**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY (VIRTUAL)**

**FRIDAY, 12 MARCH** 2021

***PROCEEDINGS OF THE MINI-PLENARY SESSION OF THE NATIONAL ASSEMBLY***

Members of the mini-plenary session met at 10:02.

The House Chairperson Mr M L D Ntombela took the Chair and requested members to observe a moment of silence for prayers or meditation and in memory of the passing of AmaZulu King, Goodwill Zwelithini kaBhekuzulu.

The House Chairperson announced that the virtual mini-plenary sitting constituted a meeting of the National Assembly.

**MINIMUM WAGE INCREASES, RED TAPE AND PRESCRIPTIVE LABOUR LEGISLATION –HOW GOVERNMENT IS HAMPERING EMPLOYMENT CREATION AND ECONOMIC GROWTH DURING A TIME OF UNPRECEDENTED UNEMPLOYMENT AND ECONOMIC HARDSHIP IN SOUTH AFRICA**

Mrs H DENNER: House Chair, before I start, I would like to convey our most sincere condolences on the passing of King

Goodwill Zwelithini this morning. May his soul rest in peace. I quote the Chairperson of the Portfolio Committee on Labour when she said during our last meeting that “we are here to improve the social conditions of our people”. This is correct; we are. However, it seems that the ANC either do not understand the meaning of this or they don’t know how to go about actually doing it.

The fact of the matter is that the social conditions of our people are not improving; in fact, they are deteriorating by the day. Let me clarify, our people, hon colleagues in the ANC, should be every single South African citizen, for the measure of a good government is the ability to govern to the benefit of all, not only a certain constituency, and certainly not only a few connected cadres.

That being said, let us look at the social conditions of our people. The unemployment rate is nearly 33%. The expanded unemployment rate is nearly 43%. An amount of 23 000 skilled individuals leave South Africa annually. We have 25 million recipients of social grants. This is not an achievement. We have load shedding, water shortages, the shocking state of local government, and money lost to fraud and corruption under the ANC government is estimated at R1 trillion. That is money

that could have gone a long way towards improving the social conditions of our people, and the list goes on.

These are the facts, not fluff on how the government is improving the social conditions of our people. The truth is that it cannot improve and the unemployment rate will rise even further if government continues to hide behind a failed political ideology and implement legislation to that effect.

Restrictive legislations hampers job creation and economic growth. That is a fact. The FF Plus will never support any form of discrimination and that is why we cannot support quota-based legislation in the workplace.

Appointments should be made on merit. If you appoint the best person for the job, someone with knowledge, experience and good work ethic, the job will be done properly. This will lead to further job creation, thus improving the social conditions of our people. Please, note that I said best person, not white person.

Prescribing to businesses who they can appoint and how and who to do business with will never contribute to economic growth.

Applying free-market principles, based on supply and demand, on the other hand, will.

Case in point, the national minimum wage increases are 16% and 23% respectively in the agricultural and domestic sectors. Let me make this clear. I’m not saying that workers should be paid a starvation wage. In fact, if an employer can afford to pay more than the minimum wage, then they should do so. The main determination in wage negotiations should therefore be affordability.

If government creates a conducive environment for the private sector, where service delivery and economic growth can actually take place, businesses will be able to afford higher wages and employ more workers.

An amount of 250 000 domestic workers lost their jobs during the lockdown. Most domestic employers are workers themselves. Many have lost their jobs or have taken pay cuts and will not be able to afford a 23% increase. Equally, very few businesses can afford to increase their salary bills by 16% all at once. Agricultural employers will be left with no choice but to reduce their labour force and mechanise where they can.

*Afrikaans*:

Die uitbuiting van werkers deur werkgewers is onaanvaarbaar, maar waar ’n werkgewer werklik nie ’n voorgeskrewe loon kan bekostig nie, is enige loon waarvoor iemand bereid is om te werk, beter as niks, of ’n skamele maatskaplike toelaag.

*English*:

The Department of Labour has become notorious for unilaterally imposing descriptive labour legislation and vilifying the very same employers who they expect to do what the department cannot, which is creating jobs and economic prosperity.

The extension of the collective bargaining agreement for the restaurant and fast food industry, earlier this year, without the buy-in of the majority of role players in the sector, perfectly illustrates the department’s disregard for private- sector employers. It seems the Minister maybe did not get the memo or the meaning of making an informed decision through proper consultation, and I fear that only once this has led to further job losses, increased food prices, and even worse social conditions, the Minister and ruling party will realise that they have won a pyrrhic victory at too great a cost for themselves and ultimately, our people. I thank you.

Ms A S ZUMA: House Chairperson, South African is one of the most unequal societies in the world. Many studies on inequality have shown that it is linked to many social ills.

Inequality in our country manifests mainly through the skewed distribution of income. The most significant causes of income inequality in our country are based on the historically racialised and gender-based policies.

Hon Denner and her party would like us to believe that challenges of unemployment and poverty are due to the minimum wage increase, the so-called red tape and prescriptive labour legislation. The fact that these are discredited theories does not matter to them.

I believe that it is important that the right-wing political parties in this Parliament are reminded that they exist to defend their white and capitalist privilege that they inherited from their forefathers. They did not sweat and bleed like some of us, just to be able to speak freely in this House.

A growing body of literature shows the devastating impact of inequality, even for the wealthy. Prof Daniel Neethling, a

behavioural scientist based at Newcastle University in England, asks an important question in his paper written in January 2021: Why do inequality and deprivation produce high crime and low trust. Using a model based on the rational choice theory in economics, Neethling concluded that societies with high levels of inequality have more crime and lower levels of social trust.

