



**EXECUTIVE DIRECTOR'S REPORT  
OF NEDLAC ACTIVITIES  
FOR 2017/18 FINANCIAL YEAR**

---

**23RD ANNUAL SUMMIT**

**14 September 2018  
Saint George Hotel & Convention Centre**

*“Transforming the economy through inclusive economic growth and decent jobs”*

# CONTENT



1. **SUMMARY OF PERFORMANCE**
2. **IMPACT ANALYSIS**
3. **FINANCIAL EXPENDITURE LINKED TO ORGANISATIONAL PERFORMANCE**
4. **ORGANISATIONAL PRIORITIES FOR THE 2018/19 FINANCIAL YEAR**



# SUMMARY OF PERFORMANCE



# SUMMARY OF PERFORMANCE ON THE 2017 –18 APP



Programmes	Annual Planned Indicators	Targets achieved	Targets not achieved	Overall Achievement (%)
1. Administration	14	12	2	86%
2. Core Operations	30	27	3	90%
3. Constituency Capacity Building Funds	3	3	0	100%
4. Summary of performance	47	42	5	89%

# COMPARATIVE ANALYSIS PER PROGRAMME 2017/18 (QUARTER 1 – 4)



Programme	QUARTER 1			QUARTER 2			QUARTER 3			QUARTER 4		
	Planned targets	Overall Achieved	%	Planned targets	Overall Achieved	%	Planned targets	Overall Achieved	%	Planned targets	Overall Achieved	%
Administration	10	9	90%	14	12	86%	9	7	78%	11	10	91%
Core- Operations	10	8	80%	22	20	91%	18	17*	94%	21	20	95%
Capacity Building	3	3	100%	3	3	100%	3	3	100%	3	3	100%
<b>Total</b>	<b>23</b>	<b>20</b>	<b>87%</b>	<b>39</b>	<b>35</b>	<b>90%</b>	<b>30</b>	<b>27</b>	<b>90%</b>	<b>35</b>	<b>33</b>	<b>94%</b>

\*Excludes (1) target that was set for the previous quarter but achieved in Quarter 3.

# MATTERS CONCLUDED: 2017-18

## APP - LEGISLATION



### Pieces of legislation and policy concluded:

Matter	Period of engagement
1. Electronic Deeds Registration Systems Bill	6 months
2. Critical Infrastructure Protection Bill	9 months
3. Aquaculture Development Bill	7 months
4. National Road Traffic Amendment Bill	6 months
5. Sugary Sweetened Beverages Tax	6 months

# MATTERS CONCLUDED: 2017-18

## APP – LEGISLATION CONT.



Matter	Period of engagement
6. National Liquor Amendment Bill	7 months
7. Perishable Products Export Control Bill	6 months
8. Civil Aviation Act Amendment Bill	6 months
9. National Skills Development Plan	12 months
10. Minimum Wage Bill and Basic Conditions of Employment Amendment Bill	6 Months

# SUMMARY OF PERFORMANCE ON THE 2017 –18 APP



## Special sessions on policy issues:

Session	Chamber
1. Household saving with the South African Savings Institute	Public Finance & Monetary Policy
2. Unclaimed benefits	
3. Financial inclusion	
4. Household access to finance	



# SUMMARY OF PERFORMANCE ON THE 2017 –18 APP



## Research projects concluded:

Research	Chamber
Evaluating the Economic, health and social impacts of the proposed Liquor Amendment Bill	Trade & Industry

# SUMMARY OF PERFORMANCE ON THE 2017 –18 APP



## Section 77 Applications:

Applicant	Issue	Status
1. PTAWU	Owner Driver Scheme of the South African Breweries	Concluded
2. SAFTU	Worsening crisis facing the working class	Concluded
3. NUMSA	Closure of coal fired power stations by Eskom	Concluded
4. COSATU	Water crisis in the Western Cape	Concluded
5. FEDUSA	Lack of competency on the leadership of State Owned Companies	On-going
6. COSATU	Free Education	On-going
7. ICTU	National Minimum Wage, Economic Policy and Free Education	Concluded
8. COSATU	Renewable Energy and closure of Coal Mines	Concluded

