



## **National Assembly-Mini Plenary Debate**

**11 July 2024**

### **Employment and Labour**

#### **Budget Votes**

#### **Debate on Vote 31: Employment and Labour**

**by Hon Mncedisi Nontsele MP**

#### **House Chairperson**

#### **Hon Minister, Deputy Ministers and Honourable Members**

Since 1994, the African National Congress (ANC)-led government has embarked on a journey to address the profound socio-economic challenges that have plagued South Africa. These challenges, rooted in the legacy of apartheid, include widespread poverty, unemployment, and inequality, as well as the historical economic exclusion of the majority of our population. Our aim has been clear: to create a better life for all South Africans.

The scarcity of investment has had a profound impact on the economic landscape, leading to a sluggish growth rate and a surge in unemployment figures. This dearth of investment exacerbates the already existing disparities in the labour market, mirroring the remnants of apartheid. The lack of capital inflows into productive sectors stifles job creation, perpetuating a cycle of economic exclusion. As a result, the labour market remains segmented, with marginalized communities facing systemic barriers to employment opportunities, further entrenching socio-economic inequalities. This situation not only hampers the potential for economic development but also undermines efforts to achieve a more inclusive and equitable society.

The Department is committed to addressing the challenges of insufficient capital investment in productive sectors and the systemic barriers that marginalized communities face in accessing employment opportunities. To tackle these issues, the department has outlined a comprehensive set of strategies within its budget and policy framework.

Firstly, the Wage Subsidy Scheme for People with Disabilities is being expanded to cover all provinces and include additional disability types, such as dyslexia. With a budget of R68.2 million, the scheme aims to increase participation to at least 10,000 individuals by 2026/27, promoting inclusion and equity in the workplace.

The enforcement of labor laws is being enhanced to ensure that noncompliant employers are swiftly served with legal notices and penalties or referred for prosecution. This will help to create a fair and compliant labor environment.

The National Economic Development and Labour Council (NEDLAC) has been affected by a budget cut which amounts to R24.6 million over the Medium-Term Expenditure Framework (MTEF) period. As a result, NEDLAC's expenditure is expected to decrease at an average annual rate of 0.7%, from R107.5 million in 2023/24 to R105.1 million in 2026/27. This reduction in funding could potentially impact the council's ability to fully implement its strategic objectives and activities.

The Unemployment Insurance Fund (UIF) is dedicated to providing short-term unemployment insurance to eligible workers, with a target of processing 97% of approved claims within 15 working days by 2026/27. The fund is also investing in enhancing the employability of 250,000 participants over the Medium-Term Expenditure Framework period through its labor activation program, the committee will closely monitor the implementation and performance of funded projects. The UIF plans to deploy mobile buses in each province for outreach initiatives in remote and densely populated areas. This initiative is part of a broader strategy to enhance the functionality of labor centres and alleviate queues by providing digital platforms and technologies. The fund has budgeted R94 million for the deployment of 21 buses, with 11 scheduled for deployment in 2023/24 and 10 in 2024/25.

These initiatives and budget allocations reflect the ANC-led government's commitment to implementing "pro-poor" policies that aim to reduce unemployment, poverty, and inequality by creating decent work opportunities, improving labor market

access, and supporting vulnerable groups. The department's strategic focus on employment creation, enterprise development, labor standards, and social protection is intended to contribute to a more inclusive and equitable society.

Honourable House Chair, Programme 3 of the Department focuses on Public Employment Services (PES) this program is aim to provide assistance to companies and workers to adjust to changing labor market conditions. The budget allocation for Programme 3 in the 2024/25 financial year is R901.8 million, which represents a reduction of R39.7 million from the previous year. This program transfers funds to entities such as the Compensation Fund (CF), Productivity SA, and Supported Employment Enterprises (SEE), all of which have also experienced budget reductions.

The performance plan for Programme 3 includes registering 115,000 employment opportunities per year on the Employment Services of South Africa (ESSA). With the budget cuts, there is a concern regarding the DEL's ability to achieve this objective. The reduction in funding could potentially impact the department's capacity to maintain and expand its services, which are crucial for assisting companies and workers in a dynamic labor market.

Furthermore, the budget reductions across the department, totalling R297.6 million, raise broader concerns about the DEL's ability to fulfil its mandate. The cuts could lead to a decrease in the quality and quantity of services provided, affecting the department's ability to create decent employment, promote labor standards, and maintain sound labor relations.

To mitigate these concerns, the department may need to prioritize its services and explore more cost-effective ways to deliver programs. It will also be important for the DEL to work closely with National Treasury to ensure that critical initiatives, such as the preferential procurement status for SEE and the establishment of the SEE factory in Barberton, are adequately funded and supported. Additionally, the department's ICT strategy, which aims to address persistent challenges, will be essential in ensuring the efficient and effective delivery of services despite the budget constraints.

While the mentioned programs do not specifically target the informal sector, they provide support mechanisms that could benefit individuals who are either employed in the informal sector or seeking formal employment opportunities. The budget allocations for these programs indicate a commitment to creating opportunities and providing relief to those who may be economically vulnerable, which could include individuals in the informal sector. The projected opportunities are to improve labor market access, and provide social protection, which could have a positive impact on the informal sector as well.

Honourable House Chair, the Department plans to conduct annual reviews of the national minimum wage over the current fiscal year. This includes developing monitoring mechanisms to measure the impact of the minimum wage on the economy, collective bargaining, and the reduction of income differentials. The Commission for Conciliation, Mediation and Arbitration (CCMA) is the entity spearheading the department's efforts in this regard.

The purpose of these reviews and monitoring mechanisms is to ensure that the national minimum wage has the intended effect of improving the livelihoods of workers without negatively impacting the economy or leading to unintended consequences such as job losses. By evaluating the impact, the department aims to make informed decisions on adjustments to the minimum wage and to ensure that it remains a tool for poverty alleviation and income inequality reduction.

In conclusion, our focus on employment is central to bridging the gap between growth and social policies. Pro-growth policies are essential for achieving socio-economic transformation, but an employment focus is equally important for promoting inclusive growth. To succeed in this endeavour, we must foster strong public/private sector partnerships. These partnerships are vital for revitalizing our economy and implementing the Economic Reconstruction and Recovery Plan.

As we move forward, let us remain committed to our vision of a prosperous South Africa where every citizen has the opportunity to thrive. Together, we can build a nation that is truly free of the shackles of its past and ready to embrace a future of hope and prosperity for all.

The ANC Support this budget.

**Thank You!!**