

Report of the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour on Budget Vote 31:Employment And Labour, Dated 1 June 2021

1. Background

The Select Committee on *Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour*, having considered Budget Vote 31: *Employment and Labour* together with the *Departmental Annual Performance Plan and Strategic Plan*, tabled by the *Minister of Employment and Labour*, in terms of the *Public Finance Management Act of 1999 (PFMA)*, as well as the *Money Bills Amendment Procedure and Related Matters Act, 2009*, reports as follows:

2. Committee Process

The Select Committee on *Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour* was briefed by the *Department of Employment and Labour (Del)* on Budget Vote 31, focused on the *Medium Term Strategic Framework (MTSF), 2020-25 Strategic Plan and the 2021/22 Annual Performance Plan (APP)* including the 2020-2025 Strategic Plan and 2021/22 Annual Performance Plan for the Supported Employment Enterprises. The meeting was held on 25 May 2021.

3. Introduction

The Committee observed that the annual performance plan and budget of the Department are aligned to the *Medium Term Strategic Framework (MTSF), National Development Plan*, and the recently launched *Economic Reconstruction and Recovery Plan*.

It was further submitted that the spending plans were presented within the current current fiscal condition, and COVID-19 context. The Committee noted that the COVID-19 disrupted the socioeconomic system. In 2020, South Africa economic growth shrank by 7.7 per cent, and this year the economy is anticipated to re-gain, and increase by approximately 3 per cent. Jobs have been affected. The current fiscal condition has caused reprioritisation of the spending plans.

Retail (excluding food), automotive, hotels and restaurants, airlines, travel operators, arts and entertainment, and personal services like hairdressing, firms and workers were mostly affected including manufacturing, were some of the industries that were severe affected. The Department indicted that the pandemic has caused huge disruption in global economy, and national economies.

When South Africa entered the COVID-19 outbreak phase it was already experiencing weak fiscal position. Further, global rating agencies have downgraded the economy to an unattractive investment level and that would increase the cost of government borrowing. State owned entities remains a risk. It was noted that rising unemployment remains a challenge. It was reported that the economy needs to significantly grow. Further declining real GDP per capita, and low business sentiment are some of the risks that need to be addressed. Many households remain financial vulnerable. Poverty and inequality remains a major challenge.

Unskilled, and semi-skilled workers are projected to be hit hard by the COVID-19 pandemic. It was reported that some of the businesses would not survive under the current economic and health crisis. Jobs remains at high risk. The Committee emphasised that the capacity of *Commission for Conciliation, Mediation and Arbitration (CCMA)* should be enhanced. As the current economic condition would affect labour market and industrial relations.

The Committee emphasised that unemployment should be tackled urgently. Job creation initiatives should be accelerated. Further, the Committee stressed that partnerships amongst social partners should be enhanced. The *National Economic Development and Labour Council's (NEDLAC)* remains an essential institution to facilitate strategic dialogue to tackle unemployment. The economy should be more inclusive, many people feel excluded, emphasised the Committee.

4. Overview of the Legislative and Policy Mandate of the Department

The aim of the Department is to play a significant role in reducing unemployment, poverty and inequality by pursuing the objectives of decent work for all through employment creation and enterprise development. Further, it aims to set the standards and the protection of rights at work, including the facilitation of equal opportunities and social dialogue, and the provision of social protection.

Apart from the Constitution of the Republic, the legislative framework which informs the work of the Department constituted by the Labour Relations Act (1995), the Basic Conditions of Employment Act (1997), the Employment Equity Act (1998), the Occupational Health and Safety Act (1993), and the Employment Services Act (2014). Further the Bill of Rights is pivotal section in the Constitution which find expression through various acts that regulate labour matters in South Africa.

Approximately R57 billion was paid to cover over 4,5 million laid off workers including their families through the UIF COVID-19 Ters Benefit Payments. This was part of government commitment to preserving the economy, including protecting jobs.

Over the medium term, the Department and its entities will focus on the following policy mission:

- Improve economic efficiency and productivity;
- Facilitate the creation of decent employment;
- Promote labour standards and fundamental rights at work;
- Provide adequate social safety nets to protect vulnerable workers;
- Promote and enforce sound labour relations;
- Further, to promote equity in the workplace;
- Eliminate inequality and unfair discrimination in the workplace;
- Enhance occupational health and safety awareness and compliance in the workplace;
- Give value to social dialogue in the formulation of sound and responsive legislation and policies to attain labour market flexibility for the competitiveness of enterprises, balanced with the promotion of decent employment.