# SUMMARY OF PERFORMANCE ON THE 2017 –18 APP



## Section 77 Applications:

Applicant	Issue	Status
9. COSATU	State Capture	Concluded
10. COSATU	Labour Broking	Concluded
11. COSATU	Job losses and retrenchments	Concluded
12. COSATU	State of public transport in the Western Cape	Concluded
13. AMCU	Job losses in the mining sector	Concluded
14. NUMSA	Section 77(1) (b)	Concluded
15. AMCU	Poor regulation and implementation of the Minerals and Petroleum Resources Development Act	Concluded
16. COSATU	Economic Crisis	Concluded

# TASK TEAMS AND SPECIAL PROJECTS



1. Comprehensive Social Security
2. Energy Task Team
3. Sovereign Ratings Downgrade
4. Customs Fraud and illegal Imports
5. Dairy Sector Task Team
6. Decent Work Country Programme: Focuses on the implementation of the SA decent work country programme
7. Special Sessions e.g. Financial Inclusion; Household Savings
8. Research on Social Impact of the Liquor Amendment Bill.

# HIGH LEVEL ENGAGEMENTS



Project	
Nedlac Annual Summit	Social partners identify key issues for engagement at high level, often resulting to agreements on a process to take forward the engagements through task teams.
Second Financial Sector Summit	Focuses on transformation in the financial sector. Theme for 2018-19 “Fundamental Transformation of the Financial Sector towards Inclusive Economic Growth”. Implementation of resolutions of the 2002 FSS and pave a way forward.
Jobs Summit	To explore ways of transforming the economy to accelerate job creation and save jobs.
Exco Sessions with Ministers	Exco engages with identified Ministers on issues relating to social and economic matters e.g. NHI, National Budget etc.



# IMPACT ANALYSIS

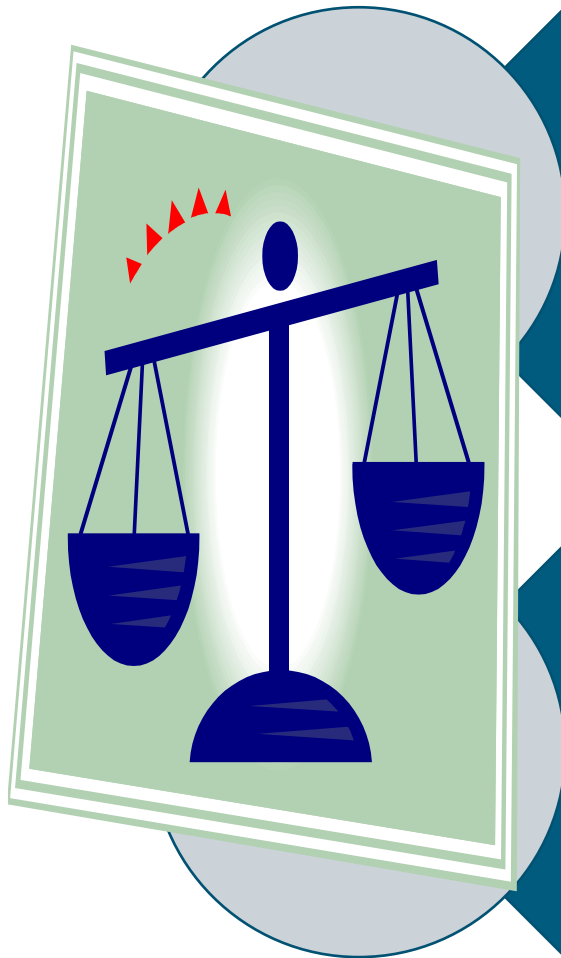


# NEDLAC'S CONTRIBUTION TO EMPLOYMENT, POVERTY ALLEVIATION & REDUCTION OF INEQUALITIES



- In line with its mandate, Nedlac contributes to the promotion of employment and saving jobs, alleviation of poverty and inequality, primarily through consideration of legislative and policy matters.
- While Nedlac does not directly create employment opportunities, it create an enabling environment to promote economic growth and address the triple challenges of poverty, unemployment and inequality.

