



NEDLAC FOUNDING DECLARATION



FOUNDING DECLARATION OF NEDLAC

Growth, equity and participation

1. The democratic election of 1994 opened a new era for South Africa. It was the decisive step in the transition to democracy. Now our country must meet the challenges of social development and economic growth.
2. South Africa is a land rich in resources, with a strong and diversified economy. It has a people eager to make the democracy work. It has a well-developed physical and financial infrastructure, such as transport, telecommunications and the banking system.
3. South Africa is also characterised by severe inequality in incomes, skills, economic power, ownership, and a skewed pattern of social development. This, together with large-scale unemployment and inadequate economic performance, has created major problems in our society.
4. Government, organised labour, organised business and community-based organisations need to develop and strengthen cooperative mechanisms to address the challenges facing our new democracy. Our three defining challenges are:
 - 4.1 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.
 - 4.2 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.
 - 4.3 Increased participation - by all major stakeholders, in economic decision-making, at national, company and shop floor level - to foster cooperation in the production of wealth, and its equitable distribution.
 - (a) Meeting these challenges is critical to the success of the Reconstruction and Development Programme.

- (b) The National Economic Development and Labour Council (Nedlac) is the vehicle by which government, labour, business and community organisations will seek to cooperate, through problem-solving and negotiation, on economic, labour and development issues, and related challenges facing the country.
- (c) Nedlac will conduct its work in four broad areas, covering:
 - (i) Public finance and monetary policy.
 - (ii) Labour market policy.
 - (iii) Trade and industrial policy.
 - (iv) Development policy.

5. Nedlac is established in law through the National Economic Development and Labour Council Act, Act 35 of 1994, and will operate in terms of its own constitution.

<p>Minister Tito Mboweni ON BEHALF OF GOVERNMENT</p>	<p>Mr John Gomomo ON BEHALF OF COSATU, NACTU AND FEDSAL</p>	<p>Mr David Brink ON BEHALF OF ORGANISED BUSINESS</p>
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Saturday, 18 February 1995
Midrand., Gauteng

FOUNDING DOCUMENT OF THE NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL (Nedlac)

1. INTRODUCTION

- 1.1. South Africa has in the past faced many challenges with respect to economic and labour policy matters. More recently bodies such as the National Manpower Commission (NMC) and the National Economic Forum (NEF) have been utilised to facilitate co-operation particularly between organised business, organised labour and government on industrial relations and other labour policy issues in the case of the former, and in order to achieve consensus on general economic policy issues, in the case of the NEF, The NMC is a statutory body. whilst the NEF is a non-statutory body.
- 1.2. South Africa will continue to face many important challenges on economic and labour matters. Organised business, organised labour and government have key roles to play in developing effective policies to promote economic growth, increased participation in economic decision-making and social equity in South Africa on a sustained basis.
- 1.3. Organised labour, organised business and government believe that it is now appropriate to establish one statutory co-operative body (incorporating the NMC and NEF) to address economic, labour and development issues. The present situation particularly requires this with respect to the implementation of the Reconstruction and Development Programme (RDP). Through such a body the three parties, as well as those involved in developmental issues, will strive to jointly promote the goals of economic growth, increased participation in economic decision-making and social equity in South Africa.
- 1.4. The body shall be called the National Economic Development and Labour Council (Nedlac).

2. FUNCTIONS

- 2.1. The Council shall seek to reach consensus and make agreements on matters pertaining to economic policy. This includes areas such as fiscal and monetary policy, socio-economic programmes, trade and industrial policy and all aspects of labour policy, including training and human resource development.
- 2.2. The Council shall consider all proposed labour legislation, i.e. legislation affecting the world of work, as well as all significant changes to social and economic policy before it is implemented or introduced in parliament. The Council needs to develop conventions for its functioning which are sensitive to the requirements of efficient and effective government.
- 2.3. Nothing in the constitution of the Council should constrain the Council from considering any matter within its terms of reference.
- 2.4. The Council shall take over all the functions of the NMC and NEF. It shall be the constitutional successor to the NMC.
- 2.5. The Council shall develop mechanisms for interacting with other relevant bodies, for example the Finance and Fiscal Commission.
- 2.6. The Council shall see it as a responsibility to build the capacity of its participants within the activities of the Council.