The Department reported that the COVID-19 pandemic had severely affected economic activity, and impacted in a more negative jobs. In 2020 activity decline by 7,7 per cent and 1,7 million jobs were lost. The third wave remains a risk to economic activity and job creation efforts. It has been recognised by the Committee that the impact of the pandemic has ravaged the economy, and affected negatively jobs and caused strain to households and many companies. The Committee noted that the current situation presents a high risk to the UIF. The UIF remains a vulnerable. The 2021 began with recorded 32 per cent of unemployment. Hence it is critical for the Department to scale-up employment creation initiatives.

The Committee noted that the current economic and health crisis, and the present fiscal condition would affect spending, as a result some of the targets and programmes have been affected. However, the policy direction and policy priorities remains the same. The work of the Department is aligned to *the National Development Plan* and the *Economic Reconstruction and Recovery Plan*.

5. Budget Policy Area

Over the 2020 medium term, the Department emphasised that resources will be allocated to fulfil the following spending priorities:

- Supporting work seekers;
- Increasing safety and fairness in the workplace;
- Regulating the workplace to establish minimum working conditions and fair labour practices;

As already reported in this report, the work of the Department is aligned to the NDP and the ERRP. The resources are allocated to the following critical functional policy areas, namely; *Programme 2: Inspection and Enforcement Services; Programme 3: Public Employment Services and Programme 4: Labour and Industrial Relations. Programme 1: Administration* providing overall core administrative support to enable the three functional policy areas to realise their legislative and policy functional requirements.

Over the medium term, the Department will continue to work to ensure that the labour market is well regulated, and stabilise the labour relations. A safe, humane and equitable work environment are preconditions for attracting investment for growth and employment creation.

Further the work of the Department is functional structured to respond to the following *Medium Term Strategic Priorities*:

- Priority 1: A Capable, Ethical and Developmental State;
- Priority 2: Economic Transformation and Job Creation;
- Priority 3: Education, Skills and Health;
- Priority 4: Consolidating the Social Wage through Reliable and Basic Services;
- Priority 5: Spatial Development, Human Settlements and Local Government. This priority has been identified by the Department that it does not have direct impact to its policy functional area.
- Priority 6: Social Cohesion, Safer Communities;
- Priority 7: A Better Africa and a Better World;

As the response to the employment creation mandate, in the current financial year the Department will finalise the National Employment Policy, which will be supported by strategies on employment as well as focused programmes. Further, the Labour Migration Policy will be finalized in the current financial year. These policies are a response to the changing environment of climate change, energy challenges, increased unemployment, heightened migration and the *Fourth Industrial Revolution* (4IR).

The Department would leverage existing resources within the Department and its entities, in particular the UIF and CFT to create and preserve jobs. Further, scale-up Labour Activation Programmes. Over the medium term, the High Impact Social Fund and the Project Development Partnership Fund will be utilised to support the growth of small and medium enterprises. This initiative will be undertaken in collaboration with the *Department of Small Business Development*.

In accordance with the Job Summit Framework Agreement, the Department has reviewed the Temporary Employer/Employee Relief Scheme (TERS), shifting focus towards support for actual existing jobs in distressed companies. This involves referrals from the CCMA subsequent to the Section 189A process. The scheme is expected to expand its impact with the development of improved turnaround times for applications for TERS funding.

Over the medium term, the Department is expected to increase the capacity and capability of NEDLAC (National Economic Development and Labour Council) to promote social dialogue between the social partners. NEDLAC remains a strategic institution that support government efforts to attain an 'inclusive growth'. A major objective is to create the conditions for increased business confidence to unlock investment for growth and jobs.

Coordinating all government efforts to create jobs and reduce unemployment remains one of the highest priorities. In the main is to continue to engage other departments including the private sector in order to increase cooperation and alignment in tackling the current unemployment challenges with clear policies and strategies.

Over the medium term the Department reported that it will establish vocational services through the Public Employment Services (PES). It is anticipated that the work seekers will get proper advice on job opportunities, will be registered on the employment database and, where possible, matched to the job opportunities available.

Inspection and Enforcement Services (IES) will continue to consider ways to innovate the way in which its service offerings are presented to its clients. The Department will continue to focus on the implementation of the Employment Equity Act, including National Minimum Wage Act and the Basic Conditions of Employment Act.

