

SOUTH AFRICA'S NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL (NEDLAC)

**PRESENTATION ON THE SOUTH
AFRICAN MODEL OF SOCIAL
DIALOGUE**



ISSUES TO COVER

- **Context**
- **Purpose**
- **Structure**
- **Governance**
- **Processes**
- **Impact**
- **Challenges and Lessons**



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HISTORICAL CONTEXT

- **The People Shall Govern!**
- **All National Groups Shall have Equal Rights**
- **The People Shall Share in the Country's Wealth**
- **The Land Shall be Shared Among Those Who Work It!**
- **All Shall be Equal Before the Law!**
- **All Shall Enjoy Equal Human Rights!**
- **There Shall be Work and Security!**
- **The Doors of Learning and Culture Shall be Opened!**
- **There Shall be Houses, Security and Comfort!**
- **There Shall be Peace and Friendship!**

SA Social Dialogue Context

- Success of negotiated political transition to democracy
- The role of business, labour and government in laying the foundation for meaningful social dialogue
- The inclusion of other civil society formations in the decision-making processes.
- The current expanding social dialogue
- Value of win-win outcomes
- Public Private Partnerships
- All inclusive – decision making
- New challenges –
We are all in this together

Social dialogue

- South Africa has highly-developed social dialogue institutions and social partners have a long history of dealing with complex and important issues – from the political transition to specific laws and regulations to broad agreements on growth and development
- Social dialogue is a complex process where each party must bring something to the final agreement. As the Nobel prize – winning economist Amartya Sen notes:

“A democratic search for agreement or a consensus can be extremely messy and many technocrats are sufficiently disgusted by its messiness to pine for some wonderful formula that would simply give us ready-made weights that are ‘just right’”.



Country's Socio Economic Trajectory

- 1960s real GDP averaged @ 5.5%
- 1970s fell to 3.3%
- 1980s fell again to 1.4%
- Bet. 1986 – 92 average annual growth of real GDP fell to 1% @ the same time
- Job Creation fell to zero in the 80's and to negative territory in 1986.

KEY CHALLENGES CONFRONTING THE COUNTRY

- Deep seated levels of poverty
- High levels of unemployment
- One of the highest levels of inequality in the world
- Economic rapid slide to abyss
- Approx. 5 mill of the population deciding on what was good for over 38mill. people
- Country on a brink of debt trap

Any country with this kind of a “balance sheet” would find it very hard to meet the needs of its citizens. It would require vision and innovation of the highest degree, and most importantly, time, to turn this situation around.

FORMATION OF NEDLAC AND PURPOSE

Nedlac was formed through an Act of Parliament which was passed in 1994.

The Nedlac founding declaration defined three main challenges for the organisation:

- **Sustainable economic growth** - to facilitate wealth creation: as a means of financing social programmes; as a spur to attracting investment; and as the key way of absorbing many more people into well-paying jobs.
- **Greater social equity** - both at the workplace and in the communities: to ensure that the large-scale inequalities are adequately addressed, and that society provides, at least, for all the basic needs of its people.
- **Increased participation** - by all major stakeholders, in economic decision-making, at national - company and shopfloor level - to foster cooperation in the production of wealth and its equitable distribution.

PURPOSE

- **Strive to promote** the goals of economic growth, participation in economic decision-making and social equity
- **Seek to reach consensus** and conclude agreements pertaining to social and economic policy
- **Consider all proposed labour legislation** relating to labour market policy before it is introduced in parliament
- **Consider all significant changes to social and economic policy** before it is implemented or introduced in parliament
- **Encourage and promote the formulation of coordinated policy** on social and economic matters

