stock and the remainder for individual ownership.

Labour supports raising funds through the use of prescribed assets while business wants to use the finan-

Continued on Page 2

## Job summit

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Continued from Page 1

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cial markets. Government was initially reluctant to commit itself to the project because of management problems in rental collection.

The project will feed into other infrastructure development projects under way, as well as government's spatial development initiatives. A number of projects, including the youth brigades to be set up in an attempt to create jobs for young people, and some special employment projects, will tie in with these initiatives.

The foreign affairs department has announced that President Nelson Mandela will no longer open the sum-

mit as he has to attend a meeting of the heads of states of the Economic community of West African States in Nigeria. Deputy President Thabo Mbeki will open the summit instead.

The National Party criticised government for excluding political parties from the summit.

Democratic Party leader Tony Leon said the summit looked set to be a taxpayer-funded photo opportunity that was likely to fail because of the failure to invite opposition parties. "What use is a job summit without proper representation? No parliamentary parties were invited and those of us who have made detailed and sincere representations have not even had an acknowledgement of our efforts."

End of the beginning: Page 13

COMMENT & ANALYSIS

# Summit is just the end of the beginning

Friday's jobs summit marks a new phase truly joint quest by government, business and labour for answers, writes Cape editor Alan Fine

(F3) B2 28/10/98



The jobs summit will clarify what the alliance has decided on Gear

**I**N TERMS of economic policymaking, the publication in June 1996 of the growth, employment and redistribution (Gear) strategy was Finance Minister Trevor Manuel's finest hour. It halted the plunge in SA's international economic standing. Two years later, continued adherence to its main precept of fiscal discipline has helped SA weather the emerging markets storm better than many of its developing country counterparts.

Politically, though, Manuel's memorable declaration that Gear was non-negotiable has been a disaster for the African National Congress (ANC) alliance. Opposition to Gear became a *sine qua non* of Congress of SA Trade Unions (Cosatu) and SA Communist Party policy. At the same time, ANC insiders say, parliamentary caucus members have become infuriated at what they see as the unions' jobs-destroying behaviour. While usually overstated, there were also complaints from opposition political parties and business groups that Cosatu and SAOP opposition to Gear was negating Mannufo's good work in the eyes of the market.

As recently as July, Deputy President Thabo Mbeki lambasted Cosatu and the SAOP for their vocal and poorly considered opposition to government economic policy. While no one disagreed that job creation must be SA's number one priority, there was no consensus on how to achieve it.

Mbeki's interventions turned out to be crucial turning points in the intensive final preparations for this week's jobs summit. The point has almost been reached where the summit itself will be an uncontroversial affair—at least where government and labour are concerned. And perhaps for business too. What has seemingly been achieved is an end to the intra-alliance war over Gear.

But on what terms, and at what cost? Are Gear and its main precepts about to be discarded and replaced by a more populist, less conservative economic strategy as the price of alliance unity? And will the jobs summit become merely the packaging for that?

Part of the answer will be found in the final declaration emerging from the summit, the detail of

which Trade and Industry Minister Alec Erwin has been painstakingly negotiating with labour and—perhaps less energetically—business over the past few weeks. There are already some clues about, however. The first is the mostly opaque jargon-filled statement issued after last weekend's alliance summit.

Macroeconomic policy must be aligned with our reconstruction and development objectives, to address the social deficit in our society. More substance should be provided by the jobs summit to concrete programmes with which such macroeconomic policy alignment should take place; the need for fiscal discipline (we are all committed to the responsible use of public funds); sustainability; and relative predictability. Growth in our economy has slowed down, and we must avert the danger of recession. We must

consider implementing counter-cyclical measures.

Pressed to explain whether that means they are no longer opposed to Gear, Cosatu and SAOP representatives said they were "looking forward, not back". Gear, in other words, is no longer a matter of dispute. Says one participant: "Erwin has succeeded in doing in six weeks what the ANC has failed to do in three years—getting Cosatu to buy in, without losing (the backing of) business."

(An interesting hypothetical question for the historians will be whether former Labour Minister Tito Mbovoni would have succeeded in winning Cosatu over had his Reserve Bank appointment not brought his leadership of the process to a premature end.) Cosatu officials put it differently. They have taken to calling the deal struck at the weekend (and into which they earnestly hope

business will buy on Friday) a "post-Gear consensus".

While latest developments may appear to signal that government is about to yield to Cosatu on such matters as Gear's budget deficit targets, the comments on fiscal discipline suggest otherwise. Further, business representatives seem sanguine about government's economic policy intentions. A further part of the answer will become known when Manuel presents his latest medium-term expenditure framework on Monday. Expectations are that it extend of falling to 3% for the 1999 and 2000 fiscal years as prescribed by Gear, the deficit will be held at around 4% for now.

But his explanation is likely to indicate that this is not due to Cosatu and SAOP pressure. Rather, it is a considered easing of fiscal policy to head off recession—a position many economists will

view sympathetically.

What else has government "given" in order to convince Cosatu to "buy in" to mainstream economic thinking—if that is what has happened? Important symbolically is the undertaking to investigate funding levels of the state pension fund. Cosatu has proposed converting the public sector pension fund into an unfunded "pay-as-you-go" scheme. Cosatu has long argued that the "freeing" of pension fund assets would make available billions of rand for current expenditure and loosen the austere fiscal situation.

Government, and almost everyone else, has consistently argued that such a move would unacceptably increase the fiscal burden on future taxpayers. There seems little chance that government will reverse its view. The undertaking merely reflects the

ANC's new openness to debate with its alliance partners. Also, as Erwin has indicated, the summit is likely to see the announcement of some significant, partially state-funded job creation projects—in addition to the business trust initiative unveiled recently. These will include a public housing programme, long demanded by Cosatu.

All this begs the question, however, of what will not come up for debate at the jobs summit. The big exclusion is labour market policy. That is the real price being paid for the attainment of a tripartite summit consensus. But it is not the end of the matter.

Erwin has taken to dismissing talk of labour market flexibility as a real issue. It is understood that, in private talks, he has attempted to buy the question with a proposed trade-off between business and labour: labour's right to strike would be circumscribed in exchange for higher restrictions on business's right to retrench. But, if neither business nor labour will accept the deal.

The most the summit is likely to see are some carefully phrased sentences in the final declaration designed to pacify those who argue for greater flexibility, without alienating the unions. The real debate on this subject will only come in the next year or two.

What is said to be on the table is, first, a proposal for a national productivity agreement. Second, the summit may set up a high-level tripartite investigation into labour market reform which will look at possible specific legislative amendments. (No one seems to remember the labour market commission report of 1996 which asked all these questions.) That will disappoint those whom calls for greater labour flexibility have become something of a mantra. But it was never a realistic possibility to address this matter at the jobs summit where even the limited degree of consensus likely to be reached will be a major breakthrough.

# Summit? Just give us work, say jobless

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ARG 28/10/98

## 'It's a case of survival'

THABO MABASO  
STAFF REPORTER

Sakhiwo Ngceni wakes up before 5am every morning and makes the 30km-odd trek from the shanty town of Harare in Khayelitsha to Newlands.

He doesn't work, but spends his day hanging around outside South African Breweries' Newlands plant hoping to be given a casual job for the day. He has been doing this since April.

On those rare occasions he is given a job, which earns him about R10 an hour, he spends the money on food for his three children, mother and sister. Mr Ngceni has been unemployed for the past two years. He is only 33 but his hair, eyebrows and moustache are prematurely grey. He looks more like a man in his late 40s.

Mr Ngceni, a former baker, is one of the 2.24 million unemployed South Africans, or 23% of the economically active population, who were jobless at the end of last year - figures from a study by Statistics South Africa.

On Friday President Nelson Mandela will convene the long-awaited jobs summit in a filmed message.

Many hope the summit will tackle the country's chronic unemployment problem. The Government, business organisations and trade unions will sign an agreement committing each of them to a set of proposals aimed at

creating jobs in the long term.

Mr Ngceni and his fellow work seekers outside SAB do not even know about the jobs summit.

"All I want is a job. If that is what the summit can do for me I will be a very happy man," Mr Ngceni told the Cape Argus.

Fellow work seeker Ernest Khethelo has been unemployed for seven years.

He is separated from his wife and has two young children. He used to work in a sports goods shop in the city but the business went bankrupt.

"My wife left me because I could not provide for her.

"My two children are staying with my sisters because I also cannot provide for them," he said.

According to figures supplied by the Reserve Bank, the economy has shed 108 000 jobs since 1996.

The Government, which is the summit organiser, has been holding talks over the past two years with unions and business aimed at agreeing on a strategy for job creation.

But Friday's agreement will not yield instant jobs, Labour Minister Shepherd Mdladlana warned in a recent interview.

"The jobs summit must not bring only short term solutions, but long term ones as well because if it does not, the poor majority at the bottom of the ladder will bring down the few at the top," he said.





Waiting for work: Ernest Khehelo, right, and colleagues outside SA Breweries in Newlands. They can wait for more 10 hours in heat or rain for casual work

ROY V

## 'Thousands of jobs at stake'

## Mandela bound for Nigeria

(177) (178) ARG 28/10/98

ARGUS CORRESPONDENT AND SAPA

Johannesburg - It is ironic that the Government is pushing ahead with the Tobacco Products Control Amendment Bill which would cost thousands of jobs, while holding the Job Summit to increase employment, say the Federated Hospitality Association of SA and the Freedom of Commercial Speech Trust.

Fedhasa's acting executive director Peter Cumberlege said the bill would have a serious economic impact

on the hospitality industry, one of the few that could reduce unemployment.

Freedom of Commercial Speech Trust executive director Piet Delpont said provisions banning tobacco advertising would drain the economy of about R400-million a year.

The ban on sports sponsorships would mean the cancellation of the Rothman's July and the Gunston 500, unless other sponsors were found. If cancelled, the KwaZulu Natal economy would lose about R800-million in tourism money.

Johannesburg - President Mandela will not attend Friday's Presidential Jobs Summit as he will be on a state visit to Nigeria, government officials said today.

A spokesperson in the presidential office confirmed this.

A Labour department spokesperson said President Mandela would open the conference using a video-taped message.

Some six hundred delegates are expected to attend the summit, which will seek ways to address the coun-

try's chronic unemployment problem where more than a fifth of the population is out of work.

The President travels to Lagos tomorrow after receiving the final report of the Truth and Reconciliation Commission.

President Mandela is due to talk with Nigerian ruler Gen. Abdulsalami Abubakar on regional and continental questions. Gen. Abubakar has led Nigeria since the death of former military strongman Sani Abacha on June 8. - Reuters

# Alliance sets summit goals

(173)

# CT 28/10/98

JOHANNESBURG: The eradication of unemployment, poverty and inequality are the most important aspects of the Presidential Jobs Summit this week, according to the ANC, SACP and Cosatu alliance.

Speaking at the end of a two-day alliance summit at Gallagher Estate in Midrand, north of here, Cosatu secretary-general Mbhazima Shilowa said the alliance was in the homestretch of its preparations for the jobs summit.

The ANC, Cosatu and the SACP met at the weekend to iron out future strategies.

Apart from the jobs summit, topics included the global economic crisis and how to tackle next year's general election.

Regarding the jobs summit, Shilowa said an alliance package of proposals would be tabled, but details were still being finalised. He said talks between the alliance partners would be included in a final summit declaration on how to create jobs and protect existing jobs.

"The package of proposals, as it was emerging, was a progressive basis for a serious intervention to address the crisis of unemployment, poverty and inequality."

Asked about the nature of the package to be announced, Trade and Industry Minister Alec Erwin said he did not want to go into specifics, but that amounts involved would be substantial. — Sapa

# Business lags labour in job creation plans

CT (PA) 28/10/98 (173)

FRANK NXUMALO

When President Nelson Mandela finally unveils a historic package on Friday to get South Africa working, it will be more than two years since the idea of a presidential jobs summit first emerged as a principal recommendation of the Labour Market Commission in June 1996.

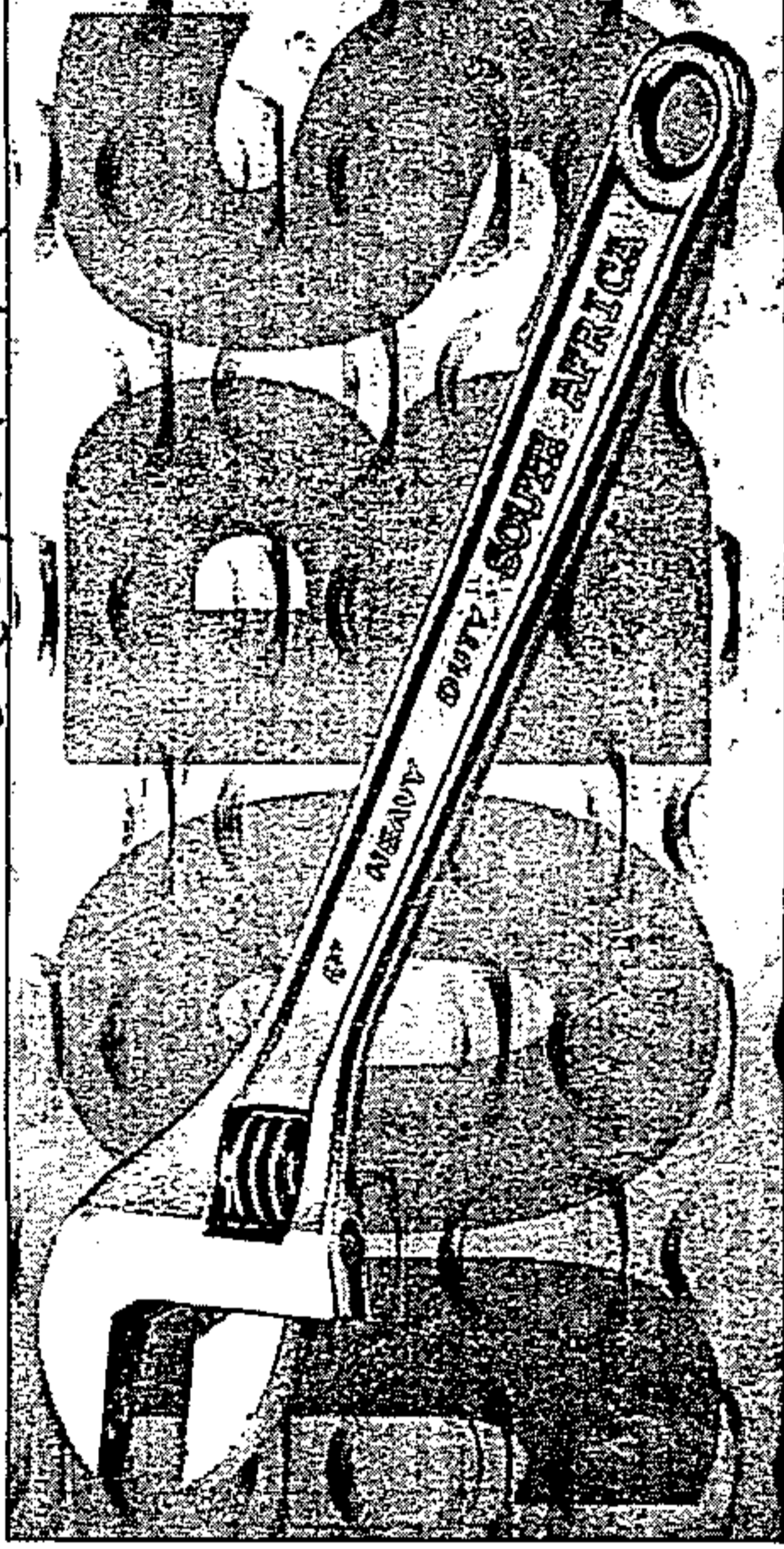
The October 30 summit has been postponed so many times that cynics could be forgiven for having believed it would not take place at all.

Some participants, especially business, had expressed concern about scheduling an event of such national importance so close to a general election.

This was triggered by the ruling party's alliance with Cosatu, the labour federation. Under these conditions, concern about the potential for a political trade-off to the detriment of other interested parties is not unwarranted.

Although theories abound about the cause of the delays, the one with the most critical mass seems to have been the department of labour's reluctance to see a repeat of the conflict-ridden negotiating process that gave birth to the Basic Conditions of Employment Bill.

The Nedlac negotiating process was so ridden with conflict that at one time the labour department muttered darkly about the need for a re-view of the relevance of Nedlac, and particularly its relationship with parliament. The jobs summit takes place against a backdrop of rising unemployment as a result of the structural inactivity of the economy to create jobs for millions of the unemployed, for thousands of new entrants



October 30. The most notable of these are the search for water, cleaning up cities and a community based public works programme," says Fedusa.

Funding mechanisms for job creation programmes will also be announced, but Alec Erwin, the political head of the process and the minister of trade and industry, says the issues involved, particularly labour funding proposals, are complex and will have to be handled carefully.

The labour component at Nedlac seems to be agreed on donating a day's wages in February towards the Umsobomvu Fund, the employment creation programme for the youth that could also benefit from about R1 billion worth of free reserves after the demutualisation of Sanlam and Old Mutual.

It is estimated the unions' donation could yield R100 million, and the challenge has been passed to all working South Africans to equal the commitment to job creation.

But controversy and complication surrounds Cosatu's proposals for unlocking up to R50 billion for the fund by implementing a wealth tax and a "pay-as-you-go" scheme for the Government Employees' Pension Fund, a fully funded pension scheme. Such a fundamental change to the fund will also require legislative intervention.

The latter proposals are not supported by Fedusa, nor is it "in favour of increasing the tax burden on individuals to raise additional funding".

Business has pledged to invest up to R1 billion in creating up to 450 000 jobs in the tourism sector by 2005. However, this gesture has been snubbed by Cosatu as "trying to change the colour of the ocean by pissing in it".

(Fedusa), the second biggest labour federation after Cosatu, has been a major party to the jobs summit process at Nedlac.

Fedusa says three broad issues underpin the success of the summit — more jobs through job creation, the economy's ability to retain these jobs, and better quality jobs for all.

"The growth, employment and redistribution (Gear) strategy has previously projected the creation of 400 000 additional employment opportunities by the year 2000. This target will not be met with the economy currently yielding a net loss of jobs. Fedusa sincerely hopes the jobs summit will reverse this situation and create high levels of additional jobs.

"The challenge facing most social partners involved in the process has been to come up with practical plans which can be implemented immediately and result in a net increase in the number of jobs ... plans and strategies have been agreed on and these will be presented on

workforce that had technical and managerial skills, and an informal sector that acted as a ready reservoir for cheap and unskilled black labour, which was also economically and politically weak at national level.

These unskilled blacks were dumped back in the homelands at the end of their working lives, which had been spent creating wealth for white South Africa.

Mahoney says that the third tier of the apartheid economy was a survivalist sector populated by extremely poor urban and rural blacks.

It is this sector which seems to be growing under current economic conditions.

Once promulgated, the Skills Development Act will become one of the main post-job summit instruments for eliminating the country's skewed skills and wealth distribution; a legacy of apartheid and one of the most severe labour-market distortions in the world.

The 500 000-strong Federation of Unions of South Africa

to the job market and hundreds of thousands of workers retrenched from the mining and manufacturing sectors.

Guy Mahoney, the chief director of labour market policy at the department of labour, says the root causes of the unemployment crisis can be traced to the structural deficiencies of the apartheid economy.

He believes the apartheid economy could be broadly divided into three sectors — a formal sector based on mining and agriculture, which were oriented towards the export of raw materials and commodities.

The salient characteristic of this sector was its economic inelasticity: minimal employment was created compared with high levels of capital investment.

This was further distorted by the apartheid regime's policy of championing the needs of the white population, especially in terms of job reservation, skills training and influx control.

The enduring results were a wealthy and empowered white

# People creating own jobs

(173) *Sowetan* 28/10/98

By Wilson Ramothata

IN a bid to alleviate unemployment and poverty, residents of a small rural community outside the king's royal residence in Ulundi, KwaZulu-Natal, have decided to empower themselves by creating their own jobs through a farm training project.

Usuthu Community Farming Project - initiated by Zulu King Goodwill Zwelithini - specialises in a broiler house, vegetable production, food processing, dairy farming and milling.

Eskom runs a management skills training for members of the KwaNongoma community to enable them to manage their own produce.

A full-time project manager has already been appointed. He will also

act as a link between the king and Eskom.

"This project is very important to many people because it contributes peace and this is the same message I take everywhere - that peace can only be achieved when people have jobs and food," said the king.

## Same number

He said the project's broiler house could house 900 chickens, which puts small-scale farmers in the position to deliver the same number of chickens to the market every seven or eight weeks.

"The aim is to see the people who completed their training at the Usuthu project establishing cooperatives where raw materials bought in bulk in the cities are used to make

products to be sold to the community for profit."

Eskom's Agrelek promotions and advertising coordinator Beatrice Mabote said: "We used local people to build the project, in which to date R1,3 millions has been invested."

"This place had no electricity, but we have since connected a cable.

"We are also in partnership with Afrox, who will supply gas to be used in other instances for power," she said.

"Our involvement demonstrates Eskom's commitment to assist small-scale farmers from historically disadvantaged communities."

The king and Eskom are expected to officially hand over the self-sustainable project to the community on November 20.

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President Nelson Mandela receives a mock key for a Toyota Venture donated to the Nelson Mandela Children's Fund. Handing him the key, donated by Toyota's Prospeccon manufacturing plant, are Toyota coordinating director Takesuke Mori (left) and executive chairman Albert Wessels.  
 PIC: MASTER MOSUNKUTU

# 'Summit's success depends on all'

*(173) Sowetan 28/10/98*

By Mbongeni Hlophe

THE success of the coming jobs summit depends largely on the commitment of labour, the private sector, the Government and community organisations in building a better life for all South Africans.

This was said by President Nelson Mandela during his visit to a Toyota manufacturing plant at Prospeccon in Isipingo, south of Durban.

There Mandela received a vehicle donated by the company to the Nelson Mandela Children's Fund.