Another pivotal area over the medium term is the spending on health and safety taking into account certain health and safety measures that companies need to take to protect workers in workplaces in

response to COVID-19 pandemic. Further, the would ensure that employers comply with *Unemployment Insurance Act*, *Unemployment Insurance Contribution Act* and *Compensation for Occupational Injuries and Diseases Act* legislative requirements.

The Department has set a target to facilitate a progressive increase (2 per cent annually increase) of representation of Africans in senior and middle management levels. Further, persons with disabilities' interest will also be placed at the centre of government transformative agenda. The Department intends to increase the representation of Person with disabilities.

As already stated elsewhere in the report that the spending plans were crafted within the current fiscal condition context. The current budget policy context has affected the targets and programmes. But the policy direction and priorities remain the same, with more emphasis on employment creation.

6. Spending Over 2021 Medium Term

Over the medium term, the Department is anticipated to spend approximately R10,6 billion after baseline reductions of R351.4 million in 2021/22; R450.5 million in 2022/23 and R378.7 million in 2023/24. The funds would enable the Department to realise government policy priorities. COVID-19 would certainly have a negative effect on the economy and jobs. *Public Employment Services* will be pivotal to support job seekers including retrenched workers. The government's *Economic Reconstruction and Recovery Plan* would require the department to play a more focused and essential role in coordinating efforts contributing to the creation of jobs. Private sector resources would need to be leveraged by the department to fully meet the policy priorities.

Table 1: Summary of the Departmental Spending for the 2021 Medium Term Expenditure Framework

Programme	Revised estimate	Average growth rate	Average: Expenditure/ Total	Medium-term expenditure estimate			Average growth rate	Average: Expenditure/
R million	2020/21	2017/18 - 2020/21		2021/22	2022/23	2023/24	2020/21 - 2023/24	
Administration	891.2	0.1%	26.9%	1 003.9	1 026.8	1 030.4	5.0%	28.5%
Inspection and Enforcement	598.0	4.0%	18.0%	633.8	637.2	638.4	2.2%	18.1%
Public Employment services	588.7	1.8%	17.9%	610.2	618.9	621.6	1.8%	17.6%
Labour Policy and Industrial Relations	1 162.8	2.5%	37.1%	1 257.9	1 276.4	1 280.9	3.3%	35.9%
Total	3 240.6	2.0%	100.0%	3 505.7	3 559.3	3 571.2	3.3%	100.0%
Change to 2020 Budget estimate	(397.2)			-	-	-		
Economic classification								
Current payments	1 900.4	2.1%	56.6%	2 076.5	2 101.9	2 104.8	3.5%	59.0%
Compensation of employees	1 334.6	3.2%	38.7%	1 375.7	1 384.1	1 384.8	1.2%	39.5%
Goods and services	565.7	-0.5%	17.8%	700.8	717.8	720.0	8.4%	19.5%
Transfers and subsidies	1 278.8	3.2%	41.1%	1 362.1	1 385.7	1 392.1	2.9%	39.0%
Provinces and municipalities	0.7	14.1%	0.0%	0.7	0.7	0.7	0.4%	0.0%
Departmental agencies and accounts	1 065.4	3.5%	34.5%	1 129.0	1 146.4	1 151.8	2.6%	32.4%
Foreign governments and international	19.6	-6.4%	0.6%	28.5	29.2	29.3	14.5%	0.8%
Non-profit institutions	189.3	2.9%	5.8%	203.5	209.0	209.8	3.5%	5.8%
Households	3.8	22.5%	0.2%	0.4	0.4	0.4	-51.7%	0.0%
Payments for capital assets	61.5	-16.6%	2.3%	67.2	71.6	74.3	6.5%	2.0%
Buildings and other fixed structures	15.3	2.9%	0.3%	17.8	18.8	19.6	8.7%	0.5%
Machinery and equipment	46.2	-20.5%	1.9%	49.4	52.8	54.7	5.8%	1.5%
Total	3 240.6	2.0%	100.0%	3 505.7	3 559.3	3 571.2	3.3%	100.0%

Source: 2021/22 Estimates of National Expenditure, National Treasury

It was reported that the total medium-term reductions were R1.2 billion of which R666.5 million was made on Compensation of employees and R301.7 million on the transfer to the Commission for Conciliation Mediation and Arbitration.

The purpose of *Programme 1: Administration* is to provide strategic leadership, management and support services to the department. The Programme over the medium term is expected to spend over R3 billion. The Programme receives the 2nd largest budget. The Department reported that it will continue to maintain vacant funded posts at 3 per cent or less in each and every quarter. In terms of gender responsive recruitment, the Department indicated to reach 45 per cent of the annual target of SMS positions occupied by women. The target is expected to reach 50 per cent in 2023/24 financial year.

