



**DEPARTMENT OF LABOUR
REPUBLIC OF SOUTH AFRICA**

STRATEGIC PLAN FOR THE



**NATIONAL ECONOMIC DEVELOPMENT
AND LABOUR COUNCIL**

(NEDLAC)

FOR THE PERIOD 2012/13 TO 2014/15

FOREWORD

Official Sign-off

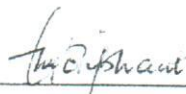
FOREWORD

The responsibility for the overall oversight, governance and strategic direction of NEDLAC is delegated to the Management Committee of the National Economic Development Council (Nedlac). The Management Committee also signs off on the NEDLAC reports emanating from the various Chambers and cross-cutting task teams. It also provides oversight of the operations and financial governance of the entity. The Management Committee plans to hold seven (7) meetings each year in the period under review.

The 'business' of NEDLAC is driven by the legal imperative for social dialogue and participatory policy making in terms of the NEDLAC Act. The NEDLAC work programme is therefore largely shaped by the policy and legislative agenda as determined by the government of the day. The NEDLAC work programme is also largely shaped by the socio-economic challenges confronting South Africa and the concerns and issues as raised by the Social Partners. NEDLAC is thus confronted with a host of issues that it is required to respond to on an ongoing basis.

The strategic thrust over the next period is to upgrade and strengthen the capacity of the institution on the one hand while promoting more effective forms of engagement between the social partners.

Ms MN OLIPHANT - MP Signature:
Executive Authority of Public Entity



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Official Sign-off

It is hereby certified that this Strategic Plan:

Was developed by the management of the NEDLAC under the guidance of the Department of Labour.

Takes into account all the relevant policies, legislation and other mandates for which the NEDLAC is responsible.

Accurately reflects the strategic outcome oriented goals and objectives which the NEDLAC will endeavour to achieve over the period 2012/13 to 2014/15.

[Ronell Maartens]
Acting Chief Financial Officer

Signature: _____

[Alistair Smith]
Executive Director

Signature: _____

Approved by:

[Name: MILDRED CLIPPAINT]
Executive Authority

Signature: _____

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H'74

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PART A: STRATEGIC OVERVIEW

1. VISION

Building an enduring partnership through promoting a shared vision of South Africa's growth and development strategy; greater social equity through broader participation in decision and policy-making processes.

2. MISSION

To strive to promote the goals of economic growth , participation in economic decision making and social equity by promoting effective social dialogue, consensus and coordinated policy formulation on matters related to labour market and socio-economic policy.

2.1. Pursuing agreed policy interventions that are aimed at making South Africa;

- a. The leading emerging market and destination of first choice for investors whilst retaining and expanding social equity; fair labour standards and decent work.
- b. A productive economy with high levels of service, a highly skilled workforce and modern systems of work organisation and management.
- c. A society in which there are economic opportunities for all, poverty is eradicated, income inequalities are reduced and basic services are available to all.
- d. A society in which our people, our most precious resource, are given the opportunity and support to develop to their fullest potential.
- e. A society that promotes the values of social equity, fairness and human dignity in the global economy.
- f. Ensuring economic empowerment for all, especially for black people, workers, and people with disabilities, women and youth.
- g. Eradicating poverty and addressing the legacy of under-development including the focus on rural development.

- h. Strategically engaging globalisation to the best advantage of the country

3. LEGISLATIVE MANDATE / NEDLAC AGENDA

NEDLAC is a statutory body which is governed and mandated as per The National Economic Development and Labour Council Act, Act 35 of 1994.

NEDLAC's work programme is largely determined by the legislative and policy programme of government as well as issues tabled by constituencies.,. These issues can be tabled at a Chamber, Management Committee or the Executive Council. Issues that are tabled at the Management Committee or Executive Council are referred to the appropriate Chambers for negotiation or consultation: Trade and Industry; Public Finance and Monetary Policy ; Labour Market; and Development. Issues of a cross cutting nature are dealt with by the MANCO and or EXCO usually through special task teams.