In another research by the World Bank, it was found that a simple matter of inequality predicts the rate of murder in different countries better than any other indicator. To put it in simple language that even the hon members of the FF Plus can understand, what research shows is that when the inequality gap in society is wide, the rate of murder and other crimes also goes up. Perhaps next time, we have a debate on crime in farming areas. We need to investigate the causal impact of inequality in those regions.

We do not know, of course, that the right-wing parties are generally not bothered by things like evidence, like the phenomenon of transferring in the United States of America. The FF Plus, just like their twin sister, the DA, does not bother itself with things like facts and evidence. Facts are just inconvenient for far right-wing politicians. Right wing

politics, historically, has always been based on fake victimhood by the mostly privileged members of society. Fortunately, they will never govern South Africa again.

As a caring and responsive governing party, the ANC must do everything in its power to reduces inequality in the interest of redressing the legacy of colonialism and apartheid. As the research that I have quoted shows, we must implement policies that reduce inequality, also in the interest of social stability, nation-building and progress in our country.

Wage inequality is deeply rooted in South Africa’s history and plays a central role in the overall income distribution and patterns of human development. The impact of income inequality in the workplace and social inequality are interlinked and cannot be separated. When the right-wing parties tell us that the minimum wage increases for domestic and farm workers cause unemployment, what they are arguing for is that the working poor, most of whom are black African women, must remain in a condition arching to slavery. When they talk about so-called red tape or prescriptive labour laws, they actually mean the representatives of the class of exploiters, is that the working class deserve to live and work in conditions, worse

than the animals on their farms. At least, animals have the SPCA to look after their rights.

As the ANC, we say to you, no. What you are saying, Mrs Denner, is that this democratic Parliament must agree to normalise the fact that the 10% of high income earners take a whopping 65%. Of all our national income, why do 90% of South Africans get only 35%. The regulations that protect the rights of the workers to collective bargaining, the national minimum wage, occupational health and safety Acts, among others, are means by which our government protects the human dignity of our people in the workplace.

These are foundational principles in Chapter Two of our Constitution, the Bill of Rights. The far right-wing parties do not accept the basic principle that all people are equal. However, they have found a language to justify their insanity.

Let us accept that there is nothing that we can do to change the minds of hardened right-wingers. What we can do is to ensure that reasonable and progressive political parties in Parliament create for a form of bulwark against the right-wing advances and attempts to water down the hard-earn rights of

workers, the poor women an all the disadvantages groups in South Africa.

*IsiZulu:*

Omama bethu babizwa ngamagama yizingane zabo. Obaba bethu babiza yizingane zabo ngamagama. Bancama ukuthatha ukudla okukhona, okuphilayo bakunikeze izilwane zabo kunokuthi banganikeza abazali bazo.

*English*:

Colonial and apartheid privilege must fall. Thank you.

Dr M J CARDO: Thank you, House Chairperson. Hon Chairperson, before I start I would also like to express my condolences on the part of the DA on passing of King Goodwill Zwelithini.

Chairperson, South Africa is in a group of an unemployment epidemic for years before the outbreak of coronavirus disease 2019, Covid-19, we had been experiencing wave after wave of job losses. Thanks to the ANC’s economic policy incoherence. The curve is not getting any flatter. In fact, the number of unemployed people is accelerating faster and faster, and soon our unemployment rate may peak at over 50%. According to the Quarterly Labour Force Survey for the fourth quarter of 2020,

the official unemployment rate stands at 32,5%, the highest since the survey started in 2008.

If you explain the definition of unemployment to include people who have given up looking for work that figure shows to 42,6%. Between fourth quarter of 2019, and fourth quarter of 2020, 1,4 million people lost their jobs. And currently, over

10 million South Africans can’t find work. Is unemployment caseload threatening to overwhelm South Africa? If we carry on this paths our social infrastructure will collapse, crime and unrest will spin out of control. The ANC will try to blame this calamity on the coronavirus pandemic, but the truth is that it has been years in the making. It is the legacy of ANC policies that deter investments and suffocate economic growth. It is a consequence of the ANC’s ideological evasion to the private sector, and it is a function of our sclerotic labour market may be rigid and inflexible our stringent laws and regulations.

Instead of trying to improve a situation, the ANC seems determined to make it worse. For example, from the beginning of this month the Minister of Employment and Labour heighten minimum wages for domestic workers and farm workers by 23% and 16% respectively. This is going to lead to the jobs bloodbath.

Few sectors will be able to absorb ... [Inaudible.] ... increases in ordinary times, yet, the domestic service sector had already been hardened by coronavirus disease 2019, Covid- 19, with many of employers struggling to keep on the domestic workers.

In agricultural sector a double digit increase in the minimum wage will lead to increase mechanisation resulting in greater job losses. Now, the best parts sustainable wage increases in the agriculture and domestic service sector, but we do not believe that the increases should be forced through by way of regulation. Increases should be determined by employers and workers entering into negotiations. Recent history has shown that one of the key factors fuelling unemployment is the pace at which wage increases for unskilled workers has risen.

Therefore, we are now lucky to see more retrenchments and further job losses. In a country with unemployment as high as South Africa’s, we should be placing people into jobs not out of them.

Another industry that is being hammered by Covid-19 and the associated lockdowns which grounded businesses to a halt is the restaurant industry. Yet, in January the Minister of Employment and Labour extended a collective agreement struck

by the bargaining council for fast foods, restaurants, catering and allied trades to all employers and employees in their industry. This places all sorts of owners’ obligations onto small business owners. He went even party to the agreement in the first place. They will have to forecast in a bubble inflation, wage increases, annual bonuses stipends and extortion at bargaining council levies they cannot afford.

