



STIMULATING SIGNIFICANT GROWTH
NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL



2006/2007 ANNUAL REPORT

NEDLAC ENCOURAGES AND
CONTINUES TO PLAY A CRUCIAL ROLE
IN THE DEVELOPMENT PROCESS



THROUGH OUR EFFORTS IN CREATING
BENEFICIAL OPPORTUNITIES FOR DIALOGUE.

Nedlac exists because of the important work it has done to enable dialogue which is crucial to the sustainable development of South Africa.

Through the significant role played in the growth of communities, business and labour and efforts to act as a sounding board to government, Nedlac has stimulated social dialogue with measurable outcomes.

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ABOUT NEDLAC

The National Economic Development and Labour Council (Nedlac) is a key institution in post-apartheid South Africa. Alongside other institutions, it seeks to entrench participatory democracy in our country. Nedlac celebrates its 10th anniversary in 2005.

Nedlac is the product of one of the first pieces of legislation promulgated by the newly elected democratic government in September 1994; (Nedlac Act No 35 of 1994). Nedlac was launched on 18 February 1995 to bring together representatives from government, labour, business and the community to play a role in the formulation of labour, social and economic policy.

Nedlac's origins lie in the struggle against apartheid, unilateral government decision-making and in the calls from all sectors of society for decisions to be taken in a more inclusive and transparent manner. It's existence recognises the importance of seeking consensus on major economic, social and development policies to ensure their legitimacy and hence their success.

Nedlac draws on international experience of social dialogue as well as on the experience of a number of key transitional structures set up during the 1992/3 period (including the National Economic Forum (NEF) and National Manpower Commission (NMC)). These structures emerged out of a particular history and set of struggles, which influenced the way in which Nedlac was conceptualised. Over the years, Nedlac has succeeded in establishing social dialogue as an accepted and invaluable part of South Africa's policy making and national decision-making system.

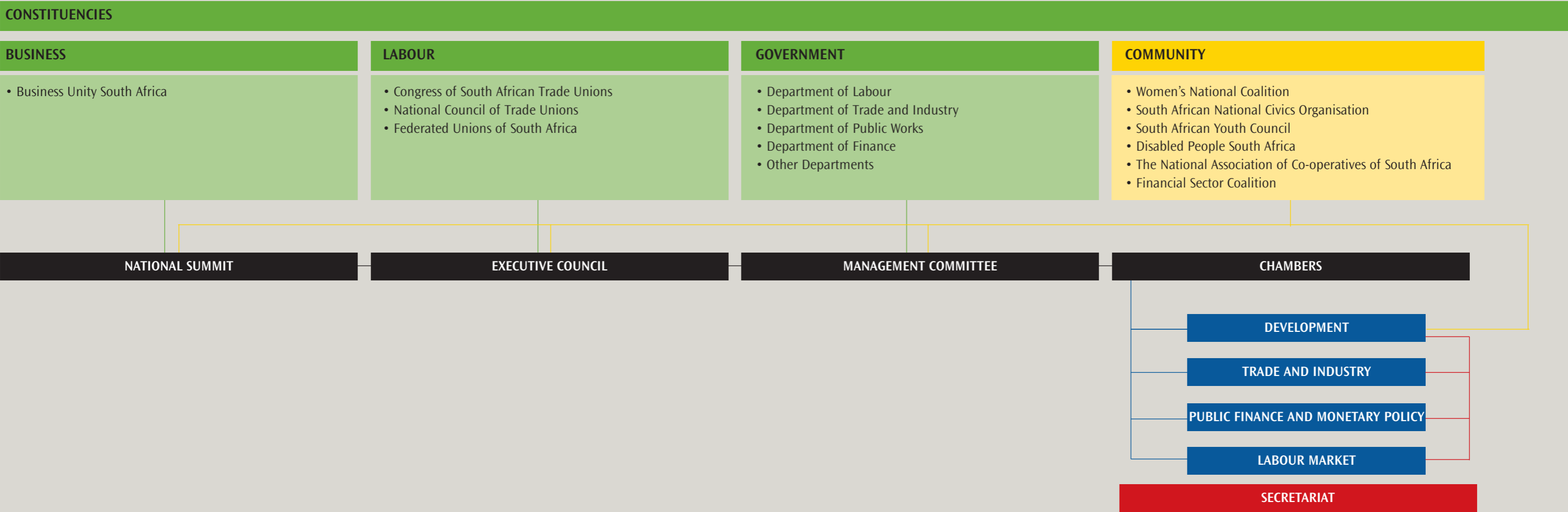


DIALOGUE



STIMULATING GROWTH

HOW NEDLAC IS STRUCTURED



Nedlac is the 'vehicle by which government, labour, business and community organisations will seek to co-operate, through problem-solving and negotiations, on economic, labour and development issues and related challenges facing the country.'



PLANTING THE SEED THAT ENABLES DIALOGUE.

It all starts with an idea







INTRODUCTION BY THE EXECUTIVE DIRECTOR

Herbert Mkhize

Social dialogue is an important part of the interwoven processes of democracy and development. National level dialogue among key social partners; Government, Organised Labour; Organised Business and Community Based Organisations takes place in South Africa as an Institutionalised forum for the exchange of information, positions, and negotiations and for building consensus on social and economic policy issues.

In the late 1980s, the discourse on sustainable development in developing or transitioning economies had placed emphasis on the use of participatory processes and dialogue in order to formulate and implement policies concerning a wide range of subjects, for example by fostering dialogue between Government; Business, Labour and legitimate representatives of Community based organisations on matters that affect social and development and economic policies such as employment, conditions of work, enterprise performance and competitiveness, helps to avert costly disputes, contributes to workers' well-being, enterprise and national productivity, and promotes labour peace and political stability, which are absolutely essential for pursuing growth and development.

Institutionalisation of social dialogue in South Africa manifested itself in two bodies. The first was the National Manpower Commission (NMC), which was set up in 1980 by the Wiehahn Commission. Its focus was on labour market policy, but was boycotted throughout the eighties by COSATU and NACTU, due to its unrepresentative structure (Schreiner, 1991). As a result of the Laboria Minute, representation from the progressive labour movement agreed to participate in the then-discredited NMC, while government agreed to seek consultation on important economic policies.

However, little progress was made on either count. Labour's recommendations for restructuring the NMC made little headway with government, as government did not take seriously the commitment to consultation. The National Economic Forum (NEF) was then launched in October 1992, as a response to the introduction of a regressive Value-Added Tax (VAT). The body was seen by the progressive forces as an attempt to prevent the apartheid state from unilaterally restructuring the economy during the transition period. The NEF was a non-statutory tripartite structure served by the Consultative Business Movement, a business-supported group, as its secretariat.

Neither of these two bodies undertook substantial policy or legislative work, although the NEF did finalise South Africa's offer to join the General Agreement on Trade and Tariffs (GATT) (Adler and Webster, 1995). Indeed, these bodies served as a 'catch-all' to limit the ability of the apartheid state to manoeuvre during its dying days. Thus the goal of social dialogue was not to enhance but to constrain the capacity of the 'undemocratic state' to impose its will on society. As Christian Sellars, then of the Chemical Workers Industrial Union, argued: "The National Economic Forum did not accomplish much, but then its purpose was to block unilateral reform by the National Party rather than to develop new policy" (cited in Gostner and Joffe, 2000). Nevertheless, the shortcomings of the NEF highlighted the need and paved the way for the creation of the post-apartheid participatory mechanisms.

The most notable innovation was the establishment of the National Economic, Development and Labour Council (Nedlac) in February 1995. Nedlac's genetic code includes a call for remedying the imbalances and social injustice generated by the apartheid regime and its institutions.

Nedlac in its twelve year history has made notable achievements on a number of fronts mostly in areas covering Labour Market Policies, Trade and Investments policies, Fiscal and Monetary policies; developmental policies, the Growth and Development Summit Agreements and most recently the National Industrial Policy Framework.

As in most institutions, Nedlac on its 10 anniversary in 2005 resolved to conduct a comprehensive review of itself, "a Health Check" so to speak. This resolution was also echoed by the Cabinet Lekgotla weeks later.

NEDLAC REVIEW

The Cabinet Lekgotla, held in January 2005, requested the Minister of Labour to undertake a review of social dialogue and the role of Nedlac. The review, facilitated by the ILO, examined the impact of social dialogue as an instrument to address social and economic challenges in South Africa. It also looked at the challenges and comparative advantages of Nedlac as the pivotal institution for social dialogue in South Africa. The review focuses on the cost effectiveness of Nedlac's contribution to the sustainability of the reform process. Three dimensions were identified, i.e. institutional innovation, the development of social capital, and the impact of Nedlac on economic and social reform.

The authors of the review supported the view that Nedlac has created social capital through the emergence of a network of individuals and institutions whose interactions bridge the historic divide both within and between constituencies. This social capital includes social networks, a sense of mutual obligation and trustworthiness, a common vision, better understanding of each other's mandates, behaviours and limitations of the negotiation process.

In the main the review report identified two categories of challenges for Nedlac namely; Extra-Institutional Challenges - those that emanate from the factors outside of Nedlac as an institution and Intra-Institutional Challenges- those that were internal to the institution. The Nedlac Review Steering Committee is examining the issues that are raised in the report with a view to determine what is to be done.

KEY OUTPUTS FOR THE PERIOD INCLUDE:

Nedlac made good progress in implementing the 2006/7 work programme and the year ahead looks equally challenging.

The key outputs for the period included, SACU- EFTA Agreement; Consumer Protection Policy; Code of good practice on who is an employee; ILO Convention Maritime Labour Convention; ILO Recommendations on Employment relationships; Cooperatives Banks Bill; Broad Based Black Economic Empowerment Codes of Good Practice Phase 2; Accreditation and Measurement Standards Bills; Second Hands Goods Bill;; Chemicals Sector Summit Agreement; Chemical Sector Programme Strategy Agreement; Standards and Compulsory Specifications Bills; two Policy Sessions with Deputy Minister Davies on Industrial Policy and Trade; Policy sessions with Minister N Pandor on education Policy; Minister Mdladlana Labour on Skills Development; Ministers Didiza and Erwin on Public Investments and substantial progress on the implementation of the Growth and Development Summit agreements.

The Overall work rate of the institution increased by 10% compared to the previous reporting period.

CHALLENGES

Some of the key challenges highlighted during the period included;

- Complaints about delays and or length of time it takes to finalise Nedlac processes which has been raised as the reason why some government departments choose to by-pass Nedlac.
- Poor Relationship with Parliamentary Portfolio Committees outside of Trade, Labour Finance and Public Works.
- Synchronising Government policy timetables with the Nedlac Work programme remain a huge challenge.
- Securing Ministers to lead policy discussions in the Executive Council policy sessions.

“The Notion that you can have social dialogue without delays is profoundly wrong. Delays are inherent in social dialogue and the south african government appreciates these as long as they do not lead to paralysis. The implications of unilateralism is that you may reach policy decisions that are poorer.” Minister Alec Erwin.

CONCLUSION

Notwithstanding the challenges highlighted above, the organisation had an excellent year with an average of 1.5 agreements reached per month and 10% overall improvement on the work rate.

Some of the key priorities for the year ahead include; Finalising an agreement on The Changing Nature of work and the Atypical forms of employment. Finalising the discussions on the Labour Law Review; Addressing Nedlac's concerns with the Superior Courts Bill; Finalising the Initial offer on Services for the WTO negotiations; Developing the country position on NAMA; Finalising discussions on Non Tariff Barriers (NTBs), National Transport Strategy and consideration of the Nedlac Review Report and the review of the Growth and Development Agreement.

MESSAGE FROM THE OVERALL BUSINESS CONVENOR

Professor Raymond Parsons



Social dialogue at the national level has become an important component of good governance in many countries – including South Africa. A perusal of the pages of the latest Nedlac Annual Report will give some idea of where the institution has been particularly successful in securing results, and those areas in which Nedlac has been less successful. It is important – in analysing the report of Nedlac – to distinguish between benefits associated with the processes of social dialogue and those related to the outcomes of social dialogue.

One of the major over-arching issues to be addressed by Nedlac was an in-depth peer review of the various commitments by government, labour, business and community, on the implementation of their commitments in the 2003 Growth and Development Summit (GDS). This proved to be a most valuable exercise, as it enabled Nedlac to give an authoritative report on the GDS to President Thabo Mbeki at the Joint Working Group meeting on 17 July 2007. It also became apparent from that assessment that it was necessary to align the GDS more closely with the targets and goals of the recent Accelerated and Shared Growth Initiative for SA (ASGI-SA). Although many of the socio-economic challenges remain the same, economic circumstances have changed considerably since the GDS was finalised five years ago. We need to remain relevant to the national agenda and its latest priorities.

Business believes that in all this social dialogue – as institutionalised in Nedlac – must still play an important and relevant role in shaping outcomes. This key role – and the capacity of Nedlac to address it – will depend to a large extent on the outcome of the Nedlac review process. The ILO-sponsored report by Professor Eddie Webster, of the University of the Witwatersrand, has provided a valuable platform from which to launch a fresh momentum for Nedlac and its work in the years ahead. Business is anxious to see progress on the implementation of any agreed recommendations from the Nedlac stakeholders.

Organised business therefore sees some of the priorities for Nedlac ahead as including:-

- building relationships with current government policy formulation instruments
- helping to strengthen policy coordination
- promoting social dialogue at local level
- building capacity within Nedlac
- implementation of agreed Nedlac review recommendations.

As social dialogue in South Africa matures, what matters is the willingness and the ability of the core 'tripartite' actors, the social partners and the government to maximise the future contribution of Nedlac to key decision-making in South Africa.

MESSAGE FROM THE OVERALL LABOUR CONVENOR

Ebrahim Patel



In June 2007, Nelson Mandela received the first Extraordinary Decent Work Prize of the ILO. It is an honour to South Africa and a story of successful social dialogue.

The prize, inaugurated this year, was intended to apply to research work. At the initiative of organised labour, Nedlac agreed to a joint nomination of former president Mandela. We felt his life and times captured the commitment to decent work and the promotion of human values in

economic, labour market and social policy.

The selection jury was overwhelmed when they received the nomination and promptly created a higher-level 'extraordinary' prize to pay tribute to the deep contribution of Nelson Mandela to decent work. They cited the passing of the country's progressive labour laws and the Nedlac Act during his presidency, as well as his lifelong advocacy nationally and globally on rights of workers and fair standards. They were struck by the fact that the nomination was supported by both business and labour.

Nelson Mandela was not able to be at the ILO meeting in person but sent a warm video-message that was played during the final plenary session of the Conference.

The best tribute to Mandela in the coming years is to defend the values underlying our Labour Laws: respect for worker rights and fair labour standards. It can be done whilst at the same time working together to foster stronger economic growth, employment creation and combating poverty.

Trade and industrial policy is vital to these efforts.

South Africa punched well above its economic weight during WTO Doha-round talks on non-agricultural market access. It developed an alliance with a number of developing countries (the 'NAMA 11') and forged strong links with organised labour, business and civil society. Nedlac played a key role in bringing a common country vision together. Whilst the WTO talks have not yet concluded, the value of a coordinated approach with a strong social dialogue element is already evident.

The China quota agreement on 31 clothing and textile products, announced at last year's Summit, has been successfully implemented and has reduced the surge of imports from China. The dti is to be complimented on this initiative.

Nedlac adopted a Code of good practice on who is an employee, which will guide the courts and the CCMA in disputes over the employment relationship.

The past year has been a time of reflection on the institutions of social dialogue: we initiated an independent evaluation of Nedlac and the ILO debated strengthening its own role in the context of globalisation. Labour Minister Mdladlana chaired the governing body of the ILO, a first for South Africa.

Social security reform will be a big issue in the year ahead as will negotiations on atypical work. The proposed 2010 World Cup 'development pact' offer much promise. The complex issue of reforms to the labour courts and the debate on labour market policy will challenge the dialogue processes in the year ahead. A busy year awaits!

MESSAGE FROM THE OVERALL GOVERNMENT CONVENOR

Dr Vanguard Mkosana



As South Africans we rarely pause and celebrate our achievements. Nedlac is regarded as international best practice in social dialogue management and this South Africa should be proud of.

Among others, Nedlac has dealt with a number of key issues spanning a variety of areas in socio-economic policy. Not reflecting any importance in sequence, they are: GDS Peer Review, Nedlac Review, Code of Good Practice on who is an employee, Protocol for tabling and considering issues at Nedlac, and the Ministerial Policy sessions on the National Industrial Policy Framework.

Since June 2008 will mark the 5th Anniversary of the GDS Agreement, we have successfully started the peer review exercise to ensure that we take stock of our achievements and challenges experienced in implementation. The Peer Review Mechanism is also assisting us to identify shortcomings in the agreement and develop new indicators for those areas with a view to ensuring continuity in the lifespan of the agreement.

In line with the broader objective of government to respond to development challenges, Cabinet identified social dialogue as one of the mechanisms to strengthen governance. There is a need to ensure the active involvement of social partners in implementing developmental policies. In response to this, Nedlac has started a process of reviewing its performance since it was established. Strengthening Nedlac would be central to our activities in the coming financial year.

We believe that all our efforts should be channeled towards programmes aimed at addressing the challenges facing our society, key amongst which are poverty alleviation and job creation. The progress achieved so far by Nedlac should not make us complacent but instead encourage us to confront the challenges ahead to further enhance betterment of quality of life for the entire citizenry.

MESSAGE FROM THE OVERALL COMMUNITY CONVENOR

Sizwe Shezi



Building on our achievements of 2005/6, the mainstay of the Community Constituency's (CC) focus in 2006/7 has been on deepening our influence in the content and outcomes of public policy processes both within and outside the Nedlac participatory process. Notably, we have hosted in conjunction with a broad spectrum of civil society forces, a highly successful national policy platform to gather the inputs of various civil society segments – academics, activist, religious associations, trade unions, grass roots social groupings, etc. – on a range of socio-economic policy issues to shaping the agenda of the CC's engagement with social actors on policy alternatives – both in and outside Nedlac.

The policy platform evaluated the structure and impact of our growth path and associated policy orientations in the context of our government's political commitments to halving poverty and unemployment by 2015. In this context, participants were unanimous that a growth path is pro-poor when it disproportionately benefits the poor. This definition of 'pro-poor' growth necessitates an economic path that is characterised by simultaneously reducing inequality, poverty and unemployment at an accelerated rate. In addition, the policy conference adopted positions on a range of socio-economic policy measures, including industrial policy, cooperatives, skills development, social protection, land and agrarian reform, urban and rural development, etc.

Inside Nedlac, the CC has been particularly instrumental in the debates around the development of a national poverty measure and definition for SA. In this regard, in conjunction with one of our social policy research think-tanks, the Poverty and Inequality Institute, we have undertaken research on various elements of the poverty debate and hosted several consultative forums with academics/experts and a broad swathe of civil society organisations to consolidating a civil society position for engagement with our social partners in Nedlac.

The Community Constituency wish to build on these achievements in the year ahead, as well as to cement its relationship with a broader spectrum of civil society actors, in particular those representing the traditionally marginalised and excluded. We remain committed to the principles of participatory democracy and will continue to campaign for a more substantive inclusion of popular voices in the Nedlac participatory process.

THE WORKINGS OF NEDLAC

OUR VISION

The Nedlac constituencies, Business, Labour, Government and the Nedlac Community constituency commit themselves to social dialogue and working together to address the economic and development challenges our country faces underpinned by a common vision for promoting rising levels of growth, equity, investment, job creation and people-centred development.

OUR MISSION

Building an enduring partnership – Promoting a shared vision of South Africa's growth and development strategy to frame sector and developmental agreements and lay the basis for partnerships in action.

Addressing urgent challenges – Selecting from many possible interventions those which hold the promise of the greatest possible impact in the shortest possible time for accelerated investment, job creation, improved efficiency and productivity, greater social equity, and a fairer distribution of economic opportunities and rewards, while undertaking serious social dialogue on broad policy frameworks.

Lending a hand – Securing the commitment and active participation of all constituencies in those areas identified for prioritised action in ways that build on lessons learnt from development programmes.

FOUNDING DECLARATION

Nedlac's founding declaration sets out the institution's vision: to address the new democracy's key challenges of promoting sustainable economic growth, social equity and increased participation. The document says that Nedlac is the "vehicle by which government, labour, business and community organisations will seek to cooperate, through problem-solving and negotiations, on economic, labour and development issues and related challenges facing the country"

THE NEDLAC ACT REQUIRES THE INSTITUTION TO:

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

COMPOSITION

Nedlac is made up of representatives from:

- **Organised Business**
Business Unity SA (BUSU) represents this sector. The Overall Convenor of the Business constituency is Raymond Parsons.
- **Organised Labour**
Cosatu, Fedusa and Nactu represent the interests of organised labour. The Overall Convenor of the Labour constituency is Ebrahim Patel.
- **Government**
Government delegates are drawn from the key economic departments, namely, Labour, Trade and Industry, Treasury and Public Works. Representatives from other government departments participate on an *ad hoc* basis. The Overall Convenor of the Government constituency is Vanguard Mkosana.
- **Community constituency**
A number of organisations make up the community representation, including the Women's National Coalition; the South African National Civics Organisation; the South African Youth Council; Disabled People of South Africa; the National Co-operatives Association of South Africa and the Financial Sector Coalition. The Overall Convenor of the Community constituency is Sizwe Shezi.

STRUCTURE

ANNUAL SUMMIT

The Council convenes an annual summit each year and chaired by the President or Executive Deputy President or such equivalent person as the Constitution of the Republic of South Africa may provide for.

While the summit does not form part of the Council itself, its function involves as many relevant groups and forums as possible in order to give feedback on Council activities to obtain inputs from organisations or persons not normally involved in the day to day activities of the Council. The summit brings together no more than 300 delegates.

EXECUTIVE COUNCIL

The Executive Council is Nedlac's highest decision-making body. It consists of no more than 18 members of each of the four Nedlac constituencies – government, business, labour and community. The chair rotates among the constituencies.

The Executive Council meets at least four times every financial year to receive report-backs from Nedlac's four chambers and Management Committee, to review progress, reach consensus and ratify agreements.

MANAGEMENT COMMITTEE

Nedlac's Management Committee consists of 20 persons — the four Nedlac Convenors on the Executive Council and the four Chamber Convenors of the labour, business, government and community constituencies. The Management Committee oversees and co-ordinates all Nedlac's work, subject to the authority of the Executive Council.

NEDLAC CHAMBERS

Negotiations are conducted under four distinct policy work streams; namely; Public Finance and Monetary Policy chamber; Trade and Industry chamber; Labour Market chamber; and the Development chamber.

TERMS OF REFERENCE FOR EACH CHAMBER

Public Finance and Monetary Policy Chamber

The Public Finance and Monetary Policy Chamber seeks to reach consensus and make agreements on all matters pertaining to the framework within which financial, fiscal, monetary and exchange rate policies are formulated; the co-ordination of fiscal and monetary policy and related elements of macro-economic policy as well as the associated institutions of delivery.

Trade and Industry Chamber

The Trade and Industry Chamber seeks to reach consensus and make agreements on all matters pertaining to the economic and social dimensions of trade, industrial, mining, agricultural and services policies, as well as the associated institutions of delivery.

Labour Market Chamber

The Labour Market Chamber seeks to reach consensus and make agreements on all matters pertaining to the world of work and the associated institutions of delivery.