There have been no changes in the legislative mandate of NEDLAC.

4. SITUATIONAL ANALYSIS

4.1. Performance Environment

The current global context is dominated by uncertainty especially in Europe and poses a number of risks for South Africa. The recovery of the South African economy especially of the manufacturing sector post the 2008 crisis remains fragile. The levels of unemployment, poverty and inequality remain stubbornly high. Youth unemployment and the slow progress in the areas of our human resource development are serious concerns. The slow progress in the infrastructure roll-out, institutional capacity constraints and the ongoing difficulties in the transport and energy sectors are also holding back the prospects of inclusive growth. Under the current circumstances it is unlikely that the employment targets set out in the New Growth Path and the National Planning Commission report will be achieved. These factors are likely to present new challenges to NEDLAC social partners as well as increase the demand on the work programmes and activities of NEDLAC.



In his 2012 state of the Nation Address President Zuma highlighted the need to tackle the triple challenges of unemployment, poverty and inequality. In this regard the acceleration in infrastructure spending will enjoy top priority. This provides an ideal opportunity for NEDLAC social partners to cooperate and to chart a new and bold path forward. In this regard it is also critical that NEDLAC social partners are aligned with the New Growth Path Leadership Initiative under the stewardship of the Minister of Economic Development. The finalisation of the Accords on Basic Education, Skills Development, Local Procurement and the Green Economy has laid a basis for closer cooperation between all social partners.

The ongoing difficulties in the Supply of Electricity remain a serious challenge. However there is still scope for Social Partners to engage on these issues and to influence policy in this regard. Government has also indicated that it will commence engagement in 2012 on a revised Social Security System and the National Health Insurance Scheme. The engagement process on a comprehensive strategy to deal with Youth Unemployment needs to be expedited.

4.2. Organisational Environment

NEDLAC is faced with a myriad of issues and in most cases it takes too long for issues to be finalised. Constituency representative are stretched and getting mandates on highly complex and controversial issues remains a challenge. Representatives are required to attend many meetings and are not always adequately prepared and do not have adequate technical support. Although constituencies general engage in a constructive way it is a reality that constituencies have opposing world views and ideologies. At times these differences become more apparent thus holding back the possibility of engaging in win-win outcomes.

However NEDLAC has a solid legacy of overcoming divisions and fostering cooperation especially in a time of crisis.

The NEDLAC Review highlights the important role that NEDLAC has in the past played in contributing towards a common economic vision. NEDLAC Social Partners have recently jointly participated in the COP 17 Summit on climate change as well as the recent

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Ministerial Summit of the WTO. These activities provide a platform for foster greater consensus and cooperation between social partners on policy aspects with a global dimension. In addition to building social capital in South Africa, NEDLAC has had a significant impact on social dialogue regionally and internationally.

The NEDLAC Review (Webster Report 2006) recognised a number of weaknesses in the NEDLAC operational environment. It envisaged a lean but strengthened institution and secretariat, which is appropriately resourced with adequate infra-structure and highly competent and professional staff. It also proposed resources and measures to support the capacity of social partners.

5. STRATEGIC PLANNING PROCESS

A new strategic planning framework was introduced by Treasury in 2011 in terms of which government departments and related entities have to formulate a rolling five year strategic planning framework up to 2015. The enclosed plan was presented and discussed at a Special Manco Strategic Session held on the 16th of January 2012. This meeting authorised the overall convenors to sign-off on the final plan. A further planning session will be held later in the year to update the strategic plan and to review the expenditure framework

6. STRATEGIC OUTCOME ORIENTED GOALS

The following strategic outcome oriented goals will the guide the strategic interventions and performance of NEDLAC over the next 5 years. The strategic thrust over the next 5 years is to upgrade and strengthen the capacity of the institution on the one hand while promoting and embedding more effective forms of engagement between the social partners. The overall intention is to enhance the role, relevance and impact of NEDLAC as South Africa's key forum for social dialogue and participatory policymaking.