Truly, the extension of collective bargaining agreements to nonparties is one of the most pernicious practices enabled by our labour legislation. It suffocates small businesses. It destroys jobs. Therefore, that is why the DA is calling for it to be scrapped. Only the private sector can create jobs at scale and rapidly absorb predominantly unskilled workers into the economy. For that to happen, we need to freeing up the private sector from the dead hand of overregulation by the state. Overregulation and inflexible labour laws as well as collective bargaining rules that empower political connected unions over individual workers and employers locking millions of citizens out of jobs, that is what ... [Inaudible.] ... inequality, hon Zuma, with your renting and raving about so- called ... [Inaudible.] ... parties.

It’s amazing that if you come here ... [Inaudible.] ... for such misplace confidence when you own so-called progressive party has created about the worst unemployment crisis in the world. You wouldn’t in the progress in you ... [Inaudible.]

... dawn in your head. Therefore, here are few recommendations for you, lets’ take on the invested interests in big business and the big unions that initiated programme of labour market to regulations that exempt small and newly established firms from the extension of collective bargaining agreements and let empower individual economic sectors to set their own minimum wages and after tax exemptions to small businesses to help them absorb a cost of minimum wages. Thank you, House Chair.

Ms C N MKHONTO: Thank you, House Chairperson. Let me take this opportunity and also pass our condolences to the Zulu nation as they have lost their King. House Chairperson, we must condemn this right-wing antiblack and antiworkers driven nonsense that seeks to just suggests that we have to choose between the dignity and livelihoods of workers and economic growth. The suggestion that you cannot grow the economy and pay workers decent wages above the working poverty line is based on a long-held belief that black workers in this country are a source of cheap disposal labour. The suggestion is based on a belief that workers, and particularly black workers, are

easily disposable and exist only to serve whiteness and elites in restrooms, clean offices, drive busses and grow food in the farms, but cannot have their own homes, cannot afford transport and cannot feed their families.

That simply means, House Chair, that farm workers cannot afford to buy the food that they are producing on daily basis. If we are all honest, subjects like these are driven by racism and hatred of workers. It is the racist and abusive political economy that subjected more than 50% of all workers to wages below the working poverty line when more than half the population lives in poverty. The reality is that majority of workers continue to earn poor wages even with the current National Minimum Wage. The National Minimum Wage in its current form is just in paper and it ends there. Most employers are aware that the government has no capacity nor interests to enforce the implementation of the National Minimum Wage.

The Department of Employment and Labour has a total of plus or minus 600 labour inspectors to inspect work places in the whole country. As the EFF working through our labour desk launched to assist workers with some of these challenges that unions are failing to address and need immediate intervention.

We have witnessed how companies are failing to implement the National Minimum Wage. Some of these companies are those doing business ... [Interjections.]

The HOUSE CHAIRPERSON (Mr M L D Ntombela): Hon members, mute your microphones. Sorry Mme Mkhonto. Hon Siweya, please mute your microphone. You can go ahead, hon member.

Ms C N MKHONTO: Some of these companies, House Chair, are those doing business with the state. Now, let us demonstrate that this idea that you can pay workers poor wage and at the same time grow the economy is one of the biggest confusion. First of all, South Africa’s economy is not growing because there are no industries that produce industrial and household goods consumed daily. In other words, there is no strategy or industrial policy aimed to grow the economy. It is the failed state, corruption and incompetent ruling party entrusted with government that is hampering job creation and economic growth.

Secondly, for any economy to grow workers must be consumers of the goods and services they produce and offer. To be able to do that workers must have disposable income. We don’t live under the apartheid anymore where workers are paid low wages and are expected to return to some corner in some Bantustan to

die. Workers should be consumers and when they spend in large numbers on what they produce the economy will definitely grow. However, let us remind hon members that the EFF is the only organisation that has in its founding manifesto a cardinal pillar to create millions of sustainable jobs including introduction of the minimum wage to close the gap between the rich and the poor. That is to close apartheid wage gap.

The need to increase the National Minimum Wage must be understood within the context of more than 100 years of institutionalised levy wage that continues to condemn black workers and their families to abject poverty. You cannot solve systematic challenges of failed state corrupt ruling party, capitalist greed and racism by continuing to exploit workers. It is not possible, House Chair. If you want capitalist to be honest about their profit margins, let workers down their tools and engage in a strike, you will hear about billions lost by the affected companies in all media houses. House Chairperson, the increase of the National Minimum Wage is being supported.

*IsiZulu:*

Ngiyabonga Sihlalo.

Mr S L NGCOBO: Chairperson, the IFP wishes to convey its condolences to the members of the royal family and to the whole nation on the passing on of our king when we were beginning to have hope that he was holding on well. We also wish the traditional prime minister of the Zulu nation ...

*IsiZulu*:

... uMntwana wakwaPhingangene ukuba aqine. Yimani njalo nina BeSilo lizodlula leli fu.

*English*:

The IFP notes that, at present, according to the most recent figures, there are at least 7,1 million unemployed people in the country. If we consider the extended definition of unemployment, then that figure increases to 10,8 million. This situation has, no doubt, been compounded by the pandemic which has left millions of households uncertain about their futures.

The IFP recognises the efforts on the part of government and the relevant departments to alleviate the hopelessness of unemployment during the unprecedented crisis.

Furthermore, the Household Affordability Index has shown that basic food items for South African households cost R2194,02.

The pandemic and these overt variables demand a responsive government that allows even the most vulnerable to live with security and dignity.

The national minimum wage has increased by 4,5% to R21,69, a development that the IFP welcomes and will continue to support. The national minimum wage, in light of the pandemic and food price hikes, is still not a liveable wage for many households. It remains far below the daily expenses of so many families and yet they must make do while still showing up at work or engaging in job-seeking activities with enthusiasm.