He said the jobs summit, to be held in Johannesburg on Friday, was an example of how South African society was ready to join hands in dealing with challenges they were faced with.

"Over the past four years an estimated R40 billion of foreign investment has come into the country partly as a response to the Government's investment promotion programme," said Mandela.

The jobs summit will serve as a forum where business, the Government and labour representatives will hold discussions in an attempt to find ways in which job creation can be enhanced.

"Our ability to create jobs and alleviate poverty in a sustained way will depend on how much we can exploit opportunities to boost manufacturing, add value to our pri-

many products, attract investment and increase exports," said Mandela.

Mandela also urged workers to contribute in bringing an end to political violence in KwaZulu-Natal.

He also called on members of minority groups like the Indian community to express their concerns with the Government if they felt it was not serving their interests.

Mandela said the production of Toyota's two millionth vehicle was a significant milestone.

When the Toyota Motor Corporation invested R484 million to buy a 27,8 per cent share to Toyota South Africa in 1996, it was a sign of confidence in the company to produce, market and sell its product, he said.

Mandela said South Africa after the 1994 elections faced the challenge to reverse the damage apartheid did to the country and its people.

"Today, some four-and-a-half years later, we can say with pride that, despite the many difficulties we face, we have laid the foundations for a better life."

Mandela said in this period over 600 new clinics had been built, five million children had benefited from the primary school nutrition programme, and more than 600 000 houses had been completed.

# Govt urged to revise economic policies to create low-wage jobs

Reneé Grawitzky

THE creation of relatively low-wage, labour-intensive jobs would require more appropriate macroeconomic and labour market policies and better co-ordination from government, Cape Town university economist Nicoli Natrass said.

In an article published by the Centre for Development Enterprise ahead of tomorrow's job summit, Natrass said international experience had shown that labour-demanding growth was best pursued through "stable, growth-oriented macroeconomic policies, a trade regime that encouraged exports and competitive labour".

Natrass said macroeconomic and labour market policies had to be consistent, especially during periods of adjustment.

In her article on options for creating more labour-demanding growth, Natrass found that there were fundamental inconsistencies between the policies pursued by the labour ministry and the vision embedded in the growth, employment and redistribution strategy.



To create jobs, SA had to boost economic growth and raise productivity through policies which promoted skills development, co-operation and flexibility within companies.

However, this should be achieved without harming SA's capacity to create relatively low-wage, labour-intensive work in the short term.

Natrass said this required more appropriate macroeconomic and labour market policies and better co-ordination in government. There had to be greater strategic synergy between fiscal and monetary policy to promote growth and SA's trade policy had to "beware of excessively fast tariff reductions".

Natrass also proposed greater co-ordination between the ministries of trade and industry, and labour.

She said the initial "Washington consensus" — which promoted a reduction in fiscal deficits, control of inflation, the liberalisation of trade and financial markets, privatisation and the deregulation of labour markets — had been modified largely as a result of the "lacklustre performance of developing countries".

Relatively few economies had shown

clear gains from adjustment programmes, she said.

"There is emerging evidence that short term adjustment measures were in sharp conflict with poverty alleviation and long-run growth", she said.

She cautioned against the possible negative effects of extreme anti-inflationary measures on growth. International experience, she said, had shown that there was a move away from anti-inflationary policies.

Natrass said countries looking for rapid labour-demanding growth should liberalise their trade regime but co-ordinate this with other reforms.

This could be done by ensuring effective regulation of the financial sector and the more efficient use of the state through a shift towards more performance-orientated criteria for state support.

In addition, she said countries should focus on providing good quality education to create a more literate workforce and ensure the poor had access to income-earning opportunities such as jobs and small business development.

Natrass said structural adjustment programmes should incorporate measures to protect the incomes of the very poor, while labour market institutions and regulations should facilitate labour-demanding growth. "There may have to be trade-offs between institutions that encourage productivity, growth and measures that ensure greater wage flexibility," she said.

## Govt 'short-sighted' over job summit

Stephané Bothma

PRETORIA — The African National Congress (ANC) government's decision not to invite opposition political parties to tomorrow's job summit was short-sighted and unfair, United Democratic Movement (UDM) deputy president Roelf Meyer said yesterday.

Meyer said that although the UDM welcomed the fact that the summit was taking place, the need for such a summit emphasised the failure of government policies on job creation.

He said that because only government, and therefore the ANC, would attend the summit, it would be a one-sided affair.

Meyer said the reasons for government's failure to create jobs were structural and consequential. On the structural side it must be noted, he said, that the country's manufacturing industry was running at only 80% of potential.

When one considered that the manufacturing industry contributed 25% of GDP, it was sad the industry was running 20% be-

low capacity.

Other structural failures included that the monthly motor sales were at the same level as they were in the middle of 1994 and building plans approved were lower than in the middle of 1994.

Manufacturing was 8% lower in August this year than in the same month last year, while the world figure was 1,5% up for the same period.

"All these points indicate the need for some corrections in the management of interest rates and our currency," Meyer said.

On the consequential side, Meyer said one had to admit that the country had suffered from the global decline in economic activity and well as from the high number of strikes, which had a particular influence on SA's export production and capacity during July-August this year.

"This resulted in the lowest trade balance figures for SA in August this year."

Meyer said that in June this year, the UDM adopted a policy document which addressed the unemployment problem in the

country. The point of departure in the document was that neither government nor big business would be able to provide the job requirements.

"The only solution lies in enterprise development through which all South Africans can be empowered and the gap between those that have and those that do not have can be narrowed," he said.

Practical solutions included the need to make credit facilities and banking services accessible to the 60% or more of the population that did not have access now.

Meyer said formal and informal facilities such as local stock exchanges must be combined. Entrepreneurial and risk skills training should be provided by government to enhance people's ability to enter the economy.

He said the latest competitive study report of the World Economic Forum indicated that SA fared relatively well in the institutional sector and general infrastructure. Of concern, though, was that SA was at the bottom of the rating of labour skills and human development.

## Miner's death angers NUM

Reneé Grawitzky

Ed 29/10/98

THE National Union of Mineworkers questioned yesterday the failure of the mining industry to develop technology to detect seismic events after a mineworker was killed at AngloGold's Deelkraal section of the Elandsrand mine.

The union said six workers were trapped underground following a rockfall yesterday.

AngloGold confirmed a miner was killed after a rockfall triggered by a tremor, which occurred 2 500m underground. However, the company said the remaining five workers were rescued.

The minerals and energy department has reported that 197 miners killed on gold mines alone during the first nine months of the year.

# SA jobs summit could mean a bonanza for unemployed

(173) ARG 29/10/98

THABO  
MABASO



LABOUR REPORTER

President Mandela calls it the biggest thing to happen in South Africa since the 1994 all-race elections.

The Presidential Jobs Summit, starting in Pretoria tomorrow, has been two years in the making. It has survived a series of setbacks that led many cynics to question whether it would ever get off the ground.

Now, government, business organisations and labour movement negotiation partners may finally sign an accord that could lead to the creation of thousands of jobs and bring some relief for South Africa's multitude of unemployed.

The accord, if there is agreement tomorrow, will not have been easily attained. Many sleepless nights were spent on negotiations between the partners at the National Economic, Development and Labour Council (Nedlac).

At times it seemed that the long, arduous hours spent thrashing out their differences were all in vain as none of the parties was willing to budge on their respective positions.

On more than one occasion the summit, which was originally scheduled for last October, had to be postponed.

Tomorrow South Africa will learn whether an agreement that will hopefully lead to job creation in the long term has been clinched.

The Labour Market Commission (LMC), a body set up in 1996 by former Minister of Labour Tito Mboweni, was the first to suggest that a high-profile summit should produce a strategy for job creation if rampant unemployment was to be curbed.

Early this month Statistics South Africa

issued a shock report that revealed there were 2,24-million unemployed people at the end of last year - 23% of the economically active population.

This figure includes those actively seeking work. The ratio was 20% four years back, when the 1994 democratic elections were held.

The report also revealed that 29% of economically active women were unemployed, while 19% of men were without work.

Black people accounted for 29% of the unemployed, Coloured people 16%, Indians 10% and whites 4%.

Statistics South Africa boss Mark Orkin said unemployment was highest among young people.

"On the official definition, the unemployment rate was 35% among the youngest age group, or those aged between 15 and 30 years, compared to the overall rate," he said.

"By contrast, the unemployment rate is

***'The parties are adamant that they will sign a deal to pave the way to job creation in the medium-to long-term'***

lower than average at 19% among 31- to 45-year-olds, and it is lower still, at 10%, among the 46- to 65-year-olds," he added.

Instead of creating jobs for people, the economy has, in fact, been shedding them. Reserve Bank statistics indicate that since 1996, 108 000 private sector jobs have been lost.

The now-defunct LMC hoped a clearly thought-out strategy would deal a severe blow to this unemployment scourge.

The body had proposed that all labour market stakeholders should be prepared to compromise on their long-held ideological positions if a workable job creation strategy was to be devised.

Trying to reconcile the hardline posi-

tions of the Congress of SA Trade Unions (Cosatu), business and the Government is not easy. In fact, it is a herculean task.

From the outset Cosatu demanded that jobs should be created through an intensified government public works programme.

It also said a national, integrated approach, which included changes to macro-economic strategy, was needed.

Cosatu also committed its members to donating one day's output of the economy to a special fund meant to create jobs.

Business identified privatisation and a growing private sector as the primary engines for wealth creation and jobs.

The business lobby also said the tourism and education sectors of the economy had the potential to grow and create jobs, so should therefore be harnessed.

Business has also not poured cold water on a suggestion by newspaper columnist Stephen Mulholland that companies listed on the Johannesburg Stock Exchange should contribute 0,5% of their market capitalisation to a job creation fund.

The Government, on its part, saw the re-prioritisation of the national budget, without jeopardising efforts to reduce the budget deficits, as an important first step towards job creation. It would also restructure the public service for improved delivery and more flexible labour practices.

The Government said it would fund employment creation through a fund created with the proceeds of the demutualisation of assurance giants Sanlam and Old Mutual.

Over the past two years the three parties have been trying, unsuccessfully, to merge their thinking and come up with one joint strategy from the disparate ones they currently hold.

The parties are, however, adamant that tomorrow they will put their signatures to an agreement that will pave the way to job creation in the medium to long term.

"They have covered a lot of ground. They are now consolidating and doing an audit of agreements that have been reached.

"They're looking at having a declaration that all parties will adhere to," Nedlac spokeswoman Jennifer Wilson said.

PRESIDENT TO VISIT NIGERIA

# Jobs summit: Mbeki to fill in for Mandela

ET 29/10/98 (177)

**PRESIDENT** Nelson Mandela has indicated he will not open the jobs summit, thereby showing he is not indispensable to the running of the country. **ANDRE KOOPMAN** reports.

**P**RESIDENTIAL spokesperson Parks Mankahlana indicated yesterday that President Nelson Mandela wanted to underline the smooth transition of leadership from himself to Deputy President Thabo Mbeki by bowing out of making the opening address at tomorrow's Presidential Jobs Summit in Gauteng.

Mandela has repeatedly stated that Mbeki is the de facto leader of the nation.

The President, who was scheduled to open the summit — which he has described as one of the most important events since the democratic elections — will instead attend the annual summit of the Economic Community of West African States in Abuja, Nigeria, Mankahlana confirmed.

Business analysts said yesterday that Mandela was probably intent on bolstering business confidence in the transition process, particularly at a time when investors are wary of emerging markets.

The rand took a downturn when Mandela became ill a few

years ago.

Soon after receiving the Truth and Reconciliation Commission's final report today, Mandela is due to leave for Nigeria and is scheduled to return home tomorrow afternoon.

He will deliver a videotaped address to delegates at the summit.

Mankahlana said last night that it was "not new" that the President would "skip an appointment deliberately so that the Deputy President can do it" within the context of the transition process.

More than 600 leaders in business government and labour will meet at the summit to find ways to address the country's crucial problem of unemployment.

According to the national census, released earlier this month, 33% of the nation's economically active population of 13,8 million

people are unemployed.

Trade and Industry Minister Alec Erwin said that agreements on a range of job-creation projects would be announced. These included three "major projects which will pull together a range of activities".

Chief government spokesperson Joel Netshitenze said yesterday that while there were urgent and pressing matters which the President had to attend to in West

Africa, Mandela wished to make the point that his absence did not constitute a crisis for the initiative.

"Both the country and the initiative are in good hands," he said.

Mandela's absence would not detract from the "overall significance of the summit as well as the agreements which have been reached over the past few weeks".

Mandela was convinced that South Africa had reached a landmark in the process in uniting a broad array of role players to speed up the process of job-creation, Netshitenze said.

*"Both the country and the (Presidential Jobs Summit) initiative are in good hands."*



'THE FIRST PHASE OF A LONGER-TERM PROCESS'

# Goodwill 'the key' to jobs summit

ET 29/10/98

(177)

THERE IS cautious optimism among most parties towards tomorrow's jobs summit, but analysts warn that there will be no quick fixes for the country's rising rate of unemployment. Senior Writer **YAZEED FAKIER** reports.

THE pragmatism of business could be the key to success when 600 delegates from government, business and labour gather for the Presidential Jobs Summit at Midrand tomorrow to address the country's major stumbling blocks of unemployment and job-creation.

Business analysts caution against having undue expectations of a summit at which such crucial issues will be discussed in the space of just one day.

They say the event has the potential to deliver — but only if a great deal of goodwill is displayed by the three major participants.

The summit should not be viewed as an isolated event, they said, but rather as the beginning of a process.

The summit participants have the mammoth task of tackling the climbing unemployment level, estimates of which vary between 30% and 38%.

While the government's partners — business and labour — are well capable of vigorously stating their case at the summit, there have been concerns over whether the interests of the fourth component of the National Economic Development and Labour Council (Nedlac), the community constituency, will be able to have its concerns addressed effectively in the presence of the "big guns" at the forum.

The community constituency represents the youth, women, rural dwellers and the disabled and participates in Nedlac through organisations such as the National Rural Development Forum, the SA Youth Congress, the National Women's Coalition, the SA National Civics Organisation and Disabled People of SA.

Commenting on the significance of the summit, Frank Horwitz, acting director and professor of human resources management at UCT's Graduate School of Business, said that if the summit did not prove to be a one-off event, it had the potential to be "hugely important".

He said the business sector seemed to realise that the instability created by high unemployment was bad for business and that side-effects such as the high crime rate did not create the business confidence necessary for domestic and foreign investment.

"Business will not be so naive as to think that in one day the future socio-economic course of South Africa is going to be charted.

"Business is pragmatic enough to accept that the current climate of instability owing to high unemployment, lack of job-creation and high crime rate is just not good for business.

"It's not in the interest of business for that situation to continue and some of the proposals that have been put forward by that sector are a genuine attempt to try to address the issue. I think the will exists."

In the long run, however, an "aligned framework for economic development and the labour laws of the country" was needed to create employment.



**CO-ORDINATOR:** Trade and Industry Minister Alec Erwin has helped organise the summit.

"Sound economic policies augmented by appropriate labour policies are what are really going to create jobs and sustainable employment.

"The other factor is whether there is a serious attempt on the part of government to address the crime issue.

"In the end there need to be combined strategies on all fronts — and obviously strategies to address the causes of crime are critical."

Horwitz says there doesn't appear to be a common approach between the regulatory environment in the labour market and the government's growth, employment and redistribution strategy (Gear).

"The two seem juxtaposed — and that's not conducive to bringing about a climate for job creation.

"Particularly crucial — and this is perhaps a longer-term issue — is to reach agreement on acceptable employment standards.

"There's no doubt that business by and large feels the labour market has become over-regulated and inflexible. The unions take a different view, as does government — certainly the Department of Labour."

However, progress in this area was not likely before the upcoming elections.

Horwitz said it was fortunate that structures such as Nedlac existed because these would be able to support whatever momentum was generated by the summit.

"We do already have the institutions which can help to facilitate a momentum for any agreements reached.

"It is hoped that these can bring the three

major parties together on a much more regular basis."

It was important that this momentum was "carried forward and not just left hanging in the air", Horwitz said.

The business sector's approach to the summit has elicited guarded and qualified support from the labour sector.

"We don't think business has gone as far as government and labour have," says Cosatu Western Cape regional secretary Tony Ehrenreich.

"However, we do think that for the first time they've made some upfront commitment.

"They've committed themselves to the R1-billion plan for investment in public works programmes, a lot of which will go into education, and that's a positive contribution from their side."

Ehrenreich said, however, that business was a lot more restricted in its approach to addressing the extent of the problem of job-creation.

"I don't think they fully appreciate that unless we do something about the levels of unemployment and the resulting socio-economic consequences, the country is going to fall apart — that it's going to implode on itself and that there's an urgent need to address it."

The problems associated with unemployment were "a lot more real for us (in the labour movement) than for your average businessmen who are generally stuck in their ivory towers," said Ehrenreich.

"They've made a gesture towards that (addressing unemployment). But as far as we are concerned there's a lot more that they can do.

"We in the union movement think that some of the things they are doing at the moment, like positioning their companies offshore on the London Stock Exchange, begin to send a signal that undermines the economy."

The union movement was particularly worried about the timing of such moves, coming as soon as they did before the start of the jobs summit.

On Cosatu's proposals to the summit, Ehrenreich said they pointed to a programme similar to the Marshall Plan implemented after World War II.

"On the one hand we are talking about creating new jobs and on the other defending and saving the jobs that we have," explains Ehrenreich.

He is confident that union considerations will be addressed effectively within the structures of the jobs summit.

"There has been a lot of agreement already, especially around issues affecting the youth and around the public housing programme.

"The income grants proposal is also something that the government is very interested in, so there is a lot of common ground on the kind of 'motherhood and apple-pie issues' that we all agree are essential for the rebuilding of South Africa."

However, a major concern for the labour movement is the issue of funding.

Ehrenreich says that if the government has the political will, "then the question of finances is going to be crucial as to how they achieve that".

Labour is proposing that one day's output of the economy must be contributed to the uMsobomvu Trust, a presidential fund tasked with eradicating poverty and funding a range of various social projects.

The one-day output proposal is in respect of wages that workers would have earned and also in respect of the profits resulting from products produced on that day.

Ehrenreich said the government's re-examination of its much-maligned Gear strategy bodes well for the summit agenda.

"We are not saying the summit should be focused on knocking Gear but that it should be focused on making sure that the different measures put in place at a macro-economic level actually achieve the broader social objec-

tives we have all agreed on.

"A government approach that starts to re-look at some of the targets they've set for themselves (in terms of Gear) certainly bodes well for the summit because expenditure would be eased up and that will create the space to deal with other issues," he said.

Stephen Gelb, policy analyst of the Development Bank of Southern Africa, says the summit is a way for the government and its social partners to report back to the South African public on agreements that appear to have been reached over the last few weeks on specific projects and processes.

It was also the culmination of a process which has been "pretty intensive for the last six months or so".

"I wouldn't expect a lot of debate (tomorrow) but rather the presentation of positions which have already been debated — and if there's disagreement, that will be spelled out."

There seemed to be a much greater level of agreement on issues of policy orientation and policy direction.

Gelb attributed this to the international economic climate having given the government the reason and the space to be "a little bit more flexible" in its macro-economic policy.

"On the projects side, one gathers there are going to be a lot of specific proposals which seem to have received support from the social partners. Since many of them seem to be focused on infrastructure-related developments, the Development Bank will be kept busy for a while — which is also good from the bank's point of view."

The summit should be viewed as the first phase of a longer-term process, says Gelb.

## Key labour proposals include:

- The establishment of a National Public Housing Programme, in terms of which a parastatal builds 150 000 to 200 000 houses. The advantages, says labour, lay in the multiplier or spin-off effects in the economy, both with regard to the materials that are used and the employment it would provide.
- The creation of a "youth brigade" or national youth service programme, which would give the youth some work experience, without which they would continue to remain unemployable. It would provide for an allowance as opposed to a wage, and teach them skills that prevent them from becoming trapped in a cycle of unemployment, poverty and accompanying social and economic problems.
- Restructuring the public sector so that it is not driven by budget constraints and does not result in job losses but provides service delivery and the re-orientation of service to areas that have previously been excluded. The state as one of the biggest employers should also not be shedding jobs but should focus as much as possible on maintaining or increasing the levels of employment.
- Income grants for the unemployed, who are largely excluded from any source of income after six months of unemployment benefits.
- The promotion of domestic investment as opposed to investment outside the country.
- "Buy local" campaign to ensure that locally-manufactured goods are favoured on shelves and are promoted for purchase, since a substantial number of jobs are lost due to imported goods being favoured above those manufactured domestically.
- A review of the tariff structure arrangement. Where tariffs have led to job losses, adjustments should be made to give affected industries sufficient time to reposition themselves in the market.

THE future of job creation in South Africa looks bleak unless the Government corrects the country's economic structure and sticks to realistic targets of the Growth, Employment and Redistribution (Gear) strategy, the National Party said yesterday.

Launching its policy document on job creation and economic development in Johannesburg, the NP said efforts to address the unemployment crisis would come to nought if changes were not made to SA's economic structure.

The changes, the document said, included promotion of a more flexible labour market, acceleration of privatisation, reduction of tax burdens and a cut in recurrent expenditure.

It said the Government need not look any further for the unemployment crisis than the legislation it had put in place, and its flirtation with trade unions. It was up to the Government to

# SA will not create enough jobs, thanks to Govt - NP

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depoliticise the economy.

A multiparty commission set up in partnership with business and organised labour should be established soon after the Presidential Job Summit to focus on the job creation agenda into the next century, it said.

Legislation such as the Employment Equity Act adversely affected foreign and local investment.

"While most political parties will protest earnestly as to the injustice of workers being forced to accept lower wages, the consequence of this envi-

ronment is that employers simply employ less, adding to the pool of unemployed.

"The fastest-growing sectors in the formal economy are found in precisely those sectors with relatively low levels of unionism ... like telecommunications, electronics, catering, insurance, banking, tourism and real estate, while those that are heavily unionised are experiencing static or negative growth," it said.