# NEDLAC'S CONTRIBUTION TO EMPLOYMENT, POVERTY ALLEVIATION & REDUCTION OF INEQUALITIES cont.

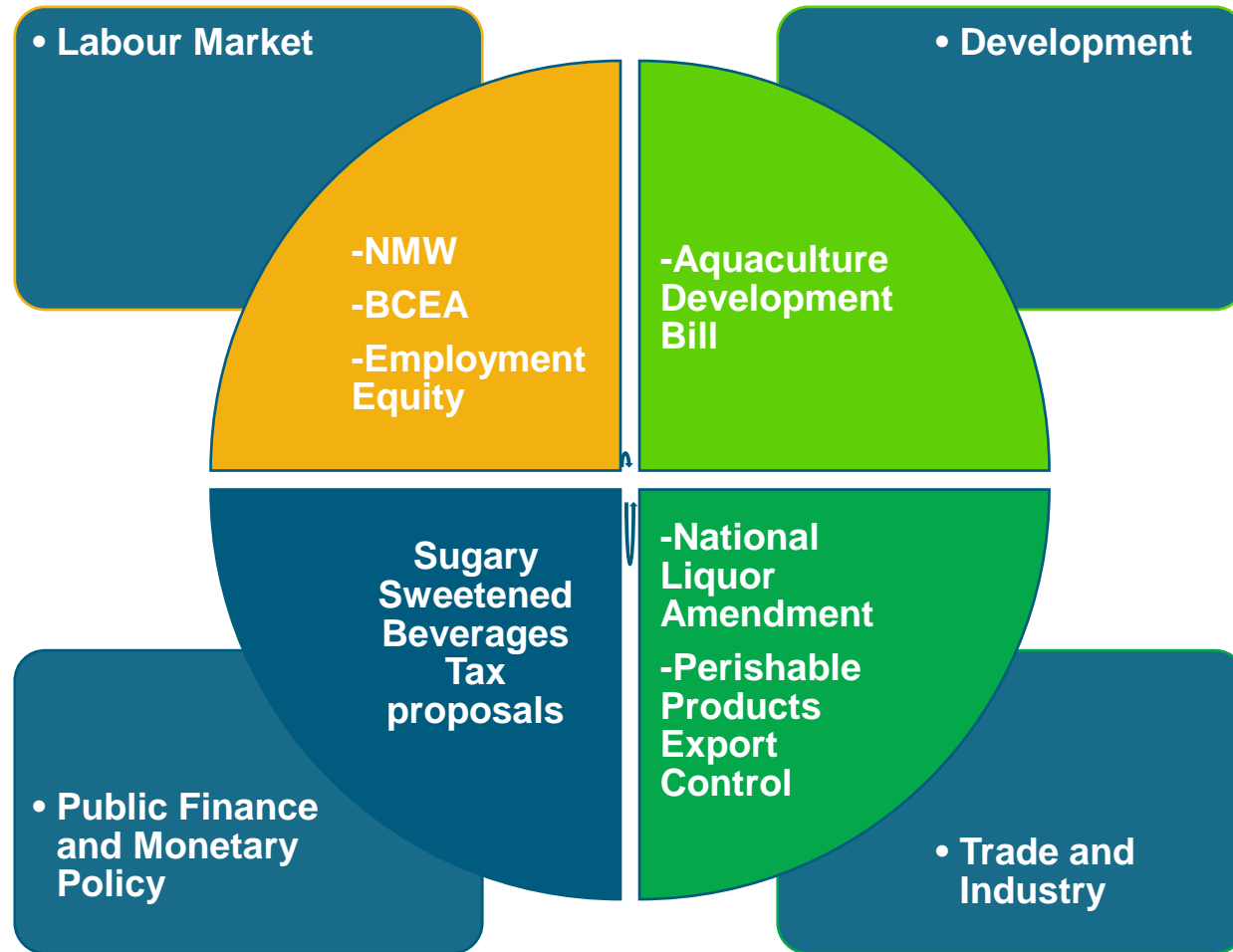


Key to Nedlac's mandate is the consideration of all proposed legislation relating to labour market and significant amendments to socio-economic policy issues prior to being introduced in Parliament.