3. STATUS AND CHARACTER

- 3.1. The Council shall be established by an enabling statute.
- 3.2. The government, organised business and organised labour shall be represented in equal numbers on all chambers and on the executive council. Organisations representing community and development interests shall be represented on the Development chamber and on the executive council, provided that their combined representation will not exceed that of any of the other parties in the executive council.
- 3.3. The Council shall be a representative and a consensus-seeking body where the parties to the Council will seek to reach agreement through negotiation and discussion based on proper mandates. If agreement cannot be reached, each party shall retain its freedom of action within its own sphere of responsibilities.
- 3.4. In terms of the agenda of the Council, the parties to the Council shall themselves develop an agreed agenda and shall also consider issues referred to the Council by the legislature, the executive of government and other bodies.
- 3.5. Agreements, reports and findings of the Council shall be made public, unless the Council decides otherwise.
- 3.6. The statutory framework of the Council shall specify that the Council shall have the right to determine its constitution and structures.

4. RELATIONSHIP WITH GOVERNANCE AND LEGISLATURE

- 4.1. The Minister of Labour will be the responsible Minister within government and will act as the link between government and the Council.
- 4.2. The Council shall interact with any ministry in respect of issues that fall within that ministry's jurisdiction.

- 4.3. Government representation on the Council would include a core of Ministers and Deputy Ministers with their Directors General (Finance, Trade and Industry, Labour, Public Works and the Minister without Portfolio in the Office of the President.)
- 4.4. In addition to the standing government representatives on the Council, various ministries, government departments, provinces and other authorities will become involved in the activities of the Council as and when the issues under consideration require such involvement.
- 4.5. The South African Reserve Bank should also be involved in the Council, and shall in particular be represented in a non-voting capacity on the Public Finance and Monetary Policy Chamber.
- 4.6. The annual report of the Council shall be tabled in Parliament. All other reports shall be tabled in Parliament, through the relevant Minister, unless the Council decides otherwise.

5. REPRESENTATION

- 5.1. Equal representation shall be accorded to, organised business, organised labour and government. The combined representation by organisations representing community and development interests shall not exceed that of any of the other parties.
- 5.2. Organised labour and organised business shall each decide on the allocation of seats among the various employer and employee organisations.

- 5.3. Organised business and organised labour shall each set objective criteria and procedures for the admission to the Council of organisations which represent organised business and organised labour. Such criteria and procedures shall be tabled in the Council by organised business and organised labour, shall be publicly available, and shall among others include the objective of inclusivity of all major co-ordinating organisations representing national interests.
- 5.4. The parties to the Council shall themselves decide their own representatives to the Council in accordance with the allocation of seats. They should also decide on alternate representatives; Representatives to the Council shall be subject to the right of recall by their constituencies.
- 5.5. The executive council meetings will be chaired on a rotational basis by constituency-based Chairpersons. The chairing of the chambers shall be by agreement of the parties.

6. STRUCTURES AND ACTIVITIES

6.1 National Summit

The Council shall convene an annual national summit to be chaired by the President or Executive Deputy President or such equivalent person as the Constitution of (the Republic of South Africa may provide for. (Further summits may be convened at the discretion of the Council should the need arise.) While the summit will not form part of the Council itself, its function would be to involve as many relevant groups and forums as possible in order to give feedback on Council activities in a transparent manner, to obtain inputs from

organisations or persons not normally involved and to establish broader ownership of the Council. It should not involve more than 300 persons. If the President, Executive Deputy President or such equivalent persons are not available to chair the session, the parties on the Council will themselves decide on a replacement chairperson.

- 6.2 The structures of the Council should be representative.
Functions for the different structures shall include the following;

6.2.1. Executive Council

The executive council shall meet at least quarterly with a view to receiving report-backs from the various chambers, review progress, reach consensus and conclude agreements between the parties. The executive council shall define the broad mandates of the Council's structures. Consideration will be given to developing an overall macro-economic strategy.

