

KEYNOTE ADDRESS BY THE DEPUTY PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA, HONOURABLE PAUL MASHATILE ON THE OCCASION OF THE 28TH NEDLAC ANNUAL SUMMIT, GALLAGHER ESTATE, JOHANNESBURG, GAUTENG PROVINCE

08 SEPTEMBER 2023

Programme Director, COSATU President Ms Zingiswa Losi;
Minister of Employment and Labour, Mr Thulas Nxesi;
Honourable Ministers present;
NEDLAC and PCC Executive Directors;
Honourable Members of the Portfolio Committee;
Leadership of Labour here present;
Distinguished Guests;
Members of the media;
Good Morning.

It is a distinct honour and pleasure for me to be here today to address the 28th National Economic Development and Labour Council, the NEDLAC Annual Summit, focusing on social partnership in the current context.

In the scholarly publication authored by Wolfgang Streeck and Anke Hasse, titled "The crumbling pillars of social partnership", they define partnership as "stable relations of mutual recognition, institutionalised co-operation and regulated conflict between organised labour, organised business and government".

This definition underlines the intricate relationship between organised labour, organised business, and the government, highlighting the crucial role that each entity plays in fostering a harmonious and productive social ecosystem in the midst of challenges.

We believe that it is through our collective efforts, united in purpose and driven by our shared values, that we hold the power to influence and determine the trajectory and direction of our country.

Since I became the Deputy President earlier this year, I have interacted with social partners in many different contexts such as the recent National Dialogue on Coalitions, an interaction with business at the Johannesburg Stock Exchange and the Human Resource Development Council which I chair, in an endeavour to strengthen our relations and find solutions to the challenges we face as a country.

Today I am pleased to be here at the apex body of social dialogue, the National Economic Development and Labour Council (NEDLAC), which is the place where the government, businesses, labour unions, and community groups try to work together through problem-solving and negotiation on economic, labour and development issues as well as related challenges facing our country.

The NEDLAC has a long history of fostering social partnerships in diverse national landscapes, shaping the labour market since the dawn of democracy.

It was instrumental in the talks that resulted in the Basic Conditions of Employment Act, the Labour Relations Act and the Employment Equity Act. All these pieces of legislation were enacted to give effect to the rights guaranteed by the Bill of Rights in our Constitution.

You have also promoted inclusion, consensus, and sustained socio-economic development in South Africa through your persistent efforts. However, our labour market has experienced several obstacles.

The current condition of the labour market is indicative of the abiding legacy of our apartheid past which presents a significant challenge today. We have inherited a labour force characterised by racial and gender inequities, skills shortages and high unemployment rates particularly among Africans.

The COVID-19 pandemic has further intensified economic setbacks, resulting in increased unemployment and loss of jobs affecting various groups differently and causing a complex and multi-dimensional phenomenon that affects different groups of people differently.

Nevertheless, we are pleased to note that the unemployment rate has declined to 32.6% in the second quarter (Q2) of this year, down from 32.9% in the first quarter (Q1). The best that can be said here is that the trend is heading in the right direction, albeit at a slow pace. Serious concerns such as job losses in manufacturing remain.

In this regard, organised business, labour, government and the community sector at NEDLAC have turned to each other to seek ways of turning our economy around, reversing unemployment and building inclusive growth.

This happened at the Presidential Jobs Summit in 2018 and most recently in the development of an Economic Reconstruction and Recovery Plan in 2020, where social partners came together to commit to actions, both individually and collectively, in response to the impact of COVID-19 on livelihoods.

It is further encouraging that NEDLAC social partners have taken collaboration to a new level, particularly in response to the COVID-19 pandemic. For example, a rapid response task team was set up, which moved beyond the traditional role that NEDLAC has continued to play.

Arising out of the partnerships forged in recent years, President Cyril Ramaphosa called for a social compact between the government and the social partners in his 2022 State of the Nation Address.

However, the deadlines for the establishment of a written declaration of commitments and actions have not been met. Nonetheless, since assuming the position of Deputy President, I have witnessed encouraging moves towards social compacting, such as the recent commitment of more than fifteen CEOs to work with the government to reconstruct the economy.

In the area of skill development, we have signed three social compacts through HRDC in the following areas:

- Building the Foundation for Transformed Economy and Society
- Building the Skills for a Transformed Economy and Society.
- Building a capable and developmental state.

