



## **ANALYSIS OF THE STATE OF THE NATION ADDRESS (SONA) FOR THE PORTFOLIO COMMITTEE ON LABOUR**

18 February 2015

### **1. Introduction**

In his State of the Nation Address (SONA) of 12 February 2015, President Zuma highlighted the need to drive growth and create jobs through the government's nine point plan. With that in mind, this paper seeks to provide an analysis of the SONA to assist Members of the Portfolio Committee on Labour. It aims specifically, to assist Members to fulfil their monitoring and oversight functions effectively for 2015, in line with the sectoral strategic objectives identified by the President.

The paper will achieve that aim through:

- Identifying the relevant strategic objectives outlined in the 2015 SONA for each sector; and
- Contextualising and analysing the implication of these objectives (implicit and explicit) for each sector.

### **2. What is the SONA saying about the Sector?**

The SONA highlighted the following sectors pertaining to the Department of Labour:

#### **2.1 Sectorial Determination**

President Jacob Zuma announced in his speech that the Department of Labour would review the sectoral determinations of the agriculture, forestry, private security, wholesale and retail sectors.

#### **2.2 Employment Services Act**

With regard to the Employment Services Act, the President said that "we expect the finalisation of the Employment Services Act of 2014 which formally establishes a public employment service". The above-mentioned Act is expected to formally regulate the conduct and practices of private employment agencies and temporary employment services, to prevent the abuse of unsuspecting work seekers. In essence, it is expected to be a decisive instrument against labour brokers, who sometimes have a tendency of exploiting workers in South Africa.

#### **2.3 Unemployment Insurance Act**



The President also mentioned that the Unemployment Insurance Act of 2001 will be amended to improve benefits to beneficiaries and include public servants.

#### 2.4 Unemployment

On the thorny subject of employment/unemployment, the President announced that things are looking positive. In his own words, the situation is more promising on the jobs front given that a few days ago, Statistics South Africa (StatsSA) released positive employment figures for the last quarter of 2014. The report shows that there are now 15, 3 million people who are employed in South Africa. It also shows that jobs grew by two hundred and three thousand (203 000) in the said period.

The President further mentioned that "I announced a target of six million work opportunities over five years last year for the programme. We have thus far created more than eight hundred and fifty thousand (850 000) work opportunities. This means that we are poised to meet the annual target of one million job opportunities"<sup>1</sup>. He further mentioned that environmental programmes such as Working on Waste, Working for Wetlands, Working for Water and Working on Fire have created more than 30 thousand work opportunities and will aim to create more than 60 000 during the next financial year.

### **3. What are the implications of these priorities for service delivery in the Sector?**

The SONA 2015 has an impact on labour in a number of areas, in terms of the nine points/pillars. In particular, pillar 5, i.e. Encouraging private sector investment, pillar 6, i.e., Moderating workplace conflict, and pillar 7, i.e. Unlocking the potential of Small, Medium and Micro Enterprises (SMMEs), cooperatives, township and rural enterprises, talk directly to job creation, reducing unemployment and harmonizing workplace relations. Moderating workplace conflict in particular is in line with SONA 2014, wherein the president said "In order to address the current labour relations challenges faced by the country, especially the mining sector, government will implement the Framework Agreement for Sustainable Mining Industry"<sup>2</sup>. It is also in line with the President's previous announcement that "the Deputy President, Cyril Ramaphosa will convene the social partners' dialogue, within the ambit of NEDLAC"<sup>3</sup>.

With regard to reduced unemployment, the picture is not so straightforward. According to StatsSA, in South Africa jobs grew by two hundred and three thousand as also alluded to by the President. In fact their latest data shows that from October to December 2014 an

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<sup>1</sup>SONA 2015

<sup>2</sup>SONA 2014

<sup>3</sup>SONA 2014



additional 203,000 people were employed compared to July to September 2014. This brought the total number of those employed to 15.32-million. The number of unemployed people decreased by 242,000. However, this is only a partial picture insofar as the 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2014 are concerned, something that has actually been happening for over five consecutive years now. But if you make a comparison for over an annual period, for example, the picture changes completely. In fact, a comparison of the fourth quarters of 2013 and 2014 indicates that employment only increased by only 143,000. Whilst any job created should be appreciated, one should also not lose sight of the nature of jobs created, in particular seasonal jobs.

#### **4. The MTSF and the NDP**

According to the Medium Term Strategic Framework (MTSF), which guides budget decisions that are aimed at realising the National Development Plan (NDP) amongst other things, there are implications for the Department of Labour and the Portfolio Committee on Labour to be noted from SONA 2015. For example, according to the MTSF 2014, we are not making enough progress in raising incomes or reducing poverty and far too many people are unemployed, which deepens inequality and heightens vulnerability<sup>4</sup>. On the other hand, the NDP, as alluded to by President Zuma during the opening of the fifth parliament, calls for an economic growth of around 5 per cent a year to decisively reduce unemployment and poverty, and to transform our social and economic order. The various Sectoral Determinations and the National Minimum Wage that is currently at Public Hearing stage, are some of the efforts aimed at addressing these issues.

To realise the aims of the Medium Term Strategic Framework, in as far as labour is concerned, will require addressing the problem of unemployment, which was also re-emphasised in the SONA 2015. The MTSF includes programmes aimed at improving our competitiveness, particularly in new areas such as oil and gas development, renewable energy and green technology. It recognises the need to support job creation through sector-based interventions, employment incentives, the expanded public works programme and the Jobs Fund<sup>5</sup>.

Furthermore, MTSF alludes to the need for a new accord between producers, organised labour, government and local communities, and improved processes for dispute resolution, whilst the NDP<sup>6</sup> says we must avoid lengthy production stoppages. The SONA 2015, was very clear in its nine-point plan on the need to harmonise workplace relations. As already stated elsewhere in the paper, the Deputy President is leading a consultation between social partners on challenges in the labour relations environment.

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<sup>4</sup>Medium term budget policy statement, 2014

<sup>5</sup>Medium term budget policy statement, 2014

<sup>6</sup> National Development Plan 2011



## **5. Conclusion**

Rather than deviating from last year's (2014) SONA on labour issues, the President actually made an emphasis on some of the issues he had already addressed previously. For example, the issue of a National Minimum Wage was already mentioned last year in the SONA, something that the Portfolio Committee on Labour is already working on. Furthermore, the issue of all stakeholders working together was mentioned last year and has also been re-emphasised again this year, as a pillar for harmony in workplace relations. Finally, the Department of Labour and the Portfolio Committee on labour have a lot to take from the nine pillars as mentioned by the President, in particular pillar number six, which refers to 'moderating workplace conflict', which can be achieved through policy change, as is currently the case.



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## References

Zuma, J. G. (2015) *State of the Nation Address on 12 February by His Excellency Jacob G Zuma, President of the Republic of South Africa on the occasion of the Joint Sitting of Parliament, Cape Town. (12 February 2015)*

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