The IFP is not oblivious to the challenges of the economic climate we are currently facing. We recognise that industries across the board are struggling. However, a balance is needed; one where we can pay the most vulnerable of our people a truly liveable wage that affords them a future and dignity while still contributing sustainably to the growth of our economy, a balance that recognises that hard times can be conquered, supported by industries that play their part in the fight against unemployment.

The workers who stand to benefit from this increase remain unable to save and bear the brunt of job losses during all the

times of crisis. But the IFP supports the increase in the national minimum wage. Thank you.

*Afrikaans*:

Ms T BREEDT: Voorsitter, ons wil net weereens ons innige meegevoel uitspreek met die heengaan van Nthokozise Ntumba.

Voorsitter, die Minister van Arbeid se ondeurdagte, buitensporige verhoging van die minimumloon veral met betrekking tot plaaswerkers gaan nie tot werkskepping of die verlaging van werkloosheid lei nie. Dit gaan juis die teenoorgestelde tot gevolg hê.

Wat die Minister en die ANC-regering nie verstaan nie is dat die vraag nie is of landbouers die verhoging in minimumloon wíl betaal nie, maar of hulle dit kán betaal. Ja, landbou is die enigste sektor in die ekonomie wat tydens die pandemie gegroei het. Maar, dis relatief voor die hand liggend oor hoekom dit so is, en is nie werklik ’n maatstaf vir die bekostigbaarheid van ’n buitensporige minimumloon verhoging in die landbousektor nie.

*English*:

Hon Zuma, speaking of the top earners in South Africa, please listen carefully to what I am about to say next. What you and your ANC government do not realise is that nearly half of the total number of farmers in South Africa have an annual turnover of less than R1 million. Note that I said turnover and not profit. [Interjections.]

Ministers, on the other hand, have an annual income of more than twice that.

Let that sink in for a minute, and then further take into account that Ministers do not have a staff complement of 30 farmworker whom they have to sustain, and to whom they must now pay an additional 16% increase in salaries out of that R2 million.

But the big picture keeps on getting gloomier the longer we interrogate this insane increase. When ranking food security worldwide, South Africa is 69th out of 113 countries — thus in the bottom half of food secure countries in the world. Yet, we continue to bury our producers under even more unreasonable legislation. This ranking is not good and will become even worse if we do not start protecting our agriculture sector.

If government is going to continue increasing the minimum wage above reasonable proportions, if they continue to set demands that our agriculture sector cannot viably accede to, our farmers will have no choice but to do away with labour altogether. They will be forced to mechanise. And, if they can’t afford to, they will simply stop farming. This is especially true of our smaller farmers who have an annual turnover of less than R300 000. This is the turnover of the majority of the half of the farmers referred to earlier who earn less than R1 million per annum.

But let me give you an example of where this occurred. I especially want the ANC to listen up, because it is one of your compatriots. It is one of your beloved Brics countries. It is the country also currently dumping their excesses, i.e. chicken, on South Africa, because the legislation that should be focussed on and should be improved to protect our agriculture sector is not being improved and does not protect our farmers.

And yes, I am talking about Brazil. Brazil has replaced its workers and has mechanised farms. They now have bigger farms, larger produce outputs, bigger profits and fewer workers.

*Afrikaans*:

Ek sluit af, en die agb Zuma moet weer haar oortjies vir my spits.

Dit is nodig om die propagandastellings van haar en sekere politici aan te spreek. Stellings dat Suid-Afrikaanse landbouers so ryk is en daarom maklik die salaristoevoegings kan bekostig is bloot onwaar en misleidend. Dit doen ook onnodige afbreek aan ’n sektor sonder wie Suid-Afrika maar sy deure kan sluit.

Met die stygende pryse van elektrisiteit, water en brandstof kan hierdie landbouers nie ’n skielike verhoging in arbeidskoste bekostig nie. Hulle keuse gaan bankrotskap of die vernietiging en die vermindering van werkers wees.

’n Volk wat vir sy landbou sorg, sorg vir sy toekoms. Dankie.

Mr W M THRING: House Chair, the ACDP firstly offers its condolences to the royal household on the passing of His Majesty King Goodwill Zwelethini.

It must be noted that President Cyril Ramaphosa at his last state of the nation address maintained that the country will

not achieve higher growth rates and employment without the implementation of structural economic reforms. Structural reforms tackle obstacles to the fundamental drivers of growth, liberalising labour products and service markets, thereby encouraging job creation, investment, and the improvement of productivity. Structural reforms boost an economy’s competitiveness, growth potential and adjustment capacity as well as the human and institutional capabilities of a country.

The ACDP acknowledges the need to address the imbalances of the past across all sectors. However, it is clear that government’s attempts have failed as a result of the ruling party’s inability to implement the structural reforms needed. This failure is largely due to policies such as Broad-based Black Economic Empowerment, BBBEE, and expropriation of land without compensation, and other labour legislation that work against employment creation.

The proof of the pudding is in the eating. Our Gini coefficient sits at 0,62, making us one of the most unequal nations in the world. Our unemployment rate is at 32,5% and at 42,6% on the expanded definition. We have a small tax base of just 5 million individuals, already overburdened and continuing to shrink. Our annualised GDP contracted by 7%

despite a positive rebound in the fourth quarter of last year. Our debt-to-GDP ratio reached 62,2% in 2019-20, and 81,8% in the 2020-21 year, growing to some 88% in the outer years, while out budget deficit for 2020-21 is 14% of GDP.

