

Tuesday, 19 June 2018

ATTENTION:

Noziphiwo Dinizulu
NCOP Select Committee on Economic and Business Development
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RE: Submission: National Labour Bills

‘The Voice of Business in the Cape’

The Cape Chamber of Commerce & Industry serves more than 2 000 businesses in the Western Cape, allowing them access to a credible network that adds exceptional value. With a wide range of products and services, the Chamber assists these businesses, offering them the opportunity to excel. As a non-partisan organization our submissions are the crucial voice of business in the region.

Submission

The Cape Chamber of Commerce and Industry has already commented on the principles and the implications of the Labour Laws Amendment Bill, the Labour Relations Amendments Bill and the National Minimum Wage Bill. Now after further consultation with our members, we find it necessary to comment on the administrative burden these bills will place on business, especially small businesses with limited resources. We are also concerned about the Department of Labour’s ability to cope with the increased workload.

We regret to say it, but the Department already has a poor reputation for enforcing the current laws and we fail to see how it will be able to cope with the implementation of the new harsher and more complicated legislation. We already have minimum wages in some sectors but non-compliance can be as high as 50%. The prospect of improved compliance for the whole of industry rather than just for specific sectors must be even lower

- **Affordability**

We are also concerned about the affordability of increasing Unemployment Insurance Fund (UIF) benefits from 238 to 365 days. We fear that it is likely that monthly UIF contributions by both employers and employees will have to be increased.

Enlightened policies on maternity and paternity leave are welcome but they, too, come at a cost. Many companies make significant contributions to staff on maternity leave and any small business having to pay benefits to two or three staff at the same time as well as their temporary replacements could find itself in difficulty.

The legislation does provide for exemptions from the minimum wage but the procedure to obtain exemptions will be lengthy and therefore costly. In particular, the requirements for supporting documentation are onerous, especially the audited documents on the affordability, liquidity and the profitability of the business. In the case of new small businesses with a short track records this can be an impossible demand to meet. It is the new small businesses, particularly in the disadvantaged areas, that need to be encouraged and not handicapped with excessive red tape burdens. Given these circumstance, it is likely that struggling entrepreneurs will simply ignore the legislation and employ people at wages they can afford, knowing that it is highly unlikely that they will be discovered by the department's inspectors. This, in turn, could encourage further disregard for complex but well-meaning legislation.

- **Dealing with Strikes**

Strikes are a very serious problem in South Africa as they are usually accompanied by intimidation, violence and the destruction of property, something the country can ill-afford as it adds to costs while discouraging both local and overseas investors.

The legislation attempts to deal with this problem by creating an advisory arbitration panel that will, on an expedited basis, investigate the cause and circumstances of a strike or lockout. The intention is admirable but we have grave doubts about its success and the ability to make advisory awards in a short time.

There is a real risk of unions or employers abusing the process, causing delays and postponements while the pressure continues to build up around the workplace. The risk is that the new process could extend rather than curtail strikes. We must also take into account that the new process will only come into effect after a strike has been running for some time and attitudes may have hardened.

- **Unemployment**

In our previous submission we pointed out that the new minimum wage was likely to lead to job losses as firms reassessed their staff requirements and resorted to more automation to improve productivity. We are still of this view.

The biggest problem we face as a country is the growing number of people in the ranks of the unemployed. The Chamber believes that the litmus test for any legislation that could impact on employment is a simple question: "Will this legislation encourage businesses to employ more people?" If the answer is YES then the legislation is good and we should probably approve it. If the answer is NO then it should be rejected. We cannot afford to go backwards in our attempts to create more jobs and reduce unemployment.

Conclusion

We request that Parliament consider our submission, in a positive light – thereby ensuring the growth of our local and national economy.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Janine Myburgh', written over a horizontal line.

Ms Janine Myburgh
President: Cape Chamber of Commerce and Industry