

Labour Market Performance & The Role of The DoL

NATIONAL TREASURY SEMINAR: 07/09/2017



labour

Department:
Labour
REPUBLIC OF SOUTH AFRICA



Back Ground to Labour Market Performance

The UN's SDG

Sustainable Development Goals

- ✓ Goal number 1: End poverty in all its forms

Target 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day.

- ✓ Goal number 5: Achieve gender equality and empower all women and girls;
 - Target 5.1 End all forms of discrimination against all women and girls everywhere;
 - Target 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

Back Ground to Labour Market Performance

The UN's SDG

- ✓ Goal number 8: Promote sustained, inclusive and sustainable economic growth, **full and productive employment and decent work for all**.
- Target 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value;
- Target 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training;
- Target 8.8 **Protect labour rights and promote safe and secure working environments** for all workers, **including migrant workers**, in particular women migrants, and those in precarious employment.

Back Ground to Labour Market Performance

The strategic priority areas of Government in which the DoL contributes

- **Speeding up economic growth and transforming the economy to create decent work and sustainable livelihoods;**
- Improve the health profile of the nation;
- Pursuing African advancement and enhanced international co-operation;
- Build a Developmental State including improvement of public services and strengthening democratic institutions
- **Strengthen our skills and human resource base.**

Back Ground to Labour Market Performance

The National Development Plan

- ❑ NDP's **main objective** is to eliminate poverty and reduce inequality by 2030;
- ❑ Chapter Three of the NDP- ECONOMY & EMPLOYMENT;
 - Key point 1 of 4: **To eliminate poverty and reduce inequality**
RSA has to raise levels of employment through productivity growth and earnings of working people.
 - Causes of poverty, unemployment & inequality:
 - ✓ Low levels of competition for goods and services;
 - ✓ Large number of workseekers who cannot enter the labour market;
 - ✓ A poor skills profile.

Back Ground to Labour Market Performance

The National Development Plan

- FUTURE OF WORK is dampening the condition for low and middle income countries which are not very competitive on innovation and technology;
- The result is the shrinking of the biggest sector in the economy- MANUFACTURING-
- Manufacturing was the biggest employer but it is forced to be a small employer;
- Big employing sectors are now those which are domestically oriented- e.g.
- ✓ Retail; Security; domestic work & cleaning services; Personal services.
- The future of work is more serious and receiving attention at the international level, e.g. its impact on production, work governance, society etc.

Back Ground to Labour Market Performance

Poverty and Inequality

- ❑ Statistics South Africa's poverty report shows that:
 - 55.5% (30.4 million) of the population was living in poverty in 2015 yet 53.2% was poor in 2011;
 - Poverty measured on poverty line of living on less than 2 US dollars a day;
 - StatsSA used a poverty line of R992.00 per month;
 - RSA poverty affects more women, children and black people;
 - Poverty is also more dominant in rural areas and on those adults with little or no education in South Africa;
- ❑ [Our country's economic performance could not significantly reduced poverty in households and on individuals].
- ❑ RSA is one of the few most unequal countries across the globe.
- ❑ THE ONLY ASSET OF THE POOR PEOPLE IS THEIR LABOUR.

Employment & Unemployment in RSA

Year (QLFS-Q3)	Employment	Unemployment	Unemployment rate
2015	16 015 000	5 193 000	24.5
2016	16 069 000	5 781N000	26.5