NEDLAC STRUCTURE

CONSTITUENCIES

BUSINESS

- Business Unity South Africa

LABOUR

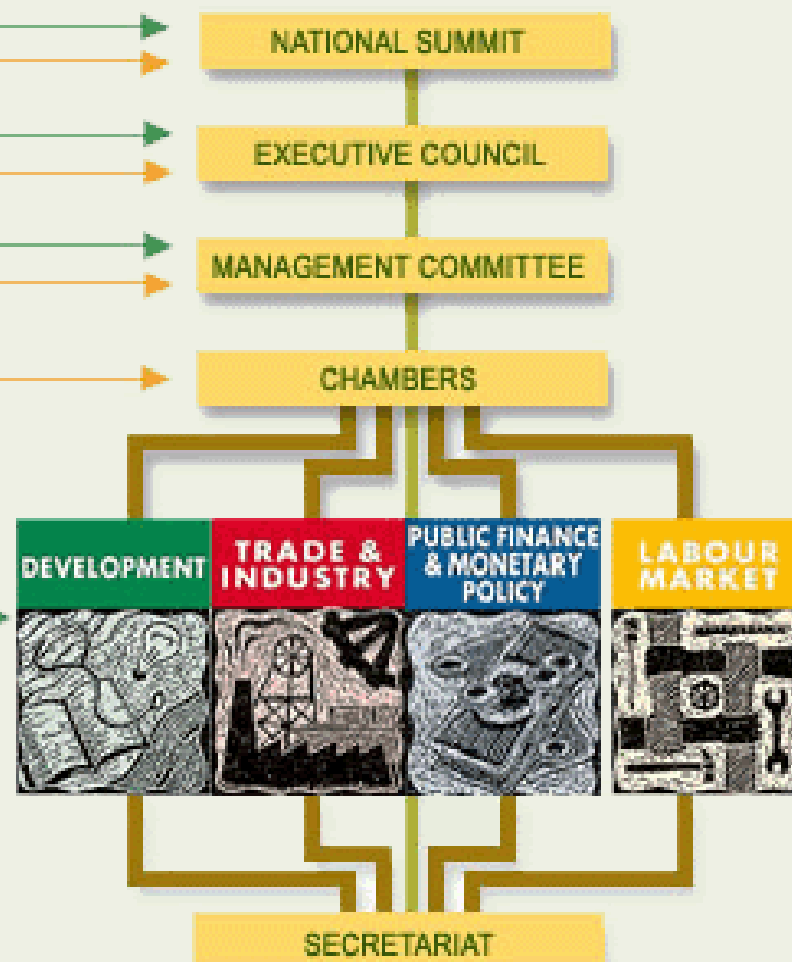
- Congress of South African Trade Unions
- National Council of Trade Unions
- Federated Unions of South Africa

GOVERNMENT

- Department of Labour
- Department of Trade and Industry
- Department of Public Works
- Department of Finance
- Other Departments

COMMUNITY

- Women's National Coalition
- South African National Civics Organisation
- South African Youth Council
- Disabled People South Africa
- The National Association of Co-operatives of South Africa
- Financial Sector Coalition



WHO PARTICIPATES ?

Organised labour:

- Cosatu, Fedusa, Nactu

Organised business:

- Business South Africa, Nafcoc

Government:

- labour, trade and industry, finance and public works

Community constituency: Coalitions of;

- Youth, Women, CBOs, Co-operatives, Finance Sector and People with disabilities



GOVERNANCE

- ◆ Statutory institution, funded from Dept of Labour budget (Accounts to parliament in general and the President on specific projects)
- ◆ Four partners, no party has a formal/ official veto
- ◆ Mandated representatives of organised constituencies
- ◆ Agreement-making on all social and economic policy interventions
- ◆ Independent secretariat administers the process

PROCESSES

Protocol for tabling issues

Problem-solving

- **Negotiation**
- **Consultation**
- **Information Sharing**
- **National Projects**
- **Dispute Resolution**



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PROCESS

- Government tables programmes of policy and legislation in Nedlac – often at the beginning of the year.
- Issues are tabled at least six weeks before sign-off is required
- Parties agree at the outset whether the issue is being tabled only for consultation, or negotiations or both.
- Parties then agree on a process and timeframes to expedite the matter
- In cases where the issue falls within the terms of reference of more than one chamber, a joint negotiation committee or task team is established.