The ACDP’s solution to our economic malaise is to stick to a strict fiscal consolidation path and avoid the incessant bailouts of bankrupt and corrupt SOEs so as to avoid a sovereign debt crisis, thereby restoring fiscal credibility for the rating agencies and investors. We must arrest the current debt spiral by removing obstacles to growth drivers, free up our labour product and service markets, thereby encouraging job creation, foreign and domestic investment and improving productivity. We must boost our economy’s competitiveness, growth potential and adjustment capacity and improve the efficiency of expenditures and strengthen revenue mobilisation. Corruption must be dealt a death blow by capacitating all of our crime-fighting units, as corruption affects the poorest of the poor.

These are the solutions and structural reforms needed to increase employment and grow our economy as presented by the ACDP. Thank you.

Mr M NONTSELE: House Chair, greetings to hon members. We also want to extend our heartfelt condolences to the Zulu Royal Family.

*IsiZulu*:

... ngokukhothama kweNgonyama ...

English:

... and also to the family of Mthokozisi Ntumba, who fell a day before yesterday. May Their Souls Rest in Peace. House Chairperson, today’s debate focuses on an important aspect of everyday lives of our people. The South African economy and its labour market policies. The core of the debate is whether our economy is an impediment to the fight against grown unemployment. Perhaps I should begin by stating that this debate is sponsored by the FF Plus, and it is supported by their silly partners, the DA, and all those who have since joined.

Let me hasten to acknowledge that we are not surprised at all, as the ANC that, 27 years into our democracy, the FF Plus still believes that our people must be exploited and be pushed further away from the mainstream economy. The FF Plus and the DA supports this reactionary sentiment as it has been in fact

demonstrated in their submissions, which are full of arrogance and indignation towards the fate of our people, particularly, the farmworkers. The FF Plus’s hatred for this country, the majority of whom are black, is so intense, House Chairperson, that they can no longer hide it.

Their racism overwhelms them to an extent of using our Parliament to declare their undying love for this business which exploits our people on a daily basis, in an attempt to persuade South Africans that their reactionary position on the minimum wage is not driven by racism. The other speakers looked and sounded rather too ridiculous to make any sense, as demonstrated by the arrogance that they have made. House Chairperson, the ANC’s seminal document, the Freedom Charter, which we adopted 66 years ago provided strategic guidance on this matter when it declared, “there shall be work and security.”

The Freedom Charter further insists that, “there shall be a 40-hour working-week, a national minimum wage, paid annual leave and sick leave for all workers, and maternity leave on full pay for all working mothers.” As the consequence, the South African labour market has experienced numerous shifts since the dawn of democracy, guided by this overarching

principle in historical commitment and principle coincidentally responds to some of the fallacies put forward by some of this nonsensical motion of the FF Plus and their friends.

The South African labour market is a product of years of racial and gender exploitation, a denial of labour rights and an exclusion for workers who toil in the mines, farms, transport, hospitality services, public sector and many more, including domestic workers. As a result of these historical injustices, the democratic government has inherited the project of poor working conditions, slave wages and low scale formation that is overly characterised by race and gender classification.

House Chairperson, as guided by the Freedom Charter, the ANC- led government has introduced the National Minimum Wage with effect from 01 January 2019, which applies prudentially across sectors. These will now be equalising to a single National Minimum Wage from 01 March 2021. For us as the ANC, this is an important step in the struggle to improve working conditions of our people in the most vulnerable sectors, and to address the historical injustices. The Freedom Charter further asserted, House Chair that, “the mineworkers, domestic

workers, farmworkers and civil servants, shall have the same

rights as all others who work.”

The impending standardisation of the condition of employment must be understood within the context of a fulfilment of commitments by South African people who gathered in Kliptown, and whose collective wisdom backs the Freedom Charter. As the member of the International Labour Organisation, ILO, South Africa proudly supports the decent work agenda, which was developed in 1999. This programme is organised around four strategic thinkers, which are the social protection, social dialogue and social protection rights at the workplace and employment creation.

Decent work is located at the centre of efforts to reduce poverty, and as a means for achieving equitable, inclusive and sustainable development. It involves the opportunities for work that is productive and delivers a fair income. This is done in order to stabilise the economy and ensure that all workers in this country are able to afford basic living necessities. The basic minimum wage which we are implementing, must be understood in this context.

The National Development Plan, NDP, and the Elections Manifesto, 2014, also accentuated our commitment to the National Minimum Wage. We agreed then that we needed some few years to finalise the modalities of the minimum wage as the instrument to reduce inequality and poverty amongst our people. This position was further reaffirmed by the resolutions of the Fourth National Conference which resolved that, “the National Minimum Wage must be implemented as a matter of urgency, as the New Minimum Wage Regime will impact positively on the lives of many low paid workers.”

In our view, House Chairperson, that minimum wage must be allowed to increase, until the challenge of poverty is addressed, which will inevitably drive economic expansion. This is the greatest achievement for the workers of this country, whose hard work and sweat are the backdrop upon which this economy is build. Our economy has over the period taken a huge battering, from global economic conditions compounded by particular local challenges exacerbated by structural challenges of the apartheid economy.

Chair, it is therefore not surprising that South Africa will be considered as one amongst the one unequal society in the world. As it stands, our country suffers from very high levels

of poverty, racism, inequality and growing unemployment that currently stands over 30% in terms of narrow definition. House Chairperson, the FF Plus’s position is a very old and stale neoliberal argument, that supports the notion of labour market flexibility, which in reality, is about the entrenchment of the basics of the neoliberal agenda of reducing the role of the state to that of the passing regulator in favour of markets to cut costs at the expense of workers, and in order to maximise profit.

What they are proposing is the reduction of labour rights and benefits of workers which will inevitably result in the creation of a working poor labour segment. The International Labour Organisation is not convinced, Chair, that South Africa has the rigid labour market that circumvent youth employment and the employment in general. The ILO attributes unemployment to fragile economic conditions, skills mismatches and education challenges which we still need to resolve. We must appreciate the response ... [Interjections.] We support the New Minimum Wage. Thank you, Chair. [Time expired.]