South Africa, through social dialogue has developed and adopted Laws, Regulations and International Standards to promote decent work and address labour market challenges.



# EXAMPLE NEDLAC'S CONTRIBUTION TO EMPLOYMENT, POVERTY ALLEVIATION & REDUCTION OF INEQUALITIES CONT.



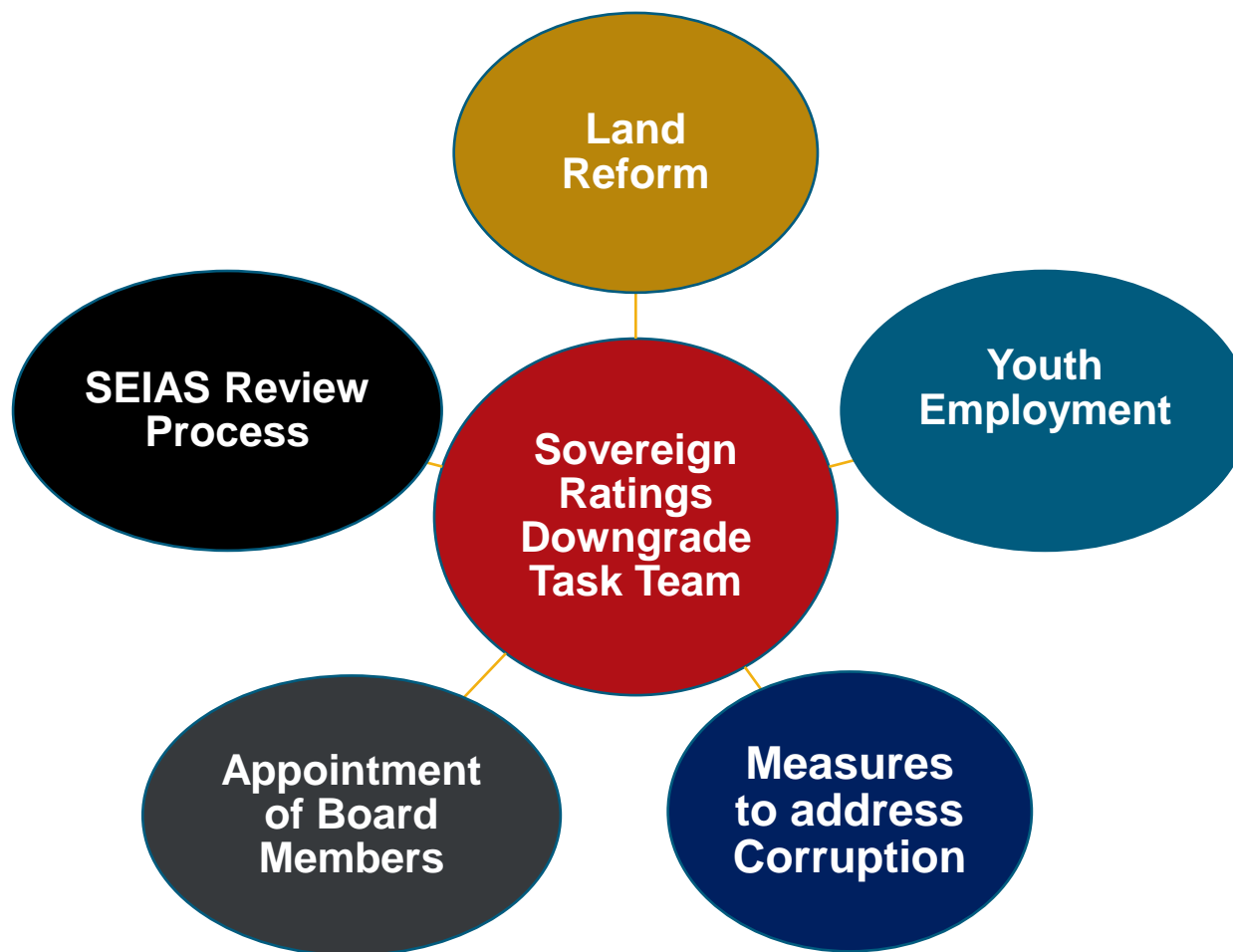
# EXAMPLES OF LEGISLATION RELATING TO LABOUR MARKET CONCLUDED THROUGH SOCIAL DIALOGUE