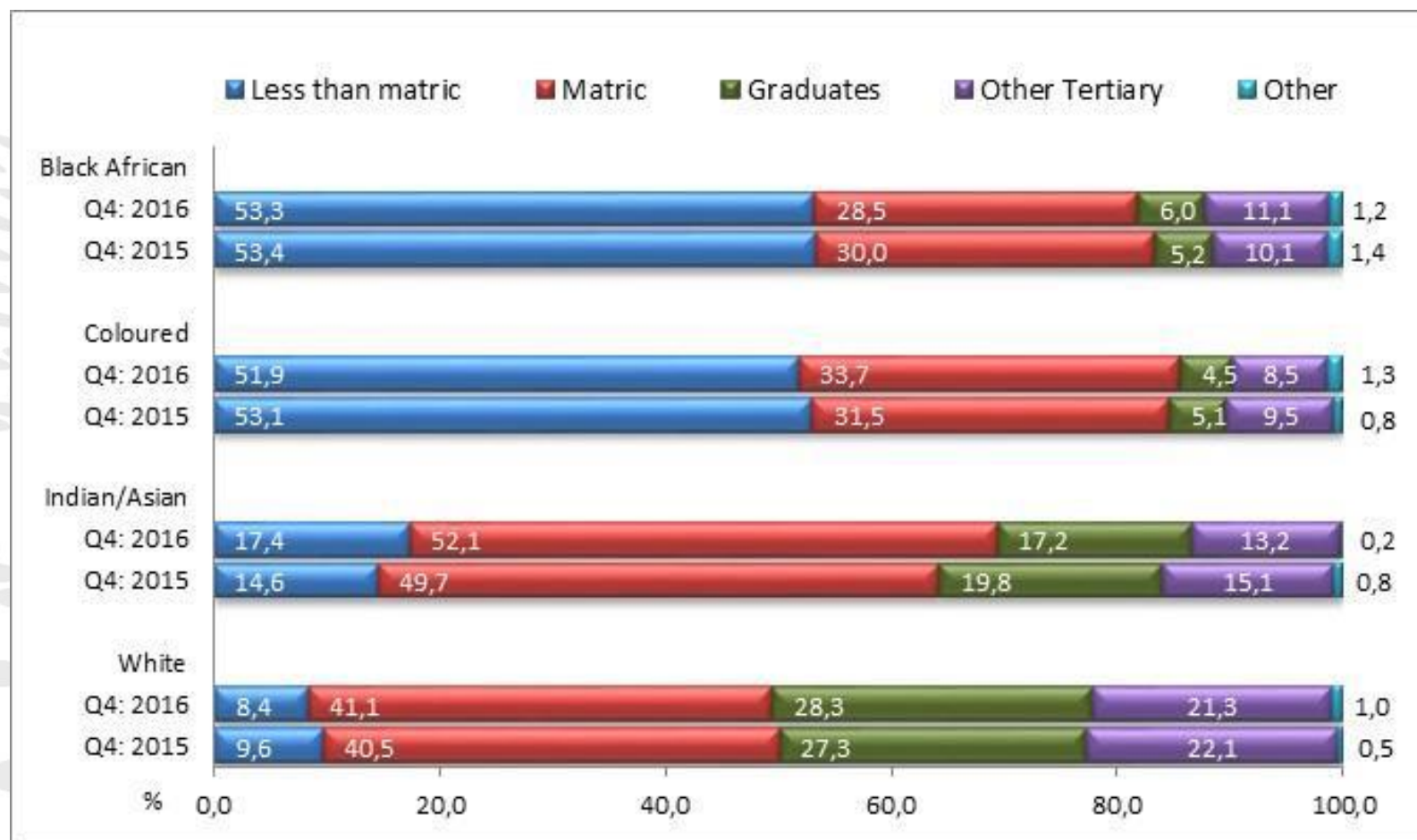
Year (QLFS-Q3)	Employment - Manufacturing	Employment -Elementary Occu	Employment -Sales Occ
2015	1 738 000	3 847 000	2 529 000
2016	1 727 000	3 758 000	2 484 000

Year (QLFS-Q3)	Unemployed- 15-24	Unemployed- 25-34	Unemployed- 35-44
2015	1 337 000	2 075 000	1 159 000
2016	1 382 000	2 319 000	1 360 000

StatsSA (2016 QLFS 3)

