

## **Budget Vote 31: Employment and Labour**

### ***“Rebuilding after the ANC’s avalanche of unemployment”***

#### **Speech by Dr Michael Cardo MP, DA Shadow Minister of Employment and Labour**

Honourable Chairperson

The ANC has unleashed an avalanche of unemployment in South Africa. It threatens to reduce our country to rubble.

But instead of mitigating the disaster, or preventing further rockfalls, the ruling party only deepens the destruction. Hence its predisposition to policies and laws – like the Employment Equity Amendment Act – that will trigger a deluge of disinvestment and expedite the nation’s economic collapse.

South Africa sits at the global pinnacle of joblessness, atop a steep slope of despair, down which people’s dreams and livelihoods come crashing.

Currently, there are over 11 million South Africans without a job: 7.75 million people, according to the strict definition of unemployment used by Statistics South Africa, and a further 3.36 discouraged job-seekers, in accordance with the expanded definition.

That makes for an unemployment rate of 32.7 per cent, or 42.6 per cent if you include people who have given up looking for work. Among the youth, the unemployment rate approaches alarming levels of almost 70 per cent.

The so-called party of liberation hastens our subsidence. In ANC-run provinces and municipalities, service delivery has caved in. Everywhere the ANC governs, the physical environment lies in ruins. The upshot is fewer jobs and more crime.

The ANC cannot keep the lights on. Frequently, it cannot keep water flowing from the taps. And every bit of infrastructure touched by the ANC’s cadres signals the kiss of death. The consequence is a vicious cycle of disinvestment, decline and job-shedding. Life becomes impossible for employers; businesses shut up shop; and communities are starved of the means to make a living.

The ANC’s criminality, corruption and incompetence have caused the state to fail. And state failure has brought everything else tumbling down in turn. It has accelerated the avalanche of poverty and unemployment.

The main reason more than 11 million South Africans do not have a job is because the ANC has failed to make this country a viable place in which to operate a business and employ workers.

No wonder the DA-run Western Cape – the one province where government actually works, and where services are delivered to residents – has the lowest unemployment rate by far. In the fourth quarter of 2022, the Western Cape accounted for 167 000 of the 169 000 jobs created nationally since the previous quarter: a proportion of 99 per cent.

Nationally, the government's constitutional sins of commission and omission have edged us into free fall: from the crony enrichment scheme of Black Economic Empowerment, through attacks on property rights, to chronic underinvestment in energy infrastructure that has resulted in rolling blackouts.

And now we have the Employment Equity Amendment Act, recently signed into law by President Cyril Ramaphosa. It is another destructive intervention, another boulder dropped upon the populace, which permits the Minister of Employment and Labour to set racial employment targets for national economic sectors. The law confers upon the Minister powers which are completely incompatible with the principles of a market-driven economy.

Meanwhile, the Department of Employment and Labour and its entities are working sub-optimally or not at all.

The Unemployment Insurance Fund (UIF) and the Compensation Fund could not even get it together to table their Annual Performance Plans this year. That is a blight on the budget process, and it makes a mockery of the portfolio committee's labours. Both funds are dysfunctional and unaccountable.

Tens of thousands South Africans are still waiting for the UIF to pay them their unemployment insurance claims. Mothers cannot buy nappies for their babies, and parents cannot put food on the table because the UIF cannot beat its backlogs. Instead, the fund dawdles, delays and denies – all the while waging a war of attrition on the unemployed.

The UIF's functions should be outsourced to the South African Revenue Service, while private sector players should step into the void created by the Compensation Fund's pathological inability to process injured workers' claims.

As for Nedlac, we are told that a governance task team has reviewed the council's founding documents with a view to refining its mandate. Separately, we are given to understand that there is a labour law reforms task team operating under Nedlac's auspices. But of their proposals and outputs the portfolio committee knows frustratingly little.

Just about the only departmental entity that provides bang for its buck and accounts appropriately is the Commission for Conciliation, Mediation and Arbitration. But in real terms that budgetary buck has been scaled back.

The Department of Employment and Labour's overall budget amounts to R4.1 billion, but very little of that goes towards stimulating job creation in the private sector.

In 2023/2024, the Department's Programme 4: Labour Policy and Industrial Relations will be allocated R1.37 billion (or one-third) of the budget.

We should be channelling those funds into an overhaul of our onerous labour market regime.

Only the private sector can create jobs at scale and rapidly absorb predominantly low-skilled workers into the economy. This means we need to unleash the private sector.

We must reform our labour regulations, cut red tape, and scrap the automatic extension of collective bargaining council agreements to small businesses, new businesses and those employers who did not sign them in the first place.

We must delete from our statute books overzealous acts of social engineering like the Employment Equity Amendment Act, which destroy jobs.

We must make it easier for firms to hire workers and tackle youth unemployment with a real Youth Wage Subsidy.

We must empower individual economic sectors to set their own minimum wages, and offer tax exemptions to small businesses to help them absorb the cost of minimum wages.

It is time for the DA to rebuild after the ANC's avalanche of unemployment, and forestall further landslides.

Roll on the 2024 National and Provincial Elections!