Some significant amendments to legislation through social dialogue.

- Labour Relations Act (LRA)
- **Basic Conditions of Employment Act (BCEA)**
- Occupational Health and Safety Act (OHSA)
- Mine Health Safety Act (MHSA)
- Unemployment Insurance Fund Act (UIF)
- Skills Development Act (SDA)
- **Compensation for Occupational Injuries and Diseases Act (COIDA)**
- **Employment Equity Act (EEA)**
- **National Minimum Wage Bill (NMW)**

# CONSIDERATION OF SOCIO-ECONOMIC ISSUES



# MAJOR ACHIEVEMENTS FOR THE YEAR UNDER REVIEW



- Finalised engagements on the **National Minimum Wage Bill** and the **Basic Conditions of Employment Amendment (BCEA) Bill** .
- Establishment of a high level task team on **Comprehensive Social Security**. Timeline given for this work is two years.
- Engagements on the **National Health Insurance**.
- 95% of **bargaining council demarcation** disputes were resolved within 21 working days of being referred to Nedlac by the CCMA.



# **EXPENDITURE LINKED TO ORGANISATIONAL PERFORMANCE**

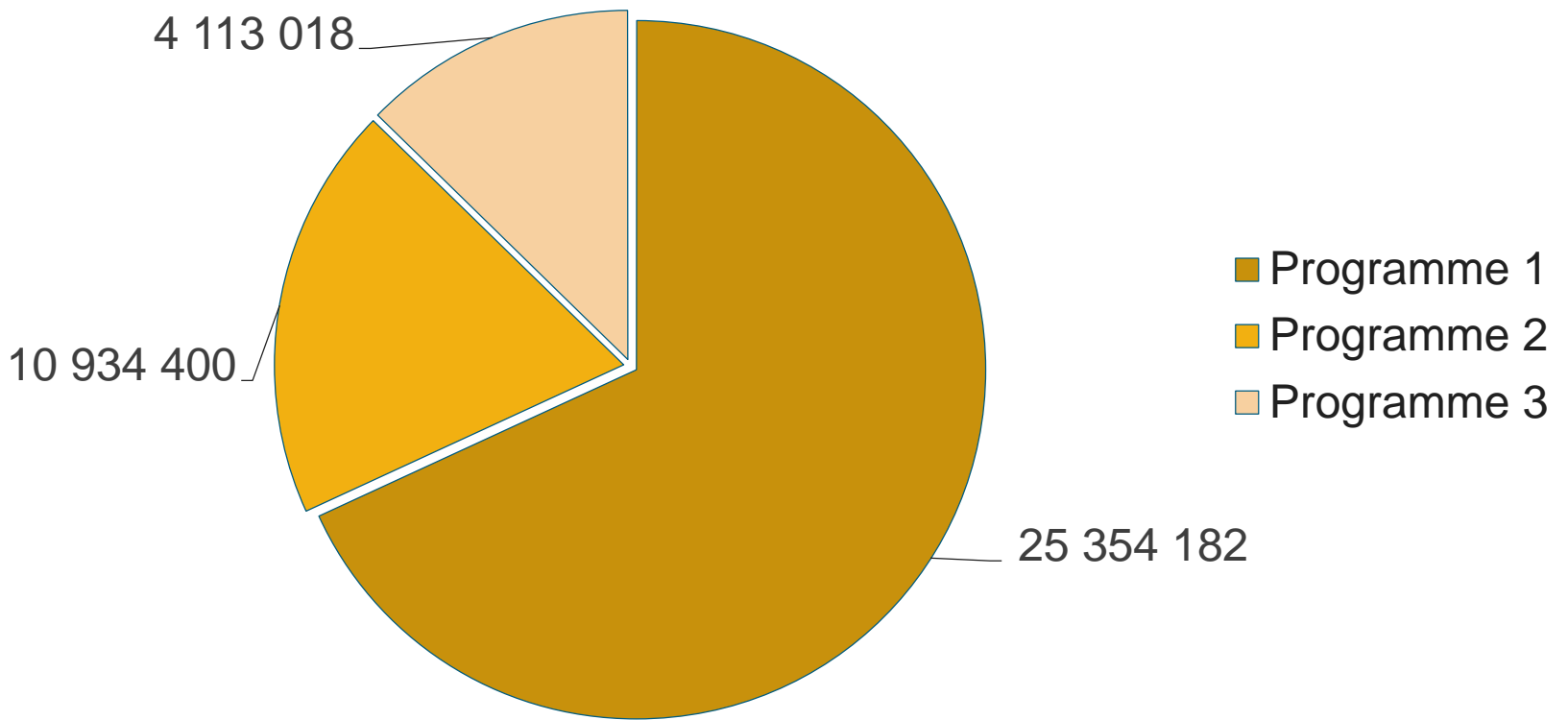


# BUDGETED INCOME FOR 2017/18 FINANCIAL YEAR



Description of income		Amount
