

ANNUAL SUMMIT

2008

NATIONAL SUMMIT

SCOPE

The Executive Council shall convene an annual meeting of members and interested parties, called the National Summit, to report and consider the activities of the Council.

It should not involve more than 300 persons. If the President, Executive Deputy President or such equivalent persons are not available to chair the session, the parties on the Council will themselves decide on a replacement chairperson.

INTRODUCTION

A successful 13th Annual Summit was held at the CSIR Convention Centre, Pretoria on the 2nd of December 2008. The theme of the Summit was "***Globalisation, Growth and Social Justice: The role of Social Dialogue***".

The Summit was attended by 300 senior delegates from Nedlac's four Constituencies, as well as a number of guests from other statutory bodies, NGOs, Provincial and local Governments, foreign embassies and other socio-economic councils.

The Summit was chaired by the Hon President of the Republic of South Africa, Mr. Kgalema Motlanthe.

**INPUT BY THE REPRESENTATIVE OF THE LABOUR CONSTITUENCY: ZWELINZIMA VAVI,
GENERAL SECRETARY OF COSATU**

In his opening, the General Secretary of Cosatu stated that the NEDLAC 13th Annual Summit came at a critical time whereby the country was faced with serious economic and social challenges.

The following were certain key economic and social challenges highlighted:

- The global economic crisis, which threatened to worsen the lives of workers and the poor;
- Eskom – energy crisis;
- The state of healthcare, worsened by the HIV epidemic;
- Discussion by Nedlac around the crisis of food price increases which had been rising much faster than overall inflation;
- High interest rates, other countries were slashing their interest rates to try to offset the looming recession, and South Africa's interest rates remained stubbornly high, making the rate of job losses high;
- CPIX inflation rose by 10.1% in March 2008, while inflation for very low income earners was at 13.5%, mainly because of food prices which accounted for 51% of their expenditure.
- The unemployment rate had already started to creep upwards, from 23,1% in the second quarter of 2008 up to 23,2% in the third quarter, together with a 0,4% fall in the total number of people employed to 13.655,000, which left 4,122,000 officially unemployed. The said figures excluded those deemed to have given up looking for jobs, and underestimated the real levels of joblessness and poverty;
- The global financial meltdown, which threatened to plunge the world economy into a deep recession, which would threaten millions of jobs;
- It obscured a huge problem of the rapid decline in the quality of work, as more permanent jobs had been casualised and/or outsourced to labour brokers, so that more workers fall into low-paid, insecure and temporary forms of employment;

As a result of the above, food price increases were fuelling economic and social inequality, at a faster pace than the State social security system could keep up with.

The General Secretary pointed out that on 1 July 2008, electricity tariffs shot up by 27.5%, more than double the overall level of inflation. Whilst NERSA had agreed to a further high tariff hike of 20% - 25%, Eskom was looking at even higher tariffs hikes for 2009. He accordingly requested Government to intervene, by making available the costs of recapitalising Eskom, as a grant, and not a loan, that would end up being unfairly repaid by the consumers.

In conclusion, The General Secretary emphasised that Nedlac and all its stakeholders should continue to find the maximum unity and solutions around the economic policies that would be in the best interest of all South Africans.

INPUT BY THE REPRESENTATIVE OF THE COMMUNITY CONSTITUENCY: ELROY PAULUS

In his opening, Mr Paulus emphasised that Social dialogue remained a critical instrument to bring about participatory policy changes, to address the plethora of inherited and emerging challenges in South Africa's young democracy.

Mr Paulus emphasised the relevance of Nedlac in addressing the following social challenges facing the country:

- Access to health, water, sanitation, housing and food which remained huge challenges that required the social partners to utilise Nedlac more effectively in the fight to eradicate poverty and create decent jobs;
- Nedlac social partners to deliberate on the strategy on poverty dimensions that would cover all sections of society;
- South Africa's social security system should demonstrate greater social solidarity, and in so doing, it would be providing protection for everyone, by allowing cross redistribution from the rich to the poor, the healthy to the ill, the employed to the unemployed and so forth. In addition, all economic policies, administration should be transparent and accountable to democratic structures, in which organs of civil society fully participated; and
- Government to ensure better coordination in line with service delivery whilst gearing towards the 4th Democratic elections.