Development Chamber

The Development Chamber seeks to reach consensus and make agreements on all matters pertaining to development, both urban and rural; implementation strategies; financing of development programmes; campaigns to mobilise the nation behind development and the associated institutions of delivery.

Funding

Government, through the Labour Department's budget, funds Nedlac's core activities. This does not preclude the institution from obtaining funding from other sources for specific projects.

Work Programme

The tabling and consideration of issues at Nedlac is governed by an agreed Protocol.

Ultimately, it is Nedlac's four constituencies (labour, government, business and the community) that face the challenge of making the institution work, and producing agreements which can be acted on to improve the country's performance and the quality of life of its citizens.

Nedlac's work programme is largely determined by the constituencies, who table issues that they wish to negotiate or discuss. These issues can be tabled at a Chamber, the Management Committee or the Executive Council. Issues that are tabled at the Management Committee or Executive Council are referred to the appropriate Chamber for negotiation or consultation.

Once the Management Committee has endorsed a Chambers' work programme, the Chamber has to develop mechanisms to deal with the substantive details of each issue. This often results in the establishment of a technical subcommittee or task team.

The chairing of all Nedlac structures rotates between constituencies, mostly on a quarterly basis.

NEDLAC'S MODUS OPERANDI

Nedlac conducts its business through using one or all of the following tools:

- **Negotiations** that seek to deliver formal consensus-based agreements on the economic and social policy issues.
- **Mandates**: Nedlac constituencies participate in Nedlac on the basis of mandated positions.
- **Consultations** that seek on proposed policy prior to it being tabled for negotiation or implemented.
- Conduct **Information sharing** sessions and seminars to report and evaluate progress on the implementation of social and economic policies.
- Conduct **Research** that guides the formulation and implementation of social and economic policy.
- **Resolving socio-economic disputes** in terms of section 77 of the LRA.

THE FACE OF NEDLAC



Ms T Didiza
Minister of Public Works



Mr TA Manuel
Minister of Finance



Mr MMS Mdladlana
Minister of Labour



Mr MBM Mpahlwa
Minister of Trade and Industry



Bobby Godsell
Chairperson of BUSA



Mr Patrice Motsepe
President of Business Unity
South Africa



Ruth Bhengu
SANCO



Laura Kganyago
General Secretary of WNC



Mike Mzolisi Ka Toni
Secretary General of DPSA



Blade Nzimande
Chairperson of Financial Sector
Campaign Coalition (FSCC)



Dennis George
General Secretary of FEDUSA



Mahlomola Skhosana
General Secretary of NACTU



Zwelinzima Vavi
Secretary General of COSATU



Dr Vanguard Mkosana
Overall Government Convenor



Ebrahim Patel
Overall Labour Convenor



Prof Raymond Parsons
Overall Business Convenor



Sizwe Shezi
President of SAYC and Overall
Convenor of Community
Constituency at Nedlac



SPREADING IDEAS THROUGH SOCIAL DIALOGUE.

People are our potential



PART TWO



WORK STREAM 1

2006 ANNUAL SUMMIT

2006/7 WORK PROGRAMME AND PROGRAMME PERFORMANCE

TERMS OF REFERENCE

The Council shall convene the national summit once a year, 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.

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.

INTRODUCTION

The 11th Nedlac annual summit took place on Saturday, 09 September 2006, at Gallagher Estate, Midrand. The success of the summit was evidenced by a delegation of 350 representatives of Nedlac Constituencies and guests, whose attendance was significant, because it went over a margin of 300 attendees as provided for in the Nedlac Act and Constitution. In the midst of delegates were member institutions of the Nedlac “family” including: The Commission for Conciliation Mediation and Arbitration (CCMA), Proudly South African (PSA), the International Trade Administration Commission (ITAC), the Competition Commission, the Commission on Employment Equity (CEE), as well as the Employment Conditions Commission (ECC).

Also in attendance was a Nedlac special guest, a representative from the International Labour Organisation (ILO), Judica Amri- Makhetha.

The Summit was held under the theme, “**Taking Stock: the Fruits of Social Dialogue and the Challenge of Sustainable Development.**”

The Executive Deputy President of the Republic of South Africa and the Presiding Officer of the 11th Nedlac Annual Summit, **Honourable Ms Phumzile Mlambo-Ngcuka**, delivered a keynote address at the summit, alongside those of Nedlac constituencies, and the Heads and/or Chairpersons for member institutions of the Nedlac family.

In her keynote address, the Deputy President has acknowledged and welcomed the theme, as a premise through which “a possibility and opportunity” is presented for Nedlac “to assess and review the impact social dialogue has had in our development”. Making reference to the three historic Anniversaries that coincided with the 11th Nedlac Annual Summit i.e. the 10th Anniversary of the adoption of the Constitution of the Republic of South Africa, the 50th Anniversary of the women’s march of 1956, and the 30th Anniversary of the 1976 youth uprisings, the Deputy President called on youth and women to play a meaningful role in Nedlac and its affiliates, so as to collectively take part in a forward march to overcome the hurdles to shared growth and sustainable development.

The Deputy President further reaffirmed an important role that social partners, through Nedlac, play in “promoting industrial peace, productivity, global competitiveness, economic growth and employment creation”. She also congratulated Minister of Labour Membathisi Mdladlana on his

election as the Chairperson of the International Labour Organisation (ILO), something which she believed is a symbolic gesture and recognition by the world, on the contribution social dialogue continues to make in the development of the country.

While acknowledging the success the country has made in improving the lives of the majority of the country's citizens, the Deputy President highlighted poverty and unemployment traps as most critical challenges which the country is still confronted with. She further called for a concerted effort to create quality, sustainable and productive jobs for all, so as to collectively achieve government's vision to create a better life for all.

In line with interventions such as AsgiSA and JIPSA, the Deputy President also noted that skills development remains critical in responding to the needs and demands of our economy while accelerating shared growth and sustainable development. She further called on social partners that "as the country deals with the implementation of the key priorities of AsgiSA" to among others ensure universal access to basic services, Nedlac needs to go back and assess the progress made on the agreements made by social partners during the Growth and Development Summit (GDS) in 2003.

Social partners were also tasked with the responsibility to ensure that more support is given to those:

- who provide job creation and sustainable livelihoods amongst poor people;
- who assist people who are victims of violence especially directed at women and children;
- who are providing interventions in our education system;
- who are dealing with youth development; and
- who are care givers in home-based care.

INPUT BY THE REPRESENTATIVE OF THE INTERNATIONAL LABOUR ORGANISATION (ILO)

JUDICA AMRI-MAKHETHA

ILO noted the progress and achievements made by Nedlac during the past 11 years were remarkable; they include several landmark world class legislations such as the Labour Relations Act and the Employment Equity Act as well as the conclusion of important Agreements which have had a significant impact on rights at work, industrial peace, productivity global competitiveness, economic growth and employment creation.

ILO further affirmed the need to strengthen mechanisms and institutions of consultation and social dialogue as a means of realising participatory democracy involving social partners in policy making. In addressing the challenges of social and economic policy ILO noted that social partners have not been consulted adequately in the development, formulation, and implementation of national development frameworks such as Poverty Reduction Strategies which undermined employment creation, unemployment and underemployment. This then creates a vacuum with respect to inculcation of a decent work agenda in the national development policies.

WORK STREAM 2

EXECUTIVE COUNCIL (EXCO)

2006/7 WORK PROGRAMME AND PROGRAMME PERFORMANCE

TERMS OF REFERENCE

The Executive Council shall meet at least quarterly with a view to receiving reports-back from the various Chambers, review progress, reach consensus and conclude agreements between the parties. The Executive Council shall define the broad mandate of the Councils' structures. Consideration will be given to developing an overall macro-economic strategy.

The Executive Council identified five (5) key Policy Issues and agreed to hold four (4) Executive Council policy sessions in the period under review.

2006/7 saw a number of National Ministers engaging Nedlac Executive Council members on a range of policy matters.

The Minister of Labour led policy discussions on skills development, the Minister of Education led discussions on Education, the Minister of Public Enterprises and the Minister of Public Works led policy discussions on Public Investment Initiatives and the Minister of Finance led the discussions on Fiscal policy and related policy matters.

The Minister of Labour, Deputy Minister in the dti, Dr Davies and the Deputy Minister of Finance engaged Nedlac social partners on other policy matters ranging from the Ministerial Round table discussions on the Labour Policy review, National Industrial Policy framework and trade policy and the Medium Term Budget Policy Framework.

THE EXECUTIVE COUNCIL MEETINGS FOR THE 2006/7 PERIOD

| DATE | KEY FOCUS AREA | LEAD CABINET MINISTER/S | OBJECTIVES | CHAIR |
|------------------|--|--|---|-----------------------------------|
| 30 June 2006 | Skills Development and the Government's Accelerated Shared Growth Initiative South Africa (AsgiSA) | Minister of Labour Minister of Public Enterprises Minister of Public Works | To examine linkages between National Skills Development Strategies and the core issues that AsgiSA seeks to address. | Minister Mdladlana for Government |
| 18 August 2006 | National Education Policy and Strategy | Minister of Education | To examine and provide guidance on a range of Education policy framework and explore the relationship between the Formal Education system and Industrial skills development approaches. | Violet Seboni for Labour |
| 01 December 2006 | HIV and AIDS epidemic and the challenge of building a comprehensive and sustainable social security system in SA | DDG Department of Social Development and External Experts | To develop agreed mechanisms to complement the National Strategy Initiatives on addressing the HIV and Aids challenge. | Sizwe Shezi for Community |
| 23 February 2007 | National Budget | Minister of Finance | To engage on Fiscal policy framework that underpins the National Budget. | Penuell Maduna for Business |

KEY CHALLENGES FOR THE EXECUTIVE COUNCIL

- Attendance of Cabinet Ministers remains erratic with few exceptions.
- Attendance of Directors General remains erratic with few exceptions.
- The difficulty of getting Cabinet Ministers to lead discussions on policy topics that reside in their respective departments remains a huge challenge.

REPRESENTATION IN THE EXECUTIVE COUNCIL FOR THE 2006/7 PERIOD

| BUSINESS | LABOUR | GOVERNMENT | COMMUNITY |
|--|---|--|---|
| R Parsons – Overall Convenor P Motsepe B Godsell R Baxter F Dowie J de Villiers R Gouws A Lambrecht J Manyi C Coovadia P Maduna A Fine F Mtoba V Mabena E Strydom V van Vuuren L Lotter J Vilakazi W Lucas-Bull P Maluleke H Langenhoven F Barker A Maistry M Spicer Z Faqui-Dawood D Dykes | E Patel – Overall Convenor B Ntshalintshali C Gina A Rantsolase E Pillay J Maqhekeni M Skhosana M Malete M Mbongwe N Mayende-Sibiya P Tshukudu-Mutsohi R Howard S Zokwana K Bezuidenhout Z Vavi N Coleman R Dicks S Gangca T Ehrenreich V Seboni T van Meelis N Makgetla E Biyela J Mahlangu S Dlamini W Noling D George S Gumede M Famela L Grobler | V Mkosana – Overall Convenor Minister Membathisi Mdladlana Minister Trevor Manuel Minister Stella Sigcau Minister Mandisi Mpahlwa Minister Thoko Didiza C Olver S Nogxina J Maseko RM Adam E Mokeyane L Kganyago L Kettledas K Naidoo E Jacobs V Vumendlini N Mashiya C van Kerken D Jarvis D Pillay T Matona | S Shezi – Overall Convenor D Mthalane L Kganyago A Tshitangano M Toni S Mamba M Jara P Kadi L Nare L Nzimande I Steyn S Mapaila B Mokgothu D Masondo |
| | | | NEDLAC EXECUTIVE DIRECTOR |
| | | | H Mkhize |

WORK STREAM 3 MANAGEMENT COMMITTEE (MANCO)

2006/7 WORK PROGRAMME AND PROGRAMME PERFORMANCE

TERMS OF REFERENCE

The Management Committee oversees the institution and sign-off on policy issues for referral to the Executive Council. It is also responsible for human resource issues and financial reports.

The Management Committee planned to hold seven (7) meetings in the period under review; The Committee held six (6) meetings during this period.

SUMMARY OF CONCLUDED AGREEMENTS FOR THE PERIOD

| KEY OUTPUT | STRATEGIC OBJECTIVE |
|---|---|
| Consumer Protection Policy | Provide a legislative framework to protect consumers. |
| Code of good practice on who is an employee | The Code is to provide practical guidance to employers and employees on understanding the implications of their contractual relationship. It is also intended to guide CCMA Commissioners, Judges employers and employees on interpreting section 200A of the LRA in accordance with established principles and case law. |
| Consumer Credit Policy | Provide a legislative framework to protect consumers. |
| SACU-EFTA Agreement | To set favourable and fair trade conditions for the domestic market. |
| ILO Convention – Maritime Labour Convention | To set minimum standards for workers in the maritime sector/industry. |
| ILO Recommendations on Employment relationships | To provide guidelines on employment relationships – to provide clarity on who is an employee. |
| Cooperatives Bill | To create an environment conducive to the promotion of cooperatives. |
| Cooperatives Banks Bill | To create an enabling environment for cooperatives (reward). |
| Broad Based Black Economic Empowerment Codes of Good Practice | To ensure that the benefits of Black Economic Empowerment make a positive impact on the broader society. |
| Accreditation and Measurement Standards Bills | To provide for an internationally recognised and effective accreditation and monitoring system for South Africa and for the use of measurement units of the International System of Units and certain other measurement units. |
| Second-Hand Goods Bill | To regulate the business of pawnbrokers and dealers in second-hand goods; how to limit the trade in stolen goods; and to promote ethical standards in the second-hand goods trade. |
| Corporate Law Reform Report | To agree on guidelines to achieve the promotion of the competitiveness and development of the South African economy. |
| Chemicals Sector Summit Agreement | To agree on strategies to enhance sustainable growth trajectory that will maximise employment creation, decent work, investment and output in the chemicals sector. |
| Chemical Sector Programme Strategy Agreement | To align government strategy with the aspirations to unlock the full potential of the sector. |
| Standards and Compulsory Specifications Bills | To reach agreement on legislative framework to provide for the development, promotion and maintenance of standardisation and quality in connection with commodities and also provide for the administration and maintenance of compulsory specifications. |

Fifteen (15) significant policy agreements were concluded in the period under review which translates to 1.25 agreements concluded per month.

These agreements exclude those reached on guidelines and procedures that were agreed during this period.

KEY CHALLENGES FOR THE MANAGEMENT COMMITTEE

- Synchronising the Government policy timetable with the Nedlac processes.
- Aligning the government mandating processes with the Nedlac processes.
- By-passing Nedlac on certain policy matters still persists especially from the government departments that are outside of the core Nedlac Government departments as envisaged in the Nedlac Act.
- Requests for issues to be tabled in Nedlac do not always get positive response from certain government departments.

REPRESENTATION IN THE MANAGEMENT COMMITTEE FOR THE 2006/7 PERIOD

| BUSINESS | LABOUR | GOVERNMENT | COMMUNITY |
|--|---|--|--|
| R Parsons – Overall Convenor E Strydom V van Vuuren L Lotter J Vilakazi P Maluleke L Montjane A Maistry | E Patel – Overall Convenor B Ntshalintshali E Pillay J Maqhekeni M Skhosana M Mbongwe N Mayende-Sibiya P Tshukudu-Mutsohi R Howard M Samela N Coleman R Dicks S Gangca T Ehrenreich N Makgetla D Geogre J Mahlangu L Grobler | V Mkosana – Overall Convenor L Kettledas D Pillay E Jacobs N Mashiya R Naidoo C van Kerken | S Shezi – Overall Convenor D Mthlane L Kganyago A Tshitangano M Toni L Nare L Nzimande S Mapaila B Mokgothu T Phadu |
| | | | NEDLAC EXECUTIVE DIRECTOR |
| | | | H Mkhize |

WORK STREAM 4

PUBLIC FINANCE AND MONETARY POLICY CHAMBER

2006/7 WORK PROGRAMME AND PROGRAMME PERFORMANCE

TERMS OF REFERENCE

The Public Finance and Monetary Policy Chamber seeks to develop and reach consensus as well as arrive at agreements on all matters pertaining to the framework within which financial, fiscal, monetary and exchange-rate policies are formulated. It also seeks to enhance the co-ordination of fiscal and monetary policy and related elements of macro-economics policy as well as the institution of delivery.

The Chamber is required to meet at least six (6) times in each financial year. Representation in the chamber is made up of six (6) mandated representatives from organised Labour, Business and Government.

The Chamber Work Programme was split between the Chamber and the Financial Sector transformation task team.

2006/7 WORK PROGRAMME AND PROGRAMME PERFORMANCE

| KEY FOCUS AREA | KEY RESULT AREA | PROGRAMME OBJECTIVES | STATUS |
|--|---|---|---|
| Development Finance Institutions | Examine the mandate and scope of the work of the Development Finance Institutions (DFIs) | To ensure that the DFIs mandates and scope are aligned to the broader developmental imperatives in order to strengthen synergies | Task Completed |
| Cooperatives Banks Bill | Engage and reach agreement on the National legislative framework to facilitate the banking aspects of Cooperatives | To develop an enabling legislation for the promotion of Cooperatives | Task Completed |
| Social Health Insurance | Engage and reach agreement on the National Social Health Insurance legislative Framework | To enhance the social security system that takes into account access to Health services | Nedlac Policy consideration Completed The Bill awaits vetting by the National Treasury and Cabinet. |
| Social Security and Retirement Funds Reforms | Engage and reach agreement on the National Social Security and retirement funds legislative framework.. | To ensure that the working people that could not afford the ordinary private sector retirement funds arrangements can also have access to affordable retirement provisions. | The policy framework on Social Security and Retirement Fund Reform was tabled by the Minister of Finance 23 February 2007. The matter is being dealt with in the task team. |
| 5% Investible Income | Engage and reach agreement on the instruments to set aside 5% of investible income for socially desirable assets. | To direct investments to socially desirable assets in South Africa | The first round of engagements completed. |
| Retirement Funds Reforms | Engage with a view to reach agreement on the Retirement Regulatory framework | Transform the retirement funds regulatory framework to take into account the national transformation imperatives | The first draft policy discussion paper was tabled at the Ministerial Roundtable meeting held in 2005. Nedlac made comments to the draft policy paper and Government undertook to table a second draft for further engagements. The tabling of the second draft remains outstanding |
| Financial Sector Charter | Monitor the implementation of the the Finance Sector Charter agreements | Build reporting and monitoring mechanisms between the Charter Council and Nedlac. | Nedlac receives regular reports from the Charter Council. |
| National Budget | Engage and reach broad areas of agreement on key policy matters on the National Budget and allocations Hold at least one focus session on the Budgetary process with the Minister or Deputy Minister of Finance. | To ensure that Nedlac gets a chance to make inputs on the National Budget before it is finalised and tabled in parliament by government. | The National Budget Policy Session took place on 24 November 2006 at Nedlac; Constituency inputs were tabled for incorporation into the final Budget. |

SUMMARY OF THE KEY ACHIEVEMENTS FOR THE PERIOD UNDER REVIEW

- a) The Chamber convened 9 chamber meetings in the period under review.
- b) The Financial Sector Transformation task team convened eight (8) meetings in the period under review.
- c) Overall the Nedlac Fiscal and Monetary Policy Work stream had a 13% improvement on its work rate compared to the previous reporting period.
- d) Cooperatives Bank Bill was signed off at Nedlac by the Chamber and noted by Manco at a meeting held on 08 March 2007.
- e) The Minister of Finance tabled a discussion paper on Social Security and Retirement Fund Reform at Nedlac on 23 February 2007.
- f) Financial Sector Charter Council – The Council derived from the Financial Sector Summit Agreement held in August 2002. The Council's Annual Report was tabled at the PFMP Chamber Meeting of 15 March 2007. The Annual Report indicated how the Sectors performed in terms of the Charter using 2004 and 2005 performers.
- g) The Deputy Minister of Finance engage Nedlac social partners on the Mid-Term Budget Policy Session was held on the 24 November 2006 at Nedlac.
- h) The Minister of Finance tabled the Draft Policy framework on social security and retirement funds reforms in February 2007.

KEY CHALLENGES FOR THE CHAMBER INCLUDE:

- Synchronising the Government policy timetable with the Nedlac processes.
- Aligning the government mandating processes with the Nedlac processes.
- By-passing Nedlac on certain policy matters still persists especially from the government departmentst that are outside of the core Nedlac departments.
- Requests for issues to be tabled in Nedlac do not always get positive response from certain government departments.
- Difficulty in obtaining discussion documents from the government departments.

REPRESENTATION IN THE PUBLIC FINANCE AND MONETARY POLICY

| BUSINESS | LABOUR | GOVERNMENT |
|---|--|---|
| P Maluleke – Convenor D Dykes D Coston G Djolov T Main B Lacey M Jackson N Matoti A Meiring J Zeetsman E Masilela | E Pillay – Convenor April 2006-July 2006 J Mahlangu – Acting Convenor N Makgetla M Ikaneng P Tseki I Ramputa G Strauss G Humphries R Oliver M Kepadisa G Wilson M Burger | N Mashiya – Convenor J Dixon V Mamba J van der Heever N Rau |

REPRESENTATION IN THE FINANCIAL SECTOR TRANSFORMATION TASK TEAM

| BUSINESS | LABOUR | GOVERNMENT |
|---|---|---|
| C Coovadia C Motsumi M Jackson G Djolov M Motloba J Mothimunya | J Mahlangu R Oliver M Kepadisa G Wilson I Ramputa M Deyssel G Strauss | N Mashiya V Mamba J van der Heever N Rau V Vumendlini O Mathan |

WORK STREAM 5: TRADE AND INDUSTRY CHAMBER (TIC)

2006/7 WORK PROGRAMME AND PROGRAMME PERFORMANCE

TERMS OF REFERENCE

The Trade and Industry Chamber seeks to reach consensus and make agreements on matters pertaining to the economic and social dimensions of trade, as well as industrial, mining, agricultural and services policies, and the associated institutions of delivery.

The Chamber is required to meet at least six (6) times in each financial year. Representation in the Chamber is made up of six (6) mandated representatives from Organised Labour, Business, and Government.

The Work programme for the Chamber grew from 20 items in the previous period to 30 in the period under review which represents 50% increase in the number of issues that the chamber had to deal with. The Chamber continues to be the central hub of activities in the organisation. Not only was it the increase in the number of issues that presented some challenges, but the complexity of the issues demanded more energies and technical capacity from the social partners.

The Chamber conducts its business in four chamber related work streams, namely; The Chamber, Teselico, Fridge, and Sector Summits. The bulk of the chamber work is done in various Technical Task Teams under close supervision by the Chamber. The Chamber provides guidance and leadership on issues and receives reports from the task teams for consideration and sign off. The Chamber held 87 meetings in total during this period.