1.	Grant from Department of Labour	R39,833,000.00
2.	Interest Received	R430,000.00
3.	Sundry Income	R138,600.00
4.	Total income	R40,401,600.00

# ANNUAL BUDGET ALLOCATION FOR 2017/18



# 2017/2018 ECONOMIC CLASSIFICATION FOR Q1, Q2, Q3 & Q4



<b>ECONOMIC CLASSIFICATION</b>	<b>BUDGET 2017/2018</b>	<b>ACTUAL EXP AS AT 31 Mar 2018 2017/2018</b>	<b>VARIANCE (OVER)/UNDER 2017/2018</b>
COMPENSATION OF EMPLOYEES	R 13 905 000	R 17 512 764	R -3 607 764
GOODS AND SERVICES	R 26 296 600	R 18 266 794	R 8 029 806
PAYMENTS FOR CAPITAL ASSETS	R 200 000	R 104 075	R 95 925
PAYMENTS FOR FINANCIAL ASSETS	R 0	R 0	R 0
<b>TOTAL</b>	<b>R 40 401 600</b>	<b>R 35 883 633</b>	<b>R 4 517 967</b>



# 2017/2018 PROGRAMME 1: EXPENDITURE INFORMATION Q1, Q2, Q3 & Q4



ECONOMIC CLASSIFICATION	BUDGET 2017/2018	ACTUAL EXP AS AT 31 Marc 2018 2017/2018	VARIANCE (OVER)/UNDER 2017/2018
COMPENSATION OF EMPLOYEES	R 12 555 120	R 15 762 378	R -3 207 258
GOODS AND SERVICES	R 12 599 062	R 9 523 595	R 3 075 467
PAYMENTS FOR CAPITAL ASSETS	R 200 000	R 104 075	R 95 925
PAYMENTS FOR FINANCIAL ASSETS	R 0	R 0	R 0
<b>TOTAL</b>	<b>R 25 354 182</b>	<b>R 25 390 048</b>	<b>R -35 866</b>

