

# Programme performance (Trade and Industry Chamber)

## Industrial Policy

### SACU-EFTA

## Our goals 2004

To facilitate negotiations among the Nedlac social partners to conclude a formal agreement on the national position for the FTA transactions.

## 2004 performance

All preparatory work for the negotiations has been completed. The key issues include a position on tariff reductions & Rules of Origin.

## 2005 and future targets

To conclude the trade agreement between SACU and the EFTA block by 2005.

### RSA-EU TDCA

To facilitate negotiations among the Nedlac social partners to conclude a formal agreement on the national position for the FTA transactions.

Discussions on the development of the agenda for the TDCA review negotiations scheduled for 2005.

A consolidated Nedlac position on the review of the TDCA.



# Task team related work (Trade)

## Terms of reference

The Technical and Sectoral Liaison Sub-committee seeks to reach consensus and make agreements on all matters pertaining to the implementation and review of bilateral and multilateral trade agreements between RSA and pertinent trading blocks or countries.



# Task team related work (continued)

## Current trade negotiations

The dti's trade negotiation agenda included the following regions/countries, multilateral:

- European Free Trade Association (EFTA)
- USA
- MERCOSUR (Brazil, Argentina, Uruguay and Paraguay)
- WTO – Ministerial Meeting in Hong Kong

## Future trade negotiations:

- China
- India
- Nigeria



# Fund for industrial development, growth and equity (FRIDGE)

## Terms of reference

The Fund for Research into industrial development, growth and equity (Successor to the Japanese Grant Fund) seeks to reach consensus and make agreements on all matters involved in the production of tradeable goods and services as well as crosscutting issues with the purpose of providing implementable policies and recommendations.

## Studies completed during 2004-2005 financial year

- Measures to reduce air pollution
- Study into the establishment of an aroma and fine fragrance chemicals value in South Africa
- Stainless steel – blanks, pressings and semi-finished components
- CDM investment strategy for South Africa
- Mercosur Trade Agreement (textile, clothing and leather)
- ICT agency development and job creation
- ICT job creation
- Diamond cluster study



# FRIDGE (continued)

Studies in progress during 2004-2005 financial year

- Study to investigate the creation of a phosphate value chain in South Africa
- Chemical trade (Mercosur & SACU-USA)
- Retention and creation of employment in automobile industry
- Development of strategic plan for tooling industry
- Automotive trade – Mercosur and India
- The effect of a metals and commodities exchange on employment creation



# (Public Finance and Monetary Policy chamber)

## Terms of reference

The Public Finance and Monetary Policy Chamber seeks to reach consensus and make agreements on all matters pertaining to the framework within which financial, fiscal, monetary and exchange rate policies are formulated; the co-ordination of a fiscal and monetary policy and related elements of a macroeconomics policy as well as the institution of delivery.



# Chamber work programme (Public Finance and Monetary Policy chamber)

Organised labour, business and government identified the following as key priority areas on the 2004/2005 work programme:

- 5% investible income
- Import parity and administered prices
- Pension and provident funds
- Financial sector summit agreement
- Engagement on the national budget process

The chamber lost a co-ordinator mid-stream in the 2004/2005 reporting period and a replacement had to be found very quickly.



# Summary of Programme Performance (Public Finance and Monetary Policy chamber)

## Our goals 2004

5% investible  
income

Encourage investors to work towards investing 5% of their investible income in appropriate financial instruments.

Import parity  
& administered  
prices

To review administered prices and import parity pricing.

## 2004 performance

The chamber has agreed on qualifying investment institutions for the financial sector.

A joint task team is working towards Fridge studies On economic & household infrastructure prices. A review process for import pricing has commenced.

## 2005 and future targets

The constituencies are considering additional criteria and discussions. A task team will continue to work on the recommendations.

To finalise the terms of reference for the chemical study, and to identify a suitable service provider to undertake the study.



# Summary of Programme Performance (Public Finance and Monetary Policy chamber)

## Our goals 2004

Pension & provident funds

Nedlac to host a conference of the trustees of pension & provident funds - to review progress.