2006/7 WORK PROGRAMME AND PROGRAMME PERFORMANCE

| KEY FOCUS AREA | KEY RESULT AREA | STRATEGIC OBJECTIVES | STATUS |
|--------------------------|--|--|---|
| Consumer Protection Bill | To examine whether the policy principles which were agreed to in Nedlac on Consumer Protection are incorporated in the draft Bill. | To ensure that consumers are protected against unethical practices and to strengthen the consumer rights aspects of the Law. | Task Completed. |
| Second-Hand Goods Bill | To engage and agree on the legislative framework on how to regulate the business of pawnbrokers and dealers in second-hand goods | To limit trade in stolen goods; and promotion of ethical standards in the second-hand goods trade. | Task Completed |
| Cooperatives Strategy | To engage with a view to agree on the strategy to promote emerging cooperatives enterprises in all sectors of the economy | To promote emerging co-operatives enterprises in all sectors of the economy | The Nedlac task completed, however strategy is being reviewed by government |

2006/7 WORK PROGRAMME AND PROGRAMME PERFORMANCE *continued*

| KEY FOCUS AREA | KEY RESULT AREA | STRATEGIC OBJECTIVES | STATUS |
|--|---|--|---|
| Modernising Technical Infrastructure and Bills | To engage with a view to agree on a legislative framework on how to improve the domestic technical infrastructure. | To improve the domestic technical infrastructure in order to positively contribute towards improving the competitiveness of the domestic industry. | Task Completed |
| National Technical Regulatory Framework (NTRF) and Bills | To engage with a view to agree on how to improve and establish a common South African approach in terms of its technical regulatory responsibilities. | To improve and establish a common South African approach to technical regulatory responsibilities, and to ensure that South Africa's technical regulations comply with international requirements and that they are responsive to the changing needs of the economy. | Task Completed |
| Procurement Policy | To engage with a view to reaching agreement on the draft revised procurement regulations and to ensure alignment with the procurement element of the BBBEE scorecard. | To ensure that the National Procurement Regulations are aligned with the procurement element of the BBBEE scorecard. | Nedlac engagements on policy completed. However the Draft Bill awaits vetting by the National Treasury |
| BBBEE Codes of Good Practice | To engage with a view to reach agreement on BBBEE Codes of Good Practice | To ensure that the benefits of Black Economic Empowerment are broad – based and curb fronting. | Policy processes completed in Nedlac, however Nedlac still to ensure that the Bill incorporates all the policy principles that were agreed in Nedlac. |
| Fisheries Policy | To engage and agree on steps to be taken to develop policy that takes into account the key challenges in fishing. | To ensure that the policy intervention takes into account the balance between commercial and subsistence fishing. | A study into fishing has been commissioned. |
| National Industrial Policy Framework (NIPF) | To engage and agree on the National Industrial Policy Framework proposals | To put in place policy instruments to build the domestic industrial capacity in South Africa. | Task Completed. |

PROGRAMME PERFORMANCE TECHNICAL SECTORAL LIAISON COMMITTEE (TESELICO)

| KEY FOCUS AREA | KEY RESULT AREA | PROGRAMME OBJECTIVES | STATUS |
|----------------------------------|---|--|---|
| WTO (NAMA Formulas) | Seek to reach agreement in Nedlac on the WTO trade negotiations relating to: Industrial products; Services and Trade and Environmental, as well as Goods and Services and to a limited extent, Agriculture. | To ensure that South Africa extracts maximum value out of the Multi lateral Trade Arrangements. | Four task team processes are currently unfolding and the inputs are directly channeled to the WTO negotiations on a regular bases |
| SACU-USA | Seek to reach agreement in Nedlac on the position and approach to be adopted in the SACU-USA trade negotiations. | To ensure that SACU get the best deal out of the SACU-USA trade negotiations. | The formal negotiations have been suspended. Engagements rolled over to the 2007/8 work programme. |
| SACU-EFTA | Seek to reach agreement in Nedlac on the position and approach to be adopted in the SACU-EFTA trade negotiations. | To ensure that SACU get the best deal out of the SACU-EFTA trade negotiations. | Task completed |
| SACU-MERCOSUR (FTA) | Seek to reach agreement in Nedlac on the position and approach to be adopted in the SACU-MERCOSUR trade negotiations. | To ensure that SACU get the best deal out of the SACU-MERCOSUR trade negotiations. | Negotiations close to conclusion. Negotiations continue on Auto sector. |
| RSA/SACU-EU TDCA REVIEW/SADC EPA | Seek to reach agreement in Nedlac on the position and approach to be adopted in the SACU-EU TDCA Review trade negotiations, as well as on an EPA. | To ensure that South Africa extracts maximum value out of the Multi lateral Trade Arrangements. SACU-EU TDCA, EPA. | Engagements rolled over to the 2007/8 work programme |
| SACU – INDIA/CHINA | Seek to reach agreement in Nedlac on the position and approach to be adopted in the in any trade negotiations with India and/or China. | To ensure that South Africa extracts maximum value out of trade negotiations with India and/or China. | Engagements rolled over to the 2007/8 work programme. Sector-specific research on India and China have been concluded |

FUND FOR RESEARCH INTO INDUSTRIAL DEVELOPMENT, GROWTH AND EQUITY (FRIDGE)

FRIDGE is funded by the Department of Trade & Industry and administered by the IDC on behalf of the Chamber.

The key objectives of the sub-committee are to focus on sectors or industry clusters involved in the production of tradeable goods and services, as well as crosscutting issues with the purpose of providing implementable policies and recommendations. The period 2006/7 has indeed advanced those objectives. The performance of this structure has always been positive and effective.

Below is a list of all the research studies that were concluded in the period 1 April 2006 - 31 March 2007, covering a wide range of sectors and key strategic issues.

FUND FOR RESEARCH INTO INDUSTRIAL DEVELOPMENT GROWTH AND EQUITY (FRIDGE) STUDIES

| KEY FOCUS AREA | KEY RESULT AREA | PROGRAMME OBJECTIVES | STATUS |
|--|---------------------------|---|-----------------|
| Proposed Trade Negotiations between SACU and China and India | Commission a FRIDGE Study | Preparation of Various Manufacturing Sectors for Effective Trade Negotiations | Task Completed |
| Study to Develop Growth Strategies for Business Tourism, Backpacking and Community-based Tourism | Commission a FRIDGE Study | To Develop Growth Strategies for Business Tourism, Backpacking and Community-based Tourism <ul style="list-style-type: none"> • Business Tourism • Backpacking • Community Based Tourism | Task Completed |
| CURRENT STUDIES | | | |
| Pricing Practices in the South African Chemicals Sector | Commission A FRIDGE Study | To investigate Pricing Practices in the South African Chemicals Sector | Study Underway |
| WTO Trade Negotiations | Commission a FRIDGE Study | To study WTO Trade Negotiations with respect to: <ul style="list-style-type: none"> • Non-agricultural Market Access • Strategy to Support Exporters with NTBs • Strategy for elimination of NTBs in EGS • Multilateral Environmental Agreements (MEAS) | Study Completed |
| Administered Prices | Commission a FRIDGE Study | To ensure that Administered prices are managed in such a manner that takes into account the broader development strategies. | Study Underway |
| Organic Value Chain Strategy for Sustainable Development and Growth of Organic Agriculture | Commission a FRIDGE Study | To enhance Sustainable Development and Growth of Organic Agriculture Organic Value Chain Strategy. | Study Underway |
| Growth and Development Summit Performance and Output Indicators | Commission a FRIDGE Study | To achieve Development of Growth and Development Summit Performance and Output Indicators | Study Underway |

FRIDGE STUDIES IN PROGRESS

- Chemical Sector Pricing Practices
- Administered Pricing
- Preliminary Approach to Reduction and Elimination of Tariffs and Non-tariff Barriers in Environmental Goods and Services
- Drafting of a National Strategy to Support Exporters in Overcoming Non-tariff Barriers in Specific Markets
- Preliminary National Position, on the Relationship between Multilateral
- Environmental Agreements with Trade Obligations and World Trade Organisation (WTO) Rules
- Preliminary National Position on Non- Tariff Barriers for Inclusion in the position
- Non-Agricultural Market Access
- Organic Produce Study
- GDS Indicators and Study on fisheries

REPRESENTATION IN THE TRADE AND INDUSTRY CHAMBER

| GOVERNMENT | BUSINESS | LABOUR |
|--|---|--|
| R Naidoo – Convener D Jarvis S Molelekoa M Mabitje - Thompson S Thabede T Malherbe F Adams S Roro | L Lotter – Convener M McDonald H van der Merwe R Baxter C Mtshali M Hummel N Vermeulen N Matoti E Basson M Faku Y Moosajee Z Faqui Dawoo | T Ehrenreich – Convenor T van Meelis B Ndebele N Makgetla J Nkosi B Nkosi N Chabane E Watkinson J Rudin N Newman T Tengela A Benjamin H Mushonga K Van Rensburg T Franks T Modise |

REPRESENTATION IN TESELICO

| GOVERNMENT | BUSINESS | LABOUR |
|--|---|--|
| X Carim W Smalberger T Chauke S Sooklal K du Plooy G Krasnik RJ Otto S Ntambi F Adams S Pule H Erasmus S Roro | L Lotter M McDonald H van der Merwe R Baxter M Hummel B Brink P Theron AJ Neethling J Pienaar J Hunt JJ Naude H Classens D Linde NMW Vermeulen D Jordaan W Naude K Luyt PA Dieterich | T Ehrenreich T van Meelis B Ndebele N Makgetla N Chabane J Nkosi E Vlok J Rudin E Watkinson T Tengela A Benjamin H Mushonga T Franks T Modise |

REPRESENTATION IN FRIDGE

| GOVERNMENT | BUSINESS | LABOUR | INDUSTRIAL DEVELOPMENT CORPORATION (IDC) |
|-----------------------|------------------------|---|--|
| M Mbatha B Moholwa | L Lotter M McDonald | S. Gangca T van Meelis N Makgetla N Chabane B Ndebele | T Molefe R Mosuwe |

SECTOR SUMMITS

TERMS OF REFERENCE

The constituencies of Nedlac, at the Presidential Growth and Development Summit held on 7 June 2003, agreed that effective use of sectoral strategies was needed to restructure the economy towards equitable, employment-creating growth.

The Trade & Industry Chamber of Nedlac identified the following sectors as those priority areas in which sector partnerships and strategies could be developed; to enhance economic growth, investment, job creation and retention.

- Metals & Engineering Sector
- Chemicals Sector
- Construction Sector
- ICT Sector – post summit process

The advent of the National Industrial Policy Framework would very much be taken into account in the prioritisation of sectors in the next reporting period.

| KEY FOCUS AREA | KEY RESULT AREA | PROGRAMME OBJECTIVES | STATUS |
|------------------------------------|---|---|--|
| CHEMICALS SECTOR SUMMIT | Develop sectoral strategies needed to enhance equitable and employment-creating growth. | Enhance economic growth, investment, job creation and retention in the Chemical Sector. | <ul style="list-style-type: none">• Chemicals Sector Agreement to be signed by social partners on 21 May 2007. |
| CONSTRUCTION SECTOR SUMMIT | Develop sectoral strategies needed to enhance equitable and employment-creating growth. | Enhance economic growth, investment, job creation and retention in the Construction Sector. | Constituencies still engaging |
| METALS & ENGINEERING SECTOR SUMMIT | Develop sectoral strategies needed to enhance equitable and employment-creating growth. | Enhance economic growth, investment, job creation and retention in the METALS & ENGINEERING Sector. | Constituencies still engaging |
| ICT SECTOR SUMMIT | Develop sectoral strategies needed to enhance equitable and employment-creating growth. | To promote increased levels of growth, investment, job creation, decent work in the ICT sector. | Agreement signed in 2002, constituencies considering implementation processes. (ongoing) |

SUMMARY OF THE KEY ACHIEVEMENTS FOR THE PERIOD UNDER REVIEW

- Consumer Credit Policy Report
- Consumer Protection Policy Report
- BBBEE Codes of Good Practice Reports
- Modernising South African Technical Infrastructure Report
- Accreditation and Measurement Standards Bills Report
- National Technical Regulatory Framework Report
- Standards and Compulsory Specifications Bills Report
- Chemical Sector Partnership Strategy Agreement
- Chemicals Sector Summit Agreement
- Corporate Law Reform Report

KEY CHALLENGES FOR THE CHAMBER INCLUDE:

- Synchronising the government policy timetable with the Nedlac processes – sometimes leading to extremely tight timeframes.
- Aligning the government mandating processes with the Nedlac processes.
- Flawed mandating mechanisms within constituencies resulting in delayed sign off of reports at Manco level.
- Limited technical capacity in the secretariat (Teselico).
- Limited technical and human capacity among the constituencies.

REPRESENTATION IN SECTOR PARTNERSHIP STRATEGIES TASK TEAMS

| GOVERNMENT | BUSINESS | LABOUR | COMMUNITY | SOEs |
|---|--|---|--|---|
| A Mbolekwa S Scheepers T Mpetsheni I Saloojee L Nadasen R Gerber P de Klerk E Fraser N Gumede | A Schofield J Machanik M Rachidi J Koster S Louw | T Van Meelis M Sithebe K Pillay C Bezuidenhout J Volkscheck P Bezuidenhout S Gangca | A Tshitangano M Malibana I Steyn L Nare | T Xiphu R Morobe G Nkadimeng C Kekana J Mokutu S Gulube A Mathinjwa L Lebelo N Ntuli S Ganda |

REPRESENTATION IN THE TIC TASK TEAMS

REPRESENTATION IN THE BBBEE TASK TEAM

| GOVERNMENT | BUSINESS | LABOUR | COMMUNITY |
|--|---|---|---|
| J Ndumo R Naidoo H Malinga S Naidoo N Mamashela F Matlala D Jarvis | B Ndabezitha M McDonald L Lotter C Mtshali L Montjane A Fine V Mabena E Strydom M Mtlala T Doyer K Laubscher J Fegbeutel | N Makgetla R Dicks P Govender S Gangca T Van Meelis | L Nare A Patterson N Radebe L Mngomezulu D Barnard P Lundall |

REPRESENTATION IN THE CONSTRUCTION CHARTER TASK TEAM (MET ONCE)

| GOVERNMENT | BUSINESS | LABOUR |
|--------------------------|----------|-------------------------|
| T Ngqungwana R Ngcobo | P Blaauw | B Ndebele N Makgetla |

REPRESENTATION IN THE PROPERTY CHARTER TASK TEAM (MET ONCE)

| GOVERNMENT | BUSINESS | LABOUR | COMMUNITY |
|--------------------------|----------|-------------------------|---------------------------------|
| T Ngqungwana R Ngcobo | S Gumede | B Ndebele N Makgetla | Z Matsela L Nare N Radebe |

REPRESENTATION IN THE NON-TARIFF BARRIERS (NTB) TASK TEAM

| GOVERNMENT | BUSINESS | LABOUR | COMMUNITY |
|-------------------|-------------------------|--|---|
| R Brits R Otto | L Lotter L Hillowitz | E Watkinson T van Meelis N Chabane | N Tselentis P Drodskie J de Bruyn |

REPRESENTATION IN THE SERVICES TASK TEAM

| GOVERNMENT | BUSINESS | LABOUR | COMMUNITY |
|-------------------------|--|--|---------------------------------|
| S Sooklal K du Plooy | A Schofield L Lotter H Neethling P Corbin T Pitman T Shabangu | J Rudin T van Meelis L Seshoka J Nkosi J Barrett | Z Matsela L Nare N Radebe |

REPRESENTATION IN THE NAMA TASK TEAM

| GOVERNMENT | BUSINESS | LABOUR |
|-------------------------|---|---|
| R Brits W Smalberger | B Brink M McDonald L Lotter AJ Neethling D Linde NMW Naude D Jordaan BW Naude H Claassens O Damm | T van Meelis J Nkosi N Chabane E Watkinson E Vlok |

WORK STREAM 6

LABOUR MARKET CHAMBER

2006/7 WORK PROGRAMME AND PROGRAMME PERFORMANCE

TERMS OF REFERENCE

The Labour Market Chamber (LMC) considers all proposed labour legislation relating to the labour market policy before it is introduced in Parliament. The Labour Market Chamber shall seek to reach consensus and make arrangements for placing before the executive council on all matters pertaining to the world of work and the associated institutions of delivery.

The Chamber is required to meet at least six (6) times in each financial year. Representation in the Chamber is made up of six (6) mandated representatives from organised Labour, Business and Government.

The Chamber remains the second busiest in Nedlac after Trade and Industry. The Chamber is credited for having finalised all the critical labour policies within the first five years of Nedlac's inception. This has created space for the Chamber not only to examine new areas where policy is required, but also to monitor and evaluate the implementation of the existing policies.

Given that most, if not all key Labour market policies are in place, it is to be expected that the Chamber would not be signing off on new policies. The report that follows shows that energies in the Chamber have gone into examining gaps on cross-cutting issues and challenges related to implementation of existing policies. The Chamber held 28 meetings in the period under review, two meetings shy of matching the previous year's work rate.

2006/7 WORK PROGRAMME AND PROGRAMME PERFORMANCE

| KEY FOCUS AREA | KEY RESULT AREA | PROGRAMME OBJECTIVES | STATUS |
|--|---|--|--|
| Demarcations | To consider and finalise all applications for Demarcations of bargaining council scopes in terms of Section 62 (9) of the Labour Relations Act | To consider disputes about demarcation between sectors and areas and for the establishment of Bargaining Councils, or the variation of Bargaining Councils. | In all the applications considered by the Standing Committee, 12 applications were finalised. |
| Insolvency and Business Recovery Bill | To engage and agree on the Legislative framework on Insolvency and Business recovery Model | To ensure that the framework takes into account the interests of Labaour, Business and the broader society when dealing with insolvency matters | <p>Nedlac Task Completed and the Bill approved by Cabinet, however, was held up due to lack of finality on the Business Rescue Model provisions.</p> <p>In 2006 it was decided that the dti would deal with the Business Rescue Model in line with the Companies Bill. The Insolvency Bill would go through Parliament in 2008..</p> |
| Social Plan Review | To examine the recommendations from the study that was commissioned to review the social Plan with a view to reach agreement on how to address the identified gaps. | To ensure that the Social Plan is aligned to the new challenges and to ensure effective implementation of the Plan. | Engagements on the report completed. The next step is to develop and agree on recommendations. |
| Code of Good Practice on Who is an Employee | In terms of section 200A (4) of the Labour Relations Act (LRA), Nedlac must prepare and issue a Code of Good Practice that sets guidelines for determining whether persons are employees. | <p>To provide practical guidance to employers and employees on understanding the implications of their contractual relationship.</p> <p>To intended to guide CCMA Commissioners, Judges, employers and employees on interpreting section 200A of the LRA in accordance with established principles and case law.</p> | <p>Task Completed</p> <p>The Code was gazetted in 2006.</p> |
| Changing Nature of Work and Atypical Forms of Employment in South Africa | To engage and reach agreements on steps to be taken address the changing Nature of Work and the Atypical forms of Employment in South Africa | To develop a framework to address the challenge of Atypical forms of Employment in the manner that takes into account the concerns of social partners. | <p>The first phase of engagements completed.</p> <p>The second phase that seeks to examine the rest of the synthesis report on the atypical forms has commenced.</p> |

2006/7 WORK PROGRAMME AND PROGRAMME PERFORMANCE (continued)

| KEY FOCUS AREA | KEY RESULT AREA | PROGRAMME OBJECTIVES | STATUS |
|--|---|--|--|
| Employment Equity/ Skills Development | To develop a work programme with which to streamline, monitor, evaluate Employment Equity and skills development initiatives. | To streamline, monitor and evaluate long term initiatives of the Employment Equity and skills development. | Task completed |
| Nominations to Various Committees and Statutory Bodies | To coordinate a process for nomination of constituency representatives to serve in the Statutory bodies: | <p>To nominees from constituencies to serve in identified statutory bodies such as:</p> <ul style="list-style-type: none"> • National Skills Authority • Unemployment Insurance Board • Employment Conditions Commission • CCMA Governing Body • Essential Services Committee • Compensation Board • Commission for Employment Equity | List of nominees finalised and submitted to all identified statutory bodies. |

REPRESENTATION IN THE LABOUR MARKET CHAMBER

| GOVERNMENT | BUSINESS | LABOUR |
|--|---|--|
| L Kettledas S Govender T Mkalipi G Matloporo B Seruwe N Mamashela S Nakanyane S Rathai D Khumalo | E Strydom C de Kock C Gardner D Carson G Bezuidenhout J Robertson J Manyi K Moyane K Cowley K Kleynhans R Latchman L Montjane J Botha | M Mbongwe P Govender R Dicks S Gangca L Grobler D Marais D Elbrecht J Wilimic M Burger |

REPRESENTATION IN THE DEMARCATIONS STANDING COMMITTEE

| GOVERNMENT | BUSINESS | LABOUR |
|-----------------------|---------------------------------------|---|
| J Crouse T Mkalipi | D Carson F Ernst G Bezuidenhout | M Mbongwe D George R Dicks L Grobler |

REPRESENTATION IN THE SOCIAL PLAN TASK TEAM

| GOVERNMENT | BUSINESS | LABOUR |
|--|----------|---------|
| M Ratshivhanda V Toyi (NPI) M Govender (NPI) | N Smythe | R Dicks |

REPRESENTATION IN THE WHO IS AN EMPLOYEE TASK TEAM

| GOVERNMENT | BUSINESS | LABOUR |
|--|--|---|
| N Kahn T Mkalipi M Bergman P Benjamin | V van Vuuren E Strydom T Cohen K Moyane | E Patel M Mbongwe P Govender L Grobler S Gangca |

REPRESENTATION IN THE CHANGING NATURE OF WORK AND ATYPICAL FORMS OF EMPLOYMENT

| GOVERNMENT | BUSINESS | LABOUR |
|---|--|--|
| L Kettledas T Mkalipi N Kahn S Nakanyane S Rathai | V van Vuuren E Strydom D Carson T Cohen K Moyane K Cowley C Gardner J Botha | E Patel R Dicks M Mbongwe L Grobler S Gamgca |

REPRESENTATION IN THE EMPLOYMENT EQUITY/SKILLS DEVELOPMENT TASK TEAM

| GOVERNMENT | BUSINESS | LABOUR | COMMUNITY |
|--|--|--------------------------|--|
| B Mogadime D Chiloane F Mphomane NMamashela | E Strydom C Gardner V van Vuuren | S Moshoeshoe S Gangca | B Modise C Palmer I Steyn M ka Toni N Mqikela P Lundall |

WORK STREAM 7

DEVELOPMENT CHAMBER

2006/7 WORK PROGRAMME AND PROGRAMME PERFORMANCE

TERMS OF REFERENCE

The Development Chamber seeks to develop and reach consensus as well as reach agreements on all matters pertaining to social and economic policies both urban and rural; implementation strategies; financing of developmental programmes; campaigns to mobilise the nationals behind development as well as the associated institutions of delivery.

The Chamber is required to meet at least six (6) times in each financial year. Representation in the Chamber is made up of six (6) mandated representatives from organised Labour, Business and Government.