Mr C H M SIBISI: Hon House Chair, in a developmental state like South Africa, minimum wage is vitally important to protect the workers from the greedy and unscrupulous employers

whose sole purpose is to maximise on their bottom line, even at the expense of people. The Minister of Labour, Thulas Nxesi, published the New Minimum Wage in the gazette, which currently sits at R21,69 per ordinary hour.

It is all well and fair, but is there any monitoring done by the Department of Labour to ensure that the minimum wage is adhered to? We are inclined to believe that the answer is a resounding no, because most of these departments always complain about the lack of capacity when it comes to monitoring and evaluation. In the gazette, the Minister went on further to promulgate that: Farmworkers are entitled to a minimum wage of R21,69 per hour; domestic workers are entitled to a minimum wage of R19,09 per hour; workers employed on an Expanded Public Works Programme, EPWP, are entitled to a minimum wage of R11,93 per hour.

If we look back to the first implementation of minimum wage in South Africa, this was set at R20 per hour, in 1 January 2019. It then increased to R20,79 per hour the following year, to now R21,69 per hour. In the space of less than three years, the minimum wage since its implementation has increased by R1,69. This needs to be measured against inflation, the rand value and the standard of living in the country since. It is

impractical, the cost of living continues to spiral in this country. Government must keep aloof from implementing policies that do not speak to the current circumstances of the country.

We talk about the widening inequality gap in South Africa, yet the policies that are being implemented do not remotely speak to these challenges. We all know that employers are not too happy about the increases in the minimum wage. Thus, this may have an inverse effect, employers are notoriously known for reducing labour costs when costs of production or inputs costs go up. The NFP would like to know whether the implementation of the minimum wage, particularly, the increase comes with the protection of the labour force, one way or the other, or some form of incentives for small businesses in particular.

Red tape alone is a burden to small businesses because creating an enabling environment for business is fundamental to creating a competitive economy. It has been reported that research shows that red tape costs South Africans R79 billion per year. This is equivalent to 6,5% of GDP, or 16,5% of the total Wage Bill in 2003. Within the same token, government regulation is vital, but it should not come at the cost of the economy.

The NFP believes that the government must do more to protect workers, especially during these trying times. However, government must be weary of the inverse effect in so doing. Thank you. [Time expired.]

Mr H C D KRUGER: Chairperson, also please note my condolences to the Zulu nation. The Ramaphosa administration and ANC bureaucrats are failing entrepreneurs because little time, thoughts and efforts are spent in reducing red tape.

Administrative and regulatory compliance costs go hand in hand with the term red tape. And a crucial topic in the South African discourse is on economic reform.

Government is limiting entrepreneurial opportunities through burdensome legislation and regulation. They are suffocating economic growth in the process. According to the World Bank, SMMEs contribute 20% to our GDP and the contribution to the total employment in South Africa was almost 50% before the pandemic.

Small businesses are critical drivers of economic growth, innovation and job creation. But that requires government policies that concentrate on enhancing entrepreneurial activities, which is simply not the case in South Africa. Red

tape is a massive obstacle to SMMEs. While the number of SMMEs has declined, the regulatory burden on them has increased.

The South African government’s concern on red tape started in the early 2000 and was echoed by every President in their state of the nation addresses, sonas. House Chair, just talk and no action. In the 70s, Herbert Kaufman compared the phenomenon of red tape in the same space with death and taxes as a certainty of life which is definitely true in South Africa.

In a survey by the Small Business Institute, SBI they conclude that over half of SMME owners i.e. 53% believe that government regulations are restrictive to small business future growth.

When studying the success of other countries that turn unemployment around, one of the best practices that address unemployment is to create a friendly business environment where red tape is the last concern for entrepreneurs. Red tape frustrates entrepreneurs from getting things done. It costs money and wastes time.

Government, however, spends millions of rand on small business development - and it is good so - and only a few rand on reducing red tape; hence the high failure rate of small

businesses. People’s dignity is often one of the casualties and the community’s instability is one of the consequences.

The government must use its powers and functions to free small businesses from the clutches of red tape. Chairperson, the Small Business Institute Chairperson, Bernard Swanepoel, recently said in a news article that the government was flying in the dark when it came to red tape challenges.

The NDP document on page 143 is clear that government must reduce administrative costs and other bureaucratic burdens for start-ups and existing businesses. Simplify the regulatory environment which includes regulations about business registration, tax, labour and local government.

Chairperson, the Ramaphosa administration fails not only our economy but also the NDP in this regard. Of course, the ANC would rather blame Covid-19 for the absolute alarming statistics around the SMMEs but it’s only the political blind who’ll believe that. The Ease of Doing Business Private Member’s Bill tabled by the DA will help government identify, measure the impact thereof and rectify regulatory burdens and government failure in the small business environment.

President Ramaphosa has asked the nation to work together to kick-start the economy. The Ease of Doing Business Bill is the DA’s commitment for the sake of South Africans. We urge the President to convince his Cabinet to support this programme’s pro-jobs and anti-poor initiative.

Chairperson, the ANC-led government must smell the coffee. Red tape is a real threat to job creation. I thank you.

The MINISTER OF EMPLOYMENT AND LABOUR: Thank you, hon

Chairperson and hon members ...

*IsiXhosa*:

Njengoko izithethi ezininzi ebebezithetha phambi kwam ziyithethile ukuba, isizwe sikhathazekile kwaye sidakumbile ngenxa yokuwa kweNgonyama, iSilo Samabandla. Nathi sigqithisa uvelwano.