# 2017/2018 PROGRAMME 2: EXPENDITURE INFORMATION Q1, Q2, Q3 & Q4



ECONOMIC CLASSIFICATION	BUDGET 2017/2018	ACTUAL EXP AS AT 31 Marc 2018 2017/2018	VARIANCE (OVER)/UNDER 2017/2018
COMPENSATION OF EMPLOYEES	-	-	-
GOODS AND SERVICES	R 10 934 400	R 7 140 850	R 3 793 550
PAYMENTS FOR CAPITAL ASSETS	R 0	R 0	R 0
PAYMENTS FOR FINANCIAL ASSETS	R 0	R 0	R 0
<b>TOTAL</b>	<b>R 10 934 400</b>	<b>R 7 140 850</b>	<b>R 3 793 550</b>

# 2017/2018 PROGRAMME 3: EXPENDITURE INFORMATION Q1, Q2, Q3 & Q4



<b>ECONOMIC CLASSIFICATION</b>	<b>BUDGET 2017/2018</b>	<b>ACTUAL EXP AS AT 31 Marc 2018 2017/2018</b>	<b>VARIANCE (OVER)/UNDER 2017/2018</b>
COMPENSATION OF EMPLOYEES	R 1 349 880.00	R 1 375 076.00	-R 25 196.00
GOODS AND SERVICES	R 2 763 138.00	R 1 442 875.00	R 1 320 263.00
TRANSFERS AND SUBSIDIES	R 0.00	R 0.00	R 0.00
PAYMENTS FOR CAPITAL ASSETS	R 0.00	R 0.00	R 0.00
PAYMENTS FOR FINANCIAL ASSETS	R 0.00	R 0.00	R 0.00
<b>TOTAL</b>	<b>R 4 113 018.00</b>	<b>R 2 817 951.00</b>	<b>R 1 295 067.00</b>

# 2017/18 ALL PROGRAMMES: EXPENDITURE INFORMATION



Programme	Annual Budget	Actual To Date	Expenditure To Date %
Programme 1	R25 354 182	R25,390,048	100%
Programme 2	R10 934 400	R7,140,850	65%
Programme 3	R4 113 018	R2,817,951	69%  **(89% inclusive of Commitment)

\*\* 89% includes 20% (i.e. R800 000,00 ) commitment by Business Constituency towards a Research project on Eskom's business model.

# 2017/18 ALL PROGRAMMES: EXPENDITURE INFORMATION FOR PROGRAMME 1



- Expenditure as at end of **Quarter 4** was at **100%**.
- Nedlac received additional budget allocation of **R 8 000 000,00** on 29 March 2018 to cover the costs of National Minimum Wage (NMW) and related activities (e.g. NHI, Comprehensive Social Security).
- Out of this amount, **R 3 500 000,00** was allocated to Programme 1, on expenditure line items which had a direct link with NMW and related activities.
- Without this additional funding there would have been an over-expenditure on Programme 1 as at 31 March 2018 as a result of the cost pressures.

# 2017/18 ALL PROGRAMMES: EXPENDITURE INFORMATION FOR PROGRAMME 2



- Expenditure was 65% at the end of 2017/18, which is lower than the allocated annual budget by 35%.
- Out of the **R 8 000 000.00** that was received by Nedlac as indicated above, **R 4 500 000.00** was allocated to Programme 2 on expenditure line items which had direct link to the NMW and related activities.
- Without this additional funding an over expenditure on programme 2 would have been incurred as at 31 March 2018.
- The amount of **R 4 500 000.00** could not be fully utilised during the 2017/18 financial year as the total additional funding was actually received on 29 March 2018 by Nedlac which was right at the end of the financial year.
- However, the remaining amount will be fully utilised during 2018/19 financial year as the engagements on NMW related activities will continue beyond 31 March 2018. These activities are expected to be completed during 2019/20 financial year.