2006/7 WORK PROGRAMME AND PROGRAMME PERFORMANCE

| KEY FOCUS AREA | KEY RESULT AREA | PROGRAMME OBJECTIVES | STATUS |
|------------------------------------|---|--|--|
| Expanded Public Works (EPWP) | Launch projects that provide short-term jobs in the communities with a greater emphasis on providing and/or improving basic and essential infrastructure in the communities | Seek to provide poverty and income relief through temporary work for the unemployed | 459 840 cumulative work opportunities have been created since the inception of EPWP to end December 2006. The Department of Labour and the Department of Public Works officials worked together to implement the National Skills Development strategies |
| Poverty Measures | Engage and agree on the National Poverty Measures for South Africa. | To put in place National measurements to determine poverty levels in South Africa | Social partners still engaging with the matter. |
| Public Transport | Engage and agree on the Strategy to accelerate Public Transport Implementation via- a "win-win" partnership between Government, existing operators and Labour | To ensure that issues related to safety and security ; accessibility and affordability of public transport are adequately addressed in the National Transport Strategy. | Task Completed |
| Local Level Planning | Develop people-centered and workable service partnerships amongst constituencies that will combine resources and capacity in targeted developmental programmes. Increase the capacity of communities to participate meaningfully in local development | Address the legacy of apartheid planning, which undermines social and economic integration and employment in order to achieve broad socio-economic integration. | The chamber continues to encourage social partners and broader participation in initiatives such as: Izimbizos; Letsema Campaign; Ward committees; School Governing Bodies; Community Policing Forums; Hospital boards and Workers forums |
| Co-operative Development Strategy | Engage and agree on a Strategy to promote Cooperatives in South Africa | To create and develop income-generating activities, savings and investment, develop human resource capacities, improve social and economic well-being and establish and expand a viable and dynamic distinctive sector of the economy. | The policy framework completed The first phase of strategy completed in Nedlac The cooperatives Banks Bill has been submitted to Parliament. Consultations on the Cooperatives Advisory Board have been completed. |
| Restructuring of the Energy Sector | Engage and agree on the service delivery framework on the roll out of electricity. | To accelerate the delivery of electricity to all consumers, with equitable tariffs in general and the poor in particular. | The restructured electricity distribution (REDS) framework finalised. Nedlac is engaging on processes to enhance efficiency in the REDS. |
| Farm Worker Housing | Engage and agree on the policy framework on farm workers housing challenge. | To provide a policy framework to address the random evictions of farm workers and the general provision of housing for farmworkers. | The draft policy framework has been finalised and awaits cabinet approval after further engagement at the Rural Housing Indaba. |

SUMMARY OF THE KEY ACHIEVEMENTS FOR THE PERIOD UNDER REVIEW

- The Chamber in joint efforts with Trade and Industry agreed to the Cooperatives Bill.
- Installing qualitative changes to the administration of the Chamber.
- Installing drivers that would transform output of the Chamber.

KEY CHALLENGES FOR THE CHAMBER INCLUDE:

- Producing qualitative reports for the attention of Management Committee.
- Chamber's ability to interrogate documents whilst on the draft policy stages.
- Shift from monitoring and evaluating items to proactive engagement on the formulation stage of policy.

REPRESENTATION IN THE CHAMBER

| GOVERNMENT | BUSINESS | LABOUR | COMMUNITY |
|---|--|---|--|
| D Pillay V Mabitsi V Mathada L Werner J Sebape C van der Merwe T Sebosa | B Ndabezitha A Maistry T Skenjana D Cooper J Vilakazi L Monda | N Mayende-Sibiya W Noling X Nxu D Le Roux E Biyela C Leepo S Gumede J Dikobo | L Nare L Kganyago C Palmer B Mokgothu P Kadi S Mpanza O Sipuka J Mhlongo Z Matsela |

REPRESENTATION IN THE COOPERATIVES TASK TEAM

| GOVERNMENT | BUSINESS | LABOUR | COMMUNITY |
|-----------------------------------|--------------------|---------------------|-------------------------|
| N Maluleke R Rapoo L Mlonzi | T Doyer B Harms | S Gumede T Phadu | D de Jong M Mojanaga |

WORK STREAM 8 SPECIAL PROJECTS GROWTH AND DEVELOPMENT SUMMIT AGREEMENTS

INTRODUCTION

The Growth and Development Summit remains one of the most important achievements of Nedlac in the last four years. The summit identified more jobs, better jobs, and decent work for all, skills challenge, and setting targets for investment that has to be directed towards socially responsible opportunities and Local Action as key areas that require individual and joint interventions from the Nedlac constituencies.

Since the conclusion of the Growth and Development Summit (GDS) in 2003, South Africa's overall economic performance has continued to improve. While this strengthening of the SA Economy is attributable to many internal and external factors, it was no doubt that growth also helped by the decisions taken at the GDS.

The GDS is located within the premise that says it is not about doing everything, but it is about doing what is do-able. The GDS is about targeting carefully selected areas which are capable of delivering on a greater scale.

The Nedlac constituents conducted a peer review exercise on the implementation of the GDS. The review examined what each constituent had done to implement its commitments, key challenges, and lessons learnt.

The report that follows captures the key achievements examined under each of the four GDS themes.

- More Jobs, Better Jobs and decent work for all.
- Addressing the Investment Challenge.
- Advancing Equity; Developing skills; Creating Economic Opportunities for all.
- Local Action and Implementation for development.

Out of 104 Growth and Development Summit commitments only 4 tasks are yet to be implemented; namely;

- Constituencies commit to an annual review by the Executive Council of Nedlac, of the success of the GDS agreement and to making adjustments where necessary (1.5.4, GDS Report, 2003);
- Constituencies agree that Nedlac will convene a national co-operatives conference in 2004 to review progress in building a strong co-operatives movement in South Africa (2.7.8 GDS Report, 2003)
- A discussion between constituencies to develop a strategy and programme to promote social dialogue at the local level (1.5.7. (d), GDS Report, 2003); and
- The Nedlac Executive Council should itself, at least on an annual basis:
 - i. Review and discuss proposed performance indicators from SETAs;
 - ii. Monitor and evaluate SETA performance against the indicators;
 - iii. Support the acceleration of delivery against targets.

“...the Labour Job Creation Trust was set up to disburse the funds, and it’s a unique program in that we don’t know of any other instance where trade unions have done something like this anywhere else in the world where workers, basically worked for free so to speak, and the trade unions then get directly involved in job creation programs...” Ebrahim Patel; Labour Overall Convenor in Nedlac.

“...We should also bear in mind that, as time passes, it is inevitable that certain agreements reached at the GDS become absorbed into the normal decision making of the public and private sectors without there necessarily being specific acknowledgement of the GDS origins.” Professor Raymond Parsons; Business Overall Convenor in Nedlac.

The table below captures the key highlights of the GDS implementation

The key highlights of the GDS implementation

| GDS THEME | KEY ACHIEVEMENTS |
|--|--|
| More jobs, better jobs and decent work for all | <ul style="list-style-type: none"> • Financial Sector Charter target for black SME is R5-billion over five years i.e. 2008. An amount of about R4bn has already been advanced to black SMEs by major banks. • Major banks have already lent about R402-million to black agriculture. • As at 28 November 2005, the Mzansi account had 2 216 000 account holders. • Both phases of the BBBEE Codes of Good Practise finalised. • Charters have been gazetted in the Construction and Finance sectors. • The trustees’ pension fund conference was held on 29-30 October 2004 and was attended by more than 400 delegates, the majority of whom were employee elected trustees. • The banks confirmed that they will, as a first phase, originate R42-billion in housing finance by 31 December 2008. • Banks have advised that they have already started originating in the target market and have confirmed that as at 31 December 2005, they had lent R28-billion to the target market. • Mzansi type insurance products are being introduced by various finance institutions. |

The key highlights of the GDS implementation continued

| GDS THEME | KEY ACHIEVEMENTS |
|---|--|
| Addressing the investment challenge | <ul style="list-style-type: none"> Financial Sector Charter target for black SME is R5-billion over five years i.e. 2008. An amount of about R4-billion has already been advanced to black SME by major banks. Major banks have already lent about R402-million to black agriculture. As at 28 November 2005, the Mzansi account had 2 216 000 account holders. Both phases of the BBBEE Codes of Good Practise finalised. Charters have been gazetted in the Construction and Finance sectors. The trustees' pension fund conference was held on 29-30 October 2004 and was attended by more than 400 delegates, majority of whom were employee elected trustees. The banks confirmed that they will, as a first phase, originate R42-billion in housing finance by 31 December 2008. Banks have advised that they have already started originating in the target market and have confirmed that as at 31 December 2005, they had lent R28-billion to the target market Mzansi type insurance products are being introduced by various finance institutions. |
| <p>Advancing equity, developing skills, BEE, access to basic needs</p> <p>Black Sash has educated, advised and assisted approximately 10 000 persons, in 2006, to access their rights in respect of social security including access to private pensions and facilitated the transfer of about R14-million into the pockets of grant beneficiaries among other poor people.</p> | <ul style="list-style-type: none"> For the period April 2005 to March 2007 a total of 81 242 workers have registered for ABET programmes. Consolidated reports submitted to the Department of Labour by SETAs indicated that 109 467 learnerships were registered by SETAs collectively as at 31 March 2005. Government has initiated a programme to bridge the gap, as identified by the banks, for households with incomes ranging from R3 501 to R7 000. 64 of the 86 enterprises that participated in the Fashion Expo were Previously Disadvantaged Individuals (PDI)-owned or SMMEs. Sactwu runs and funds literacy and numeracy programme for pre- and primary school learners, and between R500 000 and R1-million is spent annually. 800 learners graduated at the CFTL SETA graduation ceremony linked to the Cape Town fashion festival. In September 2004 it was estimated that 4 774 schools were without water (down from 9 368 in 1996) and 4 300 schools without sanitation. By February 2007 provinces reported 2 151 schools without water and 1 596 schools without sanitation. 2.9 million learners attending no fee schools in 2006. Sactwu has the country's largest trade union run bursary fund, which has paid out R3 8-million in 2006, and a total of R45-million over 11 years. |
| <p>Local action implementation</p> <p>64 experts deployed through the Siyenza Manje to assist with project management capacity.</p> <p>By 30 September 2006, R2,3-billion had been spent on municipal infrastructure, with the majority going to water projects (R646-million) and municipal roads (R589-million).</p> <p>Spending on maintenance (including rehabilitation and renovations) accounted for 13,4% of the R24,5-billion infrastructure budget for 2006/07.</p> <p>The Gautrain will create about 58 800 direct jobs and substantial indirect income.</p> | <ul style="list-style-type: none"> The Business Trust has launched support programmes for the social and environment sectors where over 230 municipalities will be assisted by 2009. 3 459 community development workers have been deployed to assist in bridging the gap between government and the people. Growth and Development Summits were held in the 51-impact zones. Izimbizos were held in the nodal municipalities and CHAMSA participated through its provincial and local structures in workshops on entrepreneurship, hosted by Seda in each province. Multi Purpose Community Centres (MPCC) (now known as Thusong Services Centres) have increased from 37 to 94 as at the end of March 2007 and a strategy for the next phase that will see an MPCC in every municipality by 2014, Union's staff of medical personnel have tested 6 000 members, and counselled them on their status. Sasbo runs an HIV/AIDS Orphans Campaign at R250 000 per annum. Fedusa has trained 330 shop stewards on the Fundamentals of HIV and AIDS and the Law as well as 110 Master Trainers on Voluntary Counselling and Testing. It has produced an extensive set of economic profiles of the nodes and launched a pilot project in Maruleng and Bushbuckridge aims to create 12 000 jobs. 206 318 household have benefited from water projects and 90 790 households have benefited from sanitation projects. |



ENABLING DIALOGUE TO SPROUT GROWTH.

Social dialogue makes it a reality



OVERALL IMPACT

SOCIO ECONOMIC TRENDS

INTRODUCTION

South Africa's economy has been in an upward phase of the business cycle since September 1999 – the longest period of economic expansion in the country's recorded history.

The seasonally adjusted real GDP at market prices for the first quarter of 2007 increased by an annualised rate of 4,7 percent compared with the fourth quarter of 2006. The corresponding real annualised economic growth rates for the four quarters of 2006 were 5,0 percent, 5,5 percent, 4,5 percent and 5,6 percent respectively.

The main contributors to the increase in economic activity for the first quarter of 2007 were finance, real estate and business services industry (1,1 of a percentage point); manufacturing industry (0,8 of a percentage point); the wholesale and retail trade, hotels and restaurants industry and the construction industry (each industry contributing 0,7 of a percentage point); the transport and communication industry (0,6 of a percentage point) and general government sector (0,5 of a percentage point).

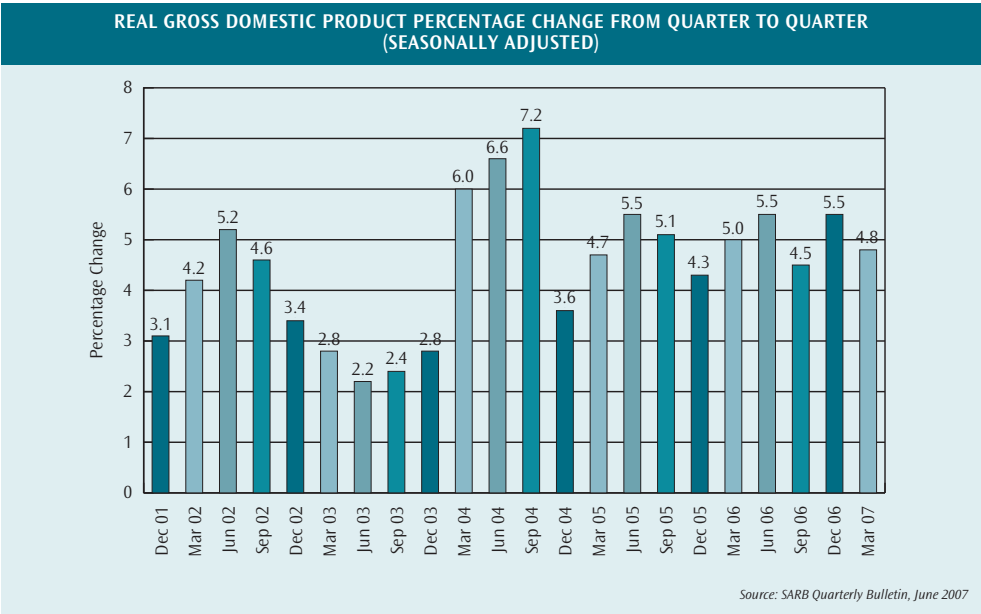
The seasonally adjusted real value added by non-agricultural industries (excluding the impact of the volatile agriculture industry) for the first quarter of 2007 increased by 4,6 percent.

The unadjusted real GDP at market prices for the first quarter of 2007 increased by 5,4 percent compared with the first quarter of 2006. The corresponding increase for the respective quarters of 2006 were 4,6 percent, 4,4 percent (revised from 4,5 percent), 4,7 and 6,2 percent (revised from 6,1 percent) yielding an annual growth rate of 5,0 percent in real GDP at market prices.

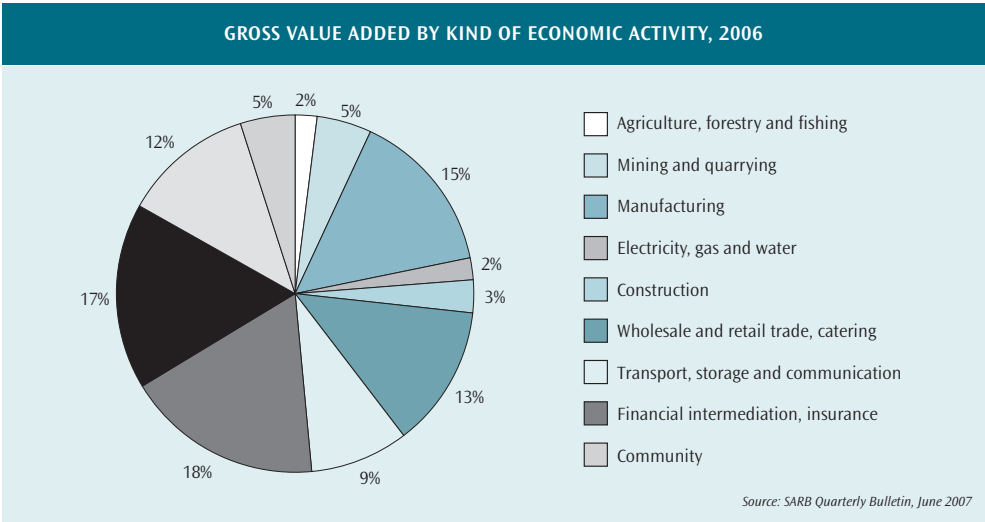
What follows is a summary of the trends on social and economic fronts for the period under review. The information is clustered along the four main Nedlac Policy work streams.

SECTION A: PUBLIC FINANCE AND MONETARY POLICY

ECONOMIC GROWTH



The slower growth in the first quarter of 2007 was mainly due to a decline in the real value added by the primary sector. In addition, growth in real value added by the secondary sector slowed.

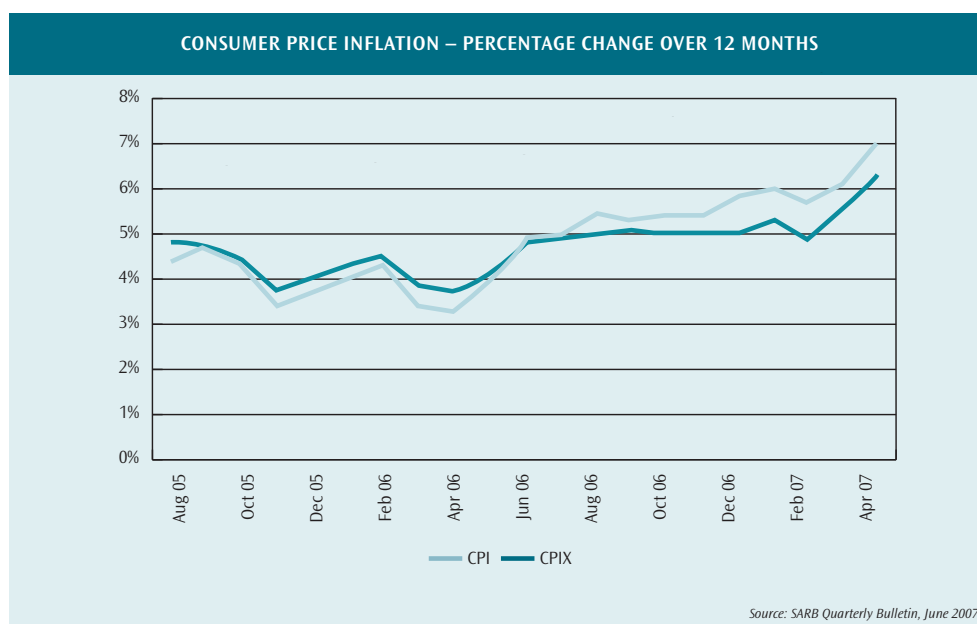


Growth in the real value added by the mining sector accelerated from a revised annualised rate of 0,25% in the third quarter of 2006 to 4,5% in the fourth quarter. This was mainly the result of a strong increase in real value added by platinum mining and, to a lesser extent, by diamond mining. Platinum mining benefited from strong demand for both jewellery and industrial use, while diamond production rose alongside a recovery of demand in the international market. By contrast, gold mining declined further in the fourth quarter of 2006.

Having increased at an annualised rate of 5,5% in the third quarter of 2006, the real valued added by the secondary sector increased further at a rate of 8,5% in the fourth quarter. This strong acceleration was especially due to the manufacturing sector.

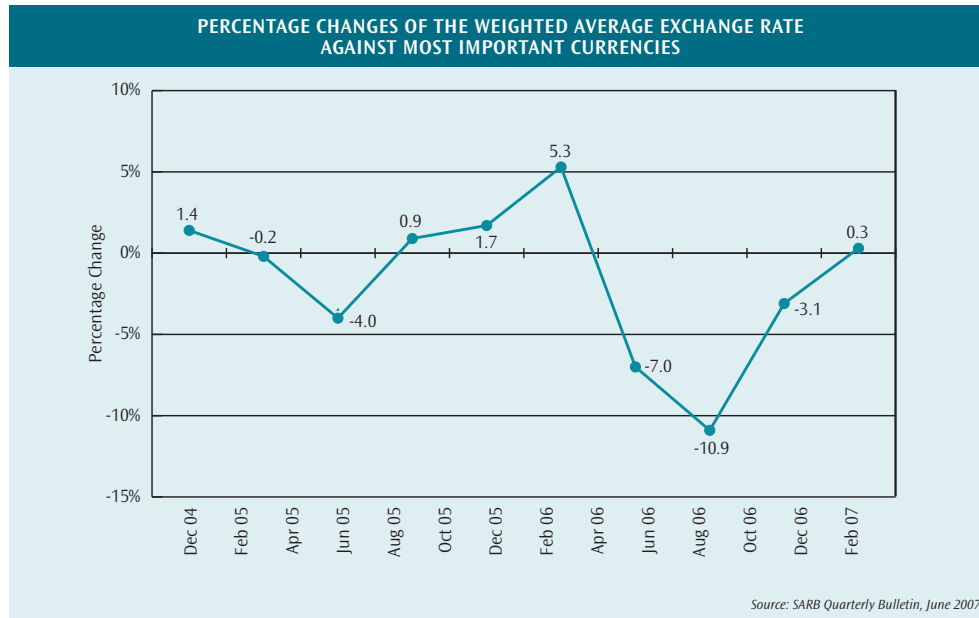
The Reserve Bank reports that the sustained increases in real value added by the manufacturing sector throughout 2006 reflected the continued high level of business confidence and the sustained high level of domestic demand, while manufacturing exports also expanded.

PRICES



CPIX inflation accelerated considerably in the opening months of 2007 mainly on account of rising food price inflation, steep increases in international crude oil prices as well as escalating housing services prices. Notwithstanding the acceleration, year-on-year CPIX inflation remained within the inflation target range of 3% to 6% only up to March 2007. In April, it breached the 6% upper boundary of the inflation target to reach 6,3% – the highest level since August 2003.

EXCHANGE RATE



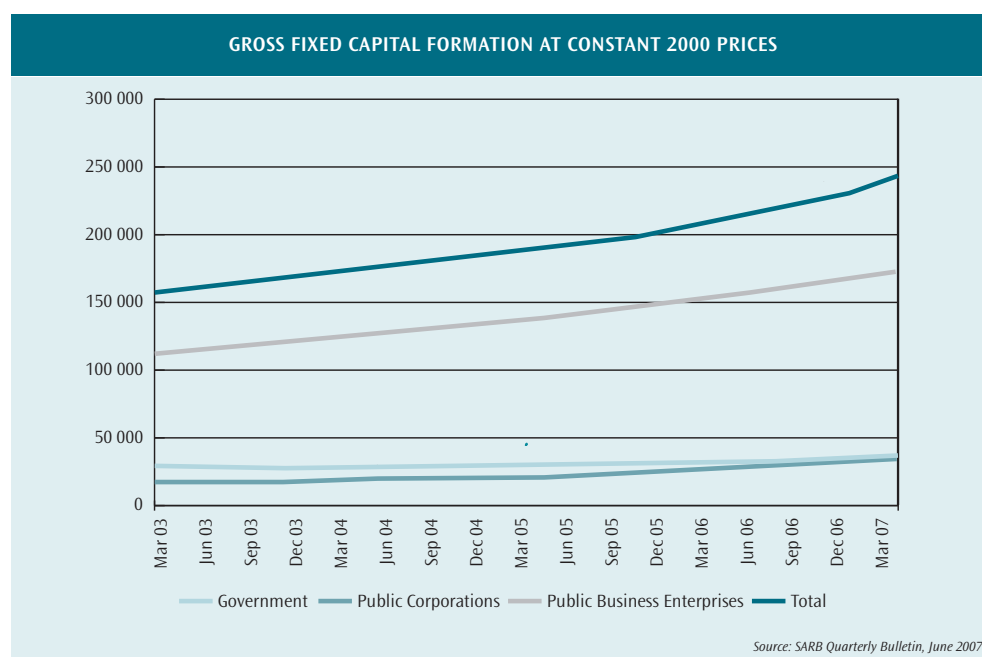
After declining by 2,0% in 2005, the weighted average exchange value of the rand decreased further by 15,4% in 2006 – the largest annual decline since 2001. However, after weakening during the second and third quarters of 2006, the nominal effective exchange rate of the rand strengthened by 7,7% in the fourth quarter. The nominal effective exchange rate of the rand declined by 4,4% during the first quarter of 2007.

