

Deputy Minister Phathekile Holomisa: Labour Dept Budget Vote 2018/19

15 May 2018

Budget vote speech delivered by the Deputy Minister of Labour, iNkosi Adv Phathekile Holomisa in the National Assembly in Cape Town

Honourable Chairperson
Minister of Labour, Ma - Oliphant
Honourable Ministers and Deputy Ministers
Honourable Acting Chairperson of the Portfolio Committee
Honourable Members
Officials of the Department
Distinguished guests
Ladies and gentlemen

Good Day

It is indeed an honour for me to stand before you on the occasion of budget vote 28 of the Department of Labour. It is of great significance that we are presenting this budget vote during the workers' Month, Africa Month and the year of Ma Albertina Sisulu and our former President the late Nelson Mandela.

The speakers before me have already highlighted the invaluable contribution and personal sacrifices of Ma- Sisulu and our former President the late Nelson Mandela towards the fight for freedom in this country. Let me, on a sad note, echo the sentiments expressed by the previous speakers, on the passing of the Mother of the nation, Winnie Madikizela Mandela and the untimely passing of Comrade Fezeka Loliwe, the former and the late chairperson of the Portfolio Committee on labour. Sithi nilale ngoxolo maqhawekaz' omzabalazo.

Honourable Chairperson; Two weeks ago, workers celebrated the 23rd Anniversary of Workers Day since it was declared a public holiday in South Africa. This public holiday bears testimony to the struggles that workers in this country and in other parts of the globe have waged for workers' rights and social justice over many decades. There is no question about the contribution and the sacrifices that the South African working people made in the struggles against apartheid.

The South African labour movement understood and consistently maintained that the workplace struggles, cannot be separated from broader social struggles; that economic justice and equality cannot be achieved without workers playing a meaningful role in shaping the discourse.

In the 22nd Anniversary of the adoption of our constitution, the 45th anniversary of the historic 1973 Durban strikes, and the 63rd anniversary of the Freedom Charter, we pay tribute to the millions of workers who sacrificed so much so that all South Africans could today enjoy the fundamental rights of being true citizens in their own country.

Honourable Chairperson, The ANC Government when it took power in 1994, knew that undoing over 300 hundred years of colonial and apartheid repression would not be easy, the ANC also knew that it would take time to achieve all the things we had set out to do. Ready to govern and the Reconstruction and Development Programme served as the blue prints on what has to be done. Today as we take you through, as the Minister has done, on how far we have gone in pursuit of the labour relations transformation, we must equally re-affirm our commitment to soldier on.

The Department of Labour is alive to its mandate of ensuring that there is decent work pursued under conditions of freedom, equity, security and human dignity – the ideals that drove our people to create a blueprint called the Freedom Charter. Therefore, our work is guided and shaped by our conviction to contribute in the transformation agenda of our nation.

Honourable Chairperson; Let me, albeit very briefly, explain the framework within which we do our work. We are guided by the Service Delivery Improvement Plan established and maintained by the Executive Authority. The Service Delivery Improvement Plan on the other hand is prepared in line with the Medium Term Strategic Framework, the Strategic Plan, the Annual Performance Plan and other relevant prescripts.

The 2014 – 2019 Medium Term Strategic Framework sets ambitious targets for the Executive authority and we want to use this opportunity to report on how we are doing in terms of meeting those targets. Whilst there are areas where we have recorded exceptional progress, in some areas it is still work-in progress. Whilst progress to date is relatively satisfactory, we are the first to admit that there is still a long way to go.

Last year, we made a commitment to strengthen inspection and enforcement in general and on compliance with the Employment Equity. We are happy to report that we have made notable improvements on this front. We have registered an increase in the number of companies that were subjected to DG Reviews for non-compliance during this period. We reviewed 1550 companies in total during this period.

Despite the JSE claiming and insisting in the media, that their listed companies were all compliant, we discovered and reviewed 74 of their listed entities that were found to be non-compliant. 45 out of the 1550 reviewed companies, were referred to Court and their cases awaits Court decision. Whilst we could do better than this going forward, this is a good start.

We are taking steps to further enhance our capacity on this front by beefing up the number of employment equity inspectors. In addition, I am happy to report that the process towards the promulgation of Section 53 of the Employment Equity Act dealing with the issuing of Certificates of Compliance as a prerequisite for accessing State Contracts, have been finalised. This will ensure that no organisations or service provider will be permitted to do business with the State unless they comply with Employment Equity.

With regards to enhancing the employability prospects of the UIF beneficiaries, the Minister has already confirmed that we will continue to leverage our partnership with the Department of Higher Education and Training, the TVET colleges and Public Works in this regard. Partnership with the PIC is also gaining momentum in so far as social infrastructure investment is concerned.

We are aware of the challenges in programmes such as the Training Lay-off scheme and the turn-around programmes, however I am happy to indicate that these are receiving focused and special attention.

With respect to 59 Scuba Divers learners who had completed their training, but were still awaiting integration to workplaces, 38 were placed as follows: 4 integrated at Alexcor mine in Northern cape for diamond mining, and one of them became the first black woman to be a diamond miner. 2 were absorbed at the Tech Diving in Durban; 2 were absorbed as life guards in Dubai waterpark; 10 were absorbed in Ekurhuleni city; 9 integrated at Ethekwini as Lifeguards; 3 integrated at 2 Oceans Aquarium in Cape Town; 4 integrated at Ushaka Marine world; 1 integrated at Storms river adventurous; 2 Monwabisi Beach Cape Town and 1 at Reutex Defence.