The document, which quoted extensively from American labour and eco-

nomic experiences, said South African legislation tended to favour those with jobs over those attempting to break into the job market.

"The frequency and impact of union strikes, action which undermines investor confidence and job creation, should be limited. We don't understand, for example, this concept of sympathy strikes - that production grinds to a halt here to promote trade unions in Swaziland," NP MP Mr Theo Alant said.

The document called for the

upgrading of property rights to enhance collateral and the removal of bye-laws that hindered informal activity.

It said while the country's monetary policy was doing well, a lot more needed to be done on the fiscal side.

South Africa's fiscal policy, it said, was in a shambles.

For instance, the Government should live within its means, and not resort frequently to the money market, because this had the negative effect of pushing up interest rates and stifling growth.

Interest rates, it said, should be reduced to a maximum of 25 percent of gross domestic product.

"The Government must be much more committed to its basic duties, such as the protection of the people and properties of its subjects, and the effective delivery of services such as quality education." - *Sapa*.

# The business of jobs

*Sowetan 29/10/98*

*(177)*

**W**ITHOUT most people knowing, black business, guided by its transformation agenda, has been highly influential in setting the agenda for job creation initiatives.

Transnet managing director Saki Macozoma says in the background to the current initiatives taking place is a network of people committed to seeing business playing a pivotal role in the transformation of South African society.

The upcoming Presidential Job Summit will play a facilitating role in this although it cannot create tens of thousands of jobs in the next week, it is going to put in motion processes that would have taken three to five years to happen.

"The transformation of society, entrenchment of democracy, greater participation in the economy and stability are the issues we felt we had to deal with as black business before proceeding with the business of business," said Macozoma.

The concept of the network was pioneered by black business leaders and seasoned constitutional negotiators like Macozoma himself, New Africa Investments Limited deputy executive chairman Cyril Ramaphosa, Industrial Development Corporation chief executive officer Khaya Ngqula and others.

"To stop shouting at one another across the chasm, we felt it imperative to engage white business in order to consolidate purely business interests of the country," Macozoma said.

Among the leaders of the white business delegation were Anglo American Corporation chief executive Leslie Boyd and Conrad Strauss of Standard Bank.

Taking the social agenda seriously means advancing its objectives through engaging white business and Government in robust debate and creating an understanding of better participation in the transformation of society, said Macozoma.

This requires a deliberate policy of involvement and engagement - to justify peoples' empowerment and to ensure that many people benefit.

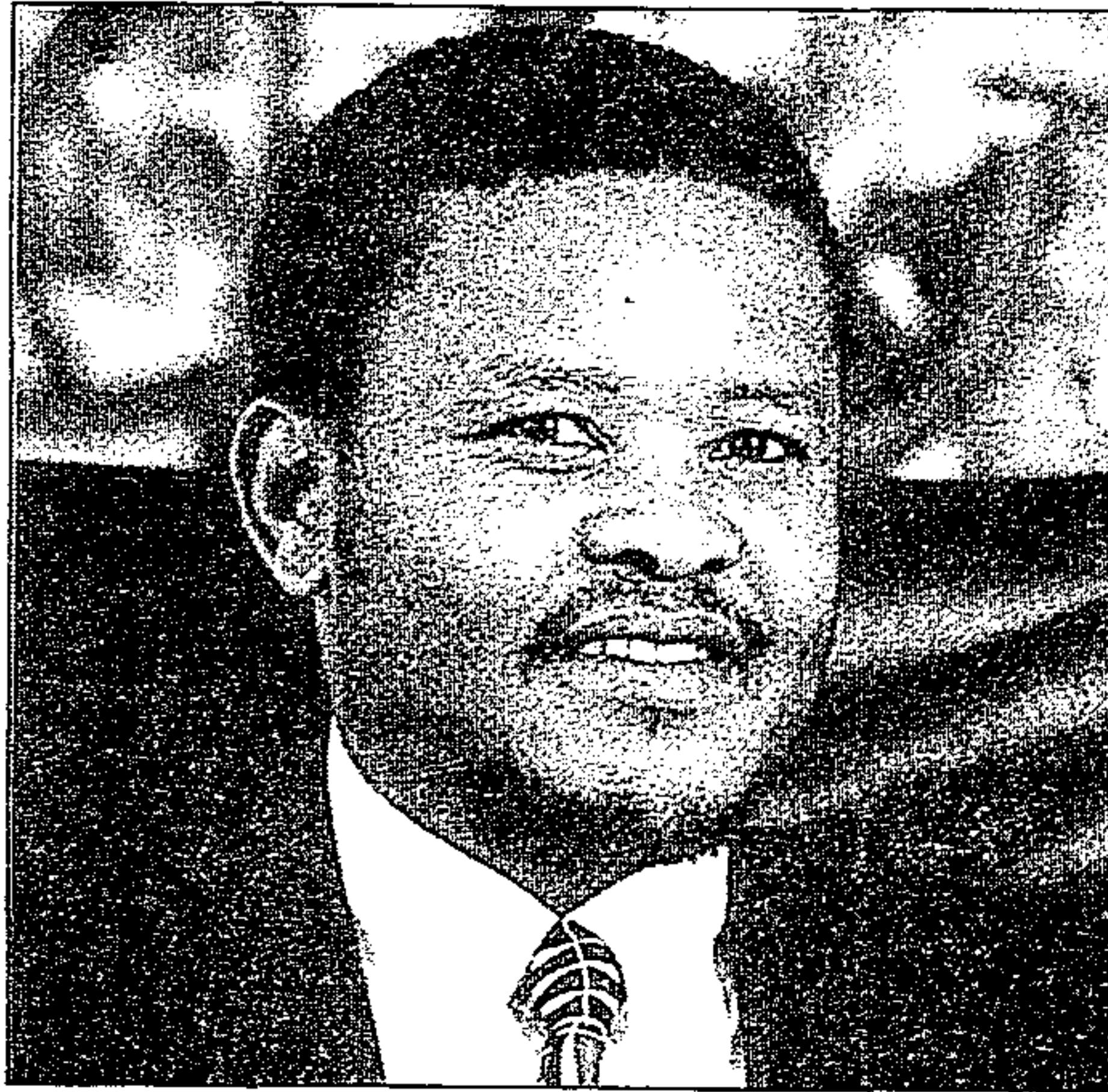
"If empowerment policies are not followed appropriately, what can only be described as chronic capitalism will develop, with no visible transformation of the society.

"It will be a situation where the Government chooses a few and empowers them, and, of course, that would involve kickbacks," he explained.

He said leaders of black and white business committed to democracy and the future with a non-racial outlook looked at issues which confront the economy.

Macozoma said the submission by white business to the Truth and Reconciliation Commission, which was regarded as inadequate,

Black business's agenda for social transformation has often been ignored. **Mzwakhe Hlangani** spoke to Transnet chief Saki Macozoma on the issue



Transnet managing director Saki Macozoma says business should play a pivotal role in the transformation of society.

added impetus to these debates.

Meanwhile, other factions of business had already started to speak about the need for a reparation fund by white business.

At the beginning of this year the idea received the attention of the office of Deputy President Thabo Mbeki.

The theme of job creation was picked up at the discussions with Mbeki on how businesses would be able to demonstrate their commitment to a democratic future and a crime-free and stable society.

Macozoma said it came out that "black and white business sectors misunderstood each other".

"We did not believe they (white business) were committed to the transformation of society and yet they were. All their past efforts, like the funding of the Joint Education Trust, proved their commitment and yet this was not recognised by the Government and society."

Macozoma emphasised a dynamic and working relationship between the state and the business community was essential for stability to prevail.

A joint effort by the Government and business in a job creation trust was the culmination of the lengthy discussions, which gave effect to

a national business initiative.

A schooling system to prepare youth for work and tourism was chosen as the two projects that could deliver immediate results.

The schooling initiative was an investment in the future while tourism would boost immediate job creation.

The tourism initiative was embraced because it has the potential to provide 450 000 direct job opportunities and reap immediate benefits.

"Even small black entrepreneurs and previously disadvantaged people, given training and access to credit resources, will gain real access to the tourism boom, as opposed to the costly high technology route," Macozoma added.

The education system trust will focus on human resource development and building skills and capacity. The major focus in the education system is to improve numeracy and language skills.

The high failure rate and repetition of grades is the main reason it takes 18 to 20 years to educate a matriculant through the normal school system, when it should take only 12 years to complete.

It is hoped that the culture of reading, especially in the disadvantaged township schools, will improve.

The high school system should produce people who are properly numerate to stand a better chance of creating jobs, said Macozoma.

He was quick to point out that there is no substitute for the National Economic Development and Labour Council (Nedlac), saying it is a vital negotiations forum.

"Nedlac has a future, though business and Government issues cannot be determined only at Nedlac. Bilaterals should aim at pushing the level of consensus beyond what is possible at Nedlac, where you have a negotiating stance."

# Govt details projects worth R102bn

René Grawitzky  
and Robyn Chalmers

GOVERNMENT will outline details of new projects with potential investment totalling R102bn at today's presidential job summit.

The projects — forming part of the existing integrated provincial lead projects in St Lucia, Wild Coast and the greater Algoa Bay region — would focus strongly on tourism and had the capacity to generate 130 000 jobs.

Meanwhile key government, business, labour and community negotiators were expected to continue late in the night last night in a final bid to sign off on agreements.

A final supervisory committee was supposed to have been held on

Wednesday, but was postponed because areas of disagreement still had to be ironed out.

Public Works Minister Jeff Radebe said that many areas of consensus "are emerging" while labour department deputy director-general Les Kettle said there were large areas of agreements, commitments or statements of intent.

Congress of SA Trade Union (Cosatu) representative Neil Coleman did however, indicate that attempts were being made to reach a final agreement — at this late stage — to close the loopholes in the Labour Relations Act on retrenchments.

The Act currently provides for consultation on retrenchments but sources close to the process said

labour wanted to ensure that all retrenchments went to arbitration.

On the question of whether labour had agreed to a truce on the growth, employment and redistribution (Gear) strategy, Coleman said discussions on macroeconomic policy had moved beyond an ideological debate.

Radebe said from now on, "we will be speaking with one voice on all issues linked to job creation".

The summit is expected to emerge with a package of job creation proposals and statements on a number of areas of policy, especially industrial policy, and a broad declaration on Gear.

The integrated provincial projects will ensure that under the Eastern Cape's Wild Coast initiative, the 7 000ha Mkambati Nature reserve

will be leased to the private sector, a new hotel built at Port St Johns and R35m worth of tourist facilities developed at Dwesa/Cwebe nature reserve.

The Greater Algoa initiative is centred around an industrial development zone located around the proposed deep water port at Coega near Port Elizabeth.

Five projects, focusing on agriculture, automobiles, metals processing and tourism will be presented.

The Greater St Lucia Wetland Park in KwaZulu-Natal is based on a large-scale tourism scheme, the centrepiece of which is the creation of a St Lucia Wetland Park Authority to manage the St Lucia region.

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Your department deputy director-general Les Kettle (right), and Public Works Minister Jeff Radebe (left) addressing a final briefing ahead of today's presidential job summit.



Picture: ANDY KATZ

# Millions to be spent on job creation

## *Business, labour agree*

THABO MBASO  
STAFF REPORTER

The long-awaited Presidential Job Summit got off to a cracking start today with labour, business and government representatives about to sign a ground-breaking agreement that commits millions of rands towards employment-creation projects.

The agreement includes a Buy South Africa project to encourage South Africans to buy locally produced goods and services of high quality.

The three parties also identified the promotion of small, medium and micro enterprises (SMME) as pivotal to job creation. A national mentorship scheme aimed at strengthening SMMEs will be established. The scheme will cost about R5-million a year and will run for three years.

Tourism, which has great growth potential, will get special attention. The Government and business will team up to promote South Africa as a destination. A non-profit company with a budget of R180-million will be launched to promote the country.

The youth, who form about 35% of unemployed South Africans, will be targeted through a youth brigade programme to facilitate their progres-

sion into the job market, giving them accredited education and training, and an allowance.

Women are also to get special attention through a special employment programme.

These programmes will be financed from funds raised by the Government, organised labour and business. The Congress of SA Trade Unions has already committed itself to calling on its members to contribute "one day's economic output towards job creation".

The declaration which contains the agreements will be signed later today. The agreements were negotiated over two years at the National Economic, Development and Labour Council by the Government, business and labour unions.

Despite these agreements President Mandela, who delivered a recorded address to the summit, warned that jobs were not going to be created overnight. "The Government has had no illusion about the massive problems that our new democracy has to deal with. We know too keenly that the Government alone cannot address these problems."

About 23% of the population - about 3 million economically active people - were jobless at the end of last year.

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# MARK II

that should have taken place didn't, the adaptations that may have been made weren't, and the jobs that would have been created weren't.

SA was not the only country to cling to import replacement policies. University of Cape Town economist Nicoli Nattrass describes the experience of Latin America, where a policy of import substitution initially created rapid growth in the post-war period. "Vested industrial and labour interests associated with import substitution were well entrenched by the Fifties. A

powerful synergy arose between protective labour market policies and tariff protection. The former raised wages and inhibited employment flexibility, while the latter enabled firms to pass increased labour costs on to consumers."

Reports in *The Economist* in the late Eighties reveal the consequences. That decade brought a world recession (1980-1982), high interest rates, a shortage of external finance and declining commodity prices. The countries of Latin America were particularly vulnerable because of the inefficiencies their governments had entrenched in the system.

In 1985 Peru had annual inflation of 250%, while Bolivia had monthly inflation of 60%. Three years later Argentina had annual inflation of over 200% and Brazil had monthly inflation of 25%.

This triggered balance of payments and political crises which forced most Latin

American countries to reform their economic structure completely.

SA, of course, had similar problems, compounded by apartheid and sanctions.

Eventually, policy direction changed as the political dispensation changed and because of the need to become a signatory to the General Agreement on Tariffs & Trade. As the props were pulled out from under them, companies which weren't viable started to crumble. Some went into bankruptcy and others restructured, releasing thousands of people into the ranks of the unemployed.

Don't let history repeat itself. There are always unintended consequences to government intervention. The world changes constantly and protected industries and companies don't adapt in time.

Sustainable jobs are created by a healthy economy. And an economy isn't healthy unless prices reflect the relative

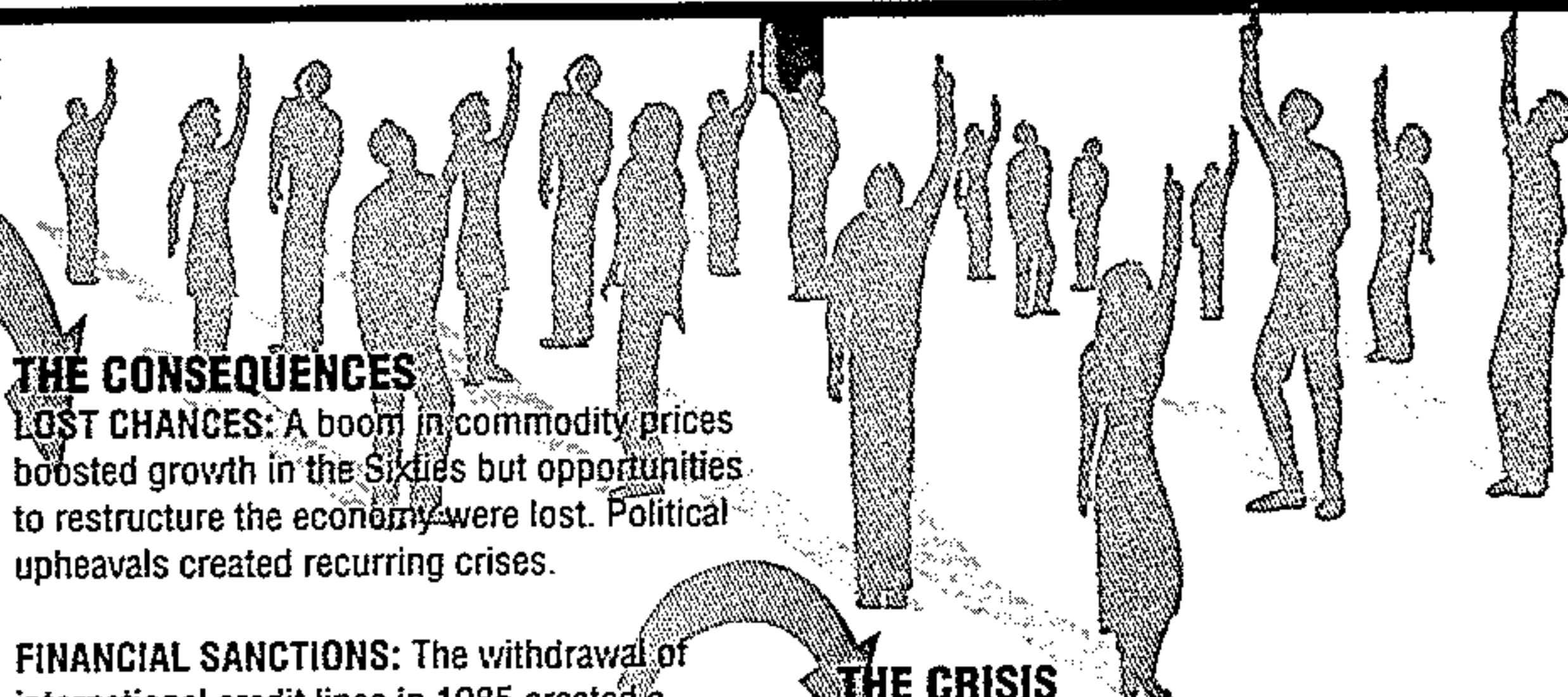
## THE POLICIES THAT GOT US HERE

**IMPORT REPLACEMENT:** Introduced in 1922 to stimulate domestic development and protect infant industries. Import quotas were imposed on some types of imports and high tariffs were levied on others to ensure local manufacturers did not have to compete with cheap imports.

**SELF SUFFICIENCY:** In 1960, with apartheid-style social engineering programmes in full swing and external opposition to it gathering momentum, self-sufficiency became the watchword. Vital defence and oil industries were established.

**DECENTRALISATION:** In an attempt to keep blacks out of the urban areas, the National Party government offered financial incentives to businesses to set up in parts of the country which were to be designated homelands.

**EDUCATION:** Black education was tailored to produce people who would not be able to compete with whites in the labour-force.



## THE CONSEQUENCES

**LOST CHANCES:** A boom in commodity prices boosted growth in the Sixties but opportunities to restructure the economy were lost. Political upheavals created recurring crises.

**FINANCIAL SANCTIONS:** The withdrawal of international credit lines in 1985 created a balance of payments crisis. The country had to maintain a strong surplus on the trade account to compensate for capital outflows.

**RECESSION:** To reduce demand for imports, interest rates were pushed to what were then historic highs and SA fell into recession. Also a 15%-60% surcharge was imposed on imports in 1988.

## THE CRISIS

**GLOBALISATION:** Government forced to rethink policies in the Eighties. Trade policy vacillated. In 1994 the ANC government made sweeping changes in line with General Agreement on Tariffs & Trade (GATT) requirements. Job losses grew as uneconomic industries shrank and unviable companies went out of business. Labour market policies blocked creation of new jobs.

Johannesburg, unemployed people, young and old, flock in daily to describe their plight. On average the office handles more than 100 cases a day. It gives counselling workshops three times a week, helping the unemployed cope with the stress of joblessness.

When discussing the unions, Mashego becomes passionate. "The status quo of the economy is fundamentally flawed," he says. "Our labour markets are highly inflexible, there is continued organised labour intervention in the economy, there is a highly

militant trade union sector."

For the summit, Malamulela is calling on government to create an economy based firmly on free enterprise; allow flexibility in the labour market and combat crime to restore investor confidence; help create a favourable environment for economic growth; and make concerted efforts to eliminate poverty. It calls on business to invest in "Entrepreneurial Processing Zones"; use the "flexible labour" whose "measurable outcome of a better standard of living is not less than R7 000/year"; pay

due taxes and work closely with the unemployed to explore strategies for economic growth.

Cosatu spokesman Nowetu Mpati accuses Malamulela of being out of touch with the current debate on macro-economic strategy. While government itself is reviewing Gear targets, Malamulela continues to support the programme unquestioningly, she says.

Malamulela's message will be well received in other quarters. The question is whether it has sufficient political acumen to make an impact. Sello Mabotja

12/11/98 - 01/11/98

# Jobs Summit cements the alliance

(173) M+G 30/10 - 5/11/98

**Séhaba ka'Nkosi**

**P**ressure by the Congress of South African Trade Unions (Cosatu) has led to a decision by the African National Congress to smooth out differences with its communist and worker allies before the much-awaited Jobs Summit this week.

The ANC took a strategic dive on macro-economic fundamentals and showed willingness to refocus its transformation approach towards social upliftment and poverty relief programmes.

In return, the left — largely represented by Cosatu and the South African Communist Party — undertook to desist from making any public attacks on the government's growth, employment and redistribution strategy (Gear).

The new relationship has been underpinned by the ANC's commitment to a more socialist approach on transformation, resulting in agreements on a basic income grant for the unemployed and a massive housing pilot programme.

The grant seeks to give the unemployed a minimum of R100 a month, while the government-sponsored pilot project aims to build at least 150 000 houses by the end of 2001. There is also an indication that the government will review its tariff reduction targets and civil service budget.

More crucially for labour, the ANC has hinted that the government may negotiate on retrenchment procedures, as set out in the new Labour Relations Act. This move aims to deal with criticisms of inflexibility in the labour market by organised business.

Also mentioned was a massive public works programme that would provide on-the-job training and temporary employment for unemployed youths.

"We are not necessarily saying that the government needs to review Gear, but a declaration on macro-economic reform is enough to satisfy our members that the government is serious about addressing their concerns," says senior Cosatu official Mbuyi Ngwenda.

While the summit will, in all probability, be something of a public

relations gesture, it is likely to signal the first public healing of differences between the ANC and its allies.

The biggest score for both Cosatu and the SACP would be a government declaration that all parties would work together in formulating an acceptable macro-economic framework.