*English*:

The MINISTER OF EMPLOYMENT AND LABOUR: Chairperson and hon members, the motion from the FFPlus is welcome. It does not present a problem to us. It rather provides us with an opportunity to educate them and reinforce our position and our resolve on the National Minimum Wage rates set from 01 March

2021. These issues have already been fully ventilated in the portfolio committee.

The National Minimum Wage has been increased from R20,76 to R21,69 per hour from 1st March. Depending on hours worked, this is equivalent to R867,60 per week or R3470,40 per month. I am sure we can agree that these are not outrageous figures and provide for bare minimum to meet the essential needs. The increase is based on a 3% inflation rate plus an additional 1,5% in order to maintain the value of the National Minimum Wage in terms of purchasing power.

Following a transitional phase, the National Minimum Wage is R21,69 per hour as of 1st March will now apply to farm workers. This decision was supported by the evidence that the agricultural sector was not so severely affected by the COVID-

19 lockdown and as the food value chain remained open since it constituted an essential service at the time of the lockdown.

In absolute number – I want to emphasise – the increase for the farming sector translates to a mere R3,00 per hour. The minimum wage for domestic workers is increased to 88% of the National Minimum Wage, which translates to R19,09 per hour as of 1st March 2021.

Judging by the findings of the Quarterly Labour Force Survey, this sector was severely impacted by the lockdown. The lower increase is designed to prevent further disruption and job losses. The minimum wage for domestics is expected to be aligned with the National Minimum Wage when the next review is considered for 2022.

The National Minimum Wage Act includes provision for employers that are genuinely unable to pay the proposed adjustments to apply for exemption. Recognising that COVID-19 has impacted on the employers, they are invited to utilise the exemption process. Early consultation with the labour and the provision of the required documentation will expedite the process. They must be ready when they apply but not collectively as individual employers that they’ll have to open their books.

Their books have to be scrutinised. They must be ready for that process before any conclusion can be made.

Let me make a very important point on legislation. The process of making any law in this democratic South Africa is not a careless, it is not a reckless process, hon Denner, it is a meticulous, cautious, careful, patient and well-considered process. When we make laws hon members, before us is the Constitution of the country, before us is the economy of the

country, before us are the people of this country with all their needs and their aspirations. Hon Denner and all other hon members who are opposed to the minimum wage, when government makes the law, we add a big dose of foresight. This is what we did when we were formulating the National Minimum Wage and processed it until it became an Act. We may not have known about the looming disaster of COVID-19 that has engulfed the entire world currently, but we formulate laws, we make them to be waterproof to withstand even the heaviest storms.

This is what we did with the National Minimum Wage.

We are confident that not only the COVID-19 heavy disaster will fail to crush it, but other future calamities, catastrophes and catastrophism, we will fail to rattle the good work we are doing with the National Minimum Wage Act.

*IsiXhosa*:

Sihlalo, simile sithe gomololo kulo mcimbi wemivuzo yabasebenzi ethe xhaxhe, asijiki siya phambili.

*English*:

It is common course that South Africa is one of the most unequal countries in the world and this is reflected in the labour market and wide disparities in incomes. The roots of

this lie in the century’s long history of exploitation through slavery, forced labour and the apartheid cheap labour system based on the migrant labour and cohesion. Some of you who are beneficiaries of these criminal cruel laws ... As a country we battle this legacy.

The National Minimum Wage is a small step towards beginning to address the legacy. The National Minimum Wage Act came into effect on January 2019, setting a historic precedence for protection of the low-earning and vulnerable workers, and providing a platform for reducing inequality in the national labour market.

It is illegal and unfair labour practice for the employer to unilaterally alter hours of work or other conditions of employment in implementing the National Minimum Wage. The National Minimum wage is an amount payable for ordinary hours of work and does not include payment of allowances such as transport, tools, food, accommodation, payments in kind, like boarding and lodging, tips, bonuses and gifts.

The Act requires the National Minimum Commission to review the rates annually, hon Denner, and to make recommendations to the Minister taking into consideration the cost of living, gross

domestic product, GDP, the wage levels, the collective bargaining outcomes, productivity, ability of employers to carry on their businesses successfully, the operation of the small, medium and micro enterprises, the new enterprises and the likely impact of the recommended adjustment on employment.

I need to flag this, that in relation to all policy development and legislation, government conducts a social, political and economic assessment of the likely impact. It would be irresponsible to do otherwise.

Internationally, it is worth noting that there is ... [Inaudible.] ... [Interjections.]

An HON MEMBER: Chairperson, where is the sound?

... Indeed, 90% of International Labour Organization, ILO, states have a National Minimum Wage. The first to do so was New Zealand in 1894 and India did so in 1948 after independence. It is widely recommended that the minimum wages are one of the measures that can be used to tackle income equality, but of course, progress comes with conflict and struggle. We see this today in the Unites States, US, where the party of Trump seeks to keep the minimum wage low so as to

maintain the profits of the employers, whilst the party with links to the organised labour seeks to increase the minimum wage to provide a decent wage.

The argument here, raised by the DA and FFPlus is about the profits for those who are exploiting the workers, and of course, those who oppose the minimum wage or any increase in the rate for minimum wage, always justify their stance on the grounds that such a wage will inevitably lead to mass unemployment.

South Africa is no different. Entrenched privileges are going up in arms at the prospect of having to pay this reasonable minimum wage to workers undercover of maintaining employment. In all honesty, a mere increase of R3,00 will not break anyone’s bank account.

Their argument is that any wage is better than no wage at all. This is a recipe for the raise to the bottom and the entrenchment of poverty and inequality and the apartheid cheap labour system as they are continuing with it.