Engagement on the National Budget process

To fully participate & engage on the Budget process.

## 2004 performance

Key issues such as trustee training; retirement funds reform process; Code of Conduct for trustees & service providers; and investment were identified at the conference in October 2004.

The chamber has identified themes within the Budget which would be focused on.

Government would submit a list of prospective topics & meetings concerning the National Budget

## 2005 and future targets

Conference and follow-up to be held before the end of 2005.

To fully participate & engage on the Budget process.



# Summary of Programme Performance (Public Finance and Monetary Policy chamber)

## Our goals 2004

Financial  
Sector  
Summit  
agreement

Constituencies have recommitted to the implementation of agreements reached at the Financial Sector Summit of 2002.

The Charter Council.

Research the economics of basic Financial Services & using this information establish universal access.

Co-operatives Banks Bill.

## 2004 performance

The Financial Sector Charter has been constituted with 21 representative members.

The council endorsed the development of the Mzansi Account.

The Co-operatives Banks Bill was developed and under consultation with Nedlac parties.

## 2005 and future targets

The council to appoint a CEO.

The account will be partnered by a "Mzansi money transfer product" and would enable money to be transferred between people without a bank account.

It is intended that the Co-operative Bill will be tabled in Parliament before the end of 2005.



# Joint processes

## Sector Summits

### Terms of reference

At the Presidential Growth and Development Summit in June 2003, the Nedlac constituencies agreed that effective use of sectoral strategies was needed to restructure the economy towards equitable, employment-creating growth.



# Joint processes (continued)

## Work programme

Nedlac's Trade and Industry Chamber identified a number of sectors as priority areas in which sector partnerships and strategies should be developed to enhance economic growth, investment, job creation and retention. The Sector Summit programme focused on the following sectors:

- Metals & engineering sector
- Chemicals sector
- Construction sector
- ICT sector – post summit process



# Programme Performance (Joint Processes)

## Key focus areas

Metals & engineering

## Our goals 2004

To facilitate the social partners towards a negotiated agreement on a sectoral strategy to restructure the economy.

To host a summit at which the negotiated agreement will be presented for public signature.

## 2004 performance

Sector summit planning committee and sub-committees established.

## 2005 and future targets

Secure funding for summit.

Finalise negotiated agreement.

Host summit.



# Programme Performance (Joint Processes)

## Key focus areas

### Chemicals

## Our goals 2004

To facilitate the social partners towards a negotiated agreement on a sectoral strategy to restructure the economy.

Host summit.  
To host a summit at which the negotiated agreement will be presented for public signature.

## 2004 performance

Negotiated agreement near completion.

Proposal for funding summit drafted.

## 2005 and future targets

Secure funding for summit.

Finalise negotiated agreement.



# Programme Performance (Joint Processes)

## Key focus areas

### Construction

## Our goals 2004

To facilitate the social partners towards a negotiated agreement on a sectoral strategy to restructure the economy.

To host a summit at which the negotiated agreement will be presented for public signature.

## 2004 performance

Negotiated agreement near completion.

Proposal for funding summit.

## 2005 and future targets

Secure funding for summit.

Finalise negotiated Agreement.

Host summit.



# Programme Performance (Joint Processes)

## Key focus areas

Information & communication technology

## Our goals 2004

To facilitate the social partners towards a negotiated agreement on a sectoral strategy to restructure the economy.

To host a summit at which the negotiated agreement will be presented for public signature.

## 2004 performance

Constituency position papers submitted  
proposal on funding the summit.

## 2005 and future targets

Secure funding for summit.

Host summit.