The declaration would bind the government to fundamental economic policy changes, moving from a focus on fiscal discipline and industrial policy to a new approach on tariff reduction and redirecting the economy.

The shift was first mooted at the party's national executive committee, held at Gallagher Estate three weeks ago. Just minutes after the meeting, the breakthrough agreement was achieved at a high-level meeting attended by the top brass of the alliance leadership.

**L**ed by ANC secretary general Kgalema Motlante, in the absence of party president Thabo Mbeki and his deputy, Jacob Zuma, it included John Gomomo of Cosatu's central committee and the SACP's politburo, headed by SACP chair Charles Nqakula and SACP general secretary Blade Nzimande.

Says a senior SACP official: "The parties have realised that it no longer matters whose position is what on Gear — what is important is that we move together as a unit in the transformation programme."

Interestingly, the process towards the normalisation of relations between the tripartite alliance has left business — an influential player in macro-economics — on the sidelines.

Organised business downplayed the impact of the recent agreements between the ANC, SACP and Cosatu, arguing that they are not binding on its constituency.

South African Chamber of Business representative Gerrie Bezuidenhout told the *Mail & Guardian* that as far as it is concerned, everything is still going according to plan.

"We go along with the idea that what will come out of the Jobs Summit is a number of deliverables that would be practical in the short term," said Bezuidenhout.

**Over a Barrel, PAGE 27**

# The road to a changing economy

M+C 30/10 - 5/11/98 (173)

The Jobs Summit must ensure the creation of jobs in a fast-changing, multi-layered economy. A trip down a Johannesburg city street shows just how diverse an economy it is, writes **Ferial Haffajee**

## The disappearing economy

**F**ourty-four Main Street is the headquarters of the Anglo American Corporation, where an imposing bronze door greets visitors. Yuppies in executive blue shirts run down the stately stairs of the building that fills an entire city block. At the end of March, Anglo announced headline earnings of R5-billion. With a market capitalisation of R54,5-billion, the corporation is still king of the South African economy with its mining, financial service and diamond interests.

But Anglo and other companies in the financial district of Main Street are moving their capital overseas by listing mainly on the London Stock Exchange. The buildings will stay but the economy of this street and the country will change fundamentally with the capital flight.

South Africa's mining industry has its home in the grand old buildings around Main and McLaren streets. But they are a symbol of gold's high age — the industry is in a slump in which almost one in three jobs have been shed.

The Anglo executive is fast giving way to the informal parking attendant on Main Street where women like Jabu Sithole wear aprons sponsored by Fedsure and eke out a meagre living. "There's no money in this place," says Sithole between directing cars. "I make R15 or R20 a day but I must pay R5 a day for this apron."

Dean Butts of the Hollard Arms restaurant, where remaining executives dine in old-world charm, says there has been "a drastic slowdown" with the exodus of bankers and brokers. Butts's restaurant is still full at lunchtime. But further down Main Street the changing economy has claimed the Carlton Hotel.

The grande dame has been mothballed and its chandeliers and red carpets are barely visible through the steel fence erected to keep the homeless at bay.

## Economy of crime

**T**he Johannesburg Magistrate's Court stands sentinel over Main Street, one of Johannesburg's oldest thoroughfares, where the new South Africa's hawkers and homeless have made a visible stamp on the court's post-Edwardian elegance.

Outside Court 14, there is a buzz where the trial of 10 police officers will take place. All members of the South African Narcotics Bureau, they have been charged with drug-dealing. The officers are nattily dressed in Pierre Cardin slacks and new wrap-around Ray-Ban sunglasses.

The fragile-looking prosecutor in Court 14 wades through files of robbery, burglary, theft and murder charges. Young black and coloured foot soldiers of the criminal economy trundle up from the cells as the orderly announces the type of case: "Roof. Moord. Huisbraak. [Robbery. Murder. Burglary.]"

Wives and mothers with sad eyes ply their sons with fruit, cigarettes and cups of coffee. Their *makweras* (the barons of organised crime) have sent lawyers for them.

Johannesburg is the leader of a growing, highly organised national criminal economy. Last year the city notched up the highest number of reported burglaries on suburban homes and city businesses, shoplifting, car theft and theft from cars.

Antoinette Louw of the Institute for Strategic Studies says that nobody has yet managed to quantify the criminal economy. Such a price tag must take into account the pickings of crime like the value of cars and goods stolen and drugs traded. It must also tally the human costs to families of the loss of breadwinners and national costs like lost investment opportunities. The magistrate's court shows that this economy is booming.

## The new economy

**N**ext door at the Carlton Centre, the public relations officer says the mall is "bumping" with 1.1-million mostly young daily visitors. But about one in three shops is empty — testimony to the limited buying power of the young where almost one in three cannot find work.

Around the country, some have found jobs in provincial departments like Gauteng's Department of Economic Affairs building on Main Street where buppies with cellphones strut their stuff. The public service is the only economic sector where a significant number of jobs have been created in the past five years — it grew by 10% between 1990 and 1996.

Wiphold, the women's company with headquarters on Main Street between the economic affairs department and Anglo American, is the quintessential new South Africa company. Its board of directors is a rainbow crew of leading women from Wendy Appelbaum to Louisa Mojela. In the past four years it has traded on its gender credentials and business suss to create a medium-sized holdings company worth R1-billion. On the Johannesburg Stock Exchange, this type of empowerment company is rapidly winning bigger stakes — but it doesn't create many jobs because it invests in existing companies.

Walk along Main Street and



The new economy: Grace Mathebula (above), a hawker on Main Street, and parking attendant Jabu Sithole are 'extra mile' people — those who earn a living from small and micro-enterprises. PHOTOGRAPHS: NADINE HUTTON

other parts of the new economy paint a less optimistic picture. Loan sharks have set up shop and are doing a roaring trade among the desperate.

And hawkers sell Taiwanese takkies and cheap clothes. Rapid tariff reduction in the past four years has meant the flood of cheap imports has distressed the local clothing and textile industries, leading to huge job cuts.

## The future economy

**O**utside Wiphold, gap-toothed Grace Mathebula fries vetkoek and sells them to loyal customers who drop by every morning. In the afternoon she shifts trade to her fruit and sweet stall. Her 18-month-old son, Gift, is a natural salesman whose charming gurgles and frenetic first steps make pedestrians stop to buy. Mathebula says

business is good: she makes R50 on an average day, though the end of the month is always better. These are the "extra-mile" people, says Sharda Naidoo of the Alliance of Micro-Enterprise Development Practitioners, which trains, finances and mentors entrepreneurs like Mathebula.

In Latin America, it is this sector that is creating the most jobs. The alliance says that while half-a-million jobs have been lost in the formal economy, about two million of these "extra mile" people earn a living from small and micro-enterprises. The empty buildings that line Main Street could easily accommodate the services which this sector desperately needs to expand and replace the jobs lost in yesterday's economy.

"While it is obvious they are here to stay, their contribution remains relatively unacknowledged in the

mainstream," says Naidoo. Soon, she maintains, they will be the mainstream.

If Naidoo thinks small, then John Spiropoulos is the keeper of the big picture. He is a project manager of a Department of Trade and Industry plan to make Gauteng the primary node in a new manufacturing and service economy which will replace the losses in mining and manufacturing so apparent on Main Street. On his drawing board are plans for an inland port near Kaserne and an "innovation highway" of new information technology, media and service companies stretching from Midrand to the south of the city just near the courts.

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PROPOSALS The revival of earmarked economic backwaters is within government's means

# Depressed areas win at jobs summit

JAMES LAMONT

Johannesburg — An initiative to revive three of South Africa's most economically depressed areas in St Lucia, the Wild Coast and Algoa Bay stood out as the most interesting and implementable projects to emerge out of the presidential jobs summit declaration. Alec Erwin, the minister of trade and industry, said yesterday.

He said the government would move on a further eight underdeveloped areas by the end of the year.

The Greater St Lucia area, in KwaZulu Natal, has been earmarked for developing 6 500 additional tourist beds, centring tourism on the state-owned wetland park, and a private investment of R660 million. The new developments would create about 2 000 potential jobs.

The Wild Coast-Emondini project proposes developing tourism, forestry, agriculture, the Mkabathi game reserve and furniture clusters.

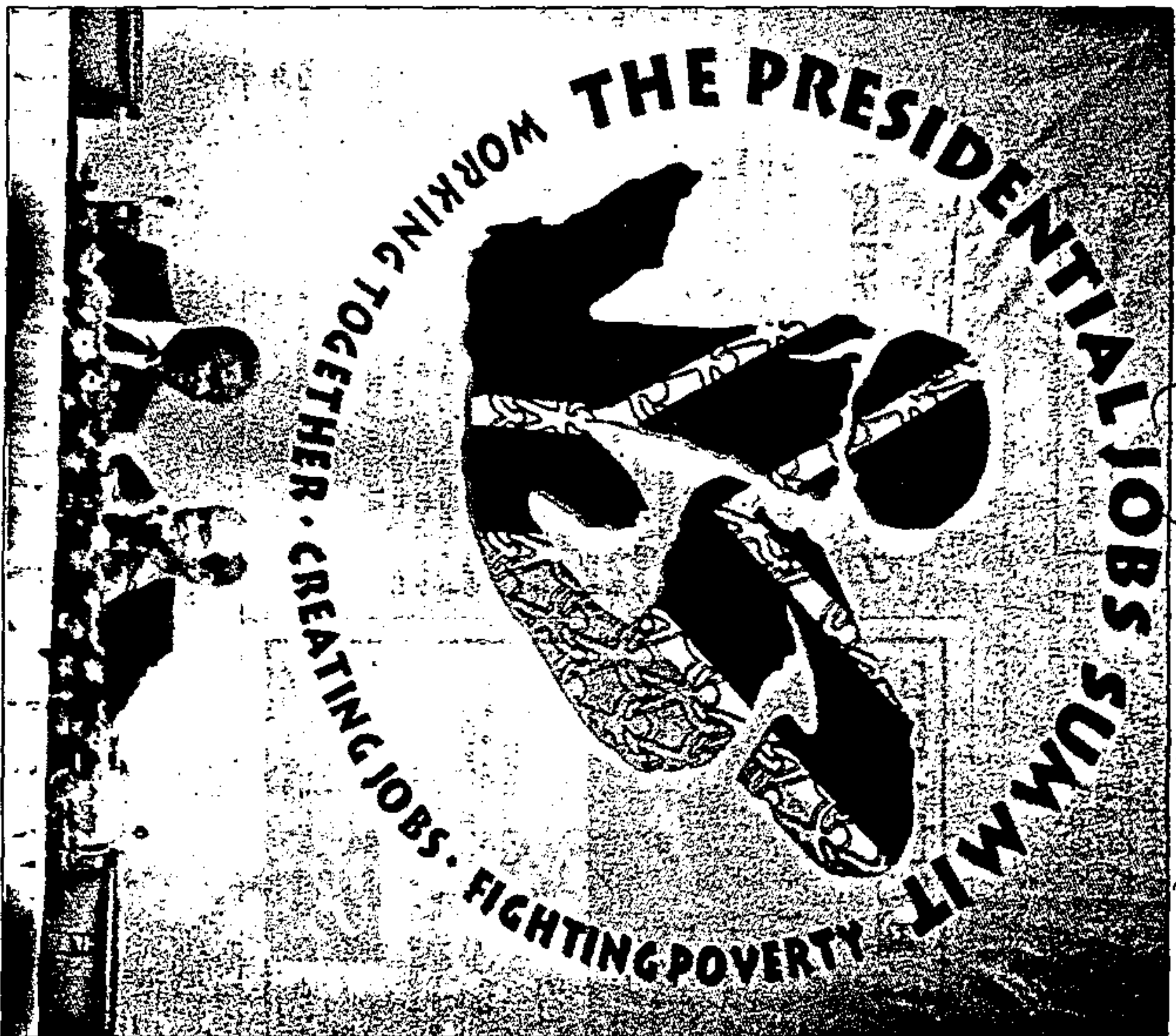
The Greater Algoa project hinges on the automobile and components industry, a green-fields metals processing complex, tourism around the Addo Elephant Park and agricultural development.

All three projects will promote infrastructural development and small and medium sized businesses.

The three areas have some of the highest unemployment rates in the country and have received little public or private investment for 30 years. Unemployment on the Wild Coast is estimated at 73 percent. Unemployment across the country is estimated at about 30 percent.

Theuns Eloff, the chief executive of the National Business Initiative, said: "These are specific projects in specific geographical regions. So they are more pragmatic than many of the broader proposals that affect the whole economy."

Other projects decided on at the jobs summit declaration were



WORKING TOGETHER Deputy President Thabo Mbeki and Alec Erwin, the minister of trade and industry, share the platform at the presidential jobs summit yesterday

a plan to build between 50 000 and 150 000 houses (mostly rental stock); a R180 million tourism promotion scheme; a Buy South African campaign; the establishment of a Youth Brigade and special employment programmes in urban development; land care; water provision and housing.

Special attention would go to women, youth and the disabled. Erwin said that the government would not have to borrow additional funds to meet the summit proposals, which would be implemented in partnership with the private sector.

"We have not put anything in that we are not able to fund with existing sources." He said the government would adjust its macroeconomic targets and would look at the job market. The structural basis of the Growth, Employment and Redistribution (Gear) policy remained unchanged.

(173) ~~173~~ MKG (PR) 31/10/98

### The Main Points

- JOB CREATION** - strengthening companies & credit
- TOURISM** - R180 million tourism promotion scheme
- HOUSING** - 50,000-150,000 houses
- YOUTH BRIGADES** - special employment programmes
- INTEGRATED PROVINCIAL PROJECTS** - St Lucia, Wild Coast, Emondini

## Give a day's wages for jobs, urges union body

FRANK NUMAHO

Johannesburg — The radical trade union movement, including Cosatu, the National Council of Trade Unions (Nactu) and the Federation of Unions of South Africa (Fedusa), yesterday called on all blue and white collar workers, politicians, artists, employers and all other workers to join their 2.5 million members on March 3 to give up one day's wages for job creation.

Fedusa estimated that more than R200 million could be raised this way by organised labour alone.

Chez Mlana, the general secretary of Fedusa, said an agreement needed to be made on mechanisms for collecting the money and looking after the unemployed.

He said labour's donation would go into the Umsobomvu Fund, the employment creation programme for youth, which could also benefit from about R1 billion of free reserves upon the demutualisation of Sanlam and Old Mutual.

Mlana, agreeing with many representatives from business and the government said the presidential jobs summit should be seen as "the beginning of a process".

However, John Gomo, the president of Cosatu, said he had feared that the summit would turn into a labour market flexibility summit and urged the government to move beyond the proposed adjustment of its macroeconomic targets.

Troyor Manuel, the minister of finance, is expected to announce the adjustments on Monday. "Our opposition to Gear remains unshaken although the debate has moved beyond sloganist opposition," Gomo said.

# Parties reach agreement

THABO MABASO  
In JOHANNESBURG

The ground-breaking agreements reached at the Presidential Jobs Summit yesterday concealed a number of areas where the Government, business and labour failed to see eye to eye.

However, tense behind-the-scenes negotiation ensured that the summit did not founder and the three constituents seemed content with the declaration that was signed after the summit.

The declaration aims to set in motion processes that will create much-needed jobs in the long term.

Each party managed to include some of their positions in the final document.

The Government will establish a Cabinet Employment Cluster Committee to ensure that the summit's commitments are implemented.

The committee will investigate the proposals that did not make it into the final draft to see if they can be adopted as part of the broader job-creation strategy agreed to at the summit.

John Gomo, the president of the Congress of South African Trade Unions, told the summit that labour unions were particularly disappointed that the declaration did not declare a moratorium on retrenchments.

The unions urged the summit that the issue should be dealt with as soon as possible by the committee.

"Together with the unemployed, some of whom have just been retrenched, we see the current situation of unemployment and job loss as a crisis of major proportions that requires a national response to rise to the challenge," said Mr Gomo.

The labour movement, especially Cosatu, had lobbied hard before yesterday's get-together for a discussion on the Government's macro-economic strategy, Gear. However, the discussion could not be accommodated.

The business lobby said it was disappointed that the summit did not agree to speed up the rate of privatisation.

"We are yet to agree with the Government on aspects of economic policy."

"Neither have we reached agreement with the Government and labour on the appropriate function of labour market policy," said business representative Dorian Wharton-Hood.

Despite the disagreements, a great deal remains to unite the parties.

The agreement will set in motion programmes that will create jobs for South Africa's three million unemployed people.

These programmes include building and training schemes aimed at the youth, women and disabled people.

The Government, labour and business committed themselves to help raise the R2-billion required to run the programmes.

President Mandela, who addressed the opening of the one-day summit on a tape recording, congratulated the three parties for reaching the agreement despite facing difficult odds.

"The reports I have received on the preparations for the summit indicate that you have all been hard at doing precisely that."

"The process has been tough and frank," the president said.

# Summit sets job creation in motion

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(173)



**ONE VOICE** (from left) Neil Coleman of Cosatu, Godfrey Jack of Nedlac, Jeff Radebe, public works minister, Les Kettleidas of the labour department and Raymond Parsons, Nedlac convener PHOTO: JOHN WOODROOF

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## Jobs summit off in top gear

(173)

**FRANK NXUMALO**

LABOUR EDITOR

Johannesburg — Special employment programmes, including community-based public works programmes, the land care campaign, working for water and the clean and green living campaign, would be implemented immediately after today's presidential jobs summit, Jeff Radebe, the minister of public works, said yesterday.

Radebe, one of the lead ministers on employment-creation clusters, said the immediate implementation of the programmes was aimed at showing how serious the government was about tackling unemployment.

"We have reached a stage where we are speaking with one voice," Radebe said. He said details of these projects for target job market, selection criteria, registration of applicants and the funding mechanisms would be announced today.

Gavin Brown, a labour analyst, said it was "quite possible" the government would be able to implement these programmes using large amounts of funds left over from the Reconstruction and Development Programme.

Les Kettleidas, the deputy director-general in the department of labour, said that, after President Nelson Mandela's videotaped keynote address tomorrow, Alec Erwin, the minister of trade and industry, would present a report on the commitments, agreements and statements of intent of the processes leading to the jobs summit.

There will be five commissions in addition to the one on special employment programmes, with representatives from the government, business, the community, labour and the religious community.

The realising human potential commission will be a package of agreements on women, youth, the disabled, welfare and

social services, skilling, social security, education, learnerships and training.

The commission on infrastructure includes agreements on housing, municipal infrastructure programmes, water supply and sanitation, transport and electricity.

The integrated lead projects will cover the greater St Lucia, Wild Coast and Greater Algoa Bay.

The trade and industry commission will detail agreement on trade and industry policy, the small business sector, productivity and the labour market.

The tourism vision will be outlined in a tourism commission.

Neil Coleman, the parliamentary officer for Cosatu, said an agreement was being finalised on retrenchments following organised labour's request for a moratorium to allow jobs summit programmes to take off.

# Major boosts for creation of

## Plans include the launch of a 'Buy South Africa' campaign and a labour intensive housing programme

By BRONWEN ROBERTS

**T**he government, labour and business leaders set aside their differences yesterday to address the needs of South Africa's vast numbers of unemployed at a jobs summit. A 95-page declaration summing up months of intensive negotiations about how to slash the unemployment rate - said to be as high as 38% - was to be signed by the parties at the end of the one-day gathering in Midrand.

The document outlines areas of agreement on measures to create jobs, including boosting tourism and small business, but the groups admitted ahead of the meeting they still had not worked out key differences.

These relate to the government's macro-economic policy and labour's call for a moratorium on redundancies.

That there were points of discord was admitted by President Nelson Mandela in his opening address, which was pre-recorded since he went to Nigeria for a state visit and to attend a mainly west African summit. "We are aware there are still very impor-

tant differences among us, including the issues of job security, approaches to industrial action and others relating to the job market," he said.

"Our purpose in convening this summit is not to eliminate these in one fell swoop. Rather we should set up the necessary mechanisms to resolve them."

Trade and Industry Minister Alec Erwin, who convened the meeting, said parties had held "frank dialogue" over concerns about the government's Growth, Employment and Redistribution (Gear) macro-economic policy.

He said the government would make some policy adjustments to Gear, but insisted that the "integrity of the policy be retained".

The government wanted Gear to restructure "the fiscal position to halt rising debt and increased debt servicing".



FRANK TALK: Trade and Industry Minister Alec Erwin said the government would make adjustments to Gear

Labour leaders claim the policy will reduce social expenditure and result in job losses.

John Gomo, president of the Congress of South African Trade Unions, told the presidential summit that labour wanted "real changes" to the Gear policy to be addressed.

He added: "We are bitterly disappointed at the failure to reach agreement on job security measures, and this will be one of our urgent post-summit priorities."

Cosatu has called on the government and business to declare a moratorium on redundancies, including dropping plans to retrench 50 000 civil servants.

Areas of agreement outlined in the declaration focus on developing small, medium and micro businesses as well as continuing special employment programmes, such as campaigns to clean up

urban areas. A labour-intensive housing programme, to build at least 50 000 houses, is one of the biggest envisaged projects, with a budget of R2,5 billion. A "Buy South Africa" campaign is to be launched as well as a R180-million company to market the country aggressively as a premier tourist destination. To help finance the job creation measures, Cosatu called on its 2,5 million members and all other working South Africans to put one day's salary towards funding programmes. The Government will look at restructuring the public pension fund to release capital and will consider the implementation of a training levy. Business has pledged to raise R1-billion in the next six months to stimulate job creation - an amount the government said earlier this year it would also spend. Since the ANC government came to power in 1994, about 500 000 jobs have been lost, mainly in farming, mining and construction, despite the party's promise of jobs for all - AFP

# Jobs

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# Jobs Summit upshot will be investment in tourism, housing

By ZOLILE NQAYI (288) (173)

RESULTS of months of negotiations leading up to this week's Presidential Jobs Summit - and deliberations on the day - are captured in a 95-page document which details new job creation programmes.