The macro-economic factors which supported the movement in the rand were, among other things, the higher gold price, weaker US dollar, widening of the interest rate differential and strong global equity markets.

The exchange value of the rand recovered slightly during April 2007, partly due to the US dollar weakness and expectations of a further domestic interest rate increase in response to higher than expected South African inflation data.

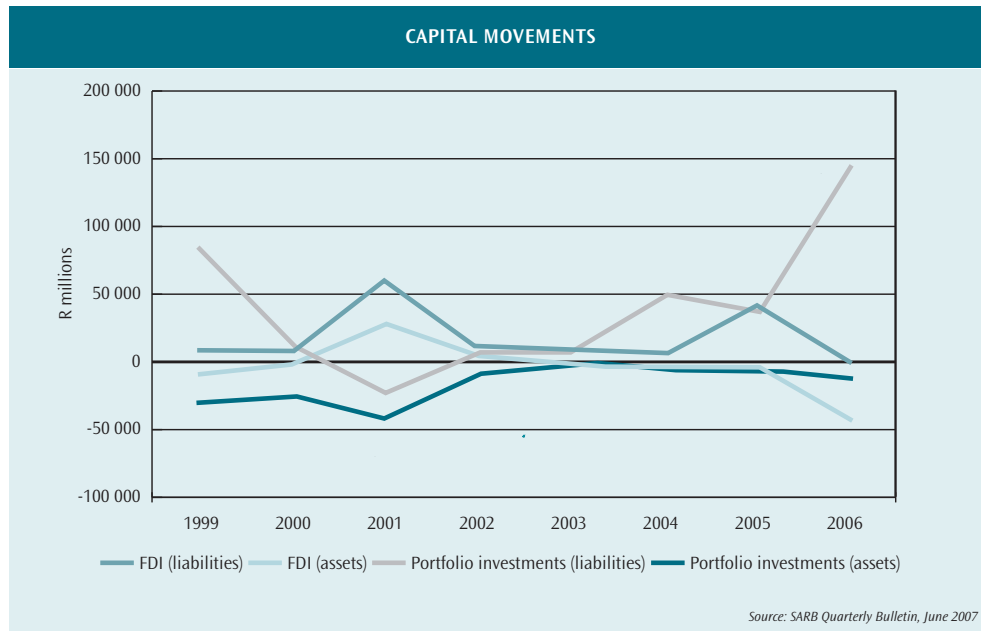
INVESTMENT

FIXED DOMESTIC INVESTMENT TRENDS



The increase in real gross fixed capital formation could be attributed to continued growth in real capital outlays across all institutional sectors – private business enterprises, public corporations and the general government. The Reserve Bank attributes this to the strongly rising real capital outlays by the mining, manufacturing, construction and commerce sectors.

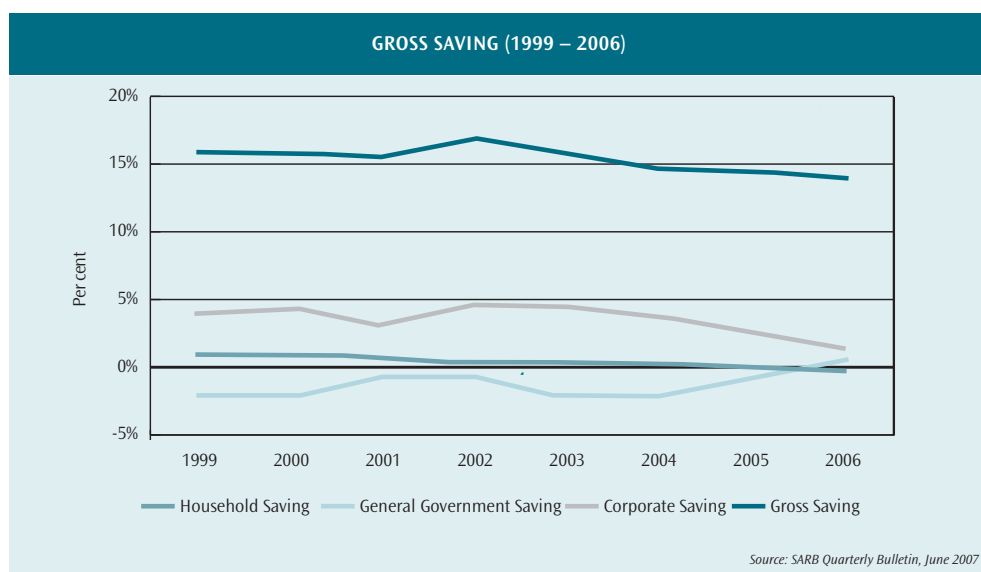
FOREIGN INVESTMENT TRENDS



Foreign direct investment into South Africa switched from an inflow of R12,2-billion in the first two quarters of 2006 to capital outflows of R0,3-billion and R14-billion in the third and fourth quarters, respectively.

Measured in rand, South Africa's foreign debt increased from R393-billion at the end of June 2006 to R424-billion at the end of September. The increase in rand terms could primarily be attributed to the decline in the nominal effective exchange rate of the rand over the period.

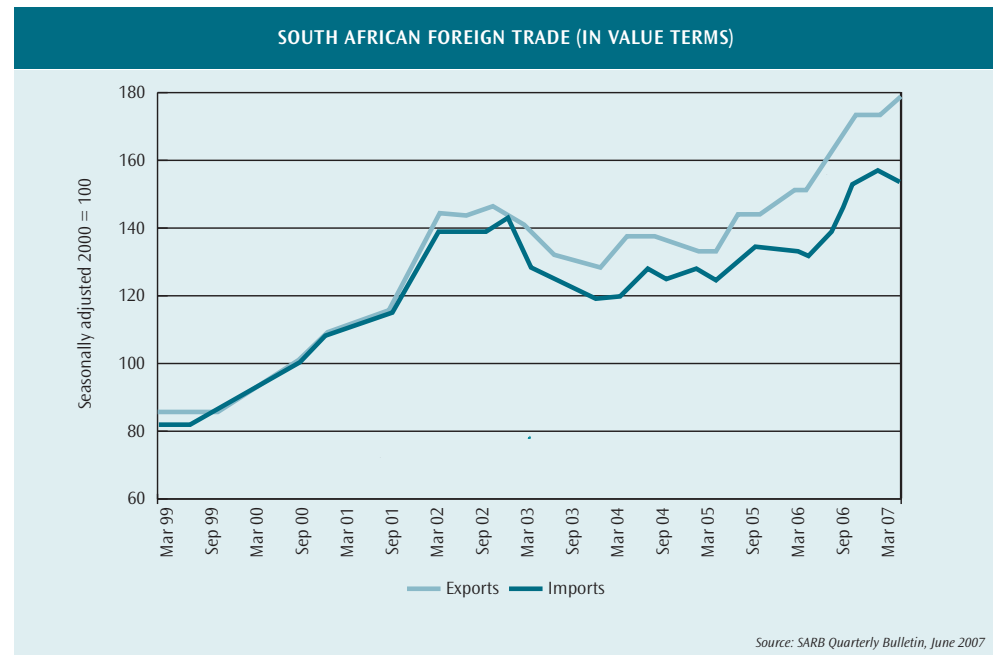
GROSS SAVING



The ratio of gross saving to gross domestic product declined abruptly 14,25% in the third quarter of 2006 to 13, and 75% in the fourth quarter. This deterioration of the national saving ratio brought the annual saving ratio to a historical low of 14% in 2006.

SECTION B: TRADE AND INDUSTRY

TRADE



The value of merchandise exports decreased slightly in the first quarter of 2007 and contracted by 1% to R466,8-billion. The decline in export values could mainly be due to a reduction of 3% in the physical quantity (volume) of merchandise exports. Mining and mineral exports in particular were negatively affected, as the South African mining industry faced various challenges in the opening months of 2007. According to the South African Reserve Bank, these ranged from a loss of production due to scheduled maintenance on aluminium smelters and strikes of certain platinum mines to logistical problems related to the transportation of coal to South African harbours.

From an exceptionally high base in the fourth quarter of 2006, a decline in the volume of imported goods with a marginal drop in import prices caused the value of merchandise imports to decrease by 4% to R555-billion in the first quarter of 2007. The lower value of merchandise imports in the first quarter of 2007 reflected a decline in crude oil imports.

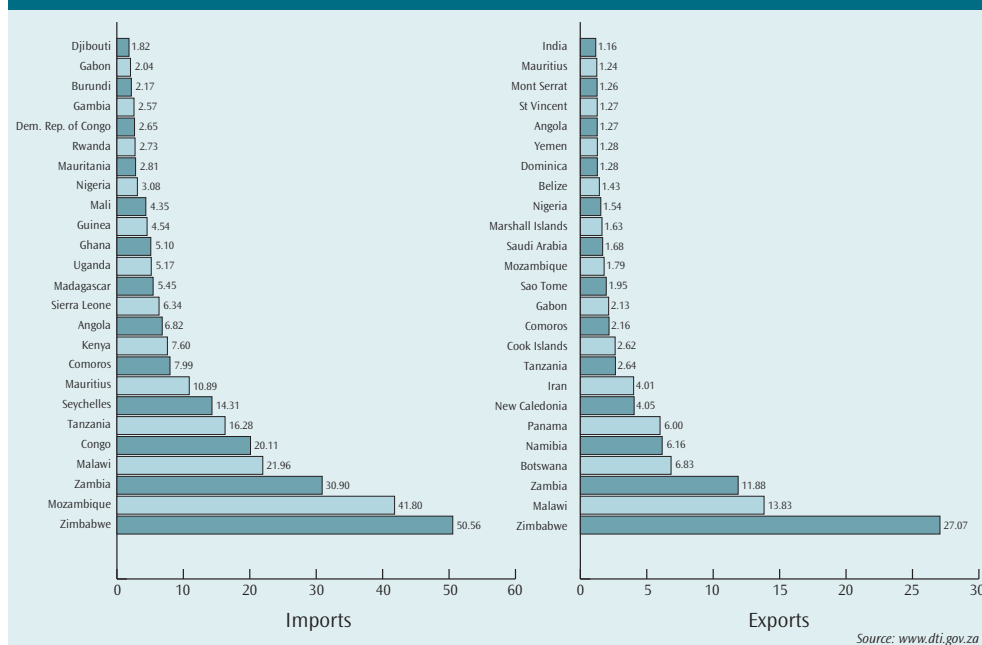
The volume of merchandise exports, which had grown somewhat throughout 2006, declined in the first quarter of 2007. The South African Reserve Bank attributes this decline to a decrease in the quantity of imported crude oil, which more than offset an increase of 1% in the volume of non-oil merchandise imports. Non-oil imports included the acquisition of a second submarine by general government during the period.

TRADE



Whilst South African exports have exceeded imports in the past, in 2002 both showed a slowdown and in 2004 and 2005 imports exceeded exports. This could be ascribed to among other factors, the decrease in the prices of products such as imported electronic goods. The lower prices of clothing imported from China could also be another factor.

SHARE OF SOUTH AFRICAN IMPORTS / EXPORTS IN WORLD COUNTRY'S TRADE, 2005



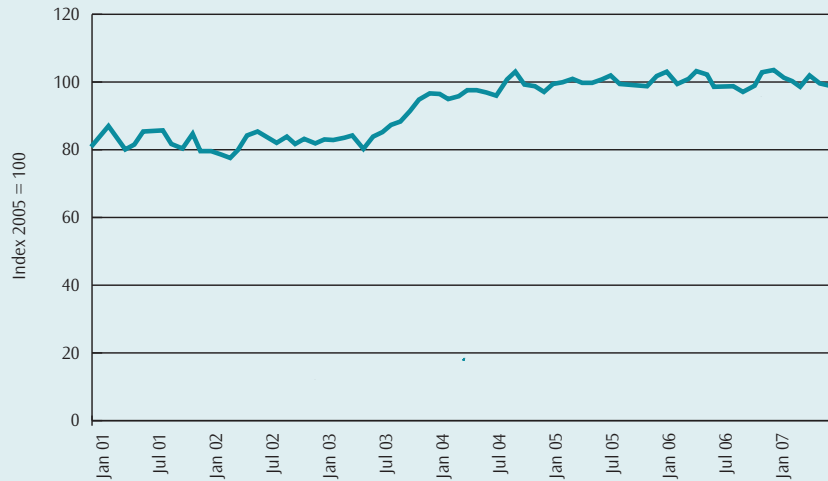
Source: www.dti.gov.za

BUSINESS CONFIDENCE

The economic information released towards the end of May 2007 was worse than expected. The effect of this worse than expected information introduced the possibility of negatively influencing the business mood in the months to come. It appears that special measures such as the National Credit Act (NCA) designed to restrain unaffordable credit extension, are exerting a more than desired effect.

The breach of the upper inflation target in April 2007 announced towards the end of May 2007 came as a disappointment and resulted in a vast majority of economic information tilting towards uncertainty.

BUSINESS CONFIDENCE INDEX

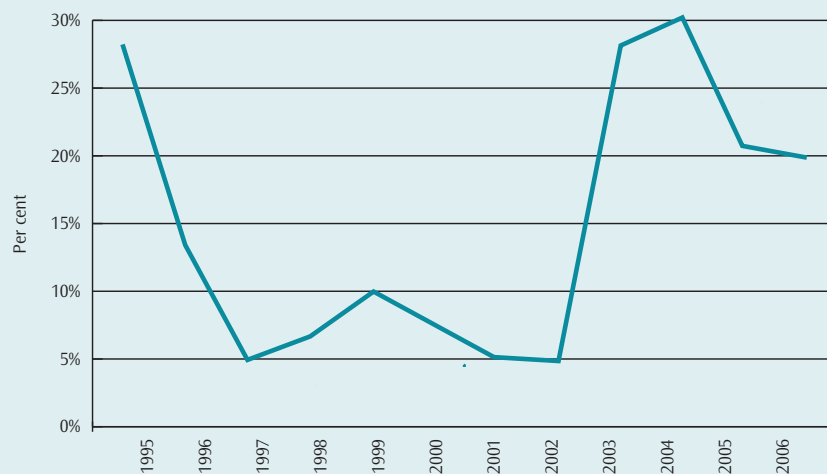


Source: www.sacob.co.za

SACOB's Business Confidence Index (BCI) decreased further to 99.1 in June 2007 after registering 101.9 in April 2007 and 100.2 in May 2007. The BCI appears to be continuing the trend that started in January 2007 despite a slight pick up in April 2007.

BLACK ECONOMIC EMPOWERMENT

BLACK ECONOMIC EMPOWERMENT AS A PERCENTAGE OF ALL MERGERS AND ACQUISITIONS TRANSACTIONS (1995 — 2006)



Source: Ernst & Young handbook on mergers and acquisitions

After the dramatic increase in BEE transactions at the time when the South African economy opened up, the value of BEE transactions in relation to Mergers fell after 1995. Since 1998, the value of these transactions has been steadily rising to peak at R56-billion in 2006.

EMPOWERMENT

The companies ranked in the Top 30 Empowerment Companies are ranked according to a total BEE score achieved on all seven pillars of broad-based BEE – ownership, management, employment equity, skills development, affirmative procurement, enterprise development and corporate social investment.

Top 50 EMPOWERMENT COMPANIES

| 2005 | 2006 | 2007 | COMPANY | BEE SCORE (%) |
|------|------|------|-------------------------|---------------|
| - | 4 | 1 | Enaleni Pharmaceuticals | 79,28 |
| 16 | 7 | 2 | Adorp Holdings | 73,22 |
| 3 | 2 | 3 | The Don Group | 70,89 |
| 59 | 54 | 4 | Oceana Group | 70,29 |
| 66 | 89 | 5 | Hosken Consolidated | 70,12 |
| 7 | 1 | 6 | Sekunjalo | 68,87 |
| 11 | 27 | 7 | Cadiz | 68,35 |
| 28 | 10 | 8 | Bytes Technology | 66,9 |
| 12 | 46 | 9 | Metropolitan | 66,59 |
| 17 | 13 | 10 | Bidvest Group | 65,01 |
| 43 | 107 | 11 | Glenrand MIB | 64,8 |
| 2 | 11 | 12 | Phumelela | 63,51 |
| 21 | 34 | 13 | Primedia | 63,14 |
| 35 | 59 | 14 | Trans Hex | 63,14 |
| 46 | | 15 | Old Mutual Plc | 62,01 |
| 26 | 15 | 16 | MTN Group | 61,95 |
| 20 | 16 | 17 | Paracon | 61,6 |
| - | 84 | 18 | Peermont Global | 60,57 |
| 19 | 56 | 19 | Sanlam | 60,27 |
| 1 | 5 | 20 | Telkom | 58,08 |
| - | 8 | 21 | GijimaAst | 56,29 |
| 72 | 86 | 22 | Barnard Jacobs Mellet | 55,97 |
| 139 | 36 | 23 | Nedbank | 55,81 |
| 36 | 32 | 24 | Business Connexion | 55,71 |
| 108 | 35 | 25 | Gold Fields | 55,13 |
| - | | 26 | Exxaro Resources | 54,93 |
| 15 | 20 | 27 | Harmony Gold | 53,98 |
| 136 | 9 | 28 | Group Five | 53,15 |
| 94 | 98 | 29 | Aveng | 53,11 |
| - | 40 | 30 | African Rainbow | 52,58 |

SOURCE: FINANCIAL MAIL

OWNERSHIP

| RANK | TOP 10 COMPANIES | SECTOR | VOTING RIGHTS % | ECONOMIC INTEREST % | TOTAL SCORE OWNERSHIP % |
|------|----------------------------|---------------------|-----------------|---------------------|-------------------------|
| 1 | Hosken Consolidated (HCI) | Financials | 54 | 54 | 20 |
| 2 | Bidvest Group | Services | 41,4 | 41,4 | 20 |
| 3 | Glenrand MIB | Financials | 27,7 | 27,7 | 20 |
| 4 | Exxaro Resources | Resources | 53 | 53 | 19 |
| 5 | Jasco Electronics Holdings | General Industrials | 51 | 37,1 | 19 |
| 6 | Cadiz Holdings | Financials | 28,2 | 26,5 | 18,74 |
| 7 | Adcorp Holdings | Services | 27,3 | 27,3 | 18,56 |
| 8 | Aspen Pharmacare | Health care | 17,4 | 39,3 | 18,52 |
| 9 | Peermont Global | Travel & Leisure | 58 | 58 | 18,3 |
| 10 | Oceana Group | Food & Beverage | 40 | 31,2 | 18,14 |

SOURCE: FINANCIAL MAIL

Hosken Consolidated Investments (HCI) has emerged in the 2007 Top Empowerment Companies rankings with the most respectable ownership record on the JSE. Bidvest and Glenrand MIB took second and third position respectively on ownership. HCI took the leading position through superior voting rights and economic interests. Bidvest and Glenrand MIB are formerly white companies in the process of transforming themselves.

HCI, in contrast, is a BEE group that has grown itself into the corporate mainstream. HCI's longstanding broad-based BEE credentials can be matched by few players in South Africa. The group led by former trade unionists Marcel Golding and Johnny Copelyn, was established in the name of the South African Clothing and Textile Workers Union (Sactwu). While Copelyn and Golding together hold about 25% of the company, Sactwu controls more than 40% of HCI's issued shares.

HCI's revenue has swelled to more than R2,1-billion as quoted in the year ended June 2006. Its share price hit a record high of R62 in January.

MANAGEMENT

| RANK | TOP 10 COMPANIES | SECTOR | BOARD % | TOP EXECUTIVE (BLACK) % | MANAGEMENT SCORE |
|------|-----------------------|---------------------|---------|-------------------------|------------------|
| 1 | Primedia | Media | 53,6 | 50 | 11 |
| 2 | Telkom | ICT | 59,1 | 50 | 11 |
| 3 | The Don Group | Travel & Leisure | 62,5 | 50 | 11 |
| 4 | Sekunjalo Investments | General Industrials | 75 | 50 | 10,9 |
| 5 | MTN Group | ICT | 54,2 | 66,7 | 10,63 |
| 6 | Mvelaphanda Resources | Resources | 50 | 30 | 10,2 |
| 7 | Faritec Holdings | ICT | 45,8 | 16,7 | 9,42 |
| 8 | Hosken Consolidated | Financials | 59,1 | 30 | 8,95 |
| 9 | Merafe Resources | Resources | 55,6 | 50 | 8,94 |
| 10 | Metropolitan Holdings | Financials | 40,6 | 37,5 | 8,63 |

SOURCE: FINANCIAL MAIL

Owing to the Mineworkers' Investment Corporation (MIC) partnership, Primedia tops the management table in the 2007 Top Empowerment Companies survey. The management factor includes board participation and representation of black people at executive management level.

Primedia has a 53,6% black representation at board level and 50% at executive level. MIC holds about 18% of Primedia. Their relationship dates back to 1996, when MIC landed 5% of Primedia, which it increased to 18,6% in 2005.

Other top performers on the management element scorecard are Telkom and hotel management operation The Don Group.

EMPLOYMENT EQUITY

| RANK | TOP 10 COMPANIES | SECTOR | SENIOR MGT % | MIDDLE MGT % | JUNIOR MGT % | TOTAL BEE SCORE (%) |
|------|-------------------------|-------------------------------|--------------|--------------|--------------|---------------------|
| 1 | The Don Group | Travel & Leisure | 100,0 | 86,0 | 100,0 | 13,00 |
| 2 | Metropolitan Holdings | Financials | 35,0 | 55,3 | 80,0 | 11,58 |
| 3 | Enaleni Pharmaceuticals | Health Care & Pharmaceuticals | 27,3 | 72,0 | 88,2 | 11,17 |
| 4 | Telkom | ICT | 40,0 | 44,0 | 59,5 | 10,94 |
| 5 | Pals Holdings | Manufacturing | 25,0 | 90,0 | 140,3 | 10,91 |
| 6 | Pick 'n Pay Stores | Retail | 21,6 | 56,5 | 90,5 | 10,10 |
| 7 | Sekunjalo Investments | General Industrials | 61,1 | 34,3 | 42,9 | 9,80 |
| 8 | Edgars Consolidated | Retail | 17,7 | 55,3 | 95,7 | 9,57 |
| 9 | BHP Billiton Plc | Resources | 22,9 | 67,1 | 46,5 | 9,40 |
| 10 | Primedia | Media | 34,5 | 29,5 | 56,0 | 9,39 |

SOURCE: FINANCIAL MAIL

Companies in the Top 10 employment equity list of the 2007 Top Empowerment Companies survey bear interesting similarities. Either they are majority black-controlled (Telkom, the Don), or operate in sectors that require a high number of black employees on the ground (Edcon, BHP Billiton).

For example, Edcon (ranked 8th on employment equity) is one of South Africa's biggest clothing retailers and its biggest customer segment is black, as is the majority of its shop floor staff and junior managers. Its middle management is 55,3% black and senior management 17,7% black.

Another element of employment equity is that a company may operate in a sector where BEE has to be visible to secure operating licences or certain rights from government. This is most common among resources and media companies.

The Public Investment Corporation (PIC) recently said lack of transformation through equity and employment is a business risk in South Africa. The PIC – one of the biggest investors on the JSE – has been strongly emphatic on transformation, which has led to the appointment of senior black executives.