# Implementation of the GDS agreements

## Introduction and background

- At the GDS in June 2003, the Nedlac constituencies signed a set of agreements aimed at achieving common developmental goals.
- The GDS arose from a call by President for a summit to address central challenges facing South Africa and reaffirm their common vision of making the country:



## Implementation of the GDS agreements (continued)

- The leading emerging market and destination of choice for investors while retaining and expanding social equity and fair labour standards.
- A productive economy with high levels of service, a highly skilled workforce and modern systems of work organisation and management.
- A society in which there are economic opportunities for all, poverty is eradicated, income inequalities are reduced and basic services are available to all.
- A society in which our people, our most precious resource, are given the opportunity and support to develop to their fullest potential.
- A society that promotes the values of social equity, fairness and human dignity in the global economy.



# Implementation of the GDS Agreements (continued)

The constituencies identified the following as priorities for collaborative work:

- Promoting and mobilising investment and creating decent work for all;
- Ensuring economic empowerment for all, especially for black people, workers, people with disabilities, women and youth;
- Eradicating poverty and addressing the legacy of under-development; and
- Strategically engaging globalisation to the best advantage of the country.



# Implementation of the GDS Agreements (continued)

## Managing the implementation process

The GDS is the standing agenda on all Nedlac statutory meetings.

MANCO established a GDS Implementation Committee which is responsible for overseeing the implementation of the GDS agreements.

In addition to guiding the implementation process it also fulfils the role of identifying blockages and suggesting ways of unblocking them.



# Joint processes (continued)

## Our goals 2004

More jobs,  
better jobs,  
decent  
work for all

The constituencies agreed that a range of interventions are required to promote sustainable jobs, more jobs and better jobs and decent work for all.

## 2004 performance

Action plans are in place and implementation has started.

While excellent progress has been made under this theme, there is still some way to go.

## 2005 and future targets

Focus on unlocking the job creation potential in various areas.

Measure the impact of of the interventions.



# Joint processes (continued)

## Our goals 2004

Addressing the investment challenge

Review administered prices and import-parity pricing.  
Encourage strategies and measures that will encourage investment.  
Review barriers to entry for entry-level jobs.

## 2004 performance

A review process for import pricing has commenced in sectors.  
Investments and institutions that are affected by this Agreement need to be identified.  
Government has completed drafting a policy document on pension funds.  
The secretariat is drafting a proposal on how to proceed on this issue.

## 2005 and future targets

Addressing identified bottlenecks and finalising processes.  
Conclude agreement on 5% investible income.  
Measure the impact of the interventions.  
A review conference is being planned to check progress on GDS commitments.



# Joint processes (continued)

## Our goals 2004

Advancing equity, developing skills, creating economic opportunities for all and extending services

Develop action plans under following areas:  
Black Economic Empowerment;  
Employment Equity;  
Promoting literacy;  
Learnerships;  
Strengthening SETAs;  
Education;  
Access to basic needs

## 2004 performance

Action plans are in place and implementation has commenced.  
Excellent progress has been made in most areas.  
There are a couple of areas where new challenges and bottlenecks have emerged but these are being attended to.

The target for multi purpose community centres has been exceeded.

## 2005 and future targets

Improve the rate of reporting on Employment Equity.  
Finalise BEE codes & learnerships exit strategies.  
Ensure that NSDS objectives are achieved.  
Continue to work on areas that were identified as priorities as well as bottlenecks.  
Convening the co-operatives conference.



# Joint processes (continued)

## Our goals 2004

Local action & implementation for development

Develop action plans under following areas:  
Local level planning;  
Local economic Development;  
Provision of the infrastructure and access to basic needs;  
Service delivery mechanisms.

## 2004 performance

Action plans are in place and implementation has commenced.  
Good but slow progress has been made in most areas. There are a couple of areas where new challenges and bottlenecks have emerged but these are being attended to.

MPCCs have increased from 37 to 65 and a strategy for the next phase has been finalised for submission to Cabinet.

## 2005 and future targets

The GDS implementation committee has prioritised the issues under this theme.  
Invite relevant government departments to brief social partners on their plans.  
Address gaps in current action plans.  
Strengthen co-ordination and streamline initiatives.  
Prioritise issues that could deliver the greatest impact.