Finally, he stated that at the Community constituency's workshop held a week prior to the Nedlac Summit, it was proposed that the National Co-operatives Association of South Africa (NCASA) should work closely with Government in promoting Co-operatives as a mechanism to help bring about socio-economic development. Both production and consumer co-operatives must be part of the national strategy to weather the global financial storm.

INPUT BY THE REPRESENTATIVE OF THE BUSINESS CONSTITUENCY: BRIAN MOLEFE,
PRESIDENT OF BUSA

In his opening, Mr Molefe advocated for Globalisation and economic growth that would ensure social justice, it should not only advance material values, but other important values, such as a concern for the environment, for life itself and for morally correct conduct.

The implications of globalisation to the South African economy could result in:

- Slower global growth led to a fall in commodity prices. As a commodity exporting country South African exports were heavily impacted upon by this fall in prices.
- South African trading partners, in the Euro area (35%) U.S. (15%) Japan (10%) and U.K. (15%). If growth is faltering in these economies as already mentioned by implication, 75% of our trade will be affected –not a rosy picture at all. Export sales will slow, import demand will remain strong resulting from infrastructure spending towards the FIFA 2010 World Cup and the already wide current account deficit will just balloon.
- Tighter global financial conditions lead to declining portfolio inflows, consequently affecting our current account deficit financing stance, which may ultimately push us to use borrowing facilities.
- The domestic manufacturing sector under-performed in the third quarter and the picture going forward was looking gloomy.

It was good that South Africa had Nedlac as an organ that brought together different Social partners. The question though, is whether Nedlac itself has the necessary wherewithal to discharge fully its mandate.

Further, we have to ask ourselves whether there is no distance between Nedlac and the mass of our people. In other words, whether the type of social dialogue, which we demand at global, continental and national levels, happens as it should in Nedlac.

INPUT BY THE PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA: HON MR KGALEMA MOTLANTHE

The President of the Republic of South Africa in his opening speech, acknowledged the fact that it had been another busy and challenging year for Social dialogue. During the past year, South Africa had experienced many of the challenges and complications that had come to be associated with globalisation.

The President cautioned that ignoring unemployment and job insecurity will compound the country's social problems and retard the economic growth which is already slowing because of the global financial meltdown.

The President stated that a combination of global and domestic circumstances, including the soaring food and fuel prices and increased interest rates provided a real test for the country's economic policies.

The President stated that while he saw nothing inherently destructive in globalisation; it had consequences that had put increased pressure on the economy and especially on the poor.

While the economy had maintained a growth rate of close to 3% a year in capita terms between and early 2008, recent results indicated that the country had entered different times. The last quarter has registered a growth of 0.26 %, which indicated that the economic growth prospect was taking a dive.

The President mentioned that the biggest challenges the country faced were; how to ensure greater equality, improved human development and social justice in the country, adequate supply of skills to the economy, both in private and public sectors in the current phase of globalisation.

The President further stated that scourges of HIV/Aids and crime affected everyone including the economy, as these challenges highlighted very sharply the connection between social problems and economic development.

The President highlighted that only through an effective Social dialogue system could South Africa find the best solutions to deliver economic and social development at National, Regional and Global levels.

Key achievement by NEDLAC

The President proudly mentioned the successful way in which Nedlac facilitated the National Stakeholder Summit on electricity, which was held May 16, 2008, in Sandton.

Key challenges for social dialogue

- The need to engage on the final recommendations of the International Panel on Growth;
- The Social Security and Retirement Reform initiative;
- The Anti-Poverty Strategy, as well as the finalisation of a poverty measure.

Conclusion

The Nedlac constituencies to take into account the issues raised at the Summit when deliberating on their key issues going forward.