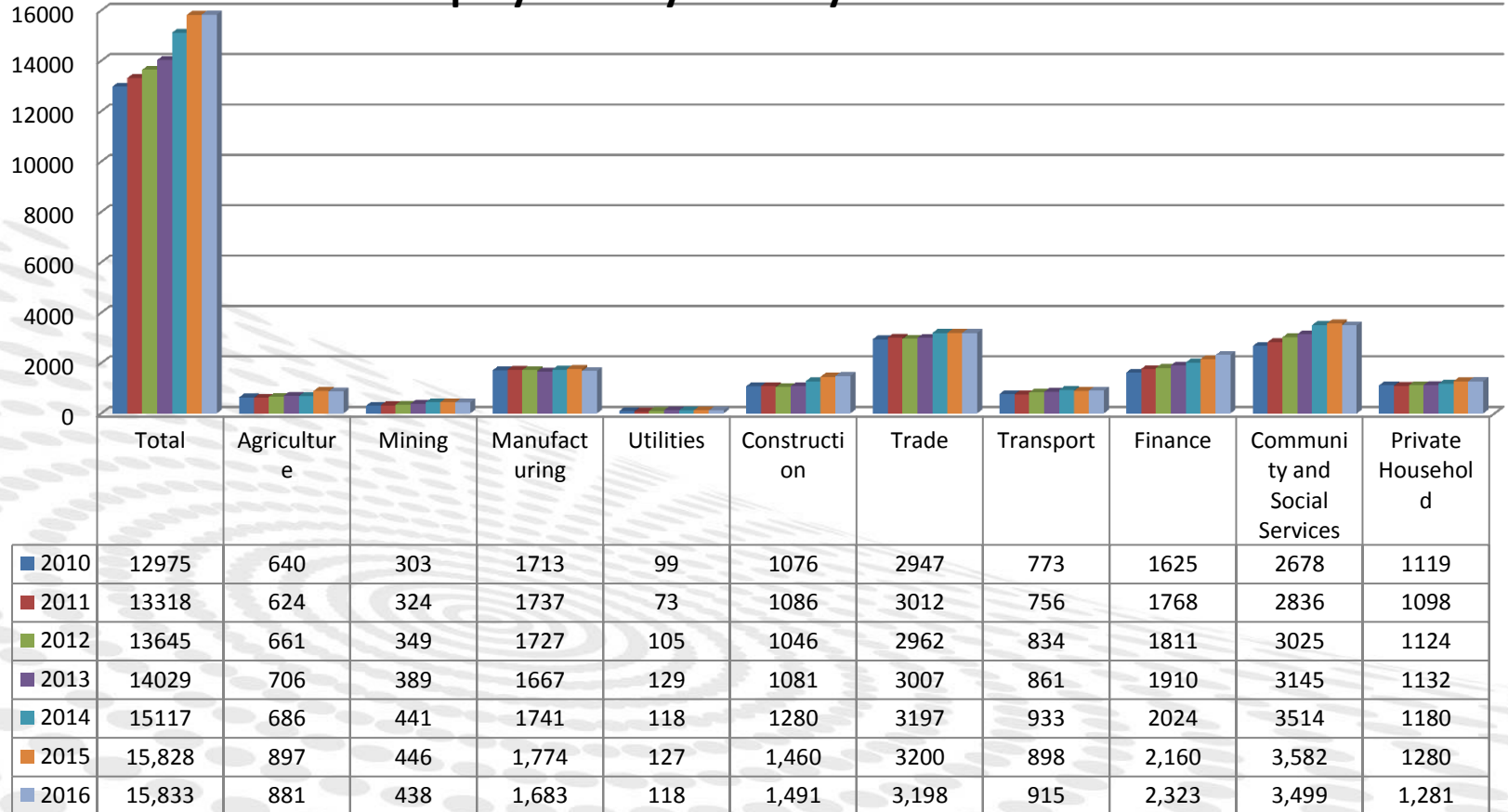
Employment & Unemployment in RSA

Employment by education and population group 2016



Employment and Unemployment

Employment by industry 2010-2016



Underemployment

Defining Underemployment:

- Defined Underemployment as an employment situation that reflects underutilization of the productive capacity of the employed population;
- This will include people in situations which arise from a deficient national or local economic system;
- People in underemployment are willing and available to work more hours over the hours they are currently working;
- Specifically, Statistics South Africa had set **35 hours of work per week as a formal threshold for underemployment** in South Africa, meaning employment that occupies someone for less than 35 hours is classified as unproductive even though 35 hours work week could be deemed to be high in other countries' standard working hours per week.

Underemployment

Categories of Underemployment

- open underemployment; and
- disguised underemployment.