# Proudly South African Campaign

## Background

Proudly South African (PSA) is a campaign to promote South African companies, products and services. In turn this assists in creating job opportunities and ultimately economic growth in our country. This campaign was an initiative of the National Economic Development and Labour Council (Nedlac) and is supported by organised business, labour, government and the community.

Companies who meet the PSA standards can use the logo, which is at the heart of the campaign, to identify themselves, their products and services.



# Proudly South African Campaign

The criteria:

1. The company's products or services must incur at least 50% of their production costs, including labour, in South Africa.
2. The company and its products or services must meet high quality standards.
3. The company must be committed to fair labour and employment practices.
4. The company must be committed to sound environmental standards.



# Proudly South African Campaign

## Achievements

The campaign has achieved remarkable awareness  
Six business workshops were hosted in three of our cities  
First Proudly South African Awards were huge success,  
with our guest of honour, President Thabo Mbeki giving us  
his vote of confidence.

## Other highlights:

- Proudly SA Week (Sept 2004)
- Participation in 2004 Cape Town Fashion festival
- National consumer education advertising campaign (Sept to Dec 2004)
- Community radio campaign
- Christmas campaign



# Section 77 report

## Terms of reference

Section 77 of the Labour Relations Act gives workers the right to take part in protest action to promote or defend their socio-economic interests. The Act gives Nedlac the task of bringing the parties to a section 77 notice together to attempt to resolve the reasons for the protest action.



# Section 77 report

Applicant	Date filed	Respondent	Reason	Status
SACTWU	11/5/04	Retailers and their capital providers in the clothing, textile, footwear and leather industry.	Job losses in the industry due to sourcing decisions of retailers.	A six-month declaration on Local Procurement Between the union and the capital providers.
SAMWU	13/9/04	City of Cape Town	Negative impact on the rights of municipal workers as a result of the City's restructuring and privatisation programme.	Matter has been considered by Nedlac in accordance with the Act.



# Section 77 report (continued)

Applicant	Date filed	Respondent	Reason	Status
COSATU	1/10/04	Cape Metrorail Dept. of Transport Provincial Government Local Government SA Rail Commuter Corporation	Decrease in the number of trains in service, inefficiency, lack of safety and conditions of stations.	Parties could not consensus on the issues and the Matter was deemed to have been considered by Nedlac. The applicant filed a S77 (1)(d) notice.
FAWU	4/10/04	SA Breweries	SAB's appeal of the court's decision to reinstate and remunerate dismissed workers will have negative impact on income levels of workers.	Declined on the basis that the issues raised in the application fell outside of the ambit of Section 77 of the Act.



# Section 77 report (continued)

Applicant	Date filed	Respondent	Reason	Status
COSATU	21/10/04	Clothing, textile, footwear and leather retailers Capital Providers	Job losses in the clothing, textile, footwear and leather industry.	Parties could not reach consensus on the issues and the matter was deemed to have been considered by Nedlac.
NUM	27/10/04	Master Builders Association (WC) Capital providers Government BIBC SAFCEC Society of Quantity Surveyors	Lack of progress in transformation of the construction industry.	Declined on the basis that sector charter was being initiated which will address the key issues raised in the application.



# Section 77 report (continued)

Applicant	Date filed	Respondent	Reason	Status
FAWU	29/3/05	Department of Environmental Affairs and Tourism	Inadequate consultation on draft policy on fishing permits. Draft policy a threat to socio economic rights of workers and communities.	Parties deadlocked on the matter.



# Communications

## Website

The Nedlac website was redesigned at the beginning of 2004 and continues to be a popular source of reference.

## Public information

Booklets and pamphlets were distributed in the period under review and advertorials were placed in selected publications.



# Communications (continued)

## Media coverage

The secretariat tracks any mention of Nedlac's name in the media on a weekly basis. In the year under review, Nedlac was featured 720 times in the print media.

Issues which seemed to attract the most media coverage included the GDS; leadership change in PSA; Section 77 notices; 2004 Annual Summit; Presidential Joint Working Group Sessions; Nedlac Review; briefings to Parliamentary Committees; and Finance Charter Council.