Some have resorted to taking the desperate foreign nationals

knowing that they’ll take anything. We have a moral and a

constitutional obligation to oppose this. It makes economic sense. Starvation wages means just that. There is no discretionary income left to make additional purchases, and therefore, hold back the aggregate demand and the economic stimulus that comes with a fairer income distribution. So, has the minimum wage led to widespread retrenchment? I am asking that question and you must ask that question and do proper research. In fact, initial research by the National Minimum Wage Commission, drawing on the research capacity of the University of Cape Town, the University of Johannesburg has found that National Minimum Wage was broadly complied with by many employers and did not place an undue burden on them or lead to job losses in the first year of implementation.

The ILO research indicates similar findings internationally. Our own very findings inspection reports confirm these findings. These reports show that the level of compliance with the National Minimum Wage is at 95% of those employers inspected.

So, the opposition and some employers will now tell us that the adverse effects of the pandemic and the lockdown restrictions, they cannot afford to pay the National Minimum Wage. To do so, will only lead to retrenchments and

unemployment. They seek to the current crisis to justify no wages.

Paradoxically, when the same employers were lobbying government to avail and extend COVID-19 benefit payments, they never objected the decision to use the National Minimum Wage as a minimum floor for payments.

Government is not unresponsive to legitimate claims. Where they are accompanied by compelling evidence that the individual employer is unable to pay, it was with this in mind that from the start, the National Minimum Wage Act included provision for exemptions. This process is already underway in relation to the new National Minimum Wage regulations. So far, the commission has received 10 exemptions application. Eight of these have been granted with the remaining two currently subject to audit.

Government is committed to balancing the legitimate needs of the workers with supporting employers and employment, but what we cannot do is to allow the wholesale national sectoral exemptions in what we would call one-size-fits-all approach that drives a wedge through government efforts to promote

better equity in the labour market and to reduce low wages and poverty amongst the working people.

*IsiXhosa*:

Masikhusele amalungelo abasebenzi, silungise iimpazamo zokucalucalula abantu bethu, esisuka kuzo ngenxa yenkqubo yocalucalulo. Abanye abantu nangoku, basafuna ukukhusela olo calucalulo.

*English*:

Thanks hon Ngcobo for the IFP for educating the FFPlus on the difference between the minimum wage and the living wage. They seem not understand what we are talking about.

Hon Denner, hon Zuma you are right. The FFPlus and the DA are allergic to facts. When laws are formulated in this country, there are many platforms of communication. Hon Denner, you do not know the country you are living in, because in this one, our laws do go to social partners for deliberations and business is represented. There are waves of public hearings that the formulation of laws is subject to.

I beg you, hon Denner, the public gets given an opportunity to bring all their views forward. No laws in this country are

unilaterally imposed by the ANC. The FFplus must not be enemies of facts.

Hon Cardo, we just cannot list social ills in this country and be opposed to the National Minimum Wage and its adjustments.

Your speech was riddled with so many contradictions. A reflection of a party that is totally confused and directionless. At one stage you support ... [Time expired.]

Mrs H DENNER: Thank you Minister for that explanation. I’ll handle that during my speech now. Hon Zuma and hon Nontsele make this about race. How short-sighted! Black employers and black farmers are also suffering while your cadres such as the ANC’s Secretary-General, Ace Magashule live in luxury while the working poor, the majority of which – the EFF is correct that they’re are black women – live in squalor and are subjected to unimaginable social conditions while waiting for you and the ANC to make good of the promises you have been making for nearly 30 years.

Let me, in the Minister’s words, add a good douse of foresight and warn the hon Zuma for the justification of brutal farm murders, that you and your party will end up with blood on your hands. Remember, without employers there will be no

employees. Jobs do not fall from the sky and neither did the food you had for breakfast this morning.

Minister, you mentioned the National Minimum Wage Research done by the University of Johannesburg and commissioned by the National Minimum Wage Commission to counter the argument that the excessive increase of 16% and 23% of the minimum wage will lead to further job losses in these sectors. This research is based on responses of the 47 respondents in the agricultural sector and 53 respondents in the domestic sector in total. In total, Minister, in the entire country.

In contrast to that, let me enlighten the members about efforts made by employers to prevent job losses. The Minister and the portfolio committee have ignored letters and requests from a prominent agricultural organisation with more than

6 000 members – not 47 – desperately trying to communicate and convey the situation on the ground that there are many farms and farmers who cannot afford a 16% increase all at once in their salary bills.

Other organisations with in excess of 30 000 members have made representations to the department, hon Minister. I know about the consultations with the social partners about the effect of

excessive wage increases. This was not taken into account. They also want to prevent job losses; and they also care for their workers and their families, contrary to what has been spewed here today.

However, they are repeatedly vilified and ignored just like the minority comments. The comments that the Minister mentioned from those various representatives on the National Minimum Wage Commission. And also people on the ground who know what the reality, the social and economic conditions out there are but not in a government office, aggressively forcing ideology-based legislation down the throats of those who, unlike government, actually contribute to the economy.

During the state of the nation address President Ramaphosa emphasised the importance of a good relationship between the private and public sectors specifically to promote job creation and curb unemployment. Why is it then that the Minister of Labour and Employment and unfortunately key role- players in the portfolio committee – as we have seen here today – insist on vilifying and antagonising private sector employers at every single opportunity they get to do so?

You are being handed the solution to unemployment and economic hardship. Support the private sector by freeing up their hands to grow the economy and create jobs ... [Interjections.]

AN HON MEMBER: Your time is up.

Mrs H DENNER: Stop hiding behind [Inaudible.] as an excuse for your failure. I thank you. [Time expired.]

The HOUSE CHAIRPERSON (Mr M L D Ntombela): Hon member, please take care of your time. It will cause a lot of commotion unnecessarily. However, thank you very much.

Debate concluded.

The Mini-Plenary rose at 11:17