# 2017/18 ALL PROGRAMMES: EXPENDITURE INFORMATION FOR PROGRAMME 3

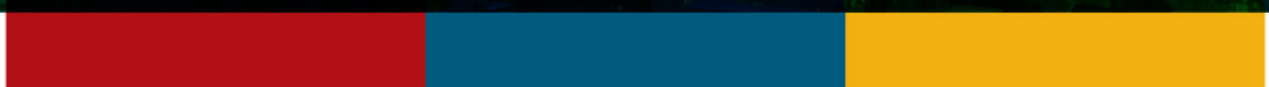


- Expenditure was at 69% as at end of the financial year, which is 31% less than the annual allocated budget.
- Part of the 31% remaining budget is an amount of about **R800 000.00** (about 20% of the annual budget) had also been committed towards Eskom Business Model from the Business Constituency budget allocation as at 31 March 2018. The rest of the under expenditure is due to cost containment measures implemented by Nedlac. There is also an effect of actual costs being less than initially anticipated in some of the activities undertaken during the year.

**National Economic Development  
and Labour Council**



# ORGANISATIONAL PRIORITIES FOR THE 2018/19 FINANCIAL YEAR







# ORGANISATIONAL PRIORITIES FOR 2018/19

## Programmes

- Enhance communication and outreach, which would entail forming strategic partnerships with other communicators, and healthy relationships with the media.
- The National Minimum Wage (NMW) will remain one of the key deliverables for Nedlac in 2018/19.
- Comprehensive Social Security (CSS) will form a pivotal part of Nedlac's work, ensuring that South Africans who are currently outside the security net are also covered.
- Substantially advance engagement on work of the National Health Insurance (NHI).
- Convene Jobs Summit and Financial Sector Summit
- Effective consideration of Section 77 Notices in line with the Nedlac Protocol and Code of Good Practice.

# ORGANISATIONAL PRIORITIES FOR 2018/19



## Enhancing Financial Management

- Continue with the implementation of cost containment measures as set by National Treasury.
- Continue with the process of eliminating/reducing fruitless, wasteful and irregular expenditure through implementation of policies and procedures.
- Seek additional funding in order to address the issue of insufficient budget allocation and underfunded projects/mandates which are undertaken by Nedlac.
- Enhance risk management systems, compliance and improve policies and procedures.
- Effective implementation of the audit action plan.

# ORGANISATIONAL PRIORITIES FOR 2018/19



## Human Resources:

- Improve capacity of the secretariat in order to meet the strategic objectives of Nedlac.
- Build a conducive and sustainable environment within Nedlac that will attract and retain highly skilled staff to carry out the mandate of Nedlac.
- Build research capacity and establish strategic partnerships.
- Strengthen the management of human resources through the implementation of comprehensive HR policies and procedures to ensure the effective and efficient execution of Nedlac's mandate.



## CONCLUSION

- While Nedlac encountered challenges during the course of the financial year, efforts were made to improve performance by the end of the year.
- Stringent measures will be taken from the first quarter of 2018/19 to ensure that the organisation achieves all its targets consistently.
- Comprehensive Social Security and National Health Insurance, Job creation and Financial Sector transformation are some of crucial issues of engagement at Nedlac.
- The unwavering commitment and full participation of all social partners at Nedlac remains key to the realisation of these ground-breaking initiatives and towards improving economic growth, employment rate and transformation in the country.



...

Addressing thousands at London, Trafalgar Square in 2005 on the theme *Make Poverty History*, Mandela said:

***‘Massive poverty and obscene inequality are such scourges of our times. Like slavery and apartheid poverty is not natural. It is man-made and it can be overcome and eradicated by the action of human beings’***

---

**Thank You**