Open underemployment/ visible underemployment

- refers to those people working less than full-time (40hrs/week), but who would like to work more hours, and whose income is insufficient to permit an escape from poverty.
- This form of underemployment is open/visible because it does not need any interpretation to notice that someone is experiencing an insufficiency in the volume of employment due to their limited number of hours worked. There are three criteria for identifying those who are visibly underemployed from those employed: Specifically, the visible underemployed are found to be:
 - ✓ working less than normal duration;
 - ✓ doing so on an involuntary basis; and
 - ✓ seeking or being available for additional work during the reference period (ILO, 2012)

Underemployment

Disguised underemployment /invisible underemployment

- Refers to those working full time but at a low intensity, within an institutional framework that permits both work sharing and income sharing (ILO, 2012).
- This form of underemployment is also known as invisible underemployment and it is characterized by low income, underutilization of skill, low productivity and other factors.
- Disguised underemployment is not obviously seen without extrapolation like the former, one has to know that workers are earning low income, if they are less productive or doing jobs inadequate to their skills but these are not a given to see without being told.
- ❑ The ILO is calling on its member states to pursue active policies **to promote full, productive and freely chosen employment**. Insisting that there should be work for all who are available for and seeking work and to strive towards providing a fertile environment for **decent work** for all people.
- ❑ The growing trend of underemployment in all countries makes it imperative to study it in order to provide proper intervention.

Underemployment

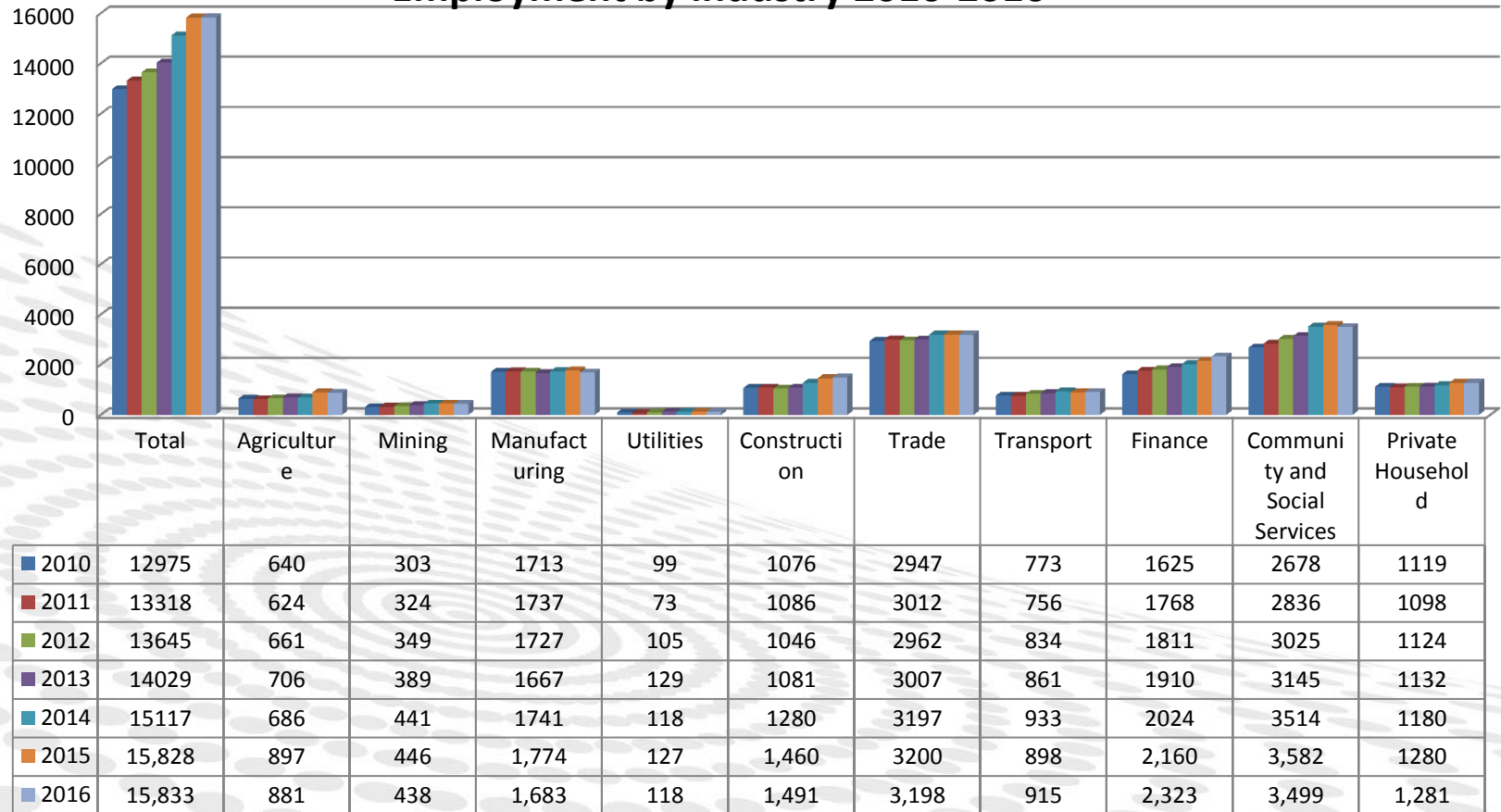
❑ Sengenberger (2011: 16):