The Declaration of the Presidential Jobs Summit is a collective commitment by government, labour and business in a number of areas to address the high levels of unemployment by increasing the number of jobs created.

Summit co-ordinator and Minister of Trade and Industry Alec Erwin warned that although there was agreement on the framework to transform processes in key socio-economic areas, it was "the performance of the economy and its ability to generate employment" that underpinned "improvement in the quality of life".

Stakeholders agreed that a post-summit process, and summits in various sectors of the economy, should be entrusted with ensuring that decisions taken at the Jobs Summit are implemented.

Investment in tourism, a "Buy South African" campaign, tariff adjustments, the promotion of small and medium enterprises, easy access to finance for entrepreneurs and the adjustment of the country's macro-economic policy are some of the areas earmarked for creating employment and saving existing jobs.

A multi-billion rand housing project funded jointly by government and business is one of the most significant areas identified for the creation of employment.

At the same time the housing project will also be addressing the backlog in affordable housing throughout the country.

The project envisages the building of between 50 000 and 150 000 low-income housing units in two years' time.

This project will be undertaken in two phases. During the experimental initial phase, 50 000 housing units will be built at a cost of about R2,5 billion.

These will be constructed in areas where housing is needed most and where the community will be encouraged to participate fully.

The document envisages, among other things, the creation of jobs through labour-intensive construction, a tendering system that gives priority to small and emerging contractors and employing the poor and marginalised.

"Employment of workers will be targeted at the most needy within beneficiary communities, with women, the disabled and youth forming a proportion appropriate to the nature of the project and the community. Targets will be set for the use of Youth and Housing Brigades in the projects.

"The units will be occupied under two tenure options. Despite local councils' apparent inability or difficulty in collecting rentals, 75 percent will be permanently of a rental nature, while the rest will be earmarked for outright purchase.

"Having regard to the issue of affordability, the government will subsidise the units appropriately and will make approximately R750 million available through its 1998/1999 and 1999/2000 budgetary processes," the document states.

Business has committed itself to providing R500 million to finance private owners and another contribution of R1,3 billion to finance the rental stock.

With the intention of accommodating the marginalised, at least 10 percent of the housing units will be designed to meet the needs of physically disabled occupants.

Meanwhile, business, labour and government expressed optimism that they may still solve some of their key differences.

One of these relates to the labour movement's call for a moratorium to be placed on retrenchments.

President Nelson Mandela, in his pre-recorded keynote address, acknowledged the existence of such a difference, but said: "Our purpose in convening this summit is not to eliminate these in one fell swoop. Rather we should set up the necessary mechanisms to resolve them."

**I**T IS conventional wisdom that entrepreneurship is the key to the promotion of jobs and economic growth. But it is a message yet to be taken seriously in SA.

The Department of Trade and Industry's promotion of small and medium enterprises has been plagued by inefficiency and corruption while the Department of Labour has extended its job-stifling policies to the sector. And while foreign entrepreneurs experience no shortage of financiers to back their ventures, SA's banking institutions remain extremely risk averse.

But despite an environment laden with obstacles and red tape, entrepreneurs continue to flourish in SA.

SA's first annual survey of entrepreneurs, by accounting and auditing firm Ernst & Young, shows that entrepreneurial companies outpace their more established and staid corporate rivals in terms of revenue and profit growth.

Crucially, the survey finds, entrepreneurs are creating jobs when the rest of the formal sector is shedding them by the thousands.

Ernst & Young conducts its survey of entrepreneurs in a number of countries and decided to launch it locally after having been involved in the Best Entrepreneur competition for the past two years.

This year's competition was co-sponsored by Absa Bank and Business Times. The winner was Adrian Gore of Discovery Health (previously Momentum Health).

The survey was drawn from a questionnaire sent to entrants in the Best Entrepreneur competition. Its focus was companies with an annual turnover of more than R1-million.

More than half of the respondents were either family or management-owned, with only 16% publicly owned. Almost three-quarter of respondents em-

# SA go-getters get top marks for job creation

ployed between 15 and 200 staff, while 10% are owned by women and 20% by blacks. Both E&Y and Absa have been criticised for focusing on relatively established businesses — the average age of the businesses surveyed is around five years and turnover averages between R10-million and R20-million — as the basis for their study, thus shedding little light on the needs of the smaller enterprises.

Nevertheless, the study is essential in understanding job creation as the bulk of new jobs globally are created by entrepreneurial companies.

Over the past 12 months the economy shed an estimated 160 000 jobs, while all but 7% of the companies surveyed either increased or maintained their staff levels over the same period and the average increase was between 10% and 20%.

The companies are even more buoyant in their outlook for the 12 months ahead. More than half expect to increase their staff numbers by up to 30%, with only 3% predicting job cuts.

The entrepreneurs' optimism on the job numbers is based on bullish forecasts about their companies' financial performances. Almost half of the respondents expect their revenues to increase by between 10% and 30% over the next year and a further 38% expect growth of more than 30%.

While Ernst & Young de-

scribes these growth expectations "as rather low", they are high enough to ensure that no company predicts a loss in the year ahead — the majority (51%) forecast earnings growth of between 10% and 40%. This against an economic background which the majority of respondents describe as "rather bleak". Only 15% of the respondents expect the economy to improve in the next 12 months, 49% expect it to remain the same and 36% anticipate a deterioration in conditions.

Just over half of the companies surveyed intend to raise capital over the next year, primarily to move into new domestic markets or launch new products. Ironically, while most companies expect SA's relative strength in the global economy to improve over the next five years, the strategy of expanding into overseas markets is the least favoured. At present 61% of respondents are doing business abroad, but this accounts on average for less than 10% of turnover. The noticeable exceptions to offshore expansion are exports to Africa and almost 80% of entrepreneurs planning a move beyond SA borders have Africa in their sights.

Expansion plans by local entrepreneurs, however, are being curtailed by expensive financing costs. Whereas US and UK entrepreneurs find willing backers in private equity and venture

capital funds, these industries have yet to gain a meaningful presentation in SA.

Instead, the majority of companies have already experienced tightened criteria for loans and even more (75%) expect it to be harder to borrow from lending institutions over the next year.

Apart from the high cost of money, the inflexible labour market regime is another deterrent to job-intensive growth strategies. Instead, entrepreneurs are investing heavily in technology, "which has become an essential element of successful companies", says Ernst & Young. In line with global trends, 70% of businesses use the Internet, although e-commerce has yet to feature in any meaningful way. Marketing and research are the primary reasons for Internet usage.

Transformation and affirmative action have impacted on entrepreneurial companies. Comments Ernst & Young: "Increasing market pressures, legislation in the form of the Employment Equity Bill, as well as underlying intent, is requiring businesses to consider their transformation policies."

Of the businesses surveyed, almost half have a transformation policy in place and about a third have more than 20% black ownership, while 28% of businesses have more than 20% female control.

## PROFILE OF SA ENTREPRENEURS

NUMBER OF EMPLOYEES		OWNERSHIP STRUCTURE	
< 15	7%	Family owned	26%
15 - 50	37%	Management owned	26%
50 - 200	36%	Wholly owned subsidiary	6%
> 200	20%	Publicly owned	16%
ANNUAL TURNOVER		Private business with	26%
< R1-million	3%	diversified ownership	
R1 - 10-million	24%	Other	0%
R10 - 25-million	31%		
R25 - 100-million	30%		
> R100-million	12%		

## PROFITS OF COMPANIES

PROFITS EXPECTED TO INCREASE BY:	
0 - <10%	9%
10 - <20%	30%
20 - <30%	12%
30 - <40%	9%
40 - <50%	0%
50 - <60%	4%
60 - <70%	0%
70 - <80%	4%
80 - <90%	0%
90 - <100%	4%
>100%	17%
Remain the same	11%

## BOOST TO JOB NUMBERS

STAFF INCREASE IN LAST 12 MONTHS	
0 - <10%	13%
10 - <20%	21%
20 - <30%	15%
30 - <40%	4%
40 - <50%	3%
50 - <60%	9%
60 - <70%	3%
70 - <80%	0%
80 - <90%	0%
90 - <100%	3%
>100%	0%
Remain the same	22%
Decrease by 0 - <10%	7%

# Job creation the focus in budget plan

Eyes will be on government to see whether it has earmarked funding for work creation

Reneé Grawitzky

PLANS by government to introduce a wide range of economic and social programmes to create jobs will come under scrutiny today when Finance Minister Trevor Manuel unveils his adjustment budget in Parliament.

The budget outlines the state's medium-term expenditure framework. Business, trade unions and other participants in the National Economic, Development and Labour council (Nedlac) will be watching to see if government has provided funding for the job creation projects proposed at Friday's jobs summit without changing the structural objectives of the growth, employment and redistribution strategy (Gear).

Trade and Industry Minister Alec Erwin, who co-ordinated the summit, said on Friday he was comfortable with the ability of government to finance the various programmes agreed to at the summit. "We have not put into the declaration anything we are not capable of funding," Erwin said. Earlier, Erwin said an additional R800m had been allocated from this year's budget to kick-start some of the projects.

Manuel is expected to provide further details in his adjustment budget. He also

will present the preliminary deficit target for next year's budget.

Nedlac business convener Raymond Parsons said the feasibility of some summit proposals depended "to a large extent on the revised fiscal and deficit targets".

It emerged during the summit that government and labour were at odds over the summit's declaration on macroeconomic strategy. Government stood its ground and labour agreed to sign the declaration, but only subject to a statement outlining its opposition. A source said labour backed down following intervention by Deputy President Thabo Mbeki.

The programmes adopted by the summit included the introduction of youth brigades to promote youth employment; refocusing special employment programmes to target marginalised communities; proposals on housing which included new financial mechanisms to finance low-cost housing and provincial lead projects to create thousands of jobs.

The proposals also focused on a tourism initiative proposed by business, and measures to address skills development. Attention was also given to promoting small, medium and microenterprises.

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# A foundation for job creation

Although the jobs summit on Friday did not deal with some of the tough issues, it proved to be more than just a dress rehearsal, writes labour reporter **Reneé Grawitzky**

**T**HE Midrand production of Friday's presidential job summit was expected to unfold without any hitches as all actors were well-versed in their lines. The production's expected success was largely due to the dress rehearsal held the previous week-end — the alliance summit.

One must accept that events such as these have to be stage-managed to some degree and Trade and Industry Minister Alec Erwin, the summit's co-ordinator, tried to ensure nothing was left to chance.

There was a general sense after the alliance summit that the job summit would be a mere formality as it appeared that some convergence had been achieved between government and the Congress of SA Trade Unions (Cosatu) on the growth, employment and redistribution strategy (Gear).

Analysts believed Erwin had managed to resolve the Gear debate in the alliance so that it would not hamper the success of the job summit.

Alliance partners implied they were moving to a "post-Gear consensus" and Cosatu leadership said parties were no longer engaged in a "pro-or anti-Gear debate".

The actors arrived at the job summit rather bedraggled as they had spent most of the previous night arguing over the inclusion of nine words in the declaration referring to Gear. The battle of wills focused on:

"whilst retaining the coherence and strength of our policy (Gear)". The acrimonious debate ended following intervention by Deputy President Thabo Mbeki and a warning from business as to the financial market consequences of any further dilution of government's commitment to Gear's basic structure.

One could well ask why there was this disagreement over the wording when the alliance summit endorsed an African National Congress (ANC) national executive committee resolution stating that the structural objectives of Gear would remain in place even though some targets would have to change because they had not been met.

Cosatu president John Gomo said on Friday: "We did not come here to debate the merits and demerits of the Gear policy."

A labour source said Cosatu was opposed to the inclusion of the words in question as they could be misinterpreted and create the im-

pression that the federation endorsed Gear.

Despite a failure to agree on the final wording, Erwin successfully ensured that Gear was deferred to post-summit discussions. The same could well happen to debate on labour market flexibility even though Erwin was firm in his conviction that this was not an issue.

Anglo chairman Julian Ogilvie Thompson and Amic's Leslie Boyd said one of business's main objectives in the process was to defend Gear as it was under threat. It was clear, they said, that government was sticking to its guns.

Government achieved a number of other significant political goals in the process besides bringing labour into a structured debate on Gear to defuse tension.

Job summits are essentially political events arising from political necessity. Government was responding to a political imperative by trying to address rising unemployment and

poverty. Hence, it endorsed a labour market commission's recommendation to hold a summit.

The summit has ensured that government is seen to be responding to the unemployment crisis through its attempt to focus on and maintain current levels of social spending.

A government source said that in view of rising interest rates and an economic slowdown, government might have been forced to cut social spending. Instead, attempts would be made to maintain current levels by reprioritising government spending to facilitate social spending.

From the documents received at the summit, it was difficult to estimate the extent of additional funding to be provided by government for projects emerging from the summit.

Erwin continually sidestepped this issue and indicated that all would be revealed by Finance Minister Trevor Manuel today on the release of the medium-term expenditure framework.

Government has also used the summit to create the impression that it and its social partners — labour, business and the community — are moving to new terrain in a structured and organised way to build consensus.

The test will come in the post-summit process and in the extent to which parties portray their willingness to work together in implementing the job creation projects which rely on private-public partnerships.

The rebuilding of the "golden triangle" could prove short-lived if some parties perceive that they are mere observers in a process, as business implied.

The job creation projects unveiled — many of them already up and running — reflect an attempt to ensure greater co-ordination between government departments to fulfill service delivery commitments and to focus on the most marginalised sectors such as the youth and women.

This is evident in the refocusing of existing public works programmes — known as special employment programmes — to integrate them with infrastructure development projects and spatial development initiatives already embarked upon by the department of trade and industry.

The summit also emerged with some ambitious proposals to assist small, medium and micro-enterprises which, if implemented, could "make a substantial contribution to 'wards job creation'".

It was evident from the time Erwin took over that the summit would not deal directly with the "tough policy issues". Instead attempts have been made to put in place processes to deal with these as well as investigation into some aspects of industrial policy.

The summit itself has given little indication of definite policy shifts except in the area of housing towards rental stock, but on a pilot project basis only.

The summit has demonstrated a commitment by all parties to do something even although the projects and programmes agreed to will not change the quality of lives of the millions of people it has targeted as beneficiaries in the short to medium term.

Ultimately, job creation in the long term will require investment and growth.



# Govt deluded if it thinks it can bring in grassroots

The job summit has to reach beyond its tripartite structure to include all the country's citizens in a commitment to making job creation a real and sustainable process, writes **Steven Friedman**

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21/11/98

**P**ROCLAIMED the posters of an election candidate in a Pogo cartoon strip: "I promise you nothing. — Avoid disappointment." A little of that spirit may be crucial to our assessment of the jobs summit.

Despite claims that the summit is the year's most important event, the cynicism of those who see it as a publicity stunt is easy to understand — even if some of it is motivated by pique at not being on the invitation list. Using a giltzy event to wish away an intractable problem is an old political ploy. And, in the past four years, several one- or two-day jamborees have been passed off as attempts at serious decision-making.

But this summit does seem to have been approached with more seriousness than most: it has been preceded by some bargaining between government, labour and business. It will, however, be a while before we can judge its importance.

This column is written before the summit. But a statement on macro-economic policy would be far more important than the announcement of a range of job-creation projects.

Few projects can provide jobs on the scale needed — and sustain this over a long period. Some might be counterproductive — if they are designed for public effect rather than impact. Ultimately, the jobs problem can be solved only by policies which create conditions for employment-generating investment. The policies need to be workable — and this approach requires some changes in labour law beyond the major parties.

Business may need to acknowledge the need for more attention to skills development and to management styles which see shedding labour as a last, not a first, resort. Unions may need to accept that agreements negotiated in large corporations cannot be applied to small businesses without killing jobs. Government may need to tailor its policies and laws to our capacity — the recent strike wave has, for ex-

ample, again suggested that current labour law is beyond the capacity of the parties that must implement it.

All of them need to understand that much of what needs to be done to create jobs cannot be done by them and that a framework needs to be found to unleash the energies of small-business people — and grass-roots citizens.

Certainly, parts of business and labour may have symbolically indicated a willingness to contribute to job creation — the former through its human resource development fund, the latter through its call on members to donate the value of a day's output to the Unsobornu Trust, to fund youth employment schemes. But moving on policy is more important than agreeing to sacrifice some income for the cause.

Equally important, even the "best" policies will fail unless they win government commitment and business and labour support. Policies do not work simply because they secure consensus.

If the mood at an Salm breakfast last week is a guide, the parties have moved closer to each other — or are telling everyone they have.

But projects are easier to agree on than policies. If the summit claims to have bridged the divide on policy, it can be dismissed as a stunt. If it can show that it is the start of a credible process that will take years, not the end of one which took months, we need to take it seriously.

Trade and Industry Minister Alec Erwin did seem to acknowledge that details of an approach to jobs in industrial cluster meetings over the months ahead. But agreement to talk may mean little. After all, none of the

parties want to be seen to be in anything less than deadly earnest about jobs. The test is how serious they are about engaging with each other.

Much of the pre-summit activity, therefore, was devoted to securing a new consensus between the ANC and its allies on macroeconomic policy. That is progress. But it is only a beginning until they start talking about labour market policy — and if business can be drawn into a new consensus, if the summit is a vehicle for presenting current alliance thinking to the country, it will bring the agreement we need no closer.

So a key pointer is the degree to which the summit does produce a willingness to begin talking about labour markets — and to ensure all three parties are in on discussions.

The summit may, however, need to do more than bring the powerful interests — and their leaders — into a search for job creation policies.

While it has become fashionable to denounce organised interests, no solution to the jobs problem is possible without them. But, while the realpolitik of interest group deals and policy technicalities is crucial, a workable approach to jobs may require also intangibles which can easily be forgotten or dismissed as sentimental: enthusiasm and commitment among the citizenry. Just as the alliance needs to bring business into its consensus, so does it need to reach beyond it and bring the country along with it.

If rank-and-file workers, individual business people, professionals, and the unemployed see the job strategy as something hammered out in smoky rooms in language they cannot understand, an opportunity will have been missed. The summit

could be used as a catalyst to enthuse South Africans about something beyond their immediate preoccupations and to encourage them to make a commitment, however modest, to getting the country working.

Given that, the decision to exclude political parties may have been a symbolic error. Yes, the exclusion can be justified on the grounds that government, rather than the ANC, is meeting its key social partners. And yes, the government may be understandably irritated at the opposition's attempt to portray just about any initiative as an ANC alliance plot.

But, if "community" groups can be included — either because of historic links with people in government or because someone made the well-meaning mistake of giving them seats at Ndeda — there seems to be no reason why opposition parties cannot be.

Whatever the merits of the "community" participants, the government is deluded if it believes they have the depth of membership and influence to bring the unorganised grassroots into the process. Political parties' ability to do this is often more limited than they claim.

Cynicism about summits is understandable as they do often offer style rather than substance. However, even staged events can become midwives of progress. This one can play that role if it starts real bargaining among the big interests on how to create jobs — and sends a message to citizens that they, too, have a role in tackling one of our most pressing challenges.

□ *Friedman is director of the Centre for Policy Studies.*



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# Govt launches pioneering home plan

Robyn Chalmers

PD 2/11/98

GOVERNMENT has launched a new home finance scheme whose centrepiece will be a scale of loan securitisation never before seen in SA.

The initiative, known as Gateway and supported by big banks, was unveiled at Friday's jobs summit. It aims to provide housing finance of between R20 000 and R50 000 per home to employed people who are unable to access conventional credit. It is designed to fill the large gap between the poor who qualify for housing subsidies and those earning enough to pay off bonds held by commercial banks.

Government has been struggling to find a way around reluctance by banks to take on the risk and costs associated with the lower end of the market. After more than a year of investigation, the National

Housing Finance Corporation (NHFC) has devised a form of securitisation adapted to local conditions.

The new scheme will be administered by Gateway, a company to be formed under the NHFC. NHFC acting CEO David Porteous said last week that about 2-million households earned between R1 500 and R4 000 a month, severely limiting their access to finance.

Gateway will start with a standardised loan originated by a lender such as a bank, which will sell it on to a secondary market institution. The institution may then package the loans purchased and sell the

packages to investors in a process known as securitisation.

In terms of the Gateway initiative, primary market lenders — large and small banks and retail or non-bank lenders — will originate and underwrite loans. Gateway will then buy the loans and fund them

on the capital market.

Porteous said the initial Gateway loan product would have an eight-year term with a fixed monthly repayment. The interest rate on loans was likely to be variable initially, although it would be capped and the rate fixed in future. The product would also be used to "gear up" government's housing subsidy. "We will certainly be offering other products as the market develops," he said.

Gateway was linked at the jobs summit to the promotion of low-cost housing projects totalling between 50 000 and 150 000 units, but Porteous said it would not be limited to these projects. Securitisation would succeed only if the Gateway project could generate large loan volumes, and the company gained a suitable credit rating. Suitable partners to kick-start the process were being identified, although several large banks were already on board, he said.

Technical advisory services for the Gateway project are being provided by Fannie Mae, the largest source of home mortgage funds in the US.



# Social plan will intervene with layoffs

(173) CT(MR) 2/11/98

FRANK NXUMALO

LABOUR EDITOR

Johannesburg — Companies contemplating retrenchments in excess of 500 people or 10 per cent of their labour force within any 12-month period — whichever is the greater figure — would have to notify the minister of labour timeously, it was agreed at the presidential jobs summit on Friday.

This is the national social plan approach modelled on the highly successful Gold Summit Accord in February between the National Union of Mineworkers and the Chamber of Mines, which was aimed at alleviating social consequences of large-scale retrenchments in the gold mining industry.

"It is agreed that the social partners accept that the burden of employment decline should not be borne by the affected individuals and regions alone," the summit declared.

"Rather, a social plan approach should be adopted which helps to reintegrate retrenched people into the economy and which helps to revitalise affected local economies."

Participants agreed on a tripartite social plan and productivity advisory council (SPPAC) tasked with prioritising "troubled" sectors or industries for social plan services.