Over the medium term, the Department is expected to invest on ICT infrastructure to modernise governance. Further, intensify initiatives on fighting corruption by rolling out Ethics Management Plan, and pay attention on disciplinary incidents and criminal related incidents.

Further, the Department reported that it will ensure that the number of Annual Financial Statements (AFS) and Interim Financial Statements (IFS) compiled per year comply with guidelines issued by the National Treasury was achieved within 30 days after each quarter. The Department will ensure that it achieve 100 per cent of detected occurrences with regard to all detected irregular and unauthorised expenditure cases and also on fruitless and wasteful expenditure cases per financial year to be reported to the Accounting Officer quarterly.

In terms of *Programme 2: Inspection and Enforcement Services (IES)*, it is expected over the 2021 medium term to implement the following:

Protect vulnerable workers through the inspection and enforcement of labour legislation by ensuring that decent work principles are adhered to by the end of 2021/22, by:

- Conducting 266 600 compliance inspections;
- Serving 90 per cent of noncompliant employers inspected with a notice in terms of relevant employment law within 14 calendar days of inspection;
- Referring 65 per cent of employers who fail to comply with a served notice to prosecute within 30 calendar days;
- Increase awareness of employment laws by conducting formal advocacy sessions at 2 conferences and 4 seminars in each year over the medium term.

Inspection and Enforcement Services, receives 18,1 per cent of the budget allocation. Over the medium term, the Programme is expected to spend approximately R1,9 billion.

Over the 2021 medium term, *Public Employment Services* is expected to spend R1,8 billion. The Programme receives the 3rd largest budget. *Public Employment Services*, has planned to provide public employment services by the end of 2021/22 by:

- Registering 800 000 work seekers on the Employment Services of South Africa database;
- Providing employment counselling to 230 000 work seekers;
- Filling 50 000 registered employment opportunities;
- Registering 100 000 work opportunities on the Employment Services of South Africa database.

Further, contribute to increasing employment opportunities for people with disabilities by providing quarterly funding over the medium term, and monitoring disability organisations on an ongoing basis. The Department will also play a more active role in facilitating job creation by establishing partnerships with stakeholders such as the *Department of Higher Education and Training*, the *Department of Public Works and Infrastructure*, *Department of Small Business Development*, the *National Youth Development Agency*, municipalities and the private sector.

In 2021/22 financial year, *Supported Employment Enterprises (SEEs)* is anticipated to receive R155 million. Over the over the medium term it is expected to spend approximately R474 million apart from its own revenue.

The entity was established in 1943 as the Sheltered Employment Factories, for the sole purpose of creating employment for ex-servicemen and women who could not secure employment in the labour market due to barriers that prevented their participation. The Department reported that the entity now has 13 factories located in 8 of the 9 provinces, with *Mpumalanga Province* currently being the only province without a factory. The Employment Services Act 4 of 2014 now establishes the entity as the Supported Employment Enterprises to promote work and employment opportunities for persons with disabilities. Currently the programme created a number of jobs through the presidential comprehensive youth employment intervention, currently employs just over 1 250 people with disabilities.

The factories can be found across the country and are located in industrial part outside major cities as follows: Kwa-Zulu Natal: Durban and Pietermaritzburg; Eastern Cape: East London and Port Elizabeth; Western Cape: N'dabeni and Epping; Northern Cape: Kimberley; Free State: Bloemfontein; North West: Potchefstroom; Limpopo: Seshego; Gauteng: Silverton (Pretoria) and Rand (Johannesburg) Springfield.

SEEs' strategic intent is to generate over R200 million per annum by strengthening relationships and alliances with our existing key customers. During 2020/21 financial year, it recorded 5 per cent annual increase of sales revenue from goods and services by the end of March 2021 have been achieved. In 2021/22 financial, SEEs anticipate to record again the annual increase of 5 per cent sales revenue from goods and services. By the end of March 2024, it is expected that sales revenue from goods and services will increase by 35 per cent. It was reported that by the end of March 2025, SEEs will record an annual increase of 40 per cent in terms of sales revenue from goods and services. The projected increase on income would require SEEs to establish a sustain customer agreements to generate a sustainable income to implement the mandate of the organisation.

