

**Ministry**

**Employment & Labour**

**Republic of South Africa**

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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NUMBER: 1715 [NW2042E]**

**1715. Ms C N Mkhonto (EFF) to ask the Minister of Employment and Labour:**

Whether he has taken any steps with regard to the issue of the Supported Employment Enterprises (SEE) in Port Elizabeth and East London, that are in dire financial constraints due to lack of support from his department and the other spheres of government; if not, why not; if so, (a)(i) on what date and (ii) how will his department intervene as people with disabilities are the target group of the SEEs and (b) how does his department intend to (i) sustain the SEEs and (ii) increase employment opportunities for persons with disabilities?NW2042E

**REPLY:**

Both Gqeberha and East London factories are part of Supported Employment Enterprise’s network of 13 factories located across 8 of the 9 provinces of the country. All these factories receive a proportional share of the budget from the annual transfer of R160 from National Treasury via the Department of Employment and Labour Program 3, Public Employment Services and is also expected to generate revenue through manufacturing and sale of goods and services within its portfolio of textile, wood and steel.

1(a)(i) The steps taken to improve the financial positions of these entities include the following:

* During the financial year 2021/22, we embarked on a rigorous campaign within government to persuade Treasury to reconsider current procurement regulations that require the entity to compete for government contracts just like most businesses in the open labour market that have the flexibility to source other cheaper international inputs, whilst SEE entities are restricted to follow normal supply chain regulations and processes. We look forward to the introduction of the New Preferential Procurement regulations that are going to protect SEE and other similar organisations, Youth, Women, SMMEs and other Vulnerable Groups suppliers.
* We have applied to the National Treasury to grant exemptions in procurement of bulk materials and conclusion of supply of materials for three year contracts and these were granted to protect them from fluctuating raw material prices.
* We have submitted budget bids to Treasury to increase the SEE allocation to fund the maintenance of its decaying infrastructure without success and we hope that with the improvement in the country’s economic conditions, the Treasury will assist us to renovate these factories.

1. We have taken a conscious decision to encourage all our Labour centres and entities that form part of the Department of Employment and Labour to procure their furniture and textile needs from SEEs

* We have approached Treasury over the years to grant approval for veriment of under expenditure to SEE to bail them out in improving staff and factory worker’s salaries and other conditions of employment, their Information Technology and Communication systems and financial management.
* We have seconded staff where vacancies arose in key strategic positions to maintain their operations

(b)(i) As part of our strategy to sustain SEEs,

- we have encouraged staff to diversify production and produce goods that are directed at members of the public as a new market.

- The Director General approved the New SEE marketing strategy that include targeted approaches to Provincial, District and local municipalities.

- We have proposed SEE governance and administration changes in the current Employment Services Amendment Bill that is undergoing public consultation process.

(ii) It is our view that if all the above measures are supported and successfully implemented, they will assist us to increase the intake of more people with disabilities from 1350 to over 4000 as these factories have the necessary capacity to accommodate additional numbers. We will also reconsider our expansion plans to open another factory in Mpumalanga and our footprint elsewhere where there is an uptake of their goods and services.

We will also use the provisions of the Employment Equity to persuade companies to recruit some of the SEE employees into formal establishment as part of their integration into the formal economy and to generally improve their standard of living.

Since SEE operates under the auspices of the Department of Employment and Labour, the Department is leading the efforts to encourage other Departments to use government’s purchasing power to execute employment equity, which stipulates that at least 2% of the total workforce must be from the designated group of persons with disabilities, as for SEE this kind of support becomes indispensable as the entity employs 100% persons with disabilities in all their factory operations.