## The Jobs Summit highlights

### Industry sectors

#### Sector summits

- R7,5m Sector Partnership Fund to March 2001
- Buy South Africa Campaign**
- Strengthening Customs and Excise**
- R734,7m for Customs Transformation Programme

#### Trade policy review

- Nedlac trade policy negotiations

#### Small Business promotion

- Access to finance
- R5m a year mentorship scheme
- 28 support centres costing R30m

#### Tourism

- R180m aggressive marketing campaign
- 40 towns to be identified as pilot projects

#### Housing

- R2,56bn for 50 000-150 000 units of low cost housing, 75% rental stock.

### Labour market

#### Social plan to avoid job losses

#### Focus on special groups

- Youth brigades
- Women
- The disabled

### Special Employment Programmes

- Clean and Green Cities Campaign
- Working for Water

### Land Care Campaign

#### Housing

- Consolidated Municipal Infrastructure
- Rural Water Supply and Sanitation
- Welfare Programmes
- Community Public Works Programmes

### Integrated Provincial Projects

#### Greater St. Lucia, KwaZulu Natal

- Creation of 2 100 jobs
- R800m private sector investment
- 5 500 new tourist beds

#### The Wild Coast-Ement

- Tourism developments at Port St Johns and Coffee Bay

- Redevelopment of Dwesa/Cwebé nature reserve

- Commercialise Mkambati Game Reserve

- Forestry projects and agricultural employment

#### The Greater Algoa Bay region

- Automobiles and components into export sector

- Metals processing at Coega

- Extension of Addo Elephant Park

- Small business and farming

### Financing

- Labour's call for one day's output

- Umsobomvu Fund from demutualisation

- Restructuring of state pension fund

- Training levy

- The Land Bank

- Khula Enterprise Finance

- Development Bank of Southern Africa

- Industrial Development Corporation

- Independent Development Trust

It was agreed that to be defined as a troubled sector or industry, "both representative unions and employers should jointly apply to the SPPAC", which would then carry out an in-depth study of the underlying reasons for the threat and recommend solutions.

Upon notification of an

intent to retrench at least 10 per cent of the labour force, the department would set up a retrenchment response team (RRT) "competent in employment services, human resources development and the unemployment insurance fund".

The RRT would determine the type of standard and addi-

tional services to be provided to those retrenched. A job advice centre would be opened on or close to the premises of an affected enterprise.

The government has also allocated R27,5 million to assist with sectoral jobs summits.

□ 47 Sauer Street, Page 2

'ALL DECLARATIONS FINANCIALLY COVERED'

CT 2/11/98

# Bold plan to kick off special job programmes

(173)

**JOHANNESBURG:** The results of the Presidential Job Summit will see almost all sectors of SA society involved in special programmes and initiatives to overcome unemployment. **RYAN CRESSWELL** reports.

**N**EARLY everybody who has some money will be asked to contribute to job creation for the unemployed following the Presidential Job Summit on Friday.

Labour, government, business, non-governmental organisations and even religious organisations have come together and reached consensus, or at least agreed to disagree. Programmes, initiatives and projects have been set out and promises have been made to certain disadvantaged groups.

But from now on one of the most serious issues surrounding the job summit will be a smooth financial flow to allow change to happen.

Organised labour plans to call on all South Africans to participate in a "one day's output for jobs programme" where people will donate a day's wages to the employment cause. The money will be used to help women, youth and rural unemployed and to finance health and literacy education.

Cosatu general secretary Mbhazima Shilowa said March 3 would be set aside for this purpose. He called on workers and especially chief executive officers, "earning very obscene wages", to contribute.

Government has pledged R750 million and business R1,8 billion for an initial 50 000 houses for low income earners to be built over the next few of years. Another 100 000 are planned for the future.

Government has earmarked more than R734m to strengthen Customs and Excise capacity at borders nationally. This will all fall under a Customs Transformation Programme.

Twenty eight new support service centres costing about R30m will be set up within the next few months. Government, donors and the private sector will bear the costs. Many millions more will go into the expansion of the Special Employment Programmes project, already funded to the tune of about R5bn.

Government will carry the brunt of a R270m tourism drive while Khula Enterprise Finance, a wholesale finance institution, will help with several lending schemes.

Khula also plans to develop loans for fairly big investments, and the Department of Land Affairs' Land Reform Credit Facility aims to establish a facility from which financial institutions can borrow for land reform enterprises.

Business proposes a Business Trust which will seek to raise an initial R1bn to finance schooling improvement and tourism promotion programmes.

With money from the demutualisation process, government hopes to establish the Umsobomvu Trust for training and youth employment programmes.

The Land Bank plans to expand its initiatives to include a reward for employers with special training programmes, a sub-

division scheme to make farm land easier to purchase, endowment policies for farm workers and bridging finance for those wanting to buy land for agri-villages.

The Industrial Development Corporation (IDC) has even more schemes to aid job creation. They will facilitate take-overs and acquisitions, a low interest rate empowerment scheme to enhance production, and a fishing harvesting scheme to assist disadvantaged fishermen, among others.

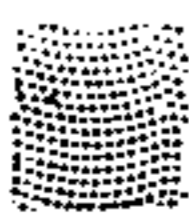
The IDC also plans to support projects like Working for Water, the Clean and Green Living campaign and the establishment of a flax and linen industry.

A Buy SA campaign encouraging local sales and tightening excise and customs will also try to raise employment. Southern African Development Community products will be given some preference in this regard.

A special project aimed at tourism, forestry and agriculture on the Wild Coast will cost well over R100m. Similar projects aimed at the hinterland of Port Elizabeth and the St Lucia area of KwaZulu-Natal will also cost millions.

Labour has asked that a task force look into the reduction of the level of pre-funding of the government employees pensions fund. The post-summit supervisory committee will also look at the establishment of a training levy.

According to Trade and Industry Minister Alec Erwin, all the proposals in the 95-page declaration were covered financially. "We have not put in anything we are not capable of funding within existing resources," he said.



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# Jobs trail behind foreign investment

~~711~~ (173)  
RICH MKHONDO

WASHINGTON CORRESPONDENT

Washington, DC — South Africa had been making significant gains in attracting foreign direct investment (FDI), pulling in more than \$7.17 billion last year alone, but rises in sales and assets were not matched by growth in employment, a survey said last week.

The Investor Responsibility Research Centre (IRRC) said in its survey of multinational business activity in South Africa that the country enjoyed a 14 percent increase in FDI over the 1996 level.

"However, in 1997, the level of foreign firms' re-investing earnings in South Africa, by far the largest component of South Africa's total FDI, fell for the first time since the country's ... elections in 1994," said Peter DeSimone, the IRRC's labour analyst.

"This shortfall was more than compensated in 1997 by a \$2.76 billion surge in new inward investments," he said of the survey of 991 firms based in South Africa, conducted between April and August this year.

"But more than half of that can be attributed to a single megadeal, the \$1.25 billion US-Malaysian bid for the partial privatisation of Telkom.

"Foreign firms, on average, saw their sales rise 8 percent and

their assets 5 percent in 1997."

However, he said: "The increases in overall investment, sales and assets were not matched by growth in employment.

"Most foreign firms shed workers from their ranks last year, and the total number of employees at foreign firms in South Africa increased only slightly more than 1 percent."

Manufacturing firms were among the most over-represented and distribution companies the most under-represented by sector. Respondents from the UK and US were among the most over-represented by nationality, and German firms the most under-represented.

The largest asset growth occurred in the manufacturing, communications and transportation sectors.

The largest shift occurred in the communications and transportation sectors: those firms hold 31 percent of all assets owned by foreign firms in South Africa, compared with 19 percent in 1996.

Assets held by foreign manufacturing firms rose to 55 percent of the aggregate total in 1997 compared with 49 percent in 1996.

Foreign mining firms held only 7 percent of the total assets owned by multinational firms in South Africa, down significantly from 24 percent in 1996. — Independent Foreign Service

# Jobs plan up and running

By Mzwakhe Hlangani  
Labour Reporter

**G**OVERNMENT, business and labour have set aside their differences and committed themselves to creating a multi-billion rand project that will address several issues including joblessness, poverty, housing and social security in South Africa.

The weekend presidential job summit saw social partners, including community and religious constituencies, conclude and sign a 95-page declaration which summed up protracted talks on fighting the current unemployment crisis, at Gallagher Estate, Midrand, last Friday.

## Continue to discuss

The labour-intensive mass housing delivery project - estimated at a cost of about R2,5 billion - is one of the major presidential lead projects. It will provide up to 150 000 housing units and it is hoped will realise its full job creation potential.

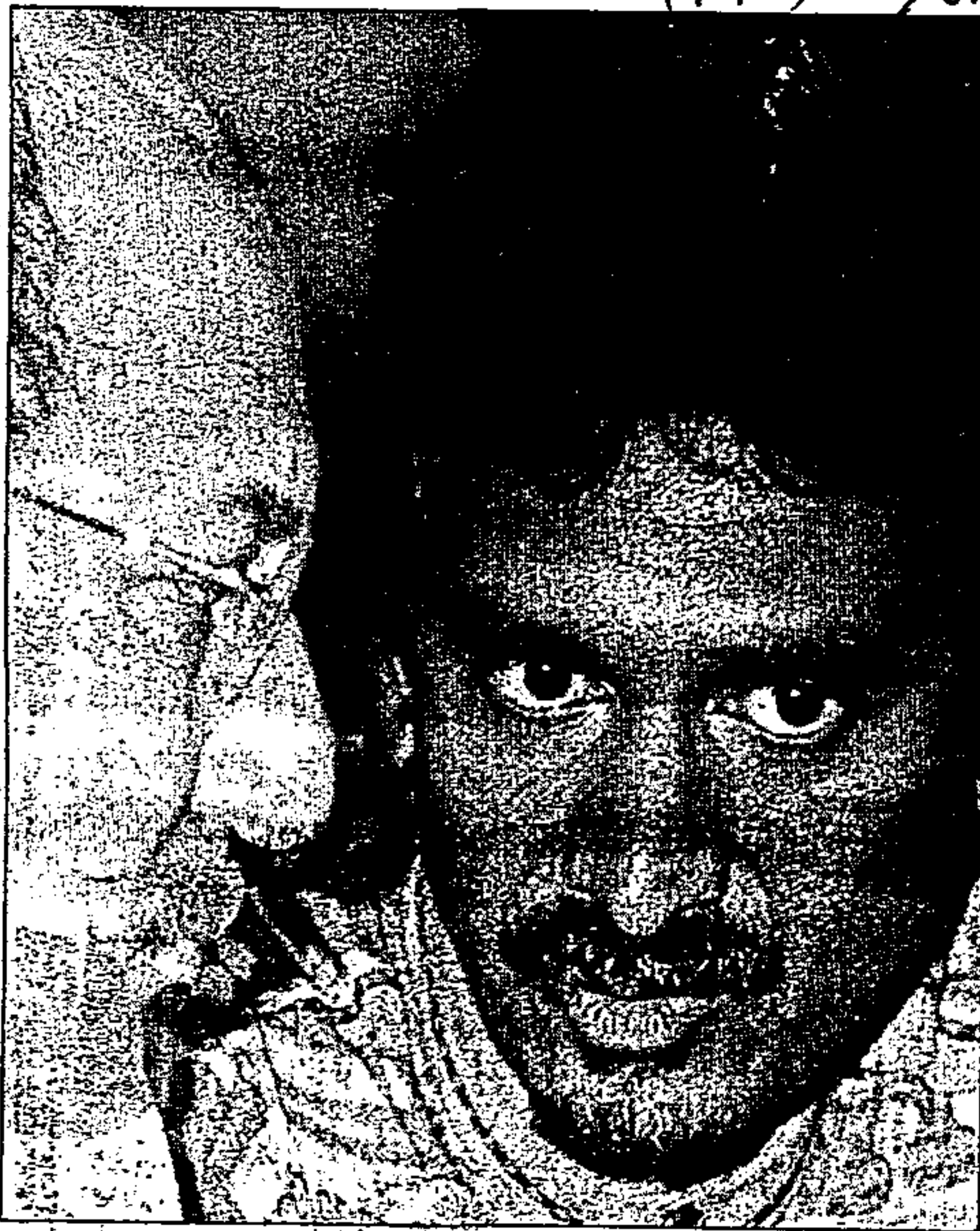
Minister of labour Shepherd Mdladlana admitted there were key areas of discontent about the Government's macro-economic policy and labour's call for a moratorium on retrenchments is something stakeholders will continue to discuss in the aftermath of the summit.

"I am optimistic about the outcome since we know the areas of disagreements and differences.

"We will continue to talk to each other in a bid to resolve differences after the job summit as we implement this programme of action agreed upon here," said Mdladlana.

Minister of Trade and Industry Alec Erwin announced three major integrated lead projects geared towards reviving the most economically depressed areas of St Lucia in KwaZulu Natal, Wild Coast at Emonti and the greater Algoa region in the Eastern Cape.

Of particular significance is the



Ministers Trevor Manuel and Jay Nalduo confer during the Presidential Jobs Summit at Gallagher Estate last Friday. PIC: CLEMENT LEKANYANE

engagement between the Government and Business Initiative on job creation and human resource development around these projects through a network of labour centres.

The summit agreements also relate to areas of industrial policy measures and programmes to directly address unemployment and increased investment, special employment programmes, human resource development in the form of training, education and targeted programmes for youth, women and the disabled.

It was also agreed that in some sectors with the potential to create or shed

jobs, sector strategic processes should be encouraged with a view to avoiding retrenchments while improving productivity.

The Government will also make available R27,5 million financial support in the form of a sector partnership fund to ensure sectoral strategic processes succeed.

## Job creation potential

Another R734,7 million will be released over five years to improve job creation potential at the country's 17 ports of entry.

On community-based public works

programme, Minister of Public Works Jeff Radebe announced a budget allocation of R270 million by his department towards creation of 60 000 jobs.

The programme seeks to empower communities through training skills transfer during a one-year period to help them identify further income generation opportunities.

Other projects decided on at the job summit include a R180 million tourism promotion scheme; a "Buy South Africa Campaign"; youth brigades and land care and water provision.

Congress of South African Trade Unions president Phumzile Gomomo expressed disappointment on behalf of the labour constituency at the inability to reach agreement on job security measures, pointing out that it would be their most urgent priority after the summit.

Business South Africa chairman Keith Wharton-Hood said the country needed a sound macro-economic policy that provided certainty and stability, and increased fixed investment, both local and foreign.

Wharton-Hood maintained that the Government's macro-economic programme was the correct policy for the country, saying the revision of the policy's targeted outcomes may be necessary, but should not be at the expense of its structural requirements.

The main points addressed at the summit included:

- Job creation - Strengthening customs and excise; tariff policy reform; small business promotion.

- Tourism involving a public and private marketing fund of R18 million between 20 to 40 towns as pilot development areas.

- Housing - affordable mass housing using labour-intensive construction methods.

- Youth brigades involving youth in public and community service.

- Integrated provincial projects focusing efforts on areas of high social need like St Lucia, Emonti and Algoa Bay.

# Call to donate for job creation

(173)

Labour movement to ask a day's wages from public to help the unemployed

BY RYAN CRESSWELL

The public will be asked to contribute to job creation in the wake of the Presidential Job Summit on Friday.

Organised labour planned to call on all South Africans to participate in a "one-day output for jobs programme" when the public will be able to donate a day's wages to the cause.

The money will be used to help women, the youth and rural unemployed, and to finance health and literacy education.

Cosatu general-secretary Mbhazima Shilowa said March 3 would be set aside for this purpose. He called on CEOs to contribute, as well as workers.

Government has pledged R750-million and business R1,8-billion for an initial 50 000 houses

for low-income earners, to be built over the next few years. Another 100 000 are planned.

Government has earmarked more than R734-million to strengthen customs and excise capacity at borders.

A set of 28 support-service centres will be set up within the next few months at a cost of R30-million. Government, donors and the private sector will carry the costs.

Many millions more will go into the expansion of the special employment programmes project which is already funded to the tune of about R5-billion.

There will be a R270-million tourism drive with the Government carrying most of the cost. Khula Enterprise Finance, a wholesale finance institution, will help with several lending

schemes and plans to develop loans for fairly big investments.

The Department of Land Affairs' land reform credit facility aims to establish a facility from which banks and other financial institutions can borrow for land reform.

Business proposes a Business Trust which will try to raise an initial R1-billion for improving schooling and promoting tourism.

Government will establish the Umsobomvu Trust with money from the demutualisation process. Money from this trust will finance training and youth employment.

The Land Bank plans to expand its initiatives to include a reward for employers with special training programmes, a sub-division scheme to make

farm land easier to obtain, endowment policies for farm workers, and bridging finance for buyers of land in agri-villages.

The Industrial Development Corporation will facilitate takeovers and acquisitions, a low interest-rate empowerment scheme to enhance production, and a fish harvesting scheme for disadvantaged fishermen.

The IDC plans support projects like Working for Water, and the Clean and Green Living campaign. A Buy SA campaign will try to raise employment levels.

Trade and Industry Minister Alec Erwin said: "We have not put in anything (in the 95-page declaration) we cannot fund within the existing resources."

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**Real power is economic**

# Projects to speed up job creation

*somehan*  
*2/11/98*

By Shadrack Mashalaba

**T**HE weekend's Presidential Job Summit has set in motion a process that could speed up job creation through Spatial Development Initiatives (SDI's).

The projects, which form part of the integrated provincial initiative, include in particular Greater St Lucia in northern KwaZulu-Natal, the Wild Coast-Emonti and Greater Algoa region in the eastern and western parts of Eastern Cape.

Wild Coast SDI project manager Vuyo Mahlathi said the success of these development initiatives requires coordination between departments and tiers of the Government for rapid delivery.

The three integrated provincial initiative projects, said Mahlathi, will serve as a pilot and form part of the development project nominated for Job Summit.

Mahlathi said the areas were selected because despite the potential that exist, a legacy of poverty and neglect was still prevalent.

But the Government has identified

them as areas for economic development approach and creating synergies between various Government departments and stakeholders in the economy.

Mahlathi said capital costs for various projects in the current phase total some R4,5 billion with employment in the construction phase estimated at 12 000.

"To achieve this goal the Government - in partnership with business, labour and the communities - seeks to apply synergies in the delivery of infrastructure and services that will stimulate economic development," she said.

## Broad programme

Unveiling a broad programme aimed at soothing the country's chronic levels of unemployment, Trade and Industry Minister Alec Erwin said South Africa had succeeded in developing a real and substantial collective response to the need to create jobs.

"We have laid bare the fact that we are not utilising the full potential of all the human capital and intellect of our people. The primary objective of economic policy is to create jobs and sustain employment for our people, Erwin

said.

Transnet managing director and also co-chairman of the National Business Initiative on job creation, Saki Macozoma, said about 100 companies had committed themselves to making a contribution to the initiative.

Agreements, commitments and statements of intent signed by labour, business, the Government and community representatives include:

- Agreements on industrial policy measures and programmes to directly address unemployment and increased investment;

- Development of human capital through deliberate programmes directed at youth, women and the disabled;

- Agreements in regard to the operation of labour market;

- The Central Government has set out the Special Employment Programmes that are being implemented and the new programmes that are proposed; and

- Improvement of the customs functions through allocation of R734,7 million for the customs transformation programme.



## NATIONAL

# Deals, disagreements emerge at jobs summit

(173)  
Black and white business were at loggerheads at the summit, writes **Reneé Grawitzky**

130 31/1/98  
THERE are still divisions between black and white business and it would be naive to think these would disappear in the aftermath of last week's presidential jobs summit, said Steve Skosana, the president of the National African Federated Chamber of Commerce (Nafcoc).

Skosana's comments came in the wake of a dispute at the summit between Nafcoc and the mostly white Business SA (BSA) over who should speak on behalf of SA's business community.

The dispute was finally resolved after both parties compromised on the matter, allowing BSA chairman Dorain Whartoon-Hood to speak first.

Skosana said it would be a mistake to assume the summit would lead to the elimination of the differences between the two organisations.

However, he said the Black Business Council was engaged in talks aimed at resolving the differences and there were also initiatives taking place to move towards a single employer organisation.

Meanwhile, the summit emerged with "agreements, declarations and statements of intent" on issues related to trade and industry; labour and special employment programmes which would feed into provincial job-creation projects.

Agreements on trade and industry-related issues focused on the strengthen-

ing of the customs and excise service through a transformation programme which was allocated about R700m over five years.

There was also an undertaking by government to consult with the National Economic Development and Labour Council on a trade programme ahead of the next round of negotiations with the World Trade Organisation. Specific attention would be given to job creation in those sectors affected by tariff reform.

Agreement was also reached on a "buy SA" campaign to encourage demand for SA-made goods and services which achieved standards of "good and responsible manufacturing practice". An aspect of the campaign would be to establish a new label for goods and services produced by companies complying with minimum standards on working conditions and the environment.

There were also agreements related to the labour market and human resource development, including an increased focus on education and training and the promotion of training schemes as proposed in the Skills Development Act.

Business agreed to train 5 000 new apprentices over three years in travel and tourism. The parties also committed themselves to implementing a comprehensive social security system.



Congress of SA Trade Unions secretary-general Mbhazima Shilowa addressed the media on the outcome and agreements reached of the job summit in Johannesburg yesterday. The summit, which included business, labour, government and the community was held last Friday.

Picture: TREVOR SAMSON

## Trust fund to be set up for job creation

Pearl Sebolao

BD 4/11/98

THE Congress of SA Trade Unions (Cosatu) announced yesterday it had set in motion plans for the creation of a trust fund by the employed to finance job creation projects.

Speaking at a briefing in Johannesburg, Cosatu secretary general Mbhazima Shilowa said the federation's legal team was already working on setting up a "transparent and legal mechanism" to oversee the collection of funds after Cosatu's call for workers to give up a day's pay on March 3 next year.

The call was made at the jobs summit last Friday and forms part of Cosatu's commitment to help finance job creation schemes.

Shilowa said Cosatu would ensure that there was transparency and accountability. The fund would also be audited regularly to ensure the money reached its intended target, especially projects agreed to at the summit.

He rejected as "cheap politics" suggestions by the National Party (NP) that workers should not contribute to programmes intended to finance job creation as they were

(173)  
lowly paid. He said NP policies had resulted in poor wages.