The remaining 21 learners are still awaiting integration within the South African Police Services, Transnet National Port Authority and SANDF.

Working with the Agri-Seta, I am happy to report that a total of 59 cooperatives were provided with training in farming and management skills in the period under review.

Productivity South Africa has on the other hand provided support to 71 companies facing economic distress by restructuring and improving their productivity and operational efficiency, thereby mitigating the impact of retrenchments, resulting in 8 515 jobs being saved. In addition, Productivity SA, through the WPC Programme, supported 590 companies that were in distress resulting in 45 232 jobs being retained.

We are very happy that our interventions are beginning to pay both social and economic dividends on job retention and enhancing the employability of our people. Plans are in place to upscale the scope and reach of the Labour Activation Programme and we will keep the Committee informed of progress in this regard.

Honourable Chairperson, whilst there are some improvements in the compensation fund administration, there still a lot of work to be done. The recently revised organisational structure of the Fund holds the promise to deal with the remaining challenges. I can report for example that the claims environment, which was the major source of complaints for many years, is showing huge improvements since we last appeared before this house.

The fund has completely wiped out the back-log in claims, which is indeed a major breakthrough. The fund, as the Minister indicated earlier, is modernising its service delivery infrastructure and this has already significantly reduced claims turn-around times. 88% of the claims are today finalised in 21 days, a far cry from what it used to be in the past. The fund has made a commitment that it would have resolved all the current bottlenecks in the claims environment by 2019 and we are extremely happy about this.

Honourable Chairperson, it would be amiss of me not to touch on the challenges that still confronts us and what we are doing about them. On the service delivery front, we have recently developed a revised service delivery plan, taking into account operational service delivery challenges and those raised by the Auditor General.

The Acting Chairperson of the Portfolio Committee raised in her input, the concern that the Unemployment Insurance Fund has fallen from being the benchmark of efficiency in the Department of labour, to a level where it was recently smacked with a disclaimer by the AG.

We are pleased however, that UIF management has put together an action plan to change the audit opinion for better. Already the action plan is delivering some positive results, with the interim audit by AGSA so far, indicating a likelihood of improving from Disclaimer to Qualified, with findings. The fund has also started working on further improving the audit opinion to Unqualified for the 2017/18 financial period.

The AG has raised numerous areas of concern and areas of major concern in the department and across all its entities. It is only the CCMA that has, but one insignificant concern from the AG, with the department and other entities, being a mixed bag of areas of concern and those that the AG consider to be of major concern. The issues such as underspending, leadership challenges, consequence management, vacancy rate, Annual Statements, IT Governance, Human Resources, Wasteful and Fruitless expenditure will be firmly on our radar, as part of our oversight and monitoring role in the remaining Medium Term period.

I can assure you honourable members, that we are aware of all the issues that the AG has raised and we will make sure that the Director General and his management team, give these issues the attention they deserve.

We have also noted the issues raised in the report of the portfolio committee on the strategic plans of the Department of labour and its entities. We take note of the key issues that are flagged as the key issues for consideration by parliament. We have also noted the six recommendations that the committee wants the Minister to consider. We will keep the Committee informed of progress in this regard.

Honourable Chairperson; As we move towards the end of the 2014 -2019 Medium Term Strategic Framework, our major key priorities going forward will be focused on service delivery and those areas in MTSF that are somewhat lagging behind.

You will notice that our Budget allocation weighting, takes into account the areas that require capacity enhancements going forward. Of the total DoL budget vote, five key programmes will take the biggest share of the budget, given the challenges and work load that awaits them;

- a. the CCMA with an allocation of 963 million Rands
- b. Administration; 917,3 million
- c. Inspection and Enforcement 598.2 million
- d. Public employment services 582.7 million and
- e. Nedlac with an allocation of 31.7 million Rands

The CCMA work load will increase significantly, like-wise that of the Inspection and Enforcement Services as a consequence of the National Minimum Wage Bill, the Basic Conditions of Employment Amendment Bill and the Labour Relations Amendment Bill. The budget allocation attempts to address this reality.

Administration and Public employment services will be expected to play a much more visible role in the remaining Medium Term period. Public Employment Services will need resources

as it shifts its focus from too much emphasis on registration of work seekers, to placement. Administration will have to prioritise ramping up the service delivery infrastructure and dealing with issues raised by the AG.

Other programmes and entities that are not mentioned, their budgets have also been enhanced though in moderation in some instances.

Honourable Members, our work going forward, will be underpinned by the call of the President in the State of the Nation Address early in the year, that 2018 is the year of encouraging significant new investments in our economy.

To this end, as the Minister has pointed out, we will mobilise those levers in our portfolio that can be buttressed to achieve these objectives.

This leaves me with having to thank the Minister for her support from the inception of the fifth administration in 2014.

Thank you to the Acting Chairperson, Honourable van Schalkwyk and Honourable Members of Portfolio Committee for their support and guidance; the DG, DoL management and staff of the department for their continued support. A big thank you to our staff for being the oxygen in what we do.

Thank you.