The Empowerdex figures show senior management positions are still mostly white-held, while progress is starting to show at junior and middle management levels.

Frustration at the slow pace of workplace transformation was highlighted by the Employment Equity Commission, which last year said, the Employment Equity Act had been poorly implemented by most employers. The number of employment equity reports submitted to the commission in 2006 fell by 18%. It reported an increase of only 2,1% in the number of blacks in top management in private companies between 2001 and 2005, based on 2 762 reports.

The slow pace of transformation is further highlighted by the fact that, of about 30 CEOs that vacated their positions during 2006, only two were replaced by black candidates.

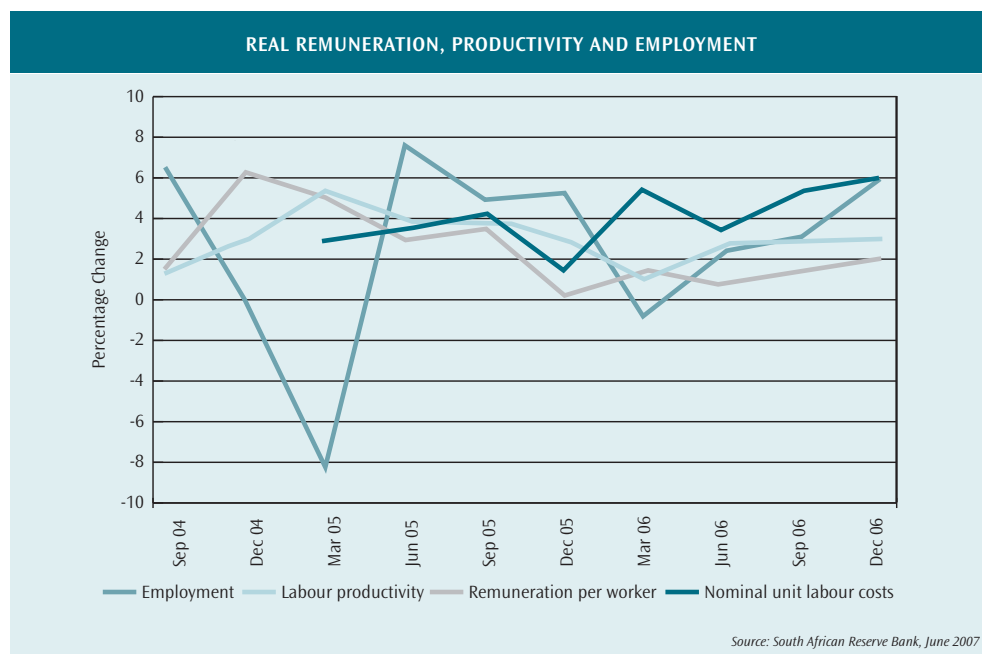
TOURISM



There was steady growth in tourism arrivals between 2004 and 2006. Over eight million people visited South Africa between January and December 2006, surpassing the record set in 2005.

SECTION C: LABOUR MARKET

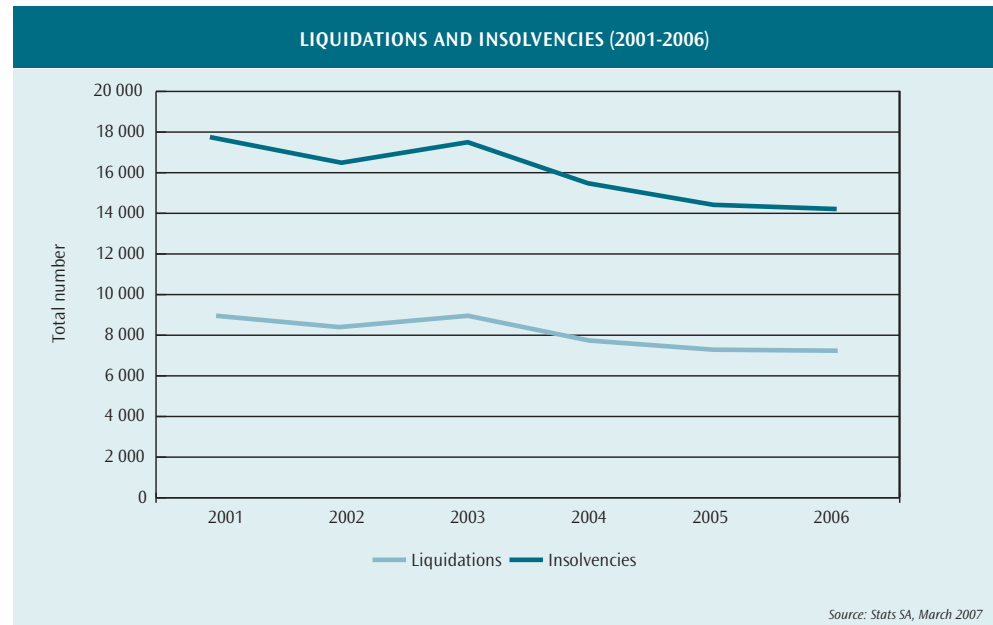
LABOUR COSTS AND PRODUCTIVITY



According to the South African Reserve Bank, accelerated nominal wage growth resulted from double-digit increases in remuneration per worker in a diverse set of sectors, namely electricity generation, manufacturing, gold mining, community, social and personal services, transport, storage and communication, and national government departments. These increases were, however, partly offset by more subdued rates of wage growth in the non-gold mining and manufacturing sectors as well as the trade, catering and accommodation services sector.

The year-on-year rate of increase in nominal unit labour cost, i.e. the cost of labour per unit of production, accelerated meaningfully from 5,2% in the third quarter of 2006 to 5, and 9% in the fourth quarter. Changes in unit labour cost normally precede or coincide with changes in consumer price inflation. Annual average growth in nominal unit labour cost picked up significantly from 3% in 2005 to 5% in 2006. Growth in nominal unit labour cost in the manufacturing sector, however, slowed to a year-on-year rate of 1,4% in the fourth quarter of 2006, mainly due to labour productivity growth accelerating at a faster pace than remuneration growth over this period.

LIQUIDATIONS



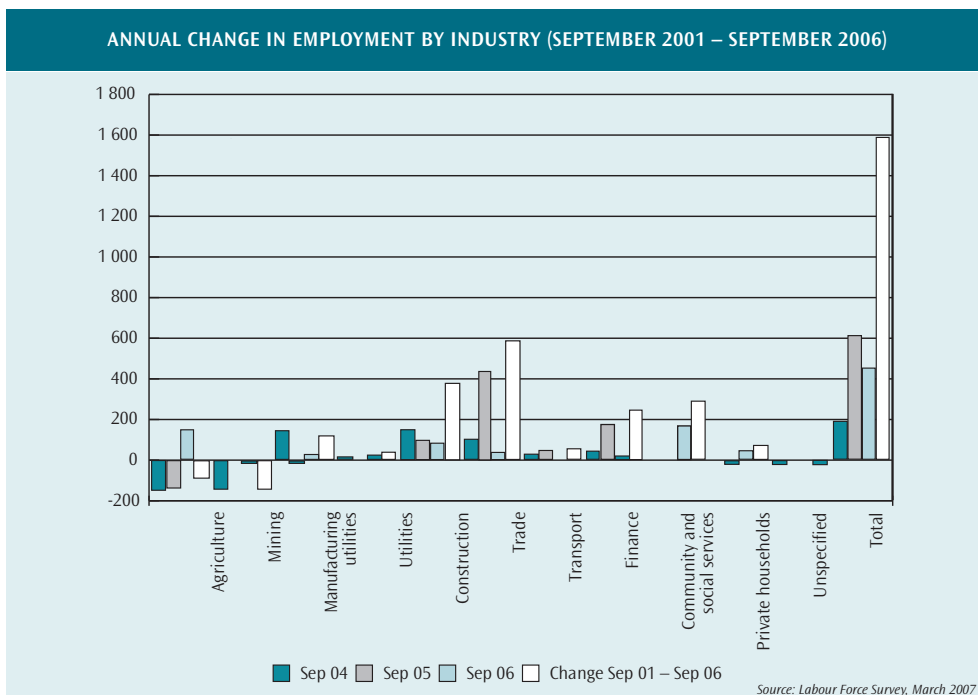
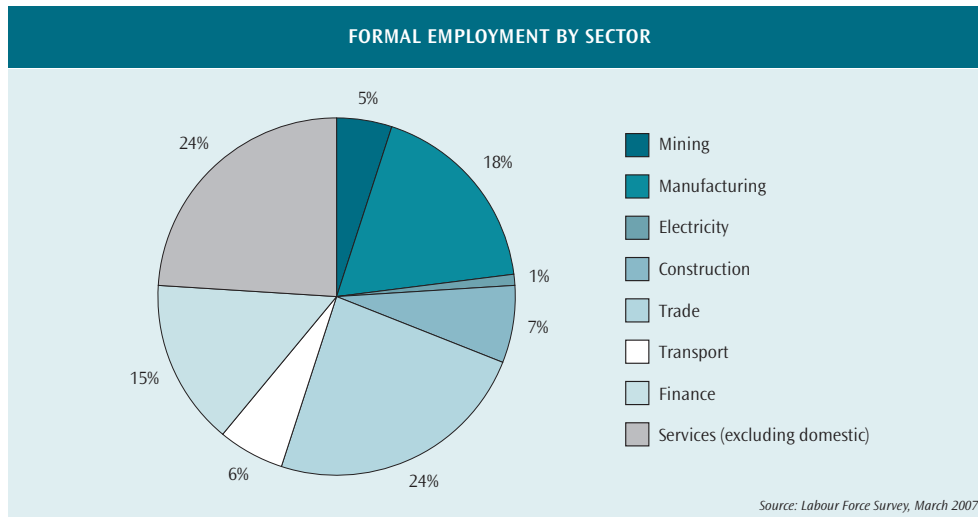
There has been a decrease in the number of both insolvencies and liquidations since 2001.

INDUSTRIAL RELATIONS



Unfair dismissal disputes continued to account for the largest percentage of issues in dispute. In the period mentioned above, these disputes accounted for 80,3% of the total caseload – a decrease of 1% from the previous year. Both mutual interest and collective bargaining disputes increased by 0,3% over the previous year.

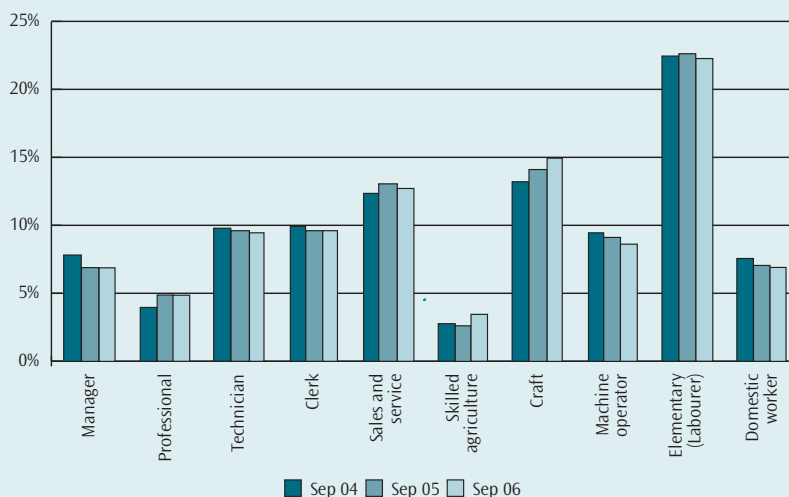
EMPLOYMENT



The number of employed people rose by one-half of a million (500 000) in the year to September 2006. This continued expansion in employment resulted in an additional 1.6 million jobs (1 620 000) in the labour market between September 2001 and September 2006.

- After three successive years of contraction, the number of persons employed in the agriculture industry increased by 163 000 in the year to September 2006. As a result, one in every three of the 500 000 additional jobs in September 2006 occurred in agriculture.
- In the year to September 2006, the community and social services industry also recorded strong employment gains (up 127 000) followed by construction (up 89 000).
- Except for the slight decline in employment in mining and in transport in the year to September 2006, all other industries posted modest gains.

DISTRIBUTION OF EMPLOYMENT BY OCCUPATION (SEPTEMBER 2001 – SEPTEMBER 2006)



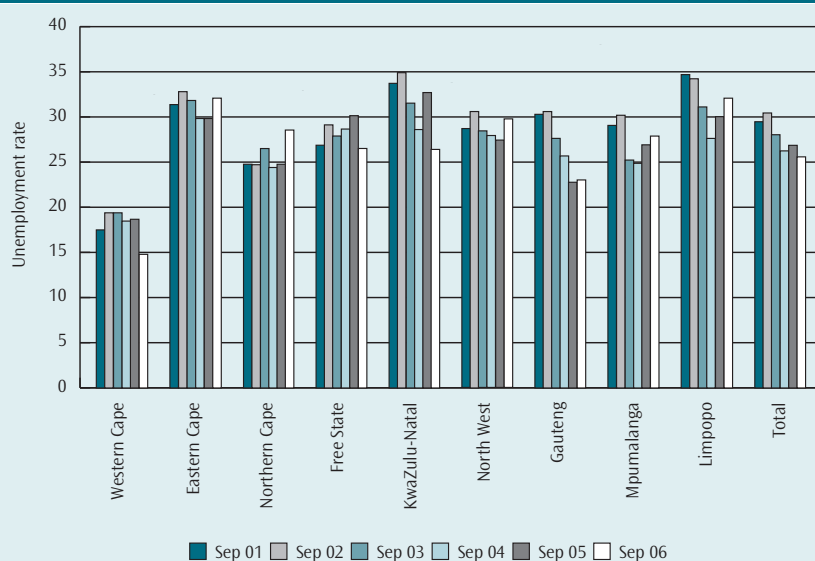
Source: Labour Force Survey, March 2007

Elementary work dominated the employment opportunities available in the job market. In September 2006, more than one in every five employed people (22,2%) were engaged in elementary work and an additional 6,9% were domestic workers (whose jobs are also classified as elementary).

The increase in the number of craft workers in the year to September 2006 is reflected in a rise in the percentage of persons engaged in craft work, from 14,2% in September 2005 to 15% in September 2006.

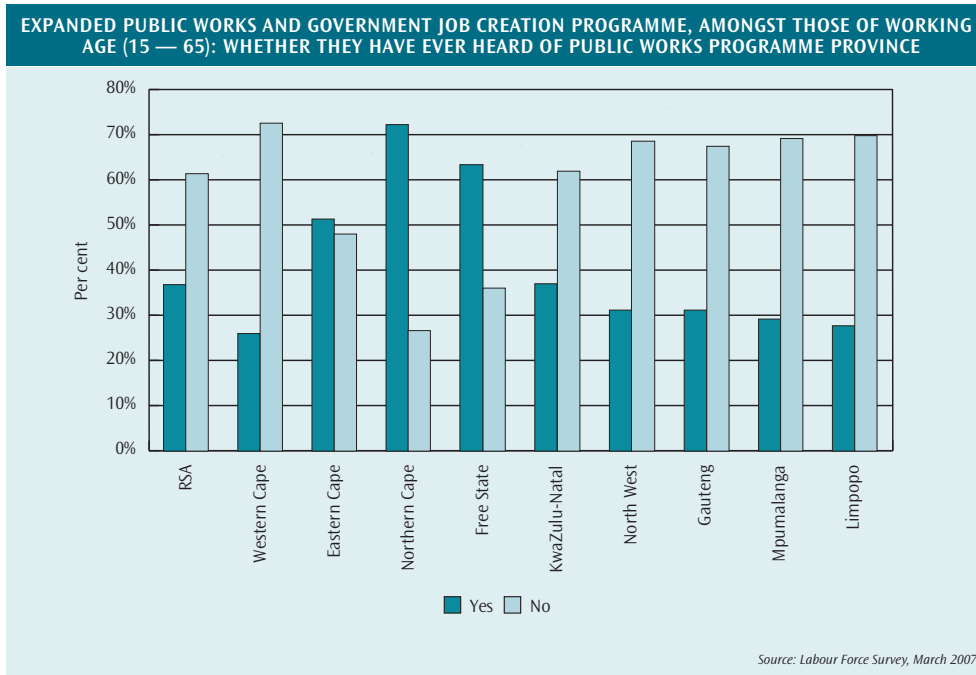
The three occupation levels – managers, professionals and technicians – together accounted for 21,1% of total employment.

UNEMPLOYMENT RATE BY PROVINCE (SEPTEMBER 2001 — SEPTEMBER 2006)

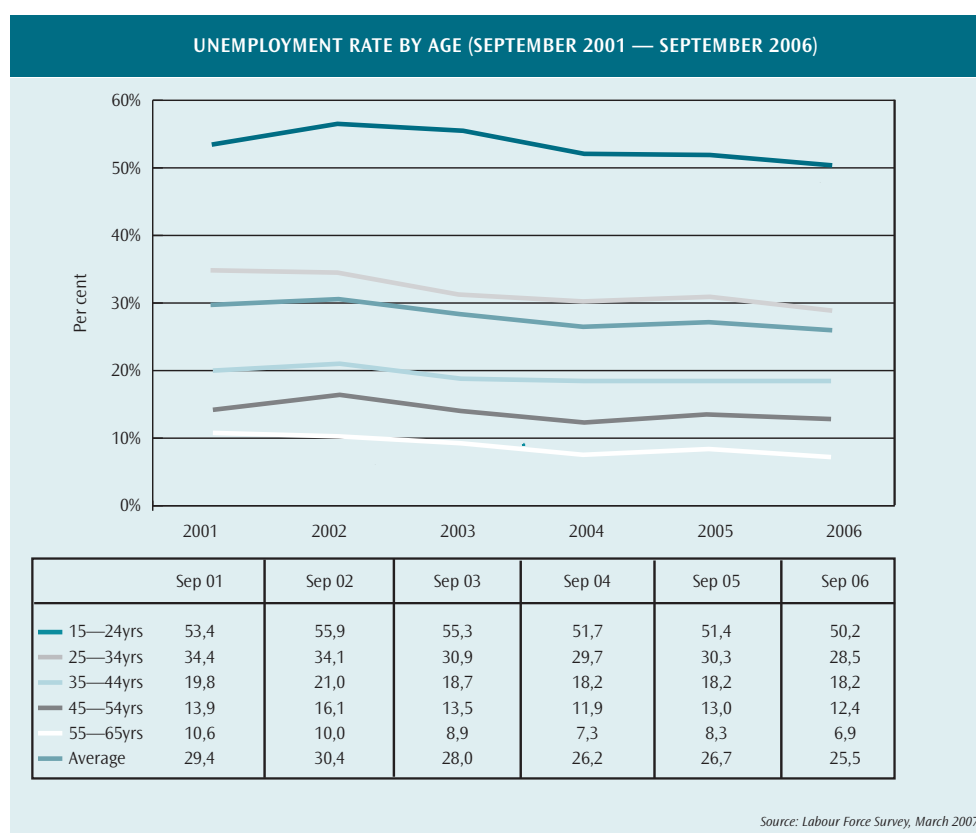


Source: Labour Force Survey, March 2007

Figure 10 indicates that the unemployment rate in the Western Cape, KwaZulu-Natal, Gauteng and the Free State was on a declining trend over the period September 2001 to September 2006. The poorer provinces (Eastern Cape, Northern Cape, North West, Mpumalanga and Limpopo), however, are showing trends of increasing unemployment. The unemployment rate for South Africa was 25,5% in September 2006, from 29,4% in September 2001. The Limpopo and Eastern Cape provinces still have higher unemployment rates (both at 32%) compared to other provinces.



The Expanded Public Works Programme, a project that resulted from the Growth and Development Summit of 2003, does not seem to be well known by people at grass roots level, despite the fact that the main objective of this programme is job creation at local level.



Unemployment rates are increasingly lower in the higher age groups. For example, the unemployment rate among persons aged 15 – 24 years is substantially higher than those in the 25 -34 year age group.

The unemployment rate among persons aged 15 – 24 years has been consistently above 50% over the period September 2001 to September 2006. However, the prevalence of youth unemployment is perhaps better understood in the context of the percentage of youth among the unemployed (around 33%) and among youth aged 15 – 24 years, the percentage that are unemployed (around 15%).

SKILLS DEVELOPMENT

Developing the skills of black staff members not only fosters transformation, it also boosts the overall skills profile of the country.

The failure of the country's education system to produce enough skilled people is seen as one of the major constraints of economic growth and a reason why unemployment remains high.

SKILLS DEVELOPMENT

| RANK | TOP 10 COMPANIES | SECTOR | BLACK SKILLS SPEND % | BLACK LEARNERS (% OF ALL EMPLOYEES) | BEE SCORE 2007 (%) |
|------|--------------------------|------------------|----------------------|-------------------------------------|--------------------|
| 1 | Mutual & Federal | Financials | 5,8 | 48,2 | 15,00 |
| 2 | Gold Fields | Resources | 4,0 | 40,1 | 12,17 |
| 3 | Exxaro Resources | Resources | 3,6 | 5,0 | 12,04 |
| 4 | Foschini | Retail | 3,3 | 4,8 | 11,76 |
| 5 | Highvel Steel & Vanadium | Resources | 2,7 | 33,3 | 11,47 |
| 6 | African Rainbow | Resources | 2,5 | 45,7 | 10,91 |
| 7 | BHP Billiton Plc | Resources | 1,5 | 72,0 | 10,42 |
| 8 | Phumelela | Travel & Leisure | 2,1 | 59,2 | 10,11 |
| 9 | The Spar Group | Retail | 2,0 | 68,9 | 10,05 |
| 10 | Truworths | Retail | 2,5 | 4,2 | 10,00 |

SOURCE: FINANCIAL MAIL

Mutual and Federal came at the top of the list followed by Gold Fields in second place and Exxaro Resources in third place.

The latest version of the Codes of Good Practice reduced the weighting for skills development from 20% to 15% and introduced criteria that most companies were slow to report on last year. One of the new criteria is the development of disabled black staff. This counts for three percentage points, but so far few companies have reported what they were doing to increase the skills of disabled staff members.

The codes also set aside six percentage points for learnerships, but firms have either under-reported what they are doing to develop the skills of young black people or they are just enough to develop their skills.

The codes call for 5% of black staff members to undergo some kind of skills development training but few companies are reaching this target. This cannot be blamed on lack of government support, as the Finance Minister Trevor Manuel announced in last year's budget that the learnership allowance would be extended to October 2011. Companies also get tax relief for approved internship or learnership programmes.

Other factors that are prominent in the skills development debate include:

(i) Shortage:

The government has on several occasions mentioned that there is on average a shortfall of one in three senior managers in the public sector. In extreme cases, this rises to 54%, such as in the defense department.

(ii) Confusion:

The government has also admitted on several occasions that it does not know how many vacancies there are in the public sector, nor does it know what its skill requirements at different levels are.

(iii) Mismatch:

Employment equity requirements are extremely difficult to meet in some categories, for example, black women accountants.

(iv) Surplus:

While there is evidence of a growing skills shortage, particularly in the public sector, it is being accompanied by a boom in matric-level and graduate unemployment.

To alleviate the problem of skills shortage and mismatch, the government set up the Joint Initiative for Priority Skills Acquisition (Jipsa) as a task force to develop the skills that are most urgently needed and push South Africa's growth to 6%.