Cosatu remained committed to mobilising resources for employment creation and would go through with the fund, especially since most people, including politicians and nonunionised workers, had expressed enthusiasm for the idea.

Shilowa said the summit had been a success on a number of levels, because agreements had gone "well beyond mere statements of intent or principle". They were serious interventions whose implementation would help the unemployed.

(173)

fm 6/1/98

# ONE EYE ON THE ALLIANCE, ONE EYE ON THE ELECTION

Erwin keeps labour on board

**B**usiness, government and labour sealed a fragile truce on macro-economic issues at the presidential jobs summit last Friday. They re-prioritised expenditure and itemised a range of job creation projects.

There were no surprises.

This will enable the ANC-led government to present a plan to the electorate on how it intends to create "jobs for all". Further, the agreements reached at the summit seem to have breathed new life into the tripartite alliance between the ANC, the SA Communist Party and Cosatu — at least until next year's general election. Thereafter, critical issues such as labour market reform and faster privatisation, which were sidestepped, will have to

be tackled head-on — as key figures in government realise.

A 94-page declaration signed by labour, government and business pulls together the programmes that will kickstart job creation.

It is not clear just how many jobs will be created. In some cases the proposals state the jobs are not sustainable. Other projects are already in existence in terms of the Reconstruction & Development Programme (RDP), and some will only start after the election.

Though the alliance partners skilfully avoided any public display of differences over Gear, Cosatu president John Gomomo said the federation's opposition to the policy was unshaken. "The problem we have is the notion of keeping Gear's basic infrastructure in place. We think that in the

face of the acknowledgment of its failure, as well as international crises, we need to move beyond mere adjustments, to real changes that include the structure and framework," said Gomomo.

But Nedlac business convenor Raymond Parsons was impressed by the agreements. "We came out smarter about job creation and we are more focused," Parsons said.

Other business leaders also sounded optimistic — especially about the low-cost mass housing programme.

They took comfort from the fact that the Gear policy is to be retained, but warned that issues such as labour market flexibility and privatisation would have to be confronted after the elections.

The summit accepted a surprising number of labour's proposals including those on project funding mechanisms involving the Industrial Development Corporation; a "social plan" aimed at avoiding job losses; a social security system for the poor and unemployed, focusing on youth brigades, women and the disabled through special employment programmes; and a review of tariff reform in industries where jobs are threatened by trade liberalisation.

Trade & Industry Minister Alec Erwin, the summit convenor, admitted that many of the proposals were similar to the RDP's.

"At the outset of our new democracy the challenges that faced the SA economy were well understood and the enormity of the task of bringing about a socio-economic transformation was not underestimated. The fundamental approach to addressing this challenge was and is the RDP," Erwin said.

Sello Mabotja

# 6 000 jobs from irrigation plan

JOHN YELD  
ENVIRONMENT REPORTER

Initiatives to create 6 000 jobs for farm workers and self-employed farmers, based on new irrigation schemes using water from the Orange River, have been announced by Water Affairs and Forestry Minister Kader Asmal.

He also said his department's community water supply and sanitation programme was back on track after the Cabinet confirmed additional funding of R250-million.

Dr Asmal said the programme's overall target was to provide basic water supply and sanitation for

4,9 million people, and that a "big party" – sponsored by an overseas agency – would be held soon to celebrate reaching the 3 million mark.

He also said his department's Working for Water programme had been awarded R120-million from the Government's poverty relief programme, bringing its total allocation for the year to R258,92-million (the balance is from water users).

"This programme will now be able to employ more than 40 000 people – 23 000 of them full-time – every year in its efforts to rid the country of invading alien plants," he said.

Preliminary findings of a reassessment of the volume of water

in the Orange indicated that up to 4 000ha of new irrigation land could be created along the lower reaches.

"If the high-income, high-quality and labour-intensive crops suited to the area are produced, these developments could create at least 3 000 direct job opportunities, for farm workers as well as self-employed farmers."

Similar opportunities – which would create 3 000 jobs – existed in the Great Fish and Sundays River basins in the Eastern Cape, based on water piped from the Orange River. Nearly all the land earmarked for the development was already owned by the Government.

ART 6/11/98

(173)

# Fish River development creates 500 jobs in EC

**T**HE Fish River spatial development initiative (SDI) has inspired nine new commercial operations which have created 500 new jobs in the job-starved Eastern Cape.

This was said this week by SDI manager Stephen Keet who added that the gains had been made despite many negative economic influences since last year.

He said the new firms had invested R156 million in the province.

He said six of the new concerns were in operation and three were under construction.

Keet said a further 800 jobs would be created by the SDI in the next two years.

Of six operating concerns, three were in agriculture and three were in the clothing and textile sector.

A pineapple farm was operating near Peddie, a farm was in production near Alexandria, and a fynbos flower harvesting operation at Tsitsikamma.

The operating clothing and textile firms were the Hitex factory in Fort Jackson near East London, the Barcor factory near Cradock and a Suntex expansion in Butterworth.

The businesses under construction were an abalone farm at Qolora, a clothing factory in Port Elizabeth, and a hotel development in East London.

He said impetus has been added to the SDI when the iBhayi-Algoa and iMonti-Wild Coast regions were identified at last week's Job Summit as "provincial lead projects".

He said one of the SDI programmes, the Port Elizabeth-based regional automotive cluster, would make the area's vital automotive sector better able to compete internationally.

He said this cluster initiative had identified three major areas for intervention.

These were the introduction of strategic investments in infrastructure and raw material manufacturing, human resource development and domestic and international logistics.

Keet said the cluster enabled automotive assemblers and component suppliers, provincial and national government and labour to work together on issues where collaboration would reap benefits for the entire sector.

The cluster process is funded by the business and government in terms of a Sector Partnership Fund run by the Department of Trade and Industry (DTI).

Keet said where more than five companies got together in sector clusters to improve competitiveness, the DTI encouraged them by making

funds available.

Businesses first spend the money and then claim it back according to specific objectives.

The funding limit is R1,5 million per sector cluster.

Keet said the automotive cluster fell within the greater Fish River SDI plan.

He said that although attracting new investments was the main focus of the SDI, the revitalisation and globalisation of existing trade sectors was regarded as essential.

He said recent export contracts and significant investments announced by Volkswagen, Delta and Samcor all added to the attractiveness of the region to investors.

Two industrial development zones (IDZs) based on specialised infrastructure had been identified for the region at East London and Coega.

He said government was "working hard" to accommodate Billiton's R2,7 billion zinc refinery at Coega and other "major investments" were expected to flow from counter-trade defence agreements. Keet said two tourism projects had also reached an advanced stage.

Prospectus documents for the Big Wildlife Great Fish River Reserve and the fly fishing-nature trail Pirie Forest projects would be finalised in November to be handed to investors.

A senior nature conservator at the Great Fish River Complex said the reserve was being marketed as the Big Wildlife Great Fish River Reserve, but the name had not yet changed.

Keet said when the SDI had kicked off a year ago there had been 130 projects identified. Projects are packaged and marketed by the Centre for Investment and Marketing of the Eastern Cape (Cimec).  
- ECN Weekend Service

(173) CP 8/11/98

Chow 9/11/98

# Jobs and funding in pipeline (173)

BY MELANIE-ANN FERIS  
Environment Reporter

Thousands of jobs for the unemployed - including women, the youth and the disabled - are in the pipeline as additional funding for water, sanitation and irrigation projects allows money to be channelled into poverty relief efforts around the country.

Minister of Water Affairs and Forestry, Kader Asmal, announced there would be additional funding for his Community Water Supply and Sanitation (CWSS) Programme and the Working for Water Programme.

He also announced additional allocations for new water and irrigation developments in the Northern and Eastern Cape.

According to Asmal, he had been allocated an additional R250-million for infrastructure development and poverty relief as well as an additional R258,92-million for the Working for Water Programme.

Latest statistics show that the Working for Water Programme, aimed at eradicating invasive alien plants, employed more than 42 000 people in the 1997/98 financial year alone.

Asmal said: "The (Working for Water) programme will now be able to employ more than 40 000 people every year in its efforts to rid the country of invading alien plants.

"When we talk about jobs through the programme, we focus on the poorest of the poor. We aim to employ 60% women, 25% youth between the ages of 18 to 25 years and 1% disabled people."

Asmal said attention would be paid to job creation through the department's projects.

# Water scheme may create jobs

173  
Sowetan 13/11/98  
By Isaac Moledi

At least 3 000 direct job opportunities could be created for farmworkers and self-employed farmers if new irrigation could be developed along the lower Orange River in the Northern Cape, Water Affairs and Forestry Minister Professor Kader Asmal said.

Asmal was addressing the 1998 Shell Livewire national programme for creating and nurturing young entrepreneurs in Johannesburg on Wednesday.

As a culmination of a year-long Shell national effort to instil business skills among unemployed and budding entrepreneurs, Cape Town entrepreneur Mervyn Flowers scooped the R15 000 first prize for his company which distributes and markets water-proofing products in South Africa.

This is in addition to R3 000 for winning the provincial medal announced earlier this year.

Flowers, who was retrenched from his job he held for 11 years, has recently won a R227 000 contract in Namibia.

Asmal, whose ministry had reviewed the most beneficial use of available water in the lower Orange River, said preliminary funding of the area indicated that up to 4 000 hectares of new irrigation could be developed.

If high-income crops suited for the area are produced, these developments could create at least 3 000 direct job opportunities for farmworkers as well as self-employed farmers.

He said further irrigation using Orange River water could lead to agricultural production being significantly increased, resulting into a further

10 000 jobs.

The Department of Trade and Industry has indicated it would be



Elated Mervyn Flowers, the 1998 Shell Livewire best entrepreneur.

PIG: CLEMENT LEKANYANE.

willing to support a special economic zone along the lower Orange River to facilitate the process.

"The national Department of Agriculture has also expressed a keen interest in supporting a high-value agro-industrial initiative in the area."

Asmal said the government's commitment was based on job creation and human resource development because the Washington-based investor responsibility research centre survey had indicated that foreign investment was not translating into new employment in South Africa.

"The fact is that foreign companies sales rose by eight percent last year, and the value of their assets by five percent, but their contribution to job creation grew by only one percent," Asmal said.

"What is abundantly clear is that South Africa cannot only rely on foreign investment to create jobs, but we as citizens must play a much larger role," he added.

**B**Y THE end of the year, many days lost to strike action will probably hit the 3-million mark, the highest incidence of industrial action since the early '90s, and in stark contrast to last year's record lows.

Strikes that hit the headlines included those in the transport, security, chemicals, motor and auto sectors. But there were also significant actions in the footwear, textiles and furniture industries, and at a number of dairies, retail chains and universities.

What caused the upsurge? Not politics, as some have surmised, although the strikes probably reflect some disaffection and pressure on unions to deliver.

Without exception, the major strikes were about wages and little else. Workers wanted more and, at least at the time of bargaining, inflation was falling faster than expected. And employers facing global and competitive pressures had little room to move and were determined to resist double-digit increases. Final settlement levels were generally modest, averaging just over 8%. Few fell outside the 6% to 10% range.

The strikes were almost all procedural, but many were marred by high levels of conflict. Employers generally took a hard line and used replacement labour to continue production. Strikers in some sectors resorted to violence. There were attacks on scab labourers and vehicles crossing picket lines.

An estimated 11 people lost their lives and a number of companies saw plant and facilities destroyed. The government continued to put the reform of labour legislation high on its agenda. This year saw the completion of the first phase.

The Basic Conditions of Employment Act was passed by Parliament and comes into effect later this year. It brings improved minimums for workers, including a 45-hour week, three weeks' annual leave and more generous maternity and overtime provisions. It also provides for greater flexibility in the arrangement of working time.

Significantly it allows the minister to lay down minimum wages rates for vulnerable workers, although it is not clear at what level these are likely to be set.

The Employment Equity Act became law last month. It outlaws unfair workplace discrimination and requires companies employing more than 50 people to develop equity plans. These larger companies are obliged to analyse their existing race and gender profiles, identify obstacles to the advancement of disadvantaged groups, and set goals. The new law does not require companies to meet government-determined quotas. Percep-

# Stormy on the wage front but a drought of new jobs

Labour-market policies will have to be assessed continually if SA wants to generate sufficient jobs, writes JEREMY BASKIN

ions that by the year 2002 the law requires that companies must have 50% women and 75% blacks at all levels are simply incorrect. But the law does demand that companies set their own goals and make meaningful progress towards a diverse and representative workforce.

The skills development legislation is also working its way into law and will bring a new approach to training, improving the quality and portability of certified skills and increasing the resources devoted to training. A 1% levy on the wage bill can be expected.

Labour legislation comes in for repeated criticism from business and in the media. Calls for less regulation and more flexibility are widespread. This has prompted some re-assessment, including impending amendments to the Labour Relations Act. Special dispensations for smaller businesses are under review both within the Department of Labour and as part of the Department of Trade and Industry's overall small-business regulatory review.

If the recent Job Summit achieved one thing it was to highlight the central importance of job creation. For decades our economy has been singularly unsuccessful in reducing unemployment. Officially we have an unemployment rate of nearly 23%, which rises to almost 38% if we include those who have given up actively searching for work. No society can sustain these levels and

hope to remain stable forever. And the problem is especially severe among the youth, women and the rural population.

In simple terms, we must create 350 000 new jobs a year just to absorb new entrants into the labour market, and more if we want to eat into the unemployment backlog. In practice we are not doing this and the backlog is growing. Core sectors of the formal economy, especially mining and manufacturing, continue to shed jobs — 100 000 in these two sectors in the last year alone.

There are no quick fixes but clearly three elements require attention. The first is growth and investment. Sluggish growth simply won't do the trick, whatever other policies are in place.

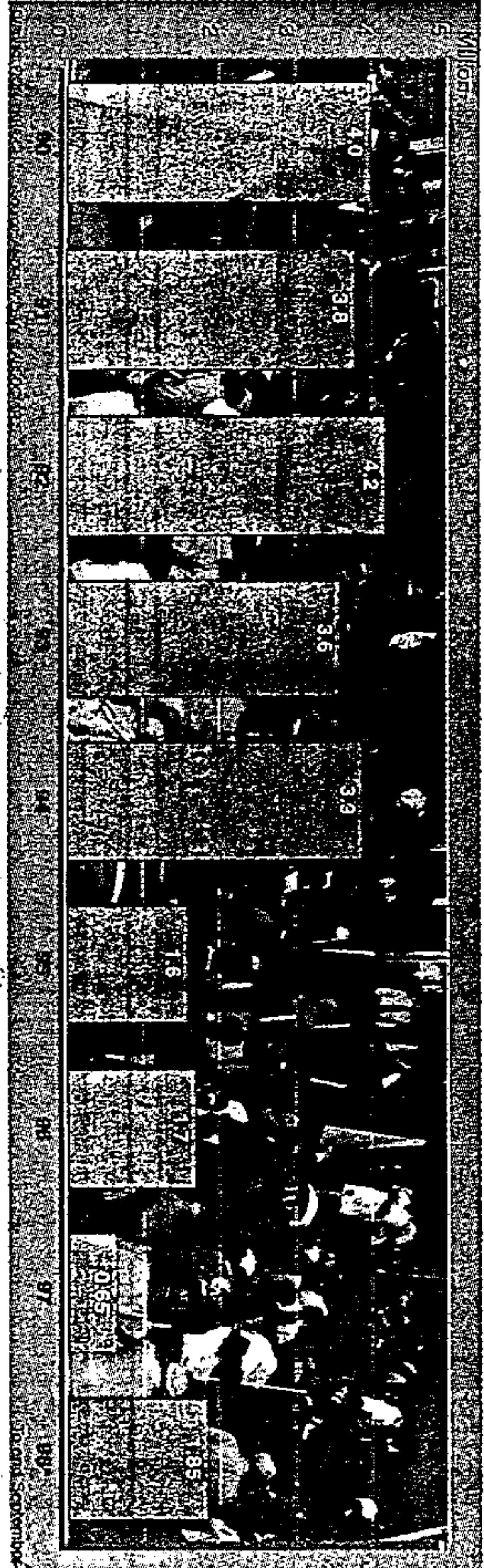
The second is education and training, generating the skills our economy needs and ensuring a literate workforce committed to lifelong learning. And finally, labour-market policies need to be assessed continually. They affect how many people are employed, how many jobs are created for every R1-million invested.

We are living in a job drought. Only if we get these three elements right can we hope it will "rain jobs". To break the drought we will need to get our policies right and apply them well. A little luck would also come in handy. Rahmanking, after all, is as much an art as a science. **Jeremy Baskin is a public policy analyst**



INDUSTRIAL ACTION ... an estimated 3-million man days will probably be lost to strikes this year, the most since the early '90s

## MAN DAYS LOST TO STRIKE ACTION



© CAPS, SCOTT/REX



# Ailing economy affects response to job initiative

Reneé Grawitzky

(173)

THE prevailing economic conditions in the country have affected the level of response by business to a job creation and education project costing in the region of R1bn.

The project was unveiled by a group of leading businessmen in August and formed part of business's contribution to the presidential jobs summit process.

South African Foundation head Nell van Heerden said yesterday that under the circumstances, the response by business had been good and it was anticipated that once the business trust had been established, the process would gain momentum.

The process leading to the formation of the business trust—which will finance a range of targeted projects linked to tourism and education—was on track, he said.

In terms of the original plan, listed and nonlisted companies had until November 30 in which to indicate their support of otherwise.

However, with two weeks to go until the cut-off date, Van Heerden said a number of large corporations had requested additional time.

This was to accommodate those companies in the middle of restructuring

exercises or those still awaiting board decisions.

Van Heerden said the trust would be established according to plan and would allow companies to "come on board after November 30".

To date, more than 100 companies had indicated their support. Van Heerden said "it seems we could come very close to the R1bn mark" from the contributions alone from the large number of SA Foundation members who have endorsed the project.

It is understood that 43 out of 60 foundation members have shown their support.

This initiative — intended to boost jobs in tourism and assist in improving the education system — is the product of protracted talks between a group of black and white businessmen and government.

Listed companies have been asked to contribute 0,15% of their total market capitalisation as at November 30, while nonlisted companies will be required to contribute 2% of after-tax earnings.

To take effect, account the recent volatility in the financial markets, companies may also make cash payments at a rate of 0,03% of total market capitalisation every year for five years. The trust — yet to be set up — will be controlled by business but will include 12 business trustees and eight from government.

18/11/98

# New body will advise govt

John Djudju

THE World Economic Forum was to set up a committee made up of a handful of international business leaders to advise the SA government, said a senior executive of the Swiss-based organisation.

Frédéric Sicre, a director and member of the forum's executive board, said the committee of about 15 CEOs of the forum's 1 000 multinational companies would advise Deputy President Thabo Mbeki on the requirements for the creation of a suitable business climate.

Trade and Industry Minister Alec Erwin might be asked to take part in meetings with the group, to be set up within the next eight months.

Apart from occasional meetings, at least twice a year, government would take part in discussions with the forum's members via a virtual conference link-up.

SA was one of eight countries selected for this idea and a business development meeting would be held at next year's annual World Economic Forum summit in Switzerland.

Although government was keen on the forum's idea of an international advisory committee, Pretoria was understood to be concerned about the fragmentation of business in SA.

However, the forum would "leapfrog the internal divisions" in the SA business community.

In the forum's competitiveness report for African countries, SA's poor confidence levels placed it at the bottom. Sicre said this poor showing reflected the representivity of the companies surveyed. The survey focused on large companies.

The forum would hold its regional summit next June under the theme of "responsible leadership for action and growth". A new SA government would be presented at this occasion.

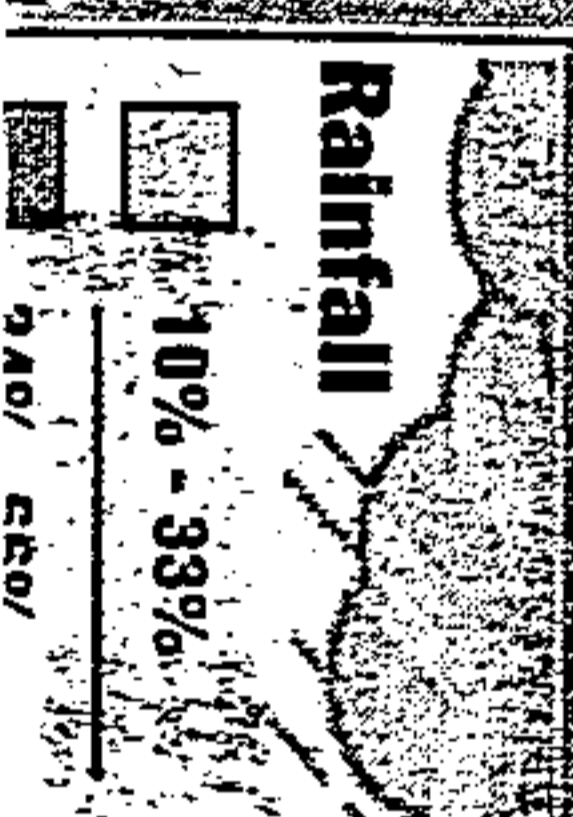
The summit would also seek to enable business to understand government's constraints and opportunities to understand the prerequisites for business.

Sicre criticised the Southern African Development Community (SADC), saying the it was not speaking to the world as a region.

The SADC was a talking shop with no action, he said, as he called for a change in leadership. "Either the SADC really exists or the whole region will fail."

He also fired a broadside at the secretariat, the SADC's bureaucracy in Botswana, for failing to integrate business in its decision-making structures. "It is hard to believe how little countries in (the) SADC know of each other. Of course politicians meet regularly, but within the business world textile manufacturers in Tanzania have no clue as to their potential partners in Zimbabwe."

18/11/98



**Rainfall**  
10% - 33%

**TODAY'S WEATHER**

Pietersburg 14/25	Messina 17/29
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Matikeng  
Naisriville

# IBM will create IT jobs for 5 000

(173) BD 26/11/98  
An empowerment initiative will teach them skills

Reports by  
Lesley Stones

IBM SA has launched a black empowerment initiative aimed at creating information technology careers for more than 5 000 people.