The purpose of *Programme 4: Labour and Industrial Relations* is to facilitate the establishment of an equitable and sound labour relations environment. Further, to support institutions of social dialogue and promote South Africa's interests in international labour matters. The Programme is also responsible of conducting research and analysis, and evaluate labour policy. Provide statistical data on the labour market. Some of the major departmental entities such as *Commission for Conciliation, Mediation and Arbitration* and *National Economic Development and Labour Council* fall under this programme. Over the medium term, the Programme is expected to spend approximately R3,8 billion. The Programme receives the largest budget allocation (35,9 per cent). Over the medium term, Programme 4 is intending to:

Improve monitoring mechanisms for the implementation of employment equity and compliance in the labour market by:

- publishing the 2021/22 employment equity annual report and public register by the end of 2021/22;
- publishing the code of good practice on the prevention and elimination of violence and harassment in the world of work by the end of 2021/22.

Further, to extend protection to vulnerable workers by publishing a national minimum wage for all sectors by the end of 2021/22. In addition, to promote sound labour relations and centralised collective bargaining through the extension of collective agreements and 100 per cent registration of qualifying labour organisations by the end of 2021/22. Further, to monitor and evaluate the impact of labour legislation to promote an evidence-based labour policy framework through the production of research and labour market trend reports by the end of 2021/22.

In terms of economic classification, over the medium term spending on compensation of the employees is expected to be approximately R4,1 billion. Then spending on goods and services is anticipated to be approximately R2,1 billion. Spending on transfers and subsidies is expected to be approximately R4,1 billion, largely distributed the department public entities such as *CCMA*, and *NEDLAC*.

6. Issues Arising from Engagement

1. The Committee raised concerns regarding budget cuts to *Programme 2: Inspection and Enforcement Services* and queried the extent to which the Department would be able to ensure compliance, particularly to vulnerable groups.
2. The Committee further raised concerns regarding the proposed abolishment of positions with regard to provincial branches, and further queried the extent the national department would be affected.
3. Following a report by the *Special Investigating Unit*, key officials within the Unemployment Insurance Fund (UIF) were suspended, it has come to light that these officials have since returned to work and the Committee queried what disciplinary action had been taken against these officials.
4. In response to queries relating to the return to work of suspended UIF executives, the Department reported that when the SIU commenced its investigation the officials were placed on precautionary suspension. Following conclusion of the first part of the SIU investigation,

certain officials were allowed to return to work on the basis that the suspension was precautionary pending the outcome of the investigation. It was determined that there was no wrongdoing on the part of the Chief Financial Officer and the Chief Operating Officer of the UIF.

5. The matter involving the disciplinary hearing of the Commissioner of the UIF has not been finalised.
6. The Department was urged to facilitate for labour market and stable industrial relations to promote economic growth.
7. In response to queries relating to the vulnerability and financial sustainability of the UIF, the Department reported that should the UIF COVID-19 *Ters Benefit Payments* continue the UIF will have no funds to run its operations and meet legislative requirements. The situation is being monitored to determine whether the fund would be able to pay the *UIF COVID-19 Ters Benefit Payments* beyond the 15 March 2021. It was further indicated by the Department that the financial position of the UIF is further constrained as a result of reduced revenue as a result of the COVID-19 pandemic.
8. The Department indicated that following the disclaimer in audit opinion of the *Compensation Fund* by the *Auditor General of South Africa* (AGSA), the Minister would be instituting a forensic investigation. Further, the Department would review key issues identified by the AGSA in addressing the audit outcome challenges.
9. The Department reported that following the COVID-19 pandemic, budget cuts and in the interest of protecting its employees, the *Commission for Conciliation Mediation and Arbitration* (CCMA) has adapted its business model and has automated a number of processes. Whilst the Department is cognisant that this will alienate a number of clients, measures have been put in place where the office space of the Department can be utilised. This adaptation in doing business will ensure that key functions of the CCMA are retained and targets are not reduced due to budget cuts. Should additional funding be required the Department will consult with *National Treasury* for additional funding.
10. In response to queries regarding work being done to address youth unemployment, the Department reported that the *National Pathway Management Network* as part of the *Presidential Youth Employment Intervention*, is being created for young work seekers to view and access learning and work opportunities. This programme will ensure that youth receive a basic package of support and work readiness training and will be matched to employment and economic opportunities, both within in the public service and within the private sector
11. The Department reported that it has partnership programme with the European Union (EU). The programme involves Basic Education and Higher Education and Training working together in collaboration to assist job seekers to be provided with relevant information and skills to enter the Labour Market.
12. The Department's role with regard to youth unemployment is assisting government in coordinating intervention across government through pathway management, and that also include private sector initiatives to ensure that the programme makes meaningful impact, and also augment information provided by Stats SA.