SUMMARY OF KEY FEATURES OF THE SA LABOUR MARKET

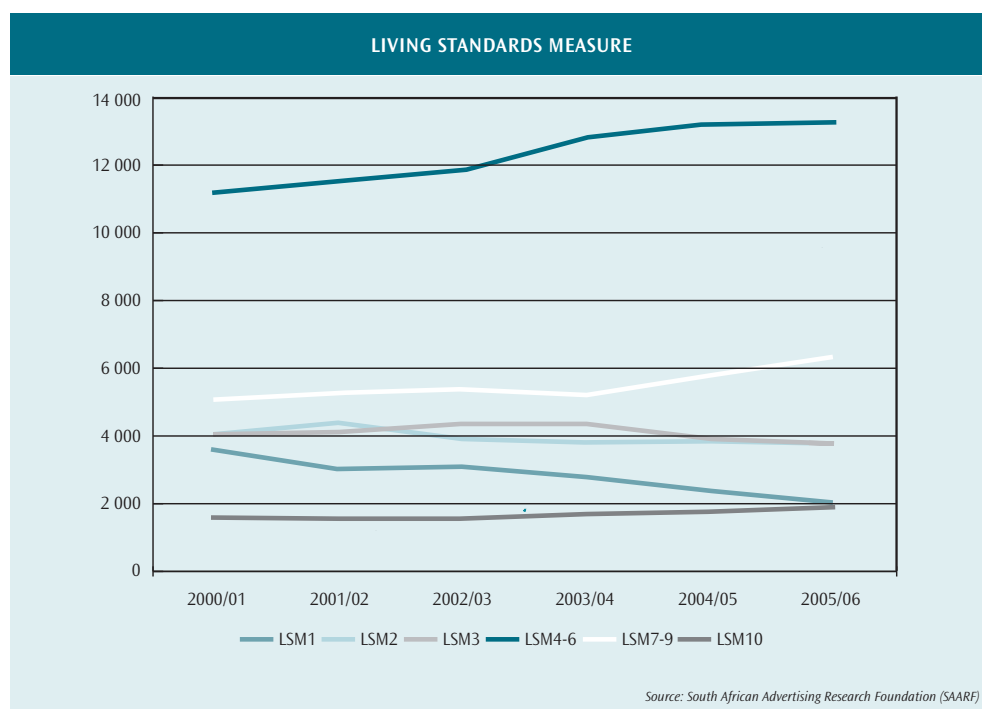
The key labour market indicators presented indicate that:

- Unemployment remains the key challenge for transformation of the South African labour market. Providing training, especially to African unemployed youth, could enhance their prospects of accessing the labour market. Such an intervention can also promote social cohesion and build the skills base from which accelerated growth and development can be launched.
- The proportion of African workers with relatively low educational levels (up to and including Grade 12/matric) remains large and should form a focal point in attempts to link skills development and equity.
- African workers remain under-represented in certain high skill occupations and this should also form a focal point in linking skills and equity where training can assist chances for promotion and mobility in the workforce.
- Workers with disabilities, by and large, remain excluded from the South African labour market.

SECTION D: DEVELOPMENT

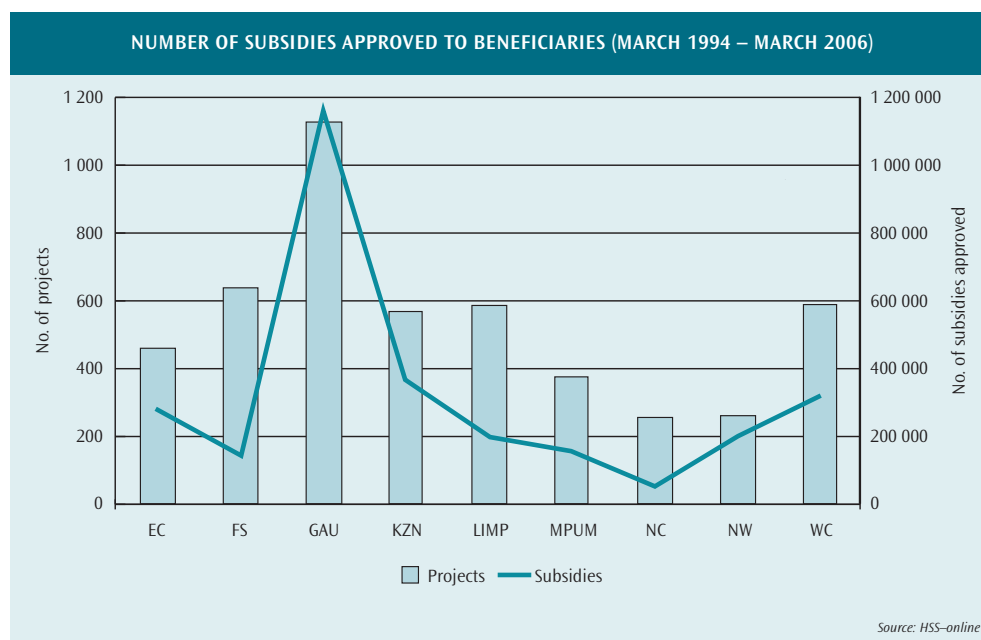
SOCIAL DEVELOPMENT INDICATORS

POVERTY

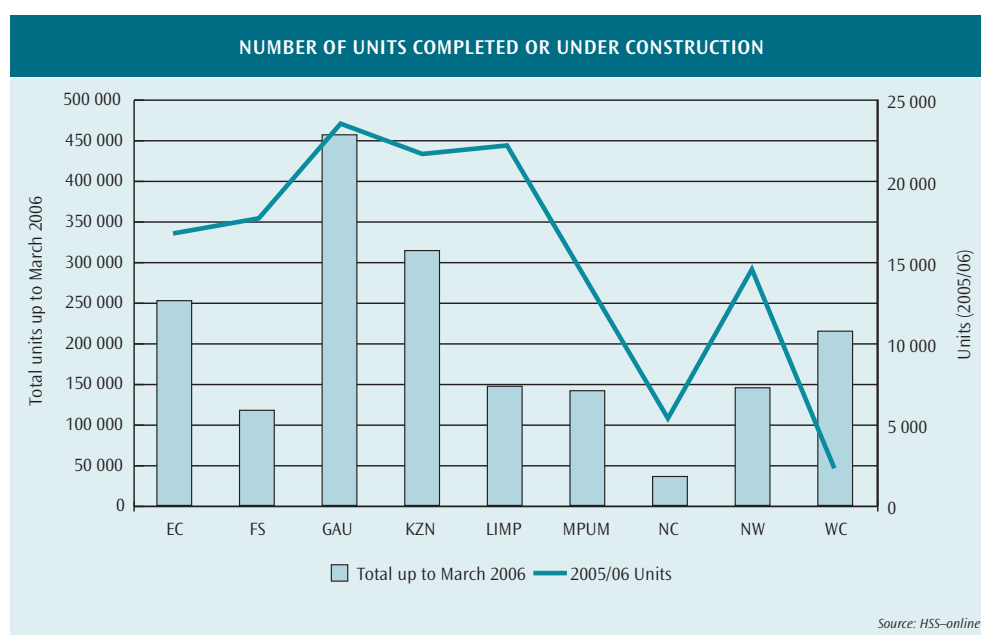


Between 2000 and 2005, the LSM data shows a significant decrease of the number of people in the poorest categories (LSM 1-3), with a marked reduction of the number of people living in LSM 1. The number of people living in LSM 4 – 10 shows an increase and in part reflects the growth of the middle class.

HOUSING

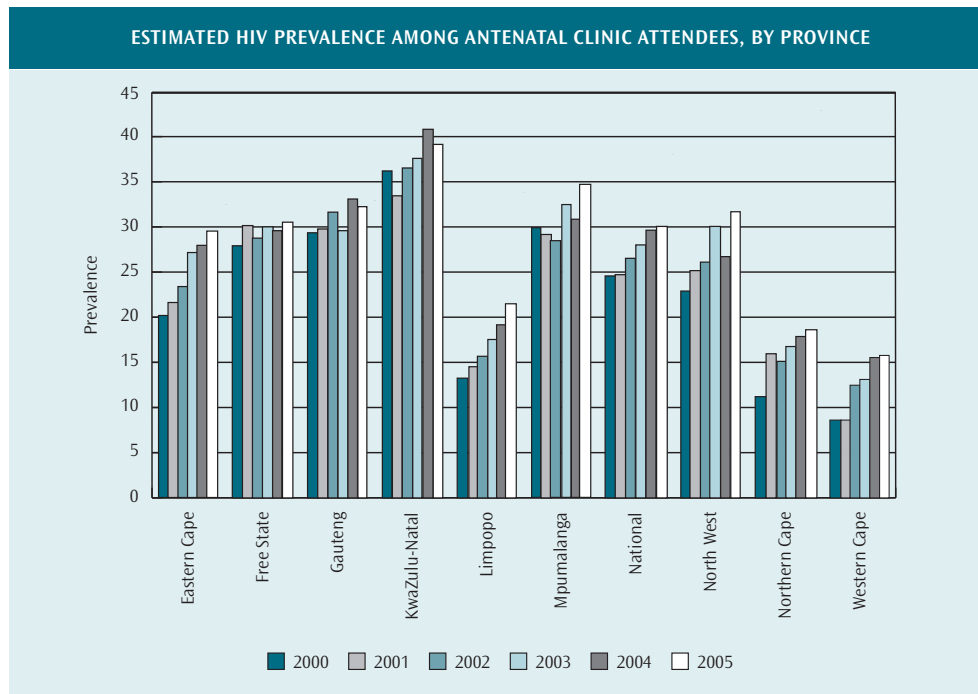


During the first nine months of the 2005/06 financial year 321 projects were approved by Provincial Housing Departments. This brings the total number of projects approved since 1994 to 4 827. The 321 projects that were approved during the 2005/06 financial year represents 137 746 subsidies which bring the total number of subsidies approved to 2 848 160 since inception of the Housing Subsidy Scheme.



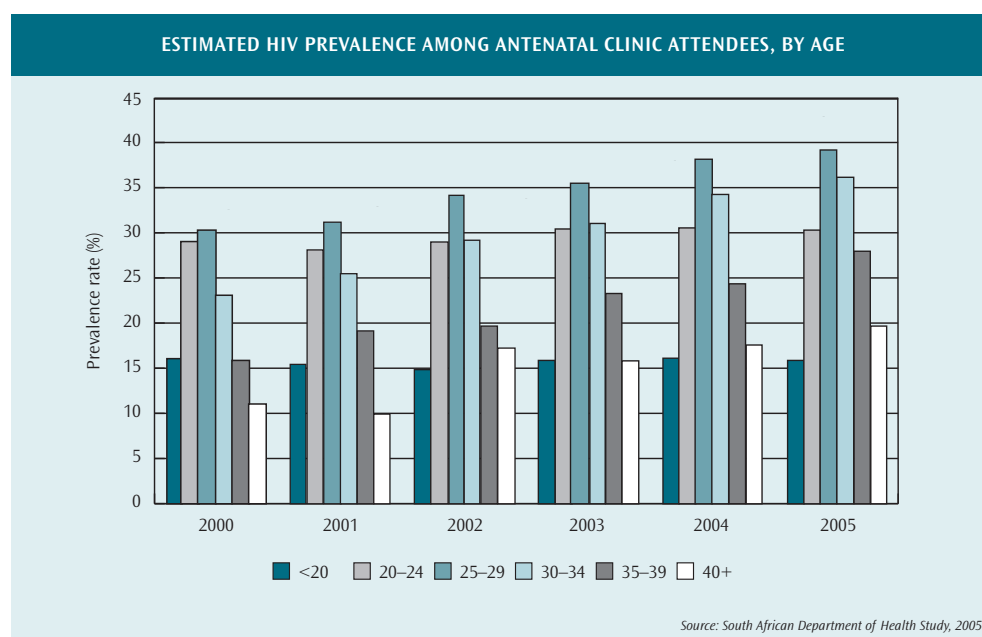
During 2005/06 up to 31 March 2006 a total of 115 175 sites were in the process of development and 137 659 units were completed. This brings the total for houses completed or under construction since 1994 to 2 081 694.

HIV/AIDS TRENDS



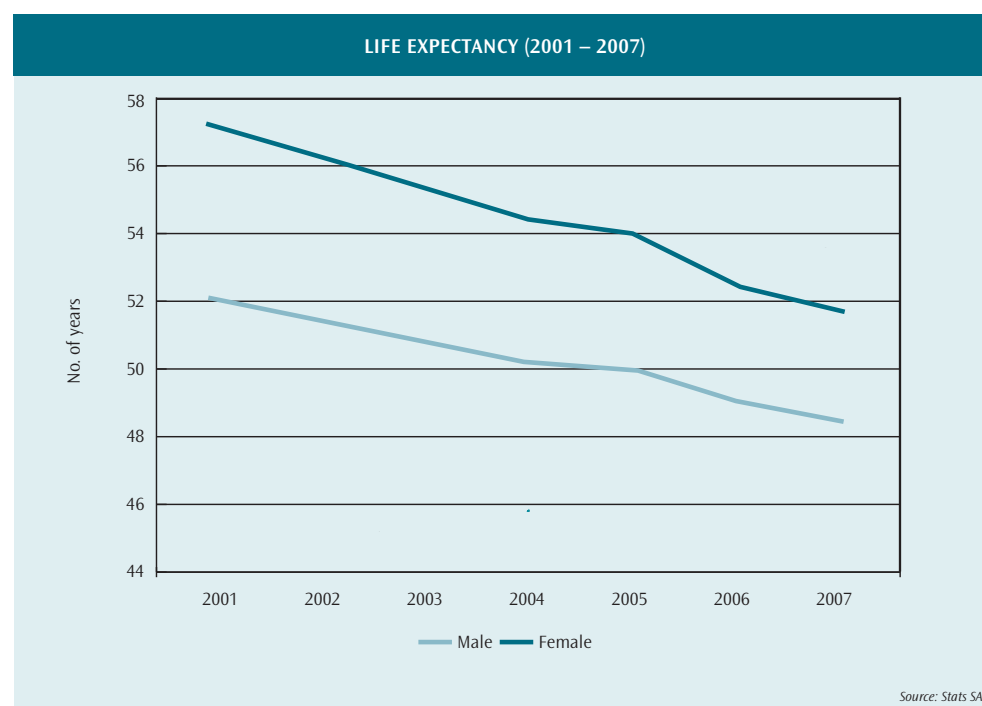
Based on its sample of 16 510 women attending 399 antenatal clinics across all nine provinces, the South African Department of Health Study estimates that 30,2% of pregnant women were living with HIV in 2005. The provinces that recorded the highest HIV rates were KwaZulu-Natal, Mpumalanga and Gauteng.

Until 1998 South Africa had one of the fastest expanding epidemics in the world, but HIV prevalence is now growing more slowly. Among teenage girls, the rate declined from 1998 to 2002, and has since risen only slightly, indicating that the rate of new infections may have peaked.



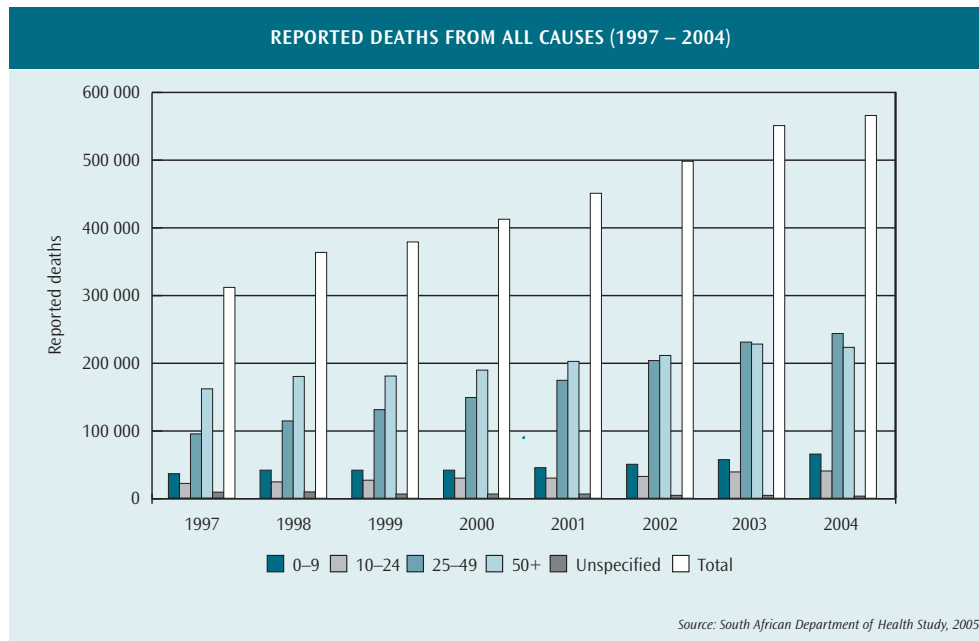
The 20 - 34 age group continues to be the group that is highly affected by the pandemic.

LIFE EXPECTANCY



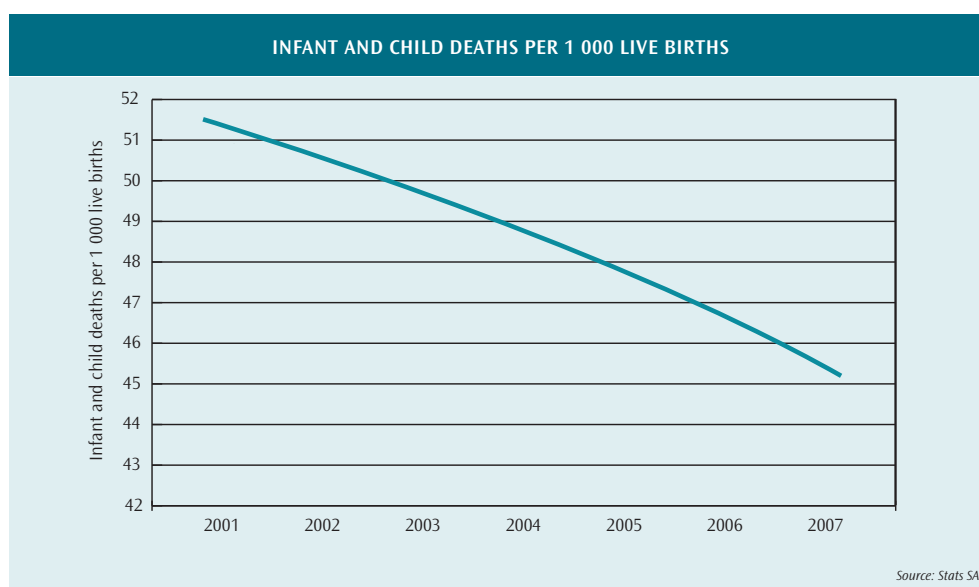
There is a notable decrease in life expectancy in both female and male categories. This is understandable, given the trend of increasing mortality, especially of the younger population. As suggested in the previous sections, this seems to be related to the HIV prevalence rates that have been increasing significantly since 1998.

MORTALITY



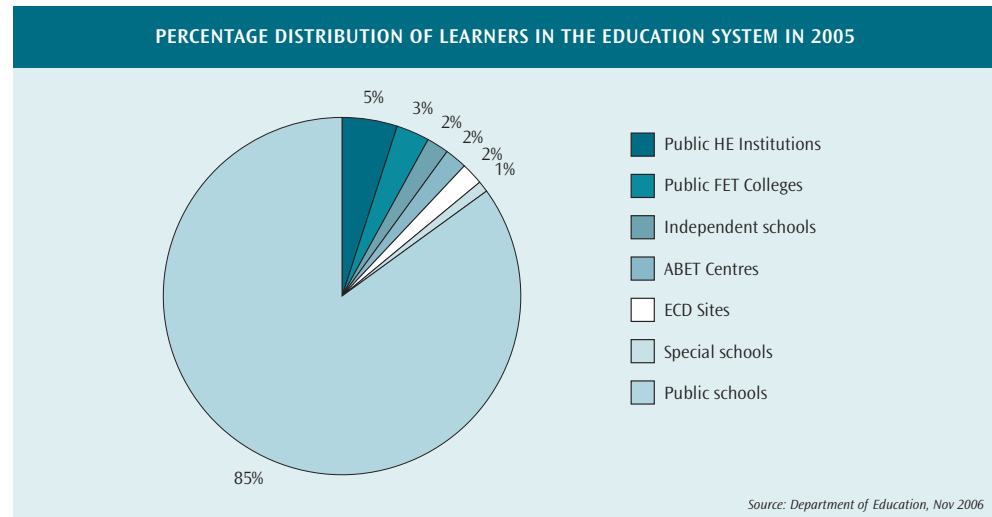
In May 2006, Statistics South Africa published the report “Mortality and causes of death in South Africa, 2003 and 2004”. This document contains lists of how many people died from each cause over an eight year period, according to death notification forms.

The report reveals that the annual number of registered deaths rose by a massive 79% between 1997 and 2004. Among those aged 25-49 years, the rise was 161% in the same eight year period. Part of the overall increase is due to population growth. However, this does not explain the disproportionate rise in deaths among people aged 25 to 49 years. In 1997, this age group accounted for 30% of all deaths, but in 2004 it accounted for 43%.

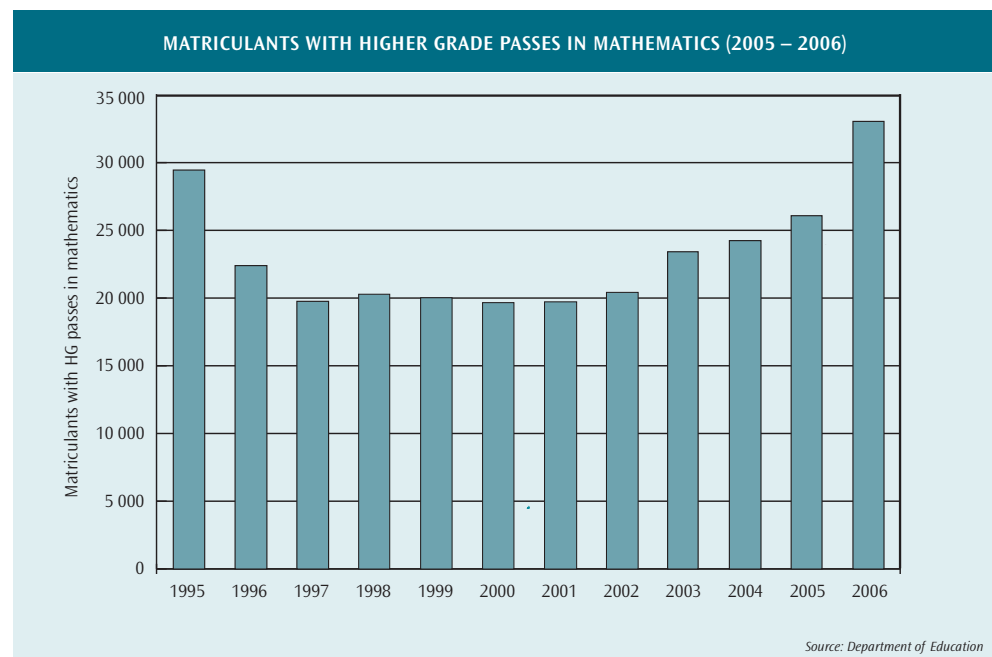


The Statistics South Africa data of infant and child deaths points to a declining trend.