The Marang Voyage 5 000 programme will recruit high-calibre entrants from previously disadvantaged backgrounds and teach them skills which will virtually guarantee them a challenging and rewarding career, said IBM SA business development executive Chris Mamabolo. The courses have been adapted from material used worldwide by IBM and other educational institutions.

A desktop computing option covers the use of office automation suites, databases, the Internet, intranets and business applications. An application development curriculum will teach programming, application development, systems design and systems analysis.

The graduates will be equipped to find jobs with many of IBM's customers or to launch entrepreneurial initiatives of their own, said MD Dennis Hearon. "We regard Marang Voyage 5 000 as IBM's premier job creation programme. The alumni will be able to contribute enormously over the coming years to the development of the country's economy through the injection of new potential specialists, entrepreneurs and taxpayers into the formal system."

Ironically, the huge shortage of skilled IT workers coincided with SA having a glut of unemployable people from disadvantaged backgrounds, said Mamabolo. "These people have little or no education or (one) inappropriate for working in an information-driven economy."

IBM had carried out many initiatives over the years to build technology skills. "IBM has come to accept that a large proportion of the IT sector has been and will



Elliot Mokoena, 21, one of the students on IBM's pilot Marang empowerment training course

continue to be trained and developed by IBM," said Mamabolo. The programme will run for five years beginning in January, and follows a pilot training project for 94 students this year. Project manager Wandile Zulu said the pioneer students were among the most dedicated teams he has worked with.

They have also demonstrated a natural flair for exploring entrepreneurial opportunities, he said. "Some are exploring the possibility of forming a black economic empowerment company focused on personnel placement in the IT industry."

"They are looking to establish a business that will work with the IBM Marang Voyage 5 000 programme and other IT training institutions to place graduates in the job market. It's a concept of enormous potential that will help us fulfil the vision of the programme," said Zulu.

# Branding of gold could create jobs

By Shadrack Mashalaba

SOUTH Africa has a huge potential to develop its gold industry through the branding of the product.

This, says international marketing guru Sarah Da Vanzo, will create opportunities for the country in jobs and tourism.

The well-travelled Da Vanzo, currently employed by Consolidated Bullion as managing director, believes that despite years of isolation the South African gold industry still has an opportunity to brand the product.

She says there is a need to go beyond "just" the sale of the product.

"The product should, for instance, be hallmarked (stamped) to give it a South African flavour and attachment."

The American citizen says the branding of gold will go a long way to boost, among other things, the tourism industry, which she says will help visitors leaving the country to have something they can associate with the country.

Da Vanzo says she is busy developing a branding concept that she hopes the gold industry in South Africa will buy into.

Further details of her strategy will be released in the near future.

What is worrying, however, laments Da Vanzo, is the fact that the

industry seems to be drifting away towards fragmentation not only locally but globally.

"The goal should be for the industry to work together towards a common goal to the benefit, not only of South Africa, but the African continent as a whole," she says.

"Currently, believe it or not, most tourists think South Africa is about diamonds and not gold.

"What an opportunity if this culture can be cultivated."

## Adding value to industry

Consolidated Bullion is an independent, specialised gold marketing company, focusing on adding value to the South African gold industry.

The division, one of its kind in the industry, was formed after the recent merger of Consolidated African Mine group and JCI.

The head of the division, Da Vanzo will be responsible for the creation of a sustainable demand for gold, generate additional revenue, increase premiums and maintain and create jobs. Added to that is the provision of support to jewellery manufacturers.

Her particular specialty is marketing and branding commodities and ingredients.

She has been involved in the marketing field for more than 12 years in

12 countries including Asia.

Amid the African renaissance beat, Da Vanzo says: "I intend to develop a concept to protect the local industry and do that by capturing it in a strong African flair and culture."

She warns that gold as a product used in jewellery is facing a threat from platinum which, she says, is taking the Far East by storm.

"If we do not implement an aggressive branding strategy soon, jobs and the industry as a whole are facing a threat of collapse."

Da Vanzo says one of the obstacles she has to deal with is also the pervasive conservatism that is still persistent in the industry.

"There is this perception that because we have been involved in the industry for years, even during the days of isolation, we will continue to survive for years to come."

South Africa, through the Rand Refinery, she says, is fortunate in that the organisation acts as some form of a central selling point and this puts it in a position to market itself better.

She advises the industry to change by looking at production of gold as a theme.

Da Vanzo has been in South Africa for the past two years. She served as a director of Randgold for two years before joining Consolidated Bullion.

Sowetan 11/03/1988

(173)

# Job creation, education, are causes for concern

## The rate of socio-economic delivery

to the South

## African population

has improved in the

last year. There are

only two areas

where delivery is

seriously lagging

behind: job creation

and education,

according to a

survey on delivery

done by investment

bank BOE

Securities.

A SURVEY by investment bank BOE Securities has found that housing delivery has increased significantly, electricity and water provision maintained last year's good record, primary health care is reaching more and more people, the delivery of telecommunications has improved dramatically and postal services have expanded by 72 percent over the last four years.

On housing the survey forecasts that 850 000 houses will be built by the end of 1999, benefiting an estimated 4,25 million people.

The number of houses built in the last year nearly doubled. By August 1997, 330 000 houses had been built. By August this year 600 000 houses had been built or were in the process of construction and more than 800 000 housing subsidies had been approved.

The current level of housing delivery is about 1 000 houses a day, resulting in a delivery of about 200 000 houses a year.

Regarding electricity supply, more than 80 percent of all urban houses and about one third of rural houses have been supplied with electricity. The survey forecasts that 2,25 million connections will have been made by 1999 and that 11,25 million people will reap the benefits, such as an improvement in the quality of life, the stimulation of small business activity, fewer over-populated areas, as well as more time and better conditions for students to study. (See table)

The survey forecasts that by 2001 about nine million people will benefit from water supply projects.

The standard the government is working towards is to provide 25 litres of drinking water to every person each day within 200 m of the individual's home and one ventilated pit-latrine per household.

In the field of health care the survey found that 350 primary healthcare clinics had been built by October 1997. Another 111 clinics as well as 106 new mobile clinics became operational in March.

The Department of Health's standard - one clinic for every 10 000 people - has been achieved in three provinces (Eastern Cape, North West and Free

State). In the remaining provinces the ratio varies between 13 000 and 16 000 people per clinic. In Kwa-Zulu-Natal, the ratio is 39 500 people per clinic.

"The department clearly has a long way to go in reaching its benchmark," according to the survey. The survey says the biggest criticism against the

New electricity connections per annum				
1991	1994	1995	1996	1997
82 000	435 756	478 767	453 995	424 000
	+431%	+9,9%	-5,2%	-6,6%

### Telecommunications

1994/95	1995/96	1996/97	1997/98
Lines installed 181 504	150 345	256 459	386 426
% change	+17,2	+70,6	+50,7
BOE forecast of new installations for 1997/98 (made in Oct/97)			340 000

HERE ARE THE FIGURES... Telecommunications and electricity provision are looking good.

government's programme for land redistribution is that it does not redistribute land that belongs to the state itself. The state is by far the biggest land owner in the country.

In the field of telecommunications the survey found that Telkom installed 386 426 telephone lines in 1997/98. (See table).

Telkom is not only delivering new telephone lines, it is also upgrading the telecommunications infrastructure. In 1997/98 Telkom replaced 228 353 analogue lines with digital ones and has set a target to replace all analogue lines by the end of 1999 - two years ahead of deadline.

The Post Office has increased postal services to the extent that it now serves 6,7 million addresses: an increase of 72 percent since 1994. Postal theft and other irregularities have come down. During 1997, 276 employees were dismissed for irregular-

ities.

The Post Office has introduced a performance measurement system using outside observers and auditors. The performance rating in 1998 was 90 percent.

The Post Office still runs at a loss but only needed R507 million from government in 1997/98 to break even - 36 percent down on R800 million in 1991. Government has given four years to break even.

Little progress has been made in the last year in job creation. Unemployment ranges from between 24 percent (narrow definition) and 34 percent (wider definition) of the economically active population. About 500 000 jobs have been lost between 1994 and 1997.

If present trends continue, 560 000 new jobs a year are needed, a growth of 4,1 percent in the labour market. In reality, the growth rate is minus 1,6 percent per year, leaving an annual deficit of 780 000 jobs.

"Unemployment reaches beyond the labour market and has changed the landscape in many countries. It is increasingly exerting the same pressures in South Africa. It could be the single most important force to shape the SA political environment in the next decade."

Education, the survey says, remains a major problem for the man in the street.

"It is ranked with crime and unemployment as the major causes of concern of most voters, specifically ANC supporters."

According to the survey, nine percent fewer candidates passed matric in 1997 than in 1994. The percentage of candidates who gained entrance to university dropped by 22 percent from 1994 to 1997.

"The overriding problem is not resources but management and productivity."

South Africa spends about seven percent of GDP on education, against five percent in most comparable countries, but it spends 93 percent of the budget on salaries against an international benchmark of 80 percent.

This means not enough money is available for books, teaching aids, classrooms, electricity and water supply.

of ~~State~~ 6/12/98 (173)

# 80 young people gain handy work experience

## *39 firms create internships for jobless*

JOYFUL MLAMLI MANELI  
STAFF REPORTER

(173)

ARGT 10/12/98

Eighty jobless young people have been given a fresh start through the Starfish 2000 internship programme, the second phase of which begins in the new year.

So far 39 companies have joined the programme in providing workplace experience for young people to prepare them for the job market.

Starfish 2000 provides internships of between three and six months to unemployed young people between the ages of 18 and 30.

They are monitored throughout the process.

The Cape Argus-sponsored project - supported by the business sector, non-government organisations and the Government - is run by the Careers Research and Information Centre in Athlone (Cric).

Beatrice Koopman of Cric said:

"Our programme is growing and the idea of helping people to find jobs through experience in the workplace is gaining ground.

"We do not say the Starfish 2000 project is the solution to unemployment, but we are certain we can make a difference to individuals."

The project's goal is to provide at least 2 000 internships. Eventually it is hoped to make the project a national one.

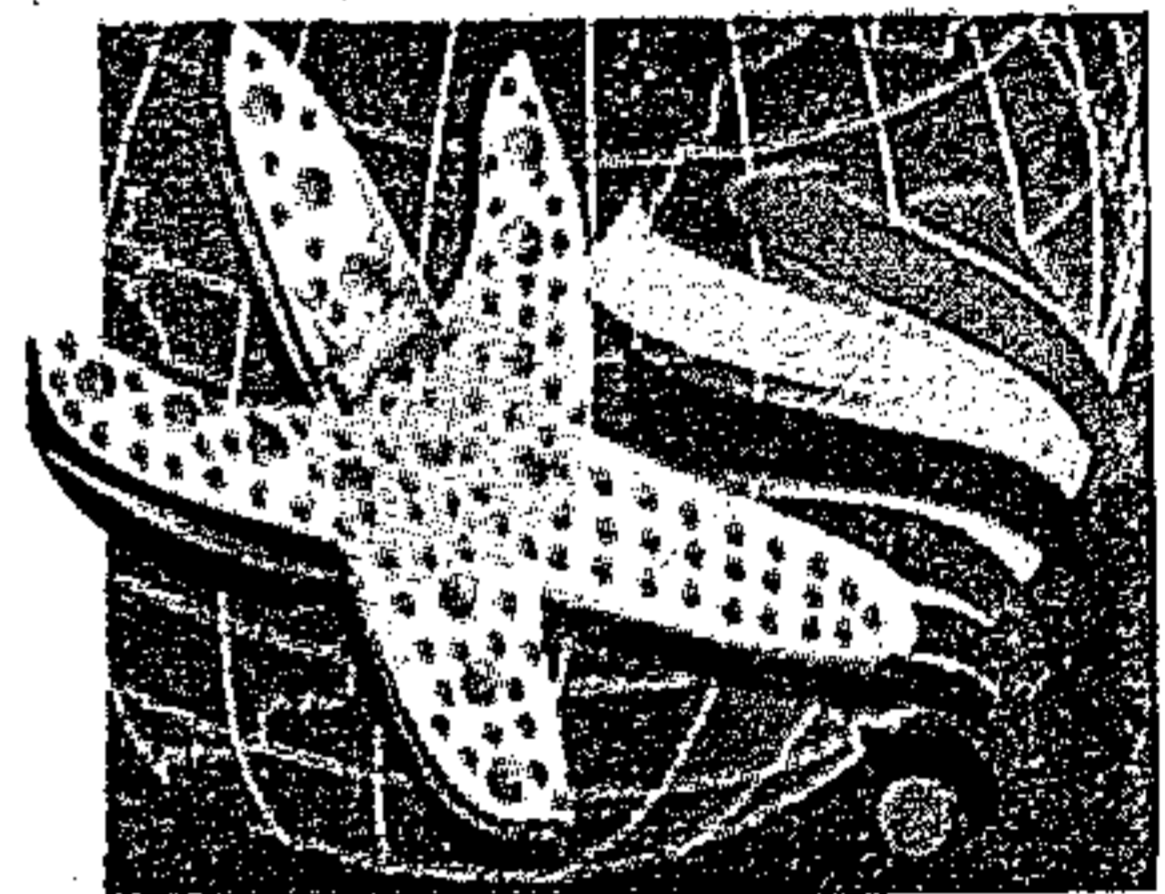
Cape Argus, Good Hope FM and community centres are helping to market the project.

The first interns were placed on September 14. The next phase starts in February.

Interns are visited at their host companies twice in a three-month period and three times in a six-month period.

Interns are given a stipend of about R500 a month to cover their transport and meal costs.

starfish



2000



# Creative job creation

**T**HE ARTS and culture industry in South Africa is being redirected towards making the sector contribute more to job creation.

This week a strategic plan – which will enable the crafts, film, television, music and the publishing industries to become more commercial – was made public by the Ministry of Arts, Culture, Science and Technology.

According to Deputy Minister Brigitte Mabandla, growing global trends show that the arts will be among the main creators of jobs and wealth in the early part of the next century.

The most significant part of the new strategy, she says, is that the economic impact of the industry is being focussed on.

But she reassures: "We will be organising the arts and culture industry properly without losing aesthetic values."

The reorientation is happening while there are already concerns about globalisation and its impact on national culture, a factor people here are well aware of, she says.

"There are fears that countries are losing their uniqueness, that cultures are under threat.

"But there is also the opportunity to use the arts and culture of a society for broader purposes ... the fears about globalisation are well known and therefore will not be ignored.

"We do not want our uniqueness to get lost in the global scheme of things. At the same time, we are also saying that we can use what's special about us to promote South Africa further."

Mabandla says that debate about more local content on radio stations and a move towards local productions shows that already there's a "need to promote and enjoy our own productions".

At least three international conferences in the past year have examined the relationship between culture, heritage and development, she says.

According to the last census, the craft and related trades sector employs 1,2 million people. The local music industry is worth more than R900 million and employs more than 12 000, while there is work for more than 20 000 in the film sector, which is worth R1,3 billion.

The publishing industry employs over 20 000 and is worth an estimated R4 billion.

There is the potential to make these industries expand further and through the trickle-down effect absorb more people in gainful employment.

The policy has been worked on for more than a year and all interested parties had their say. Public hearings were also held in the different provinces to ensure broad consultation.

While the focus is on the arts and culture industries, allied sectors like science and technology will play a vital part, she says. An

The Government has identified the arts and entertainment industry as the next growth point for employment and investment, writes **Sharon Chetty**

*Sowetan 11/12/98*



Deputy Minister Brigitte Mabandla says that arts and culture can make a big difference to the economy.

example would be the development of materials for the crafts industry.

Now that the study has been launched, there will be a parallel process of ensuring the industries carry out some of the recommendations and Government is expected to play a supportive role.

"This will be an ongoing process ... in a few years we'll be able to review and modify our plans."

The industries have been evaluated and their strengths outweigh their weaknesses, she says.

Already existing infrastructure is definitely an advantage. There is also "substantial natural talent" in this country that just needs to be nurtured and supported, she says.

Another plus factor is that the international drive towards harnessing the cultural industry for development has just started, which means that South Africa can use this to its advantage.

On the downside, South Africa would have to improve on its productions to be able to com-

pete globally.

The Government also needs to do more to ensure an environment conducive to creativity. Certain impediments, like the fact that there is no legal framework for the protection of musicians as creators, need to be removed, says Mabandla.

Training facilities will also be looked at and among the plans is a state-sponsored film school that will provide international standard tuition.

"Government has to create the environment that lets talent grow. We will have to put in the seed money in projects and let them develop into something more."

However, there will have to be "a concerted effort" in several areas of Government and the private sector in order for the plan to work, she admits.

As a start the education curriculum will have to be more sensitive towards the

arts and culture, and nurture young talent. The tourism industry would "naturally" have to work more closely with the different sectors as it would provide the international exposure.

"Like there are design schools for people to learn certain skills, we will have to have the facilities that will encourage the development of other creative talents."

Mabandla uses an example from nature to emphasise her point. "In agriculture there is no endless supply of water, but we need it to survive. The technicians have to dig deep and look far to find the water.

"Similarly, there is a lot of natural talent that is vital for our nation. We have to be able to use that as best we can," she says.

Arts and culture has always been the "stepson and stepdaughter" of the Government and is seldom seen as very important, she says.

Finally, "people are waking up to the fact that it is a vital area and far more important to the economy".

# Labour changing gear

(173)

IT CERTAINLY has been an eventful year for new Labour Minister Membathisi Mpunzi Mdladlana, with a marked upsurge in industrial action dogged by damage, incalculable loss of production and high levels of retrenchment.

This meant the prolific teacher-cum-politician had to be perceptive about labour market policies and, informed by a clear statement from the Government on labour policy, come up with unique answers on how to achieve economic growth targets, promote productivity and improve labour-employer relations as a matter of urgency.

And, six months into his reign over the troubled department, he had to change perceptions that "the department has no vision, is associated with strikes and problems around joblessness ... and that he himself was "a caretaker minister with no vision".

The minister is quick to dispel these "fallacious notions" by his announcement of a programme of action for the new year which includes launching a campaign aimed at promoting productivity. This will be based on his document, to be released soon, on labour market policy and productivity.

"South Africa needs labour market policies that encourage skills training, acceptable employment standards and equity. Workers rights should be respected to ensure sound relations in the work place," Mdladlana says, adding that his department is committed to economic growth, encouraging foreign investments and job creation.

Also high on the list of the minister's programme are the daunting tasks of ensuring job summit decisions are implemented and addressing massive retrenchments.

"The role I am playing is one of ensuring the profile of the department of labour is seen to be consistent with the aims of the country's economic growth programme and is linked to what the departments of finance, trade and industry are doing," says Mdladlana.

He says the department was pushed into formulating a number of laws including the Employment Equity Act and the Skills Development Act to tackle the contentious issues of the labour market and those revolving around poverty, a lack of skills, inadequate protection of domestic and farm workers, race and gender discrimination.

Mdladlana is committed to implementing the five-year programme initiated by his predecessor, now Reserve Bank Governor in waiting Tito Mboweni.

Other pressing matters include the rampant discrimination against people with HIV and Aids and sexual orientation issues. These are highlighted by the Constitution and need to be

Strained labour issues are the headache of new Labour Minister Mpunzi Mdladlana. Labour reporter

**Mzwakhe Hlangani** spoke to the man in the hot seat.

*Bowenian 28/12/98*



**Labour Minister Membathisi Mdladlana's programme of action for next year includes a campaign aimed at promoting productivity.**

addressed according to the minister.

Mdladlana also announced a National Skills Fund to be launched in the new year to help companies to institute training programmes for their workers and to ensure high productivity levels.

On the department's medium and long-term agendas are preparations for the launch of an occupational health and safety campaign in April in order to stem fatalities and accidents in the workplace.

Mdladlana also acknowledged the problem of adverse relationships and negative attitudes by some employers.

"It concerns me that most employers continue to behave as if they were still in the total onslaught period before 1989, forgetting that the economy is in a very sensitive stage," he says.

"In order to achieve a stable economy, we need stable (level-headed) employers, prepared to meet with their workforce and settle their disputes in the workplace."

Along with the main objective of transforming the economy, Mdladlana has gone further to meet with the various employers' organisations and trade unions to inform them about his programme of action and to put across his vision.

Through the workplace forums currently initiated by the Commission for Conciliation Mediation and Arbitration, the minister felt

labour relations would improve significantly in the new year.

Mdladlana described the current trend towards mass retrenchments as a direct contradiction of the job summit decisions.

This goes against the adopted social plan, which requires an employer who is forced to retrench more than 500 employees to first consult with the department.

Two weeks after the job summit, Mdladlana says, some employers started making retrenchments plans as if there were no agreements involving organised business, labour and government.

Mdladlana also warned he would take the social plan to the concerned employers in the course of the year to discuss ways to ensure the sustaining of jobs.

The department was tasked over the past year to form a rapid response team and this team participated in structures like the Gold Crisis Committee which discussed the retrenchment crisis in the mining industry.

"Employers are required to notify these structures about their rightsizing intentions and the numbers of employees to be retrenched," says Mdladlana.

"In many instances, instead of discussing the crises, the mines notify us about retrenchment plans, forgetting that socio-economic issues must be attached to the subsidies given to the mines to sustain jobs."

Turning to foreign investors, the minister was upbeat about his achievements in changing the attitude of a number of foreign investors.

United States ambassador to South Africa James Joseph said it all when he testified that at least six US companies invest in South Africa every month, with their assets now totalling more than R61 billion.

Mdladlana said a number of ambassadors, consul generals and labour attaches he met recently in Geneva were very positive about South Africa's new labour laws, pointing out that the difficulties he had encountered were mostly from South African businessmen who preached about inflexible labour laws overseas.

"The International Labour Organisation has informed us that our labour law is the most flexible, and (what) we need to look at now are the problematic areas around small businesses. The Economic Conditions Commission is presently looking at these problem areas."