Strategic Outcome Oriented Goal 1:

Effective Governance and Leadership

NEDLAC is governed effectively, enjoys broad leadership support from all Social Partners and responds strategically to the socio-economic and developmental priorities and challenges facing South Africa.

Strategic Outcome Oriented Goal 2:

Enhancing the Core NEDLAC Programme

To improve the operation of all NEDLAC chambers and Task Teams and the Section 77 committee to ensure effective engagement on issues as per the NEDLAC ACT and Protocol Document.

Strategic Outcome Oriented Goal 3:

Promoting and Embedding a Culture of Effective Social Dialogue and Engagement

To ensure that NEDLAC enjoys a positive image and promotes effective Social Dialogue relevant research and information and capacity building.

Strategic Outcome Oriented Goal 4:

Organisational Renewal

The operational environment in NEDLAC is enabling and promoting effective engagement between social partners and the achievement of the NEDLAC vision and legal mandate

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PART B: STRATEGIC OBJECTIVES

7. PROGRAMMES

The entity has no separate or specific programmes as the nature of the work is intertwined and strategic objectives are currently managed through the following work streams, namely:

- Annual Summit
- Executive Council
- Management Committee
- Labour Market Policy
- Trade and Industry Chamber
- Public Finance and Monetary Policy Chamber
- Development Chamber
- Manco Task Teams
- Special Projects
- Administration

8. STRATEGIC OBJECTIVES

Strategic Objective 1.1	Governance and Leadership
Objective Statement	The NEDLAC EXCO and MANCO meetings are held regularly in terms of the constitution and provide high quality leadership and strategic direction to NEDLAC. A Presidential Summit is held annually.
Strategic Objective 1.2	Strategic Engagement and Social Dialogue
Objective Statement	NEDLAC promotes Strategic Leadership Conversation and policy coherence on critical issues of a strategic nature.

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Strategic Objective 2.1	Improved Effectiveness of the Development Chamber
Objective Statement	The social partner engagement on policy and legislative issues related to the Development Chamber is effective and complies with the NEDLAC protocol.
Strategic Objective 2.2	Improved Effectiveness of the Public Finance and Monetary Policy Chamber
Objective Statement	The social partner engagement on policy and legislative issues related to the Public Finance and Monetary Policy Chamber is effective and complies with the NEDLAC protocol.
Strategic Objective 2.3	Improved Effectiveness of the Trade and Industry Chamber
Objective Statement	The social partner engagement on policy and legislative issues related to the Trade and Industry Chamber is effective and complies with the NEDLAC protocol.
Strategic Objective 2.4	Improved Effectiveness of the Labour Market Chamber
Objective Statement	The social partner engagement on policy and legislative issues related to the Labour Market Chamber is effective and complies with the NEDLAC protocol.
Strategic Objective 2.5	Improved Effectiveness of the MANCO Task Teams
Objective Statement	The MANCO Task Teams promote effective engagement on issues that cut across the chambers and complies with the NEDLAC protocol document.
Strategic Objective 2.6	Improved Effectiveness of the Section 77 Committee
Objective Statement	The Section 77 Task Teams effectively resolves socio economic disputes as per the requirements of the LRA and the NEDLAC Section 77 protocol document.
Strategic Objective 3.1	Promoting Social Dialogue- Communication Information and Capacity Building
Objective Statement	NEDLAC enjoys a positive public image and is perceived as the premier institution for Social Dialogue in South Africa and the preferred source of information and comment on social dialogue, socio-economic and labour market trends, updates and related issues in South Africa.