PROCESS

- There may also be instances where the intervention of the relevant Minister/s may be required.
- Once the process of engagement on the policy has been finalised, a Nedlac report is prepared for ratification by the Nedlac structures.
- In the event that government indicates that giving effect to the policy require legislation, then government tables the draft Bill at Nedlac for consideration.
- The Nedlac report, after sign-off by the relevant Nedlac structures, will be sent to the relevant Minister who will in turn table it in parliament.



Raising Reservations about an Issue in Parliament

- Parties are bound not to re-open discussion in Parliament on any area where agreement was reached in Nedlac.
- Parties have the right to raise issues in parliament on which there has been no agreement, or on which a Nedlac agreement was silent.
- if parties raise issues during the parliamentary process on which the Nedlac agreement was silent, or new issues, which go beyond the reservations captured in the Nedlac report, they should inform Nedlac for the record.

Monitoring the Passage of an Issue through Parliament

- The secretariat liaises with the committee secretary and chairperson of the respective parliamentary committee in order to monitor the passage of an issue through Parliament.
- This liaison include obtaining information about the dates and agendas of portfolio committee meetings.
- The secretariat also obtain copies of a bill before it is tabled in Parliament and forward copies thereof to the convenors in order that the **convenors may check the bill's consistency with the agreements concluded in Nedlac.**

STATUS OF NEDLAC AGREEMENTS

- Government departments are bound, as one of the parties, to reflect on agreements that were reached at Nedlac in the drafts that they put before parliament.
- If the Bill is not consistent with the agreement reached in Nedlac, then a process must be triggered to address the problem.

IMPACT

- Labour Relations Act
- Amendment to Insolvency Act
- Mine Health and Safety Act and Amendment Act
- Presidential Growth and Development Summit Agreement
- Memorandum of understanding on service tariffs
- Codes of good practice (HIV and AIDS in the workplace)
- Promotion of SMMEs and Economic Transformation (BBBEE)
- Multilateral and Bilateral Trade Policy Framework
- Skills Development Act and Employment Equity Act

IMPACT

- ◆ Institutionalised opportunity to participate in social and economic policy-formulation
- ◆ Increases “buy-in” by civil society and eases the challenges of implementation
- ◆ Ongoing interaction between parties even if in dispute over one issue
- ◆ Mobilises the support of members of participating organisations
- ◆ **Social dialogue beyond Nedlac – Millennium Labour Council and Leadership team on response to Economic crisis.**

CHALLENGES FOR SOCIAL DIALOGUE -GENERAL

- POLITICAL ENVIRONMENT
 - Conflicts
 - Rapid Diminishing of sovereignty of Nation States
 - Constant changes in the Rules of the game
 - New forces that were never part of our lives
 - Complex Continental dynamics
 - Competition for resources
 - Complex Foreign Policy relations



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ECONOMIC ENVIRONMENT (NEW FRONTIER)

- Globalisation
- Advent of the Internet Era
- GATT to WTO
 - Scramble for the strategic markets
 - Pressure to reduce tariffs
 - Competition for Foreign Direct Investment
 - The gap between the rich and poor widened

(Just less that half the population in Africa lives on less than 2 US Dollars a day.)

- Less leveled playing field– survival of the fittest



Key Drivers of the New Frontier

- Emergence of Powerful G - this and G – that
- Economic prescriptions for countries
- Influence of the Multi lateral Institutions;
 - International Monetary Fund (IMF)
 - World Bank
 - World Trade Organisation (WTO)
- The power of the Economic Blocks
 - North - South dynamics
 - Developed vs Less-developed economies
 - Direct investments vs Speculative investments



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LESSONS

- Unwavering Political will and commitment to the process
- Common vision – Emphasis on the Future
- Rising above often narrow sectarian interests – focusing on the Nation's needs
- Social dialogue is a process and not an event.
- Impact of policy intervention is often medium to long term.
- Expectations are often very high- One cannot be everything to everyone. (80:20 principle the way to go)
- National agenda is often influenced by factors outside of the national boundaries.



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