These compacts support our country's most important social compact, the National Development Plan, which outlines growth and development goals as well as timelines.

Ladies and Gentlemen, please allow me to talk about four dimensions of social partnership and compacting, namely the "what", "how" "who" and the "why".

What should we be partnering about?

NEDLAC has historically sought to partner about the big policy choices that face our country. We have sought to follow the example of social democratic countries elsewhere that agreed to trade off wage increases for job stability.

However, in South Africa, where unemployment is so high and those who work support many of those who do not, this type of trade-off may be difficult to attain. The most pressing challenge appears to be one about ideological positions among social partners in respect of the path to growth, which have not shifted despite the enormous crisis the country faces.

We must summon enough bravery to discuss this matter openly in order to prevent the ticking time bomb of poverty, inequality and joblessness from going off. This is not impossible to achieve.

Through the Presidency, Business for South Africa has initiated an important partnership with the Government. With its focus on three critical areas of energy, logistics and crime, it has offered to bring in resources and expertise to accelerate progress and address the current impediments to economic growth. The government is pleased with this development, as it is a direct result of the successful partnership and collaborative efforts of NEDLAC.

Which brings me to the "who" question. **Who should form social partnerships and social compacts?** I do not believe that there is a finite list of stakeholders that can be eligible, nor that all social compacts must be tripartite, or tripartite plus one. For example, the sector master plans on sugar, agriculture, clothing, retail and more recently the renewable energy sector often has many signatories, including partners that are not national or not in NEDLAC but can bring something or gain something from committing to a common plan.

The more important question to answer is whether the parties to the social compact can obtain a mandate from their constituents and whether they have the capacity to fulfil their commitments. When this does not happen, social compacts amount to nothing but "talk shops," something we must at all costs avoid.

On the 'how' question: Recently, in the National Dialogue on Coalitions Government in the Western Cape, several countries shared their experiences with

us on coalition building. A coalition agreement is not dissimilar to a social compacting agreement where there needs to be a give-and-take, and roles and responsibilities are defined and agreed to.

These comparative experiences referred to the need for principles, trust-building, transparency, pragmatism and patience. These are principles which are codified in the work of NEDLAC. There is an opportunity for NEDLAC and its social partners to share these across society while also recognising that they cannot be taken for granted and in fact need to be reinforced in each and every social compact.

NEDLAC has a responsibility to demonstrate to the nation that there can be win-win situations and that we can proceed with the best potential or least worst outcomes.

We are facing a changing world where the impact of climate change is increasingly felt by all of us whether it is the possibility of flooding in KZN or persistent drought in the Eastern Cape, whether it is high temperatures in Upington, making it impossible to cultivate fields or poor air quality in Mpumalanga, climate change is here.

The Government's response has been to prepare for a just transition from the world as we know it, to one which is friendlier to the environment and ultimately gives our children a safe future.

We have been ably assisted in this task by the Presidential Climate Commission which has provided key recommendations to the President to implement and has worked tirelessly to build social compacts with stakeholders at national, provincial and local levels.

It will only be through partnerships that we can ensure that everyone is supported to transition to new employment or better livelihoods and provided with the necessary social support mechanisms. If not, those that are negatively affected now will resist this transition, to the detriment of future generations.

I am sure that the traditions of social partnerships from NEDLAC are being carried forward by the PCC while focusing on new issues that require new tactics that can be shared by social partners and stakeholders.

Participative policy initiatives that search for and build consensus with key players in society have a good chance of sustainable implementation.

It is important for NEDLAC social partners to seize the opportunity of commemorating thirty years of democracy to reflect on past achievements, assess the current situation, and voice their opinions on how the government should tackle major policy issues in the next decade.

In addition, social partners should focus on preparing for and building resilience in the face of challenges, especially health crises, natural disasters, deteriorating infrastructure, and rising levels of disruptive crime and vandalism.

The reality is that some terrible aspects of our country cannot be wished away. Instead, we must indeed prepare for these crises to preserve lives and livelihoods

and then address systemic challenges such as climate change and improved water access.

In closing, Martin Luther King once said, "The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenges and controversy".

I hope that arising from the deliberation later this morning, you will all emerge wiser and more resilient to stand and deal with the challenges of our era.

I thank you.