	Effective coordination and access to relevant information resources and related activities to support capacity building and promote constructive dialogue.
Strategic Objective 3.2	Promoting Social Dialogue- Institutional Collaboration and building networks
Objective Statement	NEDLAC enjoys a positive relationship with parliamentary structures and other related entities. NEDLAC actively advocates and promotes social dialogue nationally, regionally and internationally.
Strategic Objective 4.1	Strengthening Organisational Culture and Performance
Objective Statement	NEDLAC has a performance driven culture with an effective structure and highly competent and motivated personnel.
Strategic Objective 4.2	Improved Resources Management
	NEDLAC is adequately financed and its resources are well managed and in compliance with the PFMA.
Strategic Objective 4.3	Improving Systems and Operations
Objective Statement	The NEDLAC operations (systems and processes) have been upgraded to enable an effective and efficient administration of all NEDLAC functions.



9. RESOURCE CONSIDERATIONS

INCOME

INCOME	ACTUAL		BUDGET			
	2009/10	2010/11	Proposed 2011/12	2012/13	2013/14	2014/15
Grant (Department of Labour)	19,554,000	15,868,000	23,915,000	24,064,000	25,595,000	27,134,000
Interest	82,342	257,792	500,000	350,000	380,000	410,000
Rental income (PSA)	493,680	552,048	607,000	671,000	738,100	812,000
Other income	-	180,000	-	-	-	-
Total income	20,130,022	16,857,840	25,022,000	25,085,000	26,713,100	28,356,000

EXPENDITURE

CAPITAL EXPENDITURE	ACTUAL		BUDGET			
	2009/10	2010/11	Proposed 2011/12	2012/13	2013/14	2014/15
Computer equipment	23,092	76,709	545,000	360,000	80,000	100,000
Furniture and Office equipment	-	13,813	400,000	60,000	70,000	50,000
Software	-	14,301	70,000	85,000	40,000	50,000
Building improvements/security	-	-	195,000	-	-	-
Sub Total			1,210,000	505,000	190,000	200,000

COMMUNICATIONS AND SPECIAL PROJECTS	ACTUAL		BUDGET			
	2009/10	2010/11	Proposed 2011/122	2012/132	2013/14	2014/15
Publications	548,636	-	90,000	150,000	160,000	170,000
Annual Report	684,576	312,858	350,000	380,000	415,000	455,000
Website and internet	199,960	120,216	250,000	265,000	280,000	300,000
Public Relations	-	-	30,000	30,000	50,000	60,000
Travel	3,283,448	3,484,536	3,600,000	3,500,000	3,850,000	4,165,000
International meetings	-	26,846	100,000	150,000	150,000	150,000
Venue and refreshments	950,691	1,027,825	1,500,000	1,100,000	1,210,000	1,328,500
National Summit	792,885	864,999	1,000,000	850,000	901,000	955,060
Subscriptions	58,032	49,137	100,000	15,000	16,500	18,150
Special projects	869,877	727,750	2,200,000	1,920,800	2,240,160	2,278,046
Statutory obligations (S77)	65,622	79,432	200,000	250,000	275,000	302,500
Promotion of Social dialogue	5,700	-	20,000	50,000	75,000	100,000
Sub Total	7,459,427	6,693,599	9,440,000	8,660,800	9,622,660	10,282,256

CAPACITY SUPPORT	ACTUAL		BUDGET			
	2009/10	2010/11	Proposed 2011/122	2012/13	2013/14	2014/15
Community	639,180	865,799	1,086,999	1,000,000	1,024,870	1,127,357
Labour	866,459	786,471	846,999	931,700	1,024,870	1,127,357
Business	346,234	319,200	423,505	500,000	467,500	514,250
Sub Total	1,851,873	1,971,470	2,357,503	2,431,700	2,517,240	2,768,964