6.2.2. Chambers

- a) The following chambers should be established:
- (i) Public Finance and Monetary Policy chamber;
 - (ii) Trade and Industry chamber. This chamber should also consider matters relating to agriculture, mining, etc., and its name might change in due course to represent its true nature;
 - (iii) Labour Market chamber; and
 - (iv) Development chamber.
- b) The functions of the chambers would be to consider issues relevant to that chamber,

- to draft reports or make recommendations for agreements. Consensus recommendations made by any chamber shall be ratified by the executive council, except where by full consensus the executive council decides to amend such recommendation.
- c) The core membership of all chambers will be organised labour, organised business and the government, represented on the basis of parity. Between five and ten representatives of each should be appointed.
 - d) Broader community representation should be the objective in the Development chamber, and this will entail a fourth element of representation (i.e. in addition to government, organised business and organised labour), the “Development actor constituency”. Such representation should be from organisations that have a direct interest in the issues being debated, but they should represent an organised national constituency and be able to obtain mandates. They should be in a position to reach agreements and to ensure that their members adhere to such agreements.
 - e) The various chambers, should, with the concurrence of the executive council have access to experts in such a manner as they deem fit, e.g. appointment for a term or on ad hoc basis, involvement as advisers or on contract, etc.
 - f) Each constituency (i.e. the government, organised labour, organised business and the development component) should designate a convenor and alternate for its constituency in each chamber. The terms of

reference of each chamber will be decided by the executive council.

- g) The chambers shall interact with any functional department in respect of issues that fall within that department's jurisdiction.

6.2.3. Management Committee

The management committee shall be responsible for overseeing and co-ordinating the work of the Council. The core membership shall be the overall convenors of the three social partners as well as the convenors of the constituents on each of the chambers. This implies a maximum of 16 members if there is no overlapping of functions. If deemed necessary not more than four additional members can be appointed to the management committee. It shall meet at least monthly.

7. SECRETARIAT

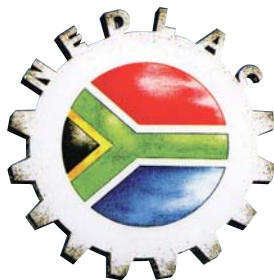
- 7.1. The Council shall appoint its own secretariat and determine its terms and conditions of employment.
- 7.2. Decisions shall be recorded in the form of memoranda of understanding that can be made public, except if the Council decides otherwise.
- 7.3. The Council shall be a successor to both the NMC and the NEF and shall incorporate the functions of both bodies.
- 7.4. The organised business and organised labour caucuses as well as the development component may each appoint one person of their choice to perform the role of assisting in co-ordinating the involvement of their constituency within the Council. It should be located within their constituency rather than in the Council secretariat, but will be publicly funded.

8. RESEARCH

- 8.1 The Council should have access to research capacity. This should be ensured through the establishment of a limited research capacity within the secretariat and through linkages with existing research bodies (e.g. Central Economic Advisory Services (CEAS)). In addition, maximum use should be made of existing and future research capacity within government departments and within constituencies.
- 8.2. An allocation should be made in the budget for research work. Any research work which implies additional funding will be decided by the Council in the light of the importance of such work and the availability of funds or the possibilities of raising additional funds.
- 8.3. Any decision to undertake research work which is funded by the Council's budget should be made jointly by the parties and the results of such research should be publicly available. Information on such research should be included in the annual report of the Council for the purposes of performance, review.

9. FUNDING

- 9.1. The activities of the Council, including the provision of secretariat and research services, should be funded from the budget of the Department of Labour.
- 9.2. The transport and accommodation costs of representatives from organised business, organised labour and other representatives on the Council shall be funded by government. Similar expenses incurred by alternate members shall only be funded if the primary member is unable to attend a meeting.
- 9.3. An amount should be made available in the budget for the cost of the national summit.
- 9.4. There should be full report-backs at executive council meetings on financial matters.



NEDLAC PROTOCOLS & FOUNDING DOCUMENTS

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