# Research

Research was done for the Community Constituency to assist in preparation for the youth policy conference.

The quarterly bulletin of the first quarter of 2005 was included as the Socio-economic report in the 2004/2005 Annual Report.

Research for the 2005 quarterly bulletin has been completed and is at print.



# Research (continued)

The Round Table: Trade Policy and Poverty strategies in South Africa

The round table on trade policy and poverty reduction strategies in South Africa is a collaborative effort involving Nedlac, TIPS (Trade and Industrial Strategies) and SAIIA (South African Institute of International Affairs). The initiative is funded by DFID and has been in operation since December 2004.



# The Round Table (continued)

There have been four sessions since the beginning of 2005 during which the following topics were addressed:

- Production and employment price and distribution mechanisms.
- Impact of trade on market prices.
- Telecommunications prices in South Africa.
- A strategic assessment of the SA wearing apparel.

The relationship between Nedlac and its partners (TIPS and SAIIA) has matured to a level that will broaden the scope and depth of the initiative.



# Human resource management

## Nedlac's employment diversity

GROUPINGS	AFRICAN		ASIAN		COLOURED		DISABLED		WHITE		STAFF TOTAL
	M	F	M	F	M	F	M	F	M	F	
Executive team	1										
Executive total											1
Management team			1								
Management total											1
Staff	3	12		1					1		17
Nedlac total	4	12	1	1					1		19
Nedlac % rep.	21	64	5	5					5		100

Nedlac is an affirmative action employer and is fully compliant with the affirmative action guidelines.



# Financial statements

## Income statement

	2005 R	2004 R
Grants received	9,146,000	7,673,001
Other income	300,000	264,000
Income	9,446,000	7,937,001
Operating costs	(8,740,830)	(6,265,355)
Operating surplus	686,518	1,668,586
Investment income	36,481	224,748
Finance costs	(18,652)	(3,060)
Surplus for the year	722,999	1,893,334
Funds transferred from(to):	132,318	(399,779)
Community constituency fund	46,367	(96,213)
Labour constituency fund	183,718	(278,228)
Business constituency fund	(97,767)	(25,338)
Net surplus for the year	855,317	1,493,555



# KEY FOCUS AREAS FOR 2005/6

## Approach:

- Prioritising those areas that promise greater impact.
- Linkages with the efforts to achieve 6% growth and beyond
- Enhance better coordination of the various efforts.

## More jobs better jobs and decent work for all

- Local Procurement
- Sector partnership strategies
- Promotion of SMMEs

## Addressing the investment challenge

- Retirement funds regulatory framework
- 5% Investible Income

## Skills development, Employment Equity and access to basic Needs & Labour Market

## Local Action and Implementation

- Local Economic Development
- Integrated Development Programme

## Complementing the efforts to achieve 6% growth and beyond



# KEY OBSERVATIONS

- Enhancing greater agility in decision- making hence reducing the lead times on mandating processes.
- Bringing issues to Nedlac in good time so as to allow the due process to prevail.
- Shift to greater engagements on issues as opposed to merely registering and sticking to positions.
- Policy impact assessment and building synergies with the government efforts to grow the economy to 6% and beyond.
- Initiate discussions on Social Accord
- Avoid bringing fait accompli to Nedlac as this tends to undermine the process of negotiations.



# CONCLUSION

- Nedlac delivered excellent results in this period. In some areas the level of productivity shot up almost 100% in terms of outputs compared to the previous reporting period.
- The success of the various teams in the 2004/5 period was so visible that unusual commentators could not help but notice progress that was being made on all fronts.
- Whilst we have achieved so much in the year under review, the social partners acknowledge that there is still some way to go.
- The role of social dialogue and Nedlac as the institution where it is located, is as relevant today as it was 10 years ago.
- Quantifying the impact of Nedlac outcomes on the broader society
- Growth, Decent work, Development and Social Equity, the **GOAL** - Social dialogue the **KEY** .
- Implementing the letter and the spirit of the 2005 Nedlac summit declaration





Thank you