EDUCATION



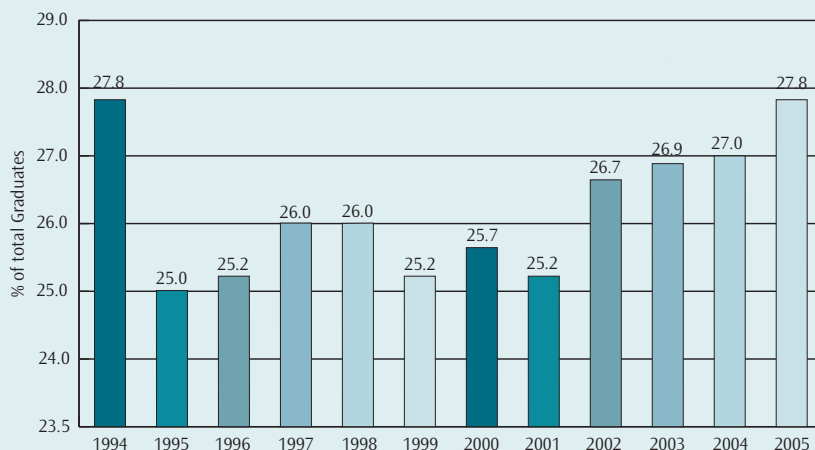
The centerfold shows that of all learners and students in all sectors of the education system in 2005, 85% were in public schools and 2,3% were in independent schools.



The output of the university sector closely mirrors that of the school system. In 2004, 13 141 students graduated from universities with qualifications in commerce, business, and management. More than half of those qualifications went to white graduates. Indian graduates earned 1 722 or 13%, coloured graduates 650 or 5%, and African graduates 3 998 or 30%. These figures mirror almost exactly the higher-grade maths output figures of the school system.

In engineering, a similar pattern is evident. In 2004, a total of 2 462 graduates were produced by the university system. Of these, 1515 or 60% were white, 303 or 12% Indian, 57 or 2% coloured, and 587 or 24% African. In law in 2004, the university system produced 3 999 graduates. Whites again dominated the sector, earning 1 877 or 47% of all awards. Black graduates earned 53%, with 38% being awarded to African graduates. Similar patterns exist for most highly skilled qualifications.

STUDENTS GRADUATING IN THE FIELD OF SCIENCE, ENGINEERING AND TECHNOLOGY (1994 – 2005)

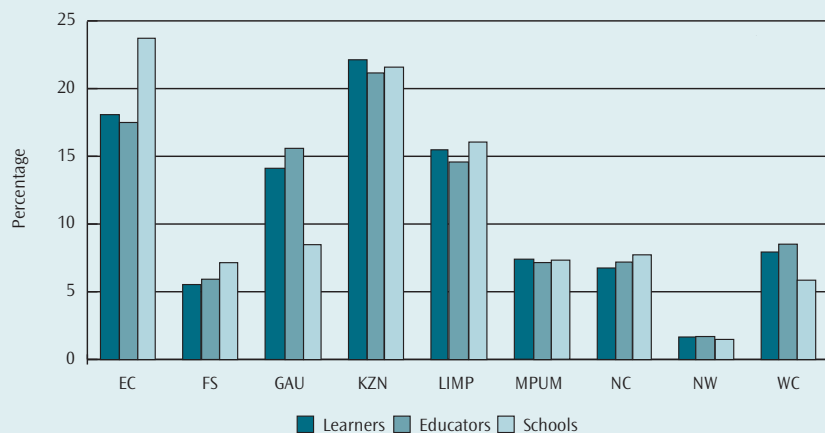


Source: Higher Education Management Information System

Going back more than a decade, to 1993, black graduates earned only 1 424 university awards in commerce or 17% of the total for that year. By 2004, the number had risen to closer to 50% over a period that saw the number of such awards increase by more than 60%. In 1993, only 11% of 1212 engineering awards at university went to black students. In 2004 that figure was up 40%. In law in 1993, black graduates made up 27% of the graduating university class, a figure that had risen to over 50% by 2004.

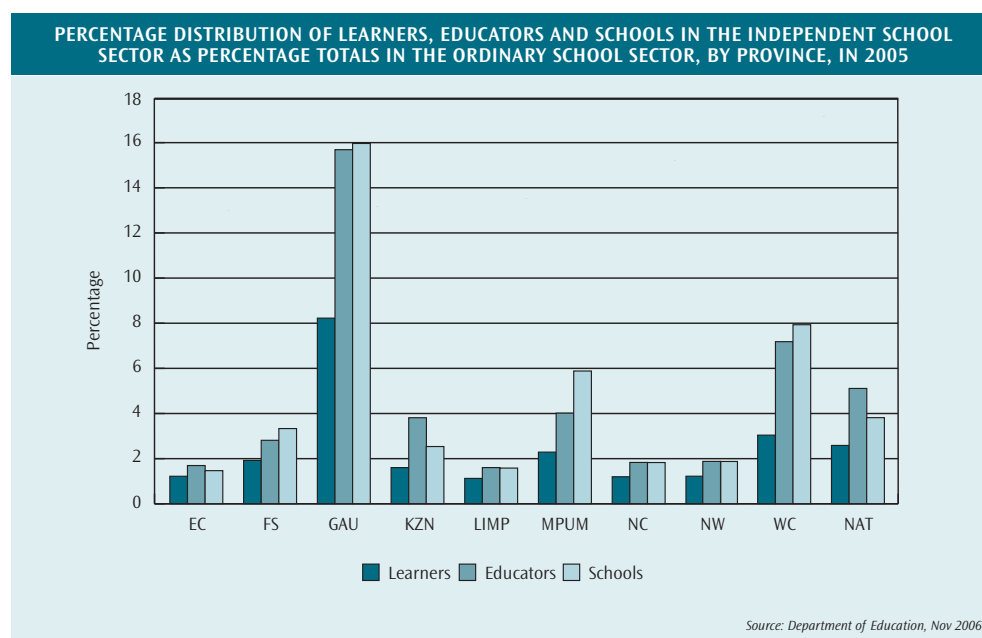
Having identified what skills become available to the economy every year and the demographic breakdown of those skills, what remains is to answer the question of whether these are sufficient to feed economic growth of 4%–6%. In SA's case, this question is complicated by the parallel question of whether the demographic breakdown is sufficient to meet employment equity targets.

PERCENTAGE DISTRIBUTION OF LEARNERS, EDUCATORS AND SCHOOLS IN THE ORDINARY SCHOOL SECTOR, BY PROVINCE, IN 2005



Source: Department of Education, Nov 2006

The mainly rural provinces tend to have proportionally more schools with fewer learners than the more urbanised provinces, which tend to have proportionally fewer schools with more learners, an indication of higher population density.



In 2005, Gauteng had the largest proportion of independent school learners, educators and schools (8,3%, 15,8%, 16,0%, respectively), while the Eastern Cape and Limpopo had the smallest proportion in all three categories (1,2%, 1,7% and 1,5%, and 1,1%, 1,6% and 1,6%, respectively).

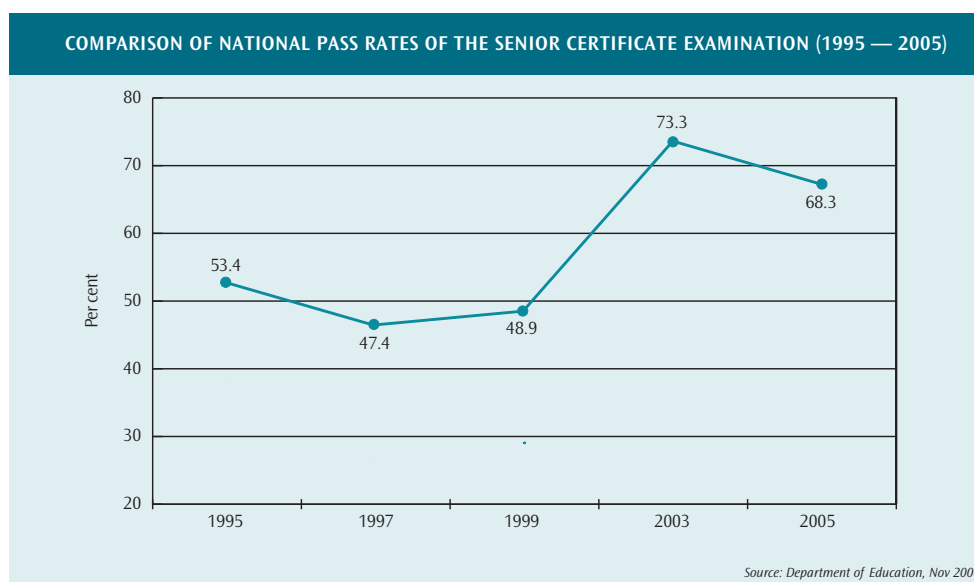
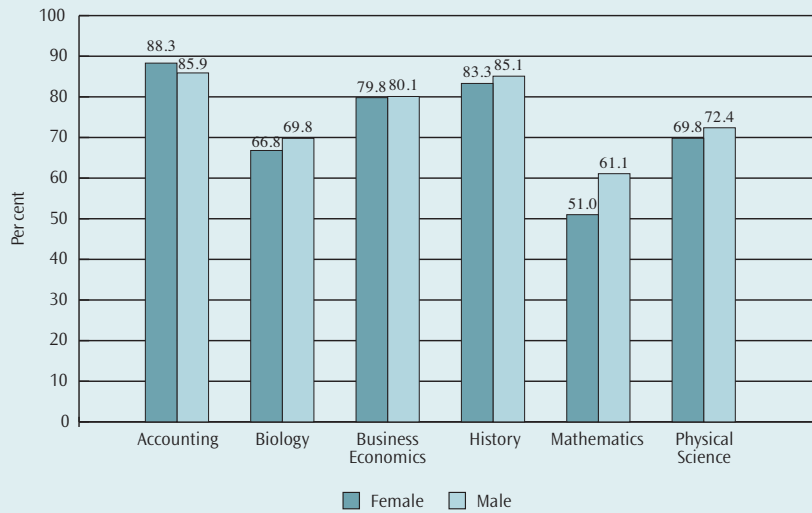


Figure 38 shows that, from 1995, the national pass rate decreased by 6% (real value) to its lowest point in 1997 (47,4%). It stayed almost the same from 1997 to 1999 (48,9%), and then increased by 24,4% (real value) to its highest point in 2003 (73,3%). From 2003, the national pass rate decreased by 5% (real value) to 68,3% in 2005.

PERCENTAGE DISTRIBUTION OF SENIOR CERTIFICATE EXAMINATION PASS RATES FOR SELECTED SUBJECTS, BY GENDER, IN 2005

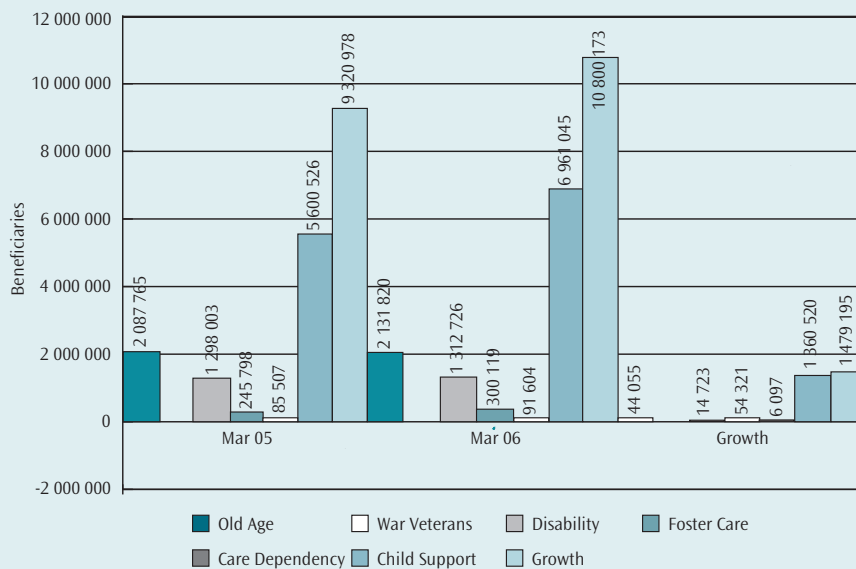


Source: Department of Education, Nov 2006

The highest and second highest overall pass rates in 2005 were for Accounting and History. The lowest overall pass rate was for Mathematics. Males performed better overall than females in all the selected subjects, except Accounting.

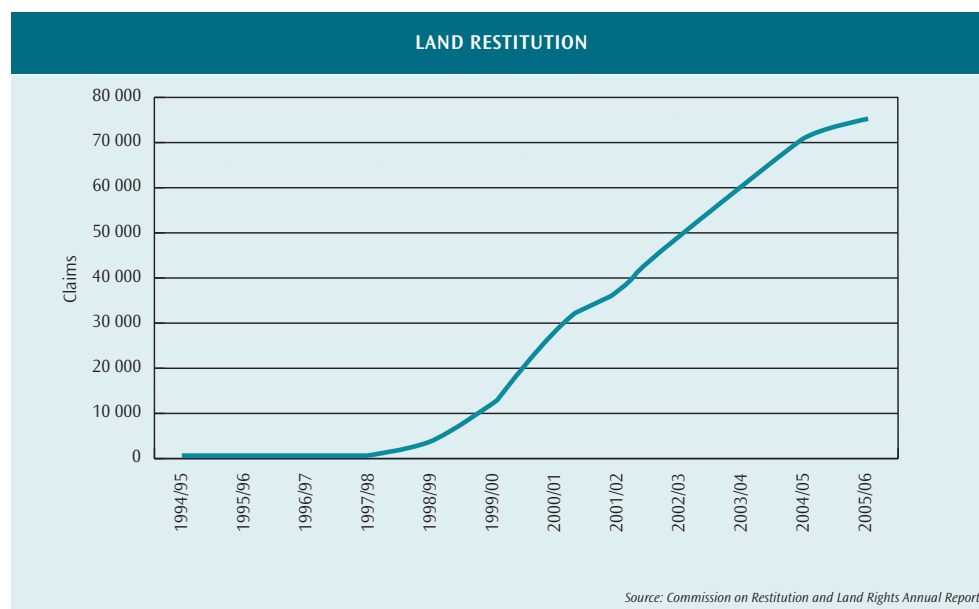
SOCIAL GRANTS

BENEFICIARIES OF SOCIAL GRANTS



Source: www.welfare.gov.za

LAND SETTLEMENTS



After an initial phase in which the institutional mechanisms were put in place, the pace of land restitution has picked up considerably since 1998. To date, 73 292 claims have been settled.

SOUTH AFRICA'S KEY TRADING PARTNERS

UK

The UK is one of South Africa's most significant trading partners. It is the largest foreign investor in South Africa, with assets worth an estimated R132-billion. The majority of UK imports into southern Africa are manufactured or transported via South Africa.

GERMANY

Germany is one of South Africa's most important trading partners, with trade worth more than R42-billion in 2002. The country is South Africa's most important supplier of imports such as capital goods and technology, and ranks second as a purchaser of South African exports after the United Kingdom (UK). It is a major direct investor in South Africa with an investment volume of around R18-billion, the main sectors being the automotive industry, the chemical industry, and mechanical and electrical engineering. More than 450 German companies provide around 60 000 jobs in South Africa.

FRANCE

France and South Africa have strong relations in the areas of trade and industry, arts and culture and science and technology. France supports Nepad and the AU, particularly in the context of the G-8. It has hosted several summits, and meetings supportive of African development and emerging economies in Africa. South Africa signed an agreement on technical assistance with France in 2003.

ITALY

Italy ranks amongst the top ten of South Africa's trading partners, recording R6.7-billion worth of exports and R8-billion worth of imports in 2001. Gold represents some 50–60% of South African exports to Italy – due to Italy's jewellery industry.

NETHERLANDS AND BELGIUM

A number of cooperative arrangements and development assistance programmes exist between South Africa and the so-called Benelux countries – Belgium, Netherlands and Luxembourg. South Africa is the Netherlands' most important trading partner on the African continent and the Netherlands ranks in the top ten of the list of South Africa's most important trading partners. Bilateral trade with the Netherlands was around the R9-billion mark towards 2000.

SWITZERLAND

In 2001, Switzerland ranked as the 5th largest foreign direct investor in South Africa. Major Swiss investors have production facilities or branches in the country, including Nestlé, Novartis, Holcim, Schindler and Sulzer. Approximately 250 to 300 Swiss-owned or managed companies operate in South Africa, jointly employing almost 26 000 people.

SOUTH AFRICAN TRADE WITH ASIA

Since 1994, South Africa has continued to strengthen its relations with Asia through increases in two-way trade and finalising cooperation agreements involving scientific and technological exchange, technology transfer, investments and overseas development assistance.

NORTH-EAST ASIA

JAPAN

Japan is South Africa's largest trading partner in Asia and its fourth largest overall trading partner. In 2001, total bilateral trade amounted to R32-billion, an increase of 2% over the previous year while exports to Japan grew by 9,3%. Trade is structured along north-south lines, with South Africa exporting commodities, especially minerals, to Japan and in return importing manufactured goods, notably automobiles and electronic goods.

Japan is the fifth largest investor in South Africa, with cumulative investment since 1994 amounting to approximately R2-billion. These investments are concentrated in minerals processing and the motor assembly and related sectors, especially tyres. Japan is also a substantial aid donor to South Africa. Bilateral ties between South Africa and Japan are strengthened through The Partnership Forum.

SOUTH KOREA

Bilateral trade with South Korea amounted to R10,04-billion in 2002. The country assists South Africa with human resource development in specialist sectors.

CHINA

Economic and trade relations between South Africa and the People's Republic of China have grown rapidly since the formal establishment of diplomatic relations. The two countries engage regularly on economic issues through a Joint Ministerial Commission (JMC). China imports iron ore, copper, chrome, timber and paper pulp from South Africa. Exports to China were R6,7-billion in 2003 and imports were a massive R16-billion in the same year.

The fact that South Africa exports unbeneficiated minerals, such as iron ore and gold to China, while Chinese imports comprise value added products, such as appliances, has caused concern over that country's penetration of the South African market. Trade experts have warned that a proposed free trade pact with China needs to be negotiated with caution.

South African exports to Taiwan amounted to R5,12-billion in 2002, with exports totalling R5,42-billion in the same period. Of the more than 620 Taiwanese businesses investing in South Africa, just under half of them are involved in the manufacturing sector.

SOUTH, SOUTH-EAST ASIA, AUSTRALASIA

South Africa is a member of the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC), a project-based regional economic grouping of 18 countries washed by the Indian Ocean. The association comprises: Australia, Bangladesh, India, Indonesia, Iran, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Singapore, South Africa, Sri Lanka, Tanzania, Thailand, United Arab Emirates and Yemen. It aims to facilitate trade and investment in the region.

The IOR-ARC member countries account for about 7% of world trade. Between 1995 and 2002 it made up 14% of South Africa's global trade.

INDIA

India is South Africa's sixth largest trading partner in Asia, with two-way trade worth more than US\$2-billion a year. South Africa has various cooperation agreements with India involving several sectors, including technology, telecommunications and small business (SMEs). It has established an India-South African Commercial Alliance, and set up a JMC with India. Amongst other things, the JMC allows for ministerial consultations on political and economic matters.

South Africa also recently adopted the "New Delhi Agenda for Cooperation" – a south-south cooperation agreement with India and Brazil. The agreement will see the three nations sharing opportunities, experiences and achievements. The aim of the collaboration is to increase trade flows between the three countries from the current \$4.6-billion to \$10-billion by 2007. A Trilateral Business Council has been established as the framework for businesses from the three countries to work together. It's expected that free trade deals currently being negotiated will evolve into an inter-continental free trade area.

MALAYSIA

Trade with South-East Asia is relatively evenly spread between Malaysia, Singapore, Thailand and Indonesia. South Africa has built its strongest ties in South-East Asia with Malaysia. This is evident in Malaysia being the second largest investor on a cumulative basis in South Africa since 1994. In 2002 bilateral trade amounted to R5,6-billion, focusing on the hospitality, telecommunications and energy industries. South Africa and Malaysia cooperate closely in forums such as the Commonwealth, and Malaysia's intensive Technical Cooperation Programme provides numerous training opportunities for South Africans across a range of sectors.

SINGAPORE

Singapore is an important economic and trading hub in the region. South Africa's bilateral trade with Singapore is substantial, with 2002 trade amounting to some R4-billion.

THAILAND

2002 marked the 10th anniversary of consular relations between South Africa and Thailand. In 2002, bilateral trade amounted to R5-billion.

INDONESIA

Bilateral trade with Indonesia amounted to R2,9-billion in 2002.

AUSTRALIA

South Africa is Australia's 20th largest export market and 22nd largest trading partner. As with India, relationships with Australia have been boosted by a JMC. Total trade with Australia amounted to R12,8-billion in 2002, with the trade balance in Australia's favour. South Africa is the 17th largest foreign investor in Australia. At the same time, Australian foreign direct investment in South Africa has increased, particularly in the mining and agricultural sectors. Major Australian investors in South Africa

include mining giants like BHP Billiton and mining consultancy companies like RSG Global from Western Australia.

NEW ZEALAND

Relations between South Africa and New Zealand have been strengthening over the years, and the two regularly work closely in forums such as the Commonwealth and the World Trade Organisation, amongst others. Bilateral trade has been growing over the years. In 2002 South African exports totalled R4,2-billion, and imports R5,7-billion.

VISITS TO NEDLAC

| DATE | DELEGATION | PURPOSE |
|------------------|------------|---|
| 28 June 2006 | Tanzanian | Examining the lessons from the South African model of Social dialogue especially the involvement of the Community based Organisations. |
| 17 October 2006 | Zimbabwe | Sharing the Nedlac experience on how the South African Model of Social dialogue could be used as a potential tool to achieve political stability. |
| 1 November 2006 | Angola | Share the Nedlac experience and how Nedlac deals with formulating positions on Trade issues. |
| 27 February 2007 | Algeria | Case study on the South African experience on social dialogue and the key challenges. |
| 23 March 2007 | Turkey | Case study on training and skills development environment in South Africa |

NEDLAC REVIEW

The Review has its origins in a request made by the January 2005 Cabinet Lekgotla to Labour Minister Membathisi Mdladlana to undertake a review of social dialogue and the role of Nedlac.

The International Labour Organisation (ILO) was brought in by the Department of Labour as its partner in the review process. The ILO in turn commissioned Professor Eddie Webster, the Co-Director of the Sociology of Work Unit (SWOP) at the University of Witwatersrand and Dinga Sikwebu, a researcher at SWOP to conduct the review.

The call for a Review on the eve of Nedlac's tenth anniversary, coincided with various discussions already taking place within the institution on the challenges it faces during the second decade of democracy.

Nedlac, in its tenth anniversary publication entitled *The Nedlac Experience, 10 Years of Social Dialogue*, supported the call for a review and argued that: 'the time was ripe for a review and some self reflection. One of Nedlac's strengths is its ability, as an institution to have created a culture of self-examination. A review does not make an institution such as Nedlac irrelevant.

Rather, the aim is to make it more relevant and be able to play its role in the next decade of democracy and respond more effectively to global challenges.

The Review has sought to evaluate both the functioning of Nedlac as an institution and the role played by the social partners – who through their actions, effectively make the institution what they want it to be. Before exploring these two areas and the challenges facing Nedlac, the Review sought to demonstrate Nedlac's contributions in establishing social dialogue as an acceptable and invaluable part of the country's policy making process.

It is envisaged that the report would be tabled in Nedlac in order for Nedlac social partners to engage with the issues that are raised in the report including those that are not necessarily part of the report.