ADMINISTRATION COSTS	ACTUAL		BUDGET			
	2009/10	2010/11	Proposed 2011/12	2012/13	2013/14	2014/15
Administration costs	2,709,665	2,908,027	4,061,040	4,512,000	4,832,100	5,004,730
Staff costs	5,435,026	5,669,050	7,953,457	8,975,500	9,551,100	10,100,050
Sub Total	8,144,691	8,577,077	12,014,497	13,487,500	14,383,200	15,104,780

SUMMARY OF EXPENDITURE

EXPENDITURE	ACTUAL		BUDGET			
	2009/10	2010/11	Proposed 2011/12	2012/13	2013/14	2014/15
Capital expenditure	23,092	104,823	1,210,000	505,000	190,000	200,000
Communication & Special Projects	7,459,427	6,693,599	9,440,000	8,660,800	9,622,660	10,282,256
Capacity Support	1,851,873	1,971,470	2,357,503	2,431,700	2,517,240	2,768,964
Administration	2,709,665	2,908,027	4,061,040	4,512,000	4,832,100	5,004,730
Staff Cost	5,435,026	5,669,050	7,953,457	8,975,500	9,551,100	10,100,050
TOTAL EXPENDITURE	17,455,991	17,242,146	25,022,000	25,085,000	26,713,100	28,356,000

SURPLUS/(DEFICIT)	2,674,031	-384,306	-	-	-	-
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Communications, Special Projects, Meetings and Travel

The Travel and meetings expenditure reflects the core activities of NEDLAC which has increased dramatically in recent years. A significant proportion of this expenditure is attributable to the Trade and Industry chamber as well as an increase in the number of MANCO task teams. There has also been an increase in the number of section 77 applications. It is anticipated that the increased demand on NEDLAC activities will continue to drive the meetings and travel expenses. This has been factored into the budget together with measures to ensure tighter control over this expenditure.

The Special Projects spending relates to some of the strategic engagements that NEDLAC is required to facilitate from time to time. The bulk of this spending is for the Manco Task Teams and in the current strategic context more special project activities are anticipated.

Professional Fees

Given the skills constraints in NEDLAC there is an ongoing need to rely on the services of professional consultants. Although this expenditure is kept to a minimum, it has varied over the years and has been increased to take into account the need to bolster internal capacity as part of the organisational renewal strategy.

Publications and Printing

More savings are anticipated as greater use of electronic publishing and distribution of documents and reports is anticipated as part of our IT upgrade and web revamp.

Administration

The proposed budget for staff takes into account the need to fill critical vacancies and to implement the HR strategy which is focussed on building a performance driven organisation, with skilled and motivated staff. The Salaries budget also makes some allowance for a review of the remuneration policy and structure to ensure that it is appropriate, fair and equitable.




Capex and Information Technology

The IT budget has been increased since 2010 to upgrade IT and related infrastructure. The first phase involved a refresh of a number of computers and software. The next phase in the upgrade includes the upgrade of the server and network infrastructure as well as improving on the communications, records and document management infrastructure. The capital expenditure budget also makes allowance for the purchase of computers, office equipment and furniture for new staff members.

10. RISK MANAGEMENT

Risk Description	Key Actions
Policies and Procedures	Review all existing policies and create new policies where necessary
Lack of proper guidelines	Introduce a proper induction programme set out for each new employee giving clear objectives and outputs
Cost Management	Proper budget processes to ensure accurate tracking of expenditure against budget lines
Non-compliance or adherence to internal policies and processes – Quality Management System	Staff educated on all policies and processes as contained in the internal protocol document
Supplier base not reflecting sufficient preference towards BEE suppliers.	A Supplier database registration form was developed and is in the process of being sent to all suppliers to re-register with all the relevant documentation attached.
Possibility of cheque fraud	Cheques are signed by 2 signatories. All cheques are accompanied by supporting documentation. A requisition and an order must also be in place

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PART C : LINKS TO OTHER PLANS

11. LINKS TO OTHER PLANS

Nedlac has no long-term infrastructure and other capital plans, conditional grants and public-private partnerships.

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