7. Findings

1. COVID-19 has negatively affected the global and national economies. Further, many jobs remain at risk.
2. Unemployment, inequality and poverty are serious risks for the government. Young people, and women including people with disabilities are the highest group at risk.
3. Further it was quite clear that the job market was damaged during the lockdown. Despite government's fiscal, monetary and social relief measures undertaken to protect jobs and incomes, it appears that jobs will be lost, and the situation will deepen if economic recovery measures are not effectively implemented.
4. In the short-term, it is critical for governments to support the development of skills that foster individuals' resilience by meeting the demand from labour markets. In order to support implementation of the *Economic Reconstruction and Recovery Plan*, government need to address pre-existing structural challenges. Provisioning of adequate support to low-skilled and vulnerable workers through effective retraining and upskilling policies is essential.
5. Work place employment outlook still favours white male. Women are still lagging behind in terms of top and senior management positions.

6. Training and development would need to be integrated, and the job seekers programme should be scaled-up. Young people, women and people with disabilities should be prioritised. Greater focus on linking job-seekers programme with industries, including identifying regions that are fast recovery, and putting measures to regions that are under severe economic stress.
7. Committee was concerned about the implications of the budget cuts to the service delivery, particular to the core functional policy areas such as *Inspection and Enforcement Services*, *Public Employment Services including Labour Policy and Industrial Relations*. For the record, these programmes constitute as the core policy priority of the Department. Over the medium term budget process, National Treasury should consider to restore the resources in these programmes.
8. Services of the *Commission for Conciliation, Mediation and Arbitration* (CCMA) would be highly needed. Budget reduction to the CMMA will negatively affect industrial relations, and thus increase instability in labour market.
9. As more companies lay-off workers, the demand for benefits from the UIF will increase. That will put pressure to the fund to mitigate the effects of the downward fall of the economy and its impact on jobs and income of families.
10. Jobs Seekers employment initiative should be scaled-up. Partnerships with industry players, SETAs, and higher education institutions should be prioritised.
11. The Committee during the 2020 medium term budget process observed that government will need to act in partnership with the private sector, and labour movement to restore the economy, and create jobs.
12. The government's Economic Reconstruction and Recovery Plan would require the department to play a more focused and essential role in coordinating efforts contributing to the creation of jobs.
13. The implementation of the Temporary Employer/employee Relief Scheme (Ters), which was established as a key part of the government's R500 billion economic and social relief package to help firms and workers affected by the lockdown, was flagged as the risk. Mainly there was a lack of a resilient system to manage the rapid payment under the COVID-19 context. The payment system was susceptible to fraud and corruption.
14. Resource mobilisation and equitable deployment of resources remains a key challenge. Across government, there is a need to enhance coordination and distribution of resources.
15. Any negative economic outcome has the potential to negatively affect UIF development programmes such as the Public Employment Programme designed for young people.
16. High Impact Social Fund and the Project Development Partnership Fund (aim to support SMMEs) would need to be effectively and equitable allocated. Partnership with development finance agencies should be enhanced.
17. COVID-19 has just disrupted the entire governance processes, and exposed weaknesses in many organisations both public and private.
18. Further, there were delays experience in making payments to the beneficiaries.
19. It is clear that development partnerships would need to be formed across government, and improve business and government relations. In the main efforts should be geared in creating conducive environment for investment, economic growth and job creation.
20. Social partners need to improve engagement to improve labour market conditions.

8. Recommendations

1. Within the 2021 medium term, the Minister through the Department should fast track and finalise the development of the Employment Policy.
2. The Minister working closely with National Treasury in partnership with the Department of Trade, Industry and Competition should work on a mechanism that would ensure that business operations of the SEEs are sustainable. The Committee reiterated that over the medium term both National Treasury and the Minister, through the Department, should explore alternative funding and financing sources to support growth and expansion of the SEEs.
3. The Minister with the support of the Department should over the 2021 medium term, prioritised Productivity South Africa. Within the 2021 medium term, Productivity South Africa should develop a business model that would ensure that it becomes financial

sustainable, and scale up its operations to support growth and sustainability of businesses.

4. The Minister should engage National Treasury to allocate Earmarked Funds dedicated to support job seekers, and scale up employment creation programme working in an integrated manner with industry players and Post-Secondary Institutions.

Report to be considered.