“would we want to hail without qualification a lower rate of joblessness if it came at the expense of an increased rate of low pay or working poverty?”

- ❑ The increasing number of employment matters when employment created is decent and most importantly if it helps improve the living standards of the workers.
- ❑ Looking closer at RSA employment above we see a positive growing trend on employment from 2010 to 2016.

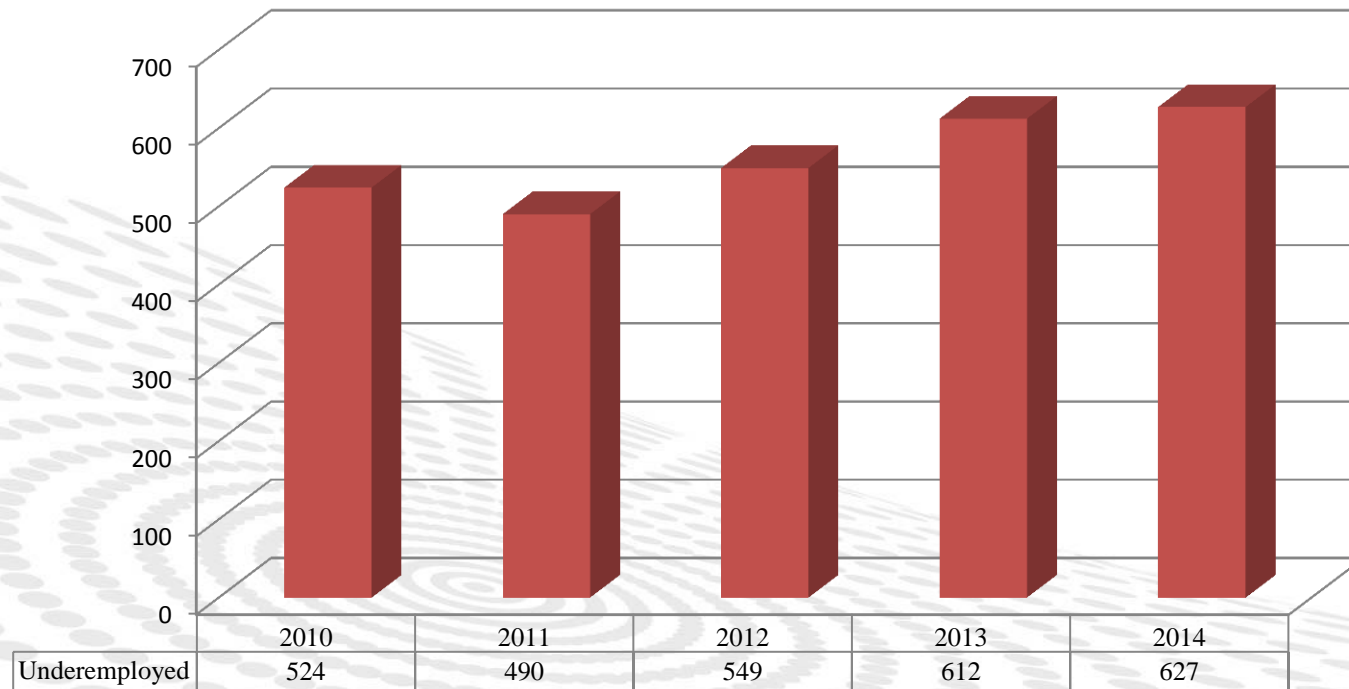
Employment By Industry 2010-2016

Employment by industry 2010-2016



Underemployment

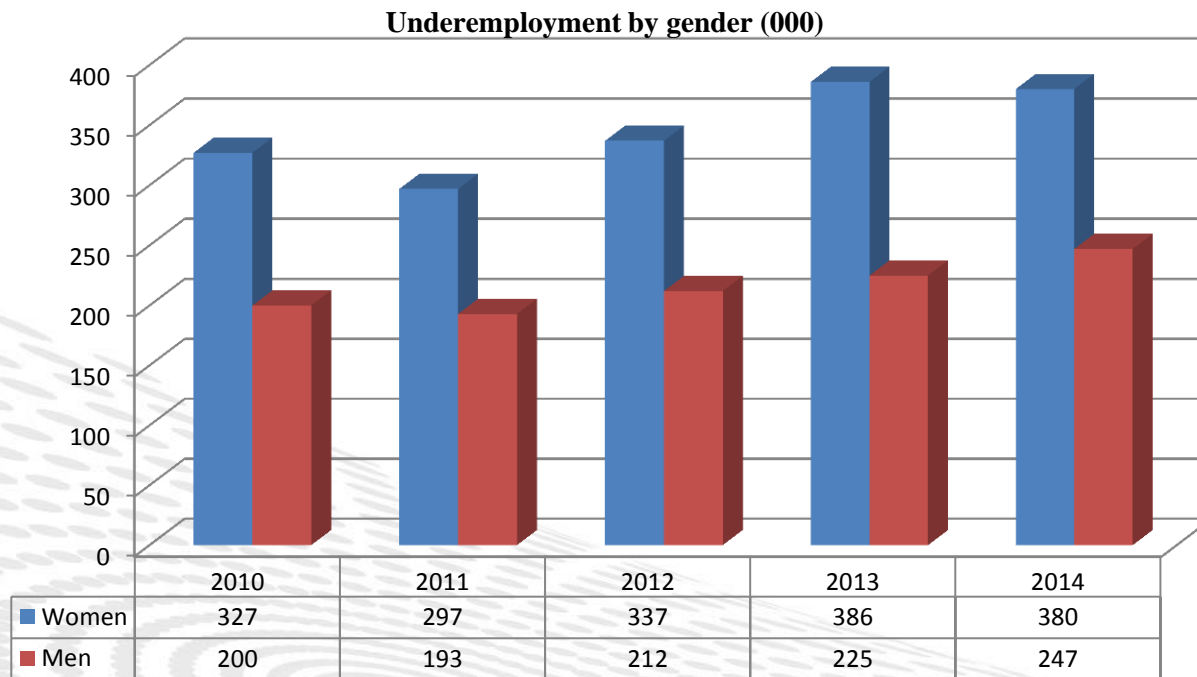
Underemployment 2010-2014(000)



Underemployment

- Underemployment increased progressively by 19.5% between 2010 and 2014, accounting for a share of the employment increase reported earlier;
- This is basically the group of people who worked for less than the national standard work hours per week (40 hours);
- This means that out of 15 117 000 people who were employed in 2014 for example, more than 600 000 or 4.1% worked for less hours than they would have liked;
- In 2016 underemployment increased by almost 100 000 as it jumped from 627 000 in 2014 to 725 000;
- By industry underemployment in 2016 was prominent in Private households (232 000), Services (157 000) which at least was a decrease from 174 000 in 2015, and in retail where 127 000 people are employed;
- By occupation in the same year Elementary had 307 000, followed by Domestic workers at 166 000 and Sales workers at 83 000.

Underemployment



Underemployment

- The problem of being underemployed is experienced by both men and women, however the data shows that this work experience is predominant amongst women than men;
- An annual average of 345 000 women were underemployed from 2010 to 2014 against 215 000 men.
- The figures increased in 2016 to 432 000 women and 292 000 men, a significant increase for female over this period as well;
- This trend portrays the vulnerability of women in the world of work when they continue to work fewer hours. The trend further tells us the desperation that women have to work such that they take any employment regardless of its quality, as long as they can do some work and earn anything to provide the least to their families;
- Men were generally lesser than women in underemployment category even though both groups showed significant increase each year except in 2011.

Department of Labour Fit

- Why the Department of Labour exists and fit in?

It's existence is to ensure that RSA has a labour market that is conducive to investment, economic growth, employment creation and decent work.

- The above mission is informed by the South African Constitution, Chapter 2 – the Bill of Rights, specifically the following sections:
 - ✓ Section 9, Ensuring equal access to opportunities;
 - ✓ Section 10, Promotion of labour standards and fundamental rights at work;
 - ✓ Section 18, Freedom of association;
 - ✓ Section 23, Ensuring sound Labour relations;
 - ✓ Section 24, Ensuring an environment that is not harmful to the health and wellbeing of those in the workplace;
 - ✓ Section 27, Providing adequate social security nets to protect vulnerable workers;
 - ✓ Section 28, Ensure that children are protected from exploitative labour practices; and
 - ✓ Section 34, Access to courts and access to fair and speedy labour justice.

Department of Labour Fit

The Department administers the following legislation:

Serial No	LEGISLATION	PURPOSE
1	Labour Relations Act, 66 of 1995 (LRA)	LRA aims to promote economic development, social justice, labour peace and democracy in the workplace.
2	Basic Conditions of Employment Act, 75 of 1997 (BCEA)	BCEA purposes to advance economic development and social justice by fulfilling the primary objects of this Act which are — (a) to give effect to and regulate the right to fair labour practices conferred by section 23(1) of the Constitution by — (i) establishing and enforcing basic conditions of employment; and (ii) regulating the variation of basic conditions of employment; (b) To give effect to obligations incurred by the Republic as a member state of the International Labour Organisation.
3	Employment Equity Act, 55 of 1998 (EEA)	EEA purposes to achieve equity in the workplace, by a. promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and b. implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and levels in the workforce.
4	Unemployment Insurance Act, 30 of 2001, as amended (UIA)	The Act empowers the UIF to register all employers and employees in South Africa for unemployment insurance benefits

Department of Labour Fit

The Department administers the following legislation:

Serial No	LEGISLATION	PURPOSE
5	Occupational Health and Safety Act, 85 of 1993 (OHSA)	The Occupational Health and Safety Act aims to provide for the health and safety of persons at work and for the health and safety of persons in connection with the activities of persons at work and to establish an advisory council for occupational health and safety.
6	Compensation for Occupational Injuries and Diseases, Act 130 of 1993 (COIDA)	To provide for compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases; and to provide for matters connected therewith.
7	National Economic Development and Labour Council Act, 35 of 1994 (NEDLAC)	To provide for the establishment of a national economic, development and labour council; to repeal certain provisions of the Labour Relations Act, 1995; and to provide for matters connected therewith.
8	Employment Services Bill	To provide for public employment services, their governance and functioning, including the registration of private employment agencies. To provide for the establishment and functioning of Productivity South Africa and the Sheltered Employment Factories.

DoL Programmes

Core functions and services rendered by the Department of Labour

Programme	Purpose
Administration	Provides strategic direction, leadership and administrative support services to the ministry and the department.
Inspection and Enforcement Services	Ensures the Inspection and Enforcement Services aimed of the labour laws: <ul style="list-style-type: none">(i) To conduct workplace inspections and audits of Accredited Inspection Authorities (AIAs) to monitor and enforce compliance with labour legislation;(ii) To provide advice, educate and give technical information and support services to empower both workers, employers and stakeholders and to prevent labour disputes and workplace accidents;(iii) To investigate workplace health and safety incidents once reported.
Labour Policy and Industrial Relations (LP&IR):	Labour Policy and Industrial Relations branch is responsible for: <ul style="list-style-type: none">(i) Conducting Policy Research,(ii) Collecting and analysing Labour Market Information and Statistical,(iii) Regulates labour and employer organisations and Bargaining Councils,(iv) Deals with all the Department's responsibilities and obligations in relation to the International Labour Organisation and other international and regional bodies which the government of South Africa has formal relations with.(v) Oversees the effective functioning of the CCMA and NEDLAC.

DoL Programmes

Core functions and services rendered by the Department of Labour

Programme	Purpose
Public Employment Services	<p>To register work seekers, obtain vacancies and identify other opportunities so as to facilitate the entry and re-entry of work seekers into the labour market.</p> <ul style="list-style-type: none">(i) Registration of work seekers;(ii) Placement of work seekers;(iii) Career Information and Guidance;(iv) Special Labour market (employment) programmes;(v) Regulation of Private Employment Agencies; and Temporary Employment Agencies;(vi) Regulate the number of foreign nationals cooperate and individual work visas(vii) Transfer funding to Supported Employment Enterprises to provide special employment to People with Disabilities(viii) Transfer funding to Productivity South Africa to promote Productivity and Competitiveness ;(ix) Transfer funding to Compensation Fund for Occupational Injuries and Diseases incurred by Public Servants .

DoL Programmes

- ❑ Specifically, the contributions to the SDG, Government priorities and the NDP are performed by the DoL Funds & Branches, with others providing support.
 - ✓ Inspection & Enforcement Services;
 - ✓ Public Employment Services; &
 - ✓ Labour Policy and Industrial Relation.
- ❑ **Labour Policy and Industrial Relation**
 - **Collective Bargaining** manages the implementation of the Labour Relations Act (1995) through policies and practices that promote sound labour relations.
 - **Employment Equity** promotes equity in the labour market through improving the enforcement of the Employment Equity Act (1998).
 - **Employment Standards** protects vulnerable workers in the labour market by administering the Basic Conditions of Employment Act (1997).
 - ✓ Setting minimum wages and Sectoral determinations, currently 11 but will be replaced by the National Minimum wage in April 2018,
 - **Commission for Conciliation, Mediation and Arbitration** promotes social justice and fairness in the workplace through dispute prevention and dispute resolution services.
 - **International Labour Matters** contribute to Global policy formulation and facilitate compliance with international obligations through multi- and bilateral relations.

DoL Programmes

❑ Setting minimum wages and Sectoral Determinations:

- The major legislative frameworks that serve as the foundation for labour relations in South Africa today are the Labour Relations Act (LRA) of 1995 and the Basic Conditions of Employment Act (BCEA) of 1997.
- These two Acts outline the country's dual wage-setting systems:
 - ✓ Collective bargaining through statutory institutions (bargaining councils); and
 - ✓ Sectoral Determinations (SD) that are published by the Minister of Labour which set minimum wages for sectors, occupations and areas;
 - ✓ SDs seek to bridge the gap in coverage for a large percentage of vulnerable workers in the sectors in which they are likely to be vulnerable and susceptible to exploitation, or where worker organizations and trade unions are absent, and workers are not covered by the BCEA or other wage regulating mechanisms;

DoL Programmes

☐ Minimum Wages and Sectoral Determinations in SA.

Worker Category/ SD	% of total employed (2013)
Agriculture	4.33
Contract Cleaners	4.49
Domestic Workers	7.47
Forestry	0.31
Hospitality	1.94
Private Security	3.26
Taxi	1.60
Wholesale and Retail	9.24
Average / Total	32.64

DoL Programmes

❑ Minimum Wages Comparison in Africa.

Country	Number of Wage Schedules
Uganda	1
Mali	1
Ghana	1
Malawi	1
Nigeria	2
Botswana	10
Zambia	10
Tanzania	29
Namibia	32
Kenya	55
Ethiopia (public sector)	57
South Africa	124
Average	27

A close-up photograph of several interlocking metal gears, likely made of brass or a similar alloy. The gears are shown in a way that highlights their intricate teeth and the mechanical precision of their design. The lighting is warm, casting soft shadows that emphasize the three-dimensional nature of the gear teeth. The background is dark, making the metallic